

**APPROVED**

by PJSC Acron Board of Directors

Minutes No. 570 dated 30 September 2016

**REGULATION**  
**on the PJSC Acron Board of Directors**  
**Audit Committee**

**2016**

## 1. GENERAL PROVISIONS

1.1. This Regulation on the Audit Committee of the PJSC Acron Board of Directors (hereinafter the “Regulation”) is prepared in accordance with the current laws of the Russian Federation and the Charter and bylaws of the Public Joint Stock Company Acron (hereinafter the “Company”), and in compliance with the listing rules of the trade organiser that admitted the Company’s securities to organised trading, and recommendations of the Corporate Governance Code recommended for use at joint stock companies by the Bank of Russia (hereinafter the “Corporate Governance Code”).

1.2. This Regulation defines the status, composition and procedure for forming the Audit Committee of the PJSC Acron Board of Directors (hereinafter the “Committee”) and its objectives, tasks, functions and activity management.

1.3. The Committee is a standing collegial body created within the Company’s Board of Directors in order to assist the Board in performing its functions through preliminary consideration of matters related to control over the Company’s business and preparation of relevant recommendations for the Board to pass resolutions regarding matters within its scope of authority.

The Committee is not a governing body of the Company and acts within the scope of authority determined hereby, including performance of several functions of the Company’s Board of Directors defined herein which, under the current laws of the Russian Federation, do not require that resolutions be passed directly at meetings of the Company’s Board of Directors.

1.4. The Committee shall operate in accordance with the Company’s Charter, this Regulation and other Company bylaws.

In its activity the Committee shall be governed by the requirements of current Russian Federation laws, the Company’s Charter and bylaws, resolutions of the general meetings, and the listing rules of the trade organiser that admitted the Company’s securities to organised trading, and shall follow the recommendations of the Corporate Governance Code and best international and Russian practices for corporate governance at public joint stock companies.

1.5. The Committee shall report to the Board of Directors.

The Committee Chairperson shall inform the Chairperson of the Board of Directors about the Committee’s ongoing activity.

The Committee shall submit its final opinions and recommendations on the matters it considers to the Board of Directors.

The Committee shall submit its annual performance report to the Board of Directors in compliance with Section 6 hereof; it shall submit interim performance reports at the request of the Chairperson of the Company’s Board of Directors.

1.6. Information on the membership and activity of the Committee shall be disclosed and submitted to the Company's shareholders in accordance with the procedure stipulated by the current laws of the Russian Federation, the Company's Charter and bylaws, including disclosure through publication of such information in the annual report and on the Company's website, based on the recommendations of the Corporate Governance Code.

This Regulation shall be disclosed by the Company through publication on the Company's website.

## **2. OBJECTIVES, TASKS, FUNCTIONS AND AUTHORITIES**

2.1. The Committee's objective is to assist the Board of Directors in performing its functions related to control over the Company's business.

2.2. The Committee's primary task is the preliminary consideration of matters related to control over the Company's business and preparation of relevant recommendations to the Board of Directors regarding:

- Accounting (financial) and consolidated financial reporting
- Risk management and internal control
- Conducting internal and external audit
- Counteracting unlawful and/or unfair actions by Company officers (employees) and third parties.

2.3. In order to meet this objective and perform this task, the Committee's scope of authority includes the following functions:

2.3.1. Regarding accounting (financial) and consolidated financial reporting:

- Monitoring the completeness, accuracy and reliability of the Company's financial reporting, including the Company's accounting (financial) statements and consolidated financial statements
- Analysing material aspects of the Company's accounting policy
- Participating in consideration of material matters and comments regarding the Company's accounting (financial) and consolidated financial reporting.

2.3.2. Regarding risk management and internal control:

- Preliminary consideration and preparation of recommendations to the Board of Directors regarding approval of the Company's regulation (policy) on risk management and internal control
- Monitoring the reliability and effectiveness of the Company's risk management and internal control system, including analysis of the implementation and effectiveness of the risk management and internal control procedures, review of reports on compliance with and practical application of the Company's regulation

(policy) on risk management and internal control, and preparation of proposals to improve the risk management and internal control system

- Analysing the performance and effectiveness of the Company's regulation (policy) on risk management and internal control
- Monitoring and assessing the effectiveness of procedures ensuring the Company's compliance with the requirements of current laws applicable to the Company and the Company's ethical and anti-corruption standards, rules and procedures, and the requirements of listing rules set by the trade organiser that admitted the Company's securities to organised trading
- Reviewing reports from the Internal Audit Team on the results of examinations (audits) of the Company's business activity and inquiries regarding other matters within the scope of authority of the Internal Audit Team, and submitting the results of such review to the Board of Directors
- Performing preliminary analysis and preparing recommendations to the Board of Directors on approval of the Company's regulation (policy) on managing conflicts of interest and the Company's Corporate Governance Code
- Analysing the performance and effectiveness of the Company's regulation (policy) on managing conflicts of interest and the Company's Corporate Governance Code, supervising compliance with the policy and the Company's Corporate Governance Code, including reviewing reports on their performance and practical application
- Assessing reports made by members of the Board of Directors and executive bodies, and in cases stipulated by the Company's bylaws, by any other Company officers (employees) regarding existing (potential) conflicts of interest, and submitting recommendations to resolve any conflicts of interest.

### 2.3.3. Regarding internal and external audit:

- Ensuring independent and unbiased performance of internal and external audit functions
- Conducting preliminary review and submitting recommendations to the Board of Directors on approving the Company's policy on internal control (regulation on internal control)
- Considering the necessity of creating (improving the performance of) a special department to perform internal control functions and submit internal control results to the Board of Directors
- Conducting preliminary review and submitting recommendations to the Board of Directors on approving the annual work plan and cost estimate of the department performing internal control functions
- Analysing information on current performance of the annual work plan of the department performing internal control functions and interim results of internal control

- Conducting preliminary review and submitting recommendations to the Board of Directors on approving the annual performance reports of the department performing internal control functions
- Reviewing key reports from the department performing internal control functions, including reports assessing the effectiveness of the risk management and internal control system, and preparing proposals on their improvement and monitoring timely efforts made by the Company's executive bodies and required to eliminate any detected defects and irregularities
- Determining the requirements for nominees to the office of the Company's head or other officers (employees) of a department performing internal control functions
- Conducting preliminary review and submitting recommendations to the Board of Directors on approving the nominee for head of the department performing functions of internal control (choosing the acting head of the business division) and on passing a resolution to terminate his/her powers
- Conducting preliminary review and submitting recommendations to the Board of Directors on determining the amount, conditions and procedure for remuneration paid to the head of the department performing internal control functions
- Considering how existing limits on the powers or budget for performing internal control functions may have a material adverse effect on the performance of internal control functions at the Company
- Analysing and assessing the effectiveness of internal controls at the Company and coordinating a programme (plan) of measures to improve the effectiveness of the Company's internal controls
- Assessing the independence, reliability and lack of conflicts of interest among the Company's external auditors, including assessing the nominees to the Company's auditors, preparing proposals on approving and dismissing the Company's external auditors, payment for their services and conditions of their employment
- Monitoring how internal control is conducted at the Company and assessing the quality of audits and audit reports
- Considering matters concerning effective cooperation between the department performing internal control functions and the Company's external auditors
- Developing and monitoring compliance with the Company's regulation (policy) determining the principles for rendering auditor services and other audit-related services.

2.3.4. Regarding unlawful and/or unfair actions by the Company's officers (employees) and third parties:

- Conducting preliminary review and submitting recommendations to the Board of Directors on approving the regulation on counteracting corruption (anti-corruption policy) and monitoring compliance with the Company's anti-corruption policy, including assessment of reports on compliance with the anti-corruption policy and its practical application
- Conducting preliminary review and submitting recommendations to the Board of Directors on approving a list of the Company's inside information, approving the procedure for accessing the Company's inside information, ensuring information confidentiality and monitoring compliance with the requirements of the current laws of the Russian Federation on the protection and use of inside information and recommendations on appointing the Company's department (officer) responsible for monitoring compliance with the requirements of current laws of the Russian Federation on the protection and use of inside information
- Assessing and monitoring the effectiveness of the system of notification regarding existing and potential wrongful and/or bad faith acts by the Company officers (employees) and third parties and about other misconduct at the Company
- Supervising special investigations regarding existing and potential events of fraud and unfair use of the Company's inside or confidential information
- Monitoring implementation of measures undertaken by the Company's executive bodies and other executive officers (employees) to provide notification of existing and potential bad faith acts by the Company's officers (employees) and other misconduct at the Company

2.4. The Company's Board of Directors may, at its discretion, request that the Committee submit recommendations and opinions on any matters within the scope of authority of the Board of Directors and related to the Company's business.

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2.5. In order to perform the functions assigned to it, the Committee may:

- Request and obtain from the Company's bodies and officers (employees) oral and written explanations required to perform the Committee's functions
- Request and obtain from the Company's bodies and officers (employees) information and documents related to the business of the Company and legal entities controlled by the Company and required to perform the Committee's functions
- Invite members of the Company's executive bodies and the Company's officers (employees), the head of the department performing the functions of internal control and representatives of the Company's external auditors to attend the Committee meetings, and, subject to prior approval by the Chairperson of the Board of Directors, engage independent consultants (experts) to prepare materials and recommendations on the Committee agenda

- Monitor the implementation of Board and Committee resolutions on matters related to control over the Company's business
- Submit recommendations on amendments and addenda to this Regulation to the Board of Directors.

2.6. While performing the functions assigned to it, the Committee shall:

- Submit opinions and recommendations on matters considered by the Committee in a timely fashion (prior to consideration of the relevant matters by a meeting of the Board of Directors)
- Immediately inform the Company's Board of Directors about its reasonable concerns and any circumstances that are irregular for the Company's business and that became known to the Committee in connection with performance of its functions
- Submit an annual report on its performance in a timely fashion to the Board of Directors.

2.7. While preparing, considering and further reviewing the Company's regulations (policies) regarding risk management and internal control, the Company's policy on internal control (regulation on internal control) and other bylaws of the Company related to matters included by this Regulation in the Committee's scope of authority, the Committee shall take into account the recommendations of the Corporate Governance Code, assess the viability and possibility of applying them to the Company at this stage of its development, and take them into account if they are applicable to the Company based on the current economic environment, aspects of the Company's business operations and organisational structure and other material circumstances.

### **3. ELECTION PROCEDURE AND MEMBERS**

3.1. The Committee consists of three (3) members of the Company's Board of Directors elected for the term of powers of the relevant Board of Directors of the Company.

The Committee shall be formed (Committee members shall be elected) at the first meeting of a newly elected Board of Directors of the Company, after election of the Chairperson of the Board of Directors and assessment of compliance with independence criteria for the elected members of the Board of Directors (pursuant to Clause 3.1 of the Regulation on the Company's Board of Directors).

3.2. Members of the Board of Directors who expressed their consent to work in the Committee shall be elected to the Committee.

Only independent directors determined (recognised) as independent members of the Board of Directors pursuant to Clause 3.1. of the Regulation on the Company's Board of Directors shall be elected to the Committee; if this is not possible for an objective reason, the majority of the Committee shall consist of independent directors and its remaining part shall consist of members of the Board of Directors who are not performing the functions of sole executive body of the Company and/or members of the Company's collegial executive body.

At least one of the independent Board members on the Committee shall have knowledge and experience in preparing, analysing and auditing accounting (financial) reporting and/or consolidated financial statements.

3.3. The Committee's activity shall be managed by its Chairperson, who is to be elected from among the independent directors and determined (recognised) as an independent member of the Company's Board of Directors pursuant to Clause 3.1 of the Regulation on the Company's Board of Directors.

The Committee Chairperson shall have the knowledge and experience required to perform the functions within the scope of authority of the Committee. The Chairperson of the Board of Directors may not be the Committee Chairperson.

3.4. The Committee members, including its Chairperson, shall be elected by resolution of the Board of Directors at the proposal of the Chairperson of the Board of Directors.

A resolution to elect members and a Chairperson to the Committee shall be adopted by a majority vote of members of the Board of Directors in attendance.

Members of the Committee may be re-elected an unlimited number of times.

A member of the Board of Directors may not head more than two standing committees of the Board of Directors. A member of the Board of Directors may be elected to an unlimited number of committees of the Company's Board of Directors.

3.5. By resolution of the Board of Directors, the powers of all members of the Committee may be terminated early. A Committee member may abnegate his/her powers early by informing the Chairperson of the Board of Directors and the Committee Chairperson in advance in writing.

#### **4. COMMITTEE'S PROCEEDINGS**

4.1. The Chairperson shall manage the Committee's activity, ensure the most efficient performance of the functions vested in the Committee and interact on behalf of the Committee with the Company's executive bodies and officers (employees).

To ensure efficient operation, the Committee Chairperson shall perform the following functions:

- Convene and preside over the Committee meetings, identify persons to be invited to the Committee meetings, identify the list of materials (information) to be provided to the Committee members and persons invited to the Committee meetings, order the recording of minutes of the Committee meetings and sign them, be responsible for accurate and prompt recording of minutes
- Order drafting of the Committee work plans and approve them, order agendas to be compiled for the Committee meetings, work out the most efficient resolutions for items on the Committee meeting agenda
- Distribute duties among the Committee members according to the approved the Committee work plan



- Ensure cooperation of and maintain ongoing contacts with other bodies and officers (employees), including the Chairperson of the Board of Directors and Corporate secretary, in order to promptly receive the fullest and most reliable information required for Committee to approve resolutions and ensure its effective cooperation with these bodies and officers (employees) of the Company
- Ensure and/or exercise control over implementation of the resolutions passed by the Committee
- Inform the Chairperson of the Board of Directors on the Committee ongoing activity, issue, sign and present the Committee annual performance report to the Board of Directors
- Perform other functions related to the Committee activity.

The Committee Chairperson shall ensure the Committee's objectivity and encourage the open and constructive discussion of agenda items at Committee meetings and preparation of coordinated and unbiased recommendations (opinions) and reports for the Board of Directors.

4.2. At the instruction of the Board of Directors, the Committee's secretary shall familiarise newly elected members of the Committee with the Company's business and its bylaws (including the Company's corporate governance system, risk management system and internal control system, distribution of duties between executive and other bodies of the Company, and other important information about the Company's operations) in accordance with the orientation programme approved by the Chairperson of the Board of Directors.

The Committee members shall be personally involved in the Committee's work, shall not miss the Committee meetings held in the form of personal attendance without a valid reason, shall participate in discussions and voting on agenda items, and shall submit timely completed voting ballots for absentee voting on agenda items.

The Committee members shall inform the Committee secretary in advance and indicate the reason if unable to attend a Committee meeting. If a Committee member is absent from a meeting held in a form of personal attendance, such Committee member shall submit his/her opinion on the agenda items in writing.

The Committee members shall perform other obligations of the Board of Directors as stipulated by the regulation on the Company's Board of Directors, including preventing and settling conflicts of interest.

If there is no conflict of interest, the Committee members may attend the Committee meetings, participate in discussion of agenda items and vote on agenda items, review the Committee's work plan and meeting schedule in advance, and receive in a timely fashion all information (materials) from the Company and legal entities controlled by the Company that are required to pass resolutions on agenda items at Committee meetings.

The Committee's secretary, the Corporate Secretary, the Company's executive bodies and other officers (employees) shall assist Committee members in obtaining the information (materials) stipulated in this Clause.

4.3. The Committee's secretary shall provide organisational and technical support for the day-to-day work of the Committee during its meetings and between them. These functions shall be

performed by the secretary of the Board of Directors or a person appointed by the Board of Directors and acting as the secretary of the Board of Directors when the secretary of the Board of Directors is temporarily absent.

To support the day-to-day work of the Committee, the Committee's secretary shall perform the following functions:

- On the instructions of the Chairperson of the Board of Directors, arrange for familiarisation of the new members of the Committee with the Company's business and its bylaws in accordance with the programme approved by the Chairperson of the Board of Directors
- Inform the Committee members and all parties concerned of approved work plans and the schedule of meetings of the Committee
- Ensure that meetings of the Committee meetings are prepared and held in compliance with this Regulation and other Company bylaws
- Participate in identifying and preparing information (materials) to be provided to the Committee members and persons invited to attend the Committee meetings
- Notify the Committee members and other parties concerned of the Committee meeting, send ballots for absentee voting and collect ballots filled out by the Committee members
- Determine if quorum is present at the Committee meetings or for absentee voting, tally votes and determine voting results on each agenda item
- Organise the provision of information (materials) about the Company's business required for the Committee members to perform their obligations (upon their request or upon instructions from the Committee Chairperson)
- Keep minutes of the Committee meetings and ensure their safeguarding, make excerpts from minutes of the Committee meetings
- Inform the Committee members and other concerned parties about resolutions passed by the Committee and monitor implementation of the resolutions on instruction of the Committee Chairperson
- Together with the Committee Chairperson and the Company's Corporate Secretary, draft the annual Committee performance report to be included in the Company's annual report with due consideration for the recommendations set forth in the Corporate Governance Code
- Perform other functions regarding organisational and technical support for the day-to-day work of the Committee on instructions of the Committee Chairperson

4.4. The Company's Corporate Secretary shall ensure that the Committee's procedures comply with the requirements of the current laws of the Russian Federation and the Company's Charter and bylaws and the effective functioning of the Committee (including planning and preparation of the Committee draft resolutions and preparation of proposals on improving the Committee's functioning).

4.5. The Company's Chief Executive Officer, through the Company's relevant departments (at the request of the Committee Chairperson or Secretary), shall provide the equipment, premises and transportation support required to hold the Committee meetings or perform other functions of the Committee.

## 5. MEETINGS AND ABSENTEE VOTING

5.1. The Committee shall hold its meetings on a regular basis when needed, usually at least quarterly and in accordance with the Committee's work plan. If needed, the Committee shall hold extraordinary meetings.

The Committee meetings shall be convened by the Committee Chairperson on his/her own initiative and/or at the proposal of Committee members, the Chairperson of the Board of Directors, the Company's executive bodies and its executive officers (employees).

The Committee meetings intended to make recommendations (opinions) and reports on matters planned for consideration by the Board of Directors shall be held far enough in advance to ensure timely submission of the relevant recommendations (opinions) and reports to the Board of Directors and inclusion of the relevant recommendations (opinions) and reports in the minutes of the Board of Directors.

The Committee meetings shall be held *in presentia* (joint presence of the Committee members to discuss agenda items and pass resolutions) or *in absentia* (absentee voting).

The Chairperson of the Committee shall preside over the Committee meetings; if he/she is absent, the meeting shall be presided over by a Committee member acting as chairperson during the meeting by resolution of the Committee members present at the meeting.

The form of the Committee meeting shall be determined by the Committee Chairperson depending on the importance of the agenda items and other material events requiring the Committee's resolutions.

For the Committee meetings held by voting in person, information and communication technologies (telephone and video conference calls) may be used to allow the Committee members to attend the Committee meeting virtually, discuss agenda items and adopt resolutions on motions put to a vote without attending the Committee meeting in person.

The Chairperson's decision to convene and hold a Committee meeting shall be executed as an order of the Committee Chairperson and include the following:

- Decision to convene and hold a Committee meeting (in the form of voting in person or absentee voting), as well as indication that information and communication technologies (telephone and video conference calls) may be used
- Person requesting the Committee meeting
- Date, time and place of the Committee meeting (deadline for accepting completed ballots for absentee voting), as well as email address, telephone number or other technical means of communication and postal address to which the Committee members not attending the Committee meeting may send their written opinions or ballots for absentee vote

- Wording of agenda items and proposed resolutions on them
- List of persons invited to attend the Committee meeting
- List of information (materials) to be provided to the Committee members invited to attend the Committee meeting
- Instruction to the Committee secretary to notify the Committee members of the meeting (*in presentia* or in the form of absentee voting) with ballots attached, and send information (materials) to be provided to the Committee members and persons invited to the Committee meeting
- Date of the resolution on holding the Committee meeting.

5.2. The list of persons invited to the Committee meeting shall be determined by the Committee Chairperson. The Committee Chairperson if needed shall invite to the Committee meeting the members of the Company's executive bodies and other executive officers (employees) to review reports about establishing and operating the system of risk management and internal control, ensuring its effective work, and head of the department performing the functions of internal control, for consideration on a regular basis of organisation and effectiveness of the internal control and other matters within the scope of authority of the department performing the internal control functions.

Persons who are not members of the Committee may attend the Committee meetings solely by invitation of the Committee Chairperson.

5.3. The Committee members shall be informed about upcoming meetings and their agendas by the Committee's secretary.

The meeting notification (*in presentia* or by absentee vote), ballots and information (materials) related to the agenda and provided to the Committee members shall be sent (provided) to these persons usually no less than five (5) calendar days in advance (in normal circumstances), prior to the date of the meeting. Notification and information (materials) shall be provided sufficiently in advance so that Committee members can prepare for the meeting.

Meeting notices and other information and materials shall be sent to Committee members in writing to the mailing addresses provided by them and/or as an electronic document to the email addresses provided by them in writing to the Committee's secretary.

- 7.4 The Committee meeting notices shall specify:
- The full name of the Company, its seat and registered address
  - The form of the Committee meeting (*in presentia* or by absentee voting), as well as whether or not information and communication technologies (telephone and video conference calls) may be used
  - The person requesting the Committee meeting
  - The date, time and place of the Committee meeting (deadline for accepting completed ballots for absentee voting), as well as the email address, telephone number or other technical means of communication and postal address to which members absent from the meeting may send their written opinions or ballots for absentee voting
  - The wording of agenda items and proposed draft resolutions

- List of persons invited to attend the Committee meeting
- List of information (materials) to be provided to the Committee members and persons invited to attend the Committee meeting.

5.4. The Committee shall be duly constituted (have quorum) if attended by not less than half of the elected Committee members.

The written opinion of a Committee member who is absent from a Committee meeting, as well as the opinions of Committee members present at the meeting by means of information and communication technology (conference and video communication), shall be taken into account when calculating the quorum and voting results on agenda items at Committee meetings held *in presentia*.

5.5. The Committee meetings, including those held by absentee voting, shall pass resolutions by a majority of votes of members attending the Committee meeting (absentee voting).

Voting at the Committee meetings shall be by show of hands and roll call.

Each member of the Committee shall have one vote. A Committee member may not transfer voting right to another person, including another member of the Committee.

If voting results in a tie on a resolution to be adopted by the Committee, the Committee Chairperson shall cast the deciding vote.

5.6. Minutes shall be kept at every Committee meeting, including those held by absentee voting.

Minutes of the Committee meetings shall be made within three (3) days of the date of a meeting *in presentia* or by the end date for accepting filled-out ballots for absentee voting.

The Committee's secretary and Chairperson (or acting Chairperson) shall sign the minutes of the Committee meeting.

Minutes of the Committee meetings shall be made in writing and contain the following information:

- 1) Full name of the Company, its seat and address
- 2) Form of the meeting
- 3) Date, time and place of the meeting (deadline for accepting voting ballots for absentee vote)
- 4) Information about persons attending the meeting and quorum
- 5) Agenda
- 6) Items put to a vote
- 7) Voting results for each agenda item, including information about persons who voted in favour of or against a resolution or who abstained from voting
- 8) Resolutions adopted

- 9) Information about the persons who tallied votes
- 10) Information about the persons who signed the minutes
- 11) Date of the minutes
- 12) Appendices.

Individual the Committee members may request that their opinions on agenda items be included in or attached to the minutes of the Committee meeting as an integral part of those minutes.

Within two (2) business days of signing the minutes of a Committee meeting held in the form of absentee voting, the Committee's secretary shall inform Committee members about the resolutions passed by the meeting.

Minutes of a Committee meeting containing final opinions and recommendations on matters considered by the Committee shall also be sent to the Chairperson of the Board of Directors.

The Committee's secretary shall ensure the safekeeping of the minutes of the Committee meetings and their availability for all members of the Board of Directors.

Any Committee member may request an excerpt from the minutes of a Committee meeting certified by the signature of the Committee's secretary and/or of the Committee Chairperson.

#### 5.7. The Committee may adopt resolutions by absentee vote.

In order to adopt a resolution by absentee vote, the Committee's secretary, acting on instructions from the Committee Chairperson, shall send the Committee members an absentee ballot specifying the deadline for accepting completed ballots, the wording of agenda items put to a vote and draft resolutions on the agenda items put to a vote, voting options for agenda items put to a vote (aye, nay, abstain), and any other information (materials) to be provided to the Committee members.

When tallying the results of an absentee vote, ballots received before the deadline for accepting completed ballots as specified on the ballot shall be counted

5.8. Any matters and documents discussed and addressed at Committee meetings and information about resolutions passed by the Committee shall be classified as the Company's confidential information (including information constituting the Company's trade secrets) and may not be disclosed unless otherwise provided for by mandatory requirements of Russian Federation law (peremptory norms).

The Company may disclose the above information with due consideration for the Company's Corporate Governance Code and information policy.

## **6. REPORTING, PERFORMANCE EVALUATION AND REMUNERATION OF COMMITTEE MEMBERS**

6.1. The effectiveness of the Committee and its members shall be assessed when the Board of Directors reviews the Committee's annual performance report and during assessment of the Board's effectiveness.

The Committee's annual performance report shall be submitted to the Board of Directors by 20 March of each year, and shall include information on the Company's compliance with requirements for the Committee's composition, the number and form of the Committee meetings, the participation of Committee members in meetings (absentee voting), information on implementation of the Committee's work plan (if approved) and key matters considered by the Committee during the reporting period, and also information on opinions and recommendations submitted to the Board of Directors and other results of consideration of key matters.

As a rule, the following materials are included in the Committee's annual performance report or are submitted additionally:

- The Committee's opinions and recommendations after assessing the auditor's report prepared by the Company's external auditors regarding the Company's annual accounting (financial) statements and annual consolidated financial statements
- The Committee's opinions and recommendations after assessing the effectiveness of the Company's internal and external audit
- The Committee's opinions and recommendations after assessing the Company's system of risk management and internal control.

Assessment of the Committee's performance includes assessment of the professional and personal qualities of its members, their commitment, independence and impartiality in considering the matters within the scope of the Committee's authority, teamwork and the extent of personal involvement in the Committee's work, and other factors affecting the Committee's efforts.

6.2. The amount of remuneration and reimbursable expenses (compensation) payable to members of the Board of Directors who are members of the Committee shall be determined by resolution of the Company's general meeting with consideration for the Regulation on the Company's Board of Directors and the Company's policy for remuneration and/or reimbursement (compensation) payable to members of the Board of Directors, executive bodies, and other key executive officers (employees) of the Company.

## **7. FINAL PROVISIONS**

7.1. Any resolution to approve, amend or terminate this Regulation shall be passed by the Company's Board of Directors.

Proposals to make amendments hereto shall be made by the Chairperson of the Board of Directors or a representative of the Committee based on results of reviewing the annual Committee performance report by the Board of Directors and/or other assessment of the Committee's effectiveness.

7.2. This Regulation shall enter into force upon its approval by the Board of Directors and shall remain in effect permanently until its termination or approval of a new version.

7.3. Should any clauses of this Regulation for any reason come into conflict with regulatory requirements imposed on the Company by Russian Federation law (imperative provisions), such

clauses of the Regulation shall become invalid, and the Company shall be governed by current Russian law until corresponding changes are introduced to this Regulation.