



Approved by
Resolution of the Board of Directors
Unipro PJSC dated 05.05.2021
Minutes No. 301 dated 06.05.2021

**Regulation on the Audit Committee
of the Board of Directors
of Unipro PJSC**

Revision 2.2

**Moscow
2021**

Regulatory document details

Document details	
Functional Manager	Director for Corporate Management, Legal and Property Issues,
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Enacted by	Minutes of the Meeting of the Board of Directors No. 281 dated 08 November 2019
Valid for	indefinite time

Revision History			
Date	Revision	Revised by	Grounds for revision
25.04.2017	1.0		Original version
30.10.2019	2.0	E.A. Giganova	Update
20.10.2020	2.1	M.I. Imamov	Update
06.05.2021	2.2.	E.A. Giganova	Update

Table of Contents

1.	Purpose and Scope	4
2.	References	4
3.	Terms and Abbreviations	4
4.	General Provisions	5
5.	Committee’s Objectives and Competences	5
6.	Interaction Between the Committee and Third Parties	6
7.	Composition of the Committee. Establishment of the Committee	7
8.	Meetings of the Committee	9
9.	Responsibilities of the Committee Members	10
10.	Final Provisions	10

1. Purpose and Scope

- 1.1. This Regulation has been developed in accordance with the applicable laws, Articles of Association of Unipro PJSC, Code of Corporate Governance of Unipro PJSC, Code of Corporate Conduct of Unipro PJSC, and other internal documents of Unipro Public Joint-Stock Company (hereinafter referred to as the Company).
- 1.2. The Regulation establishes the key objectives, competences, powers and responsibilities of the Audit Committee of the Company's Board of Directors (the Committee), as well as the procedure for establishing the Committee and the proceedings of the same.

2. References

- 2.1. Letter of the Central Bank of Russia No. ИИ-015-42/66 "On Regulations on the Board of Directors and Committees of the Board of Directors of a Public Joint-Stock Company" dated 15 September 2011,
- 2.2. Letter of the Central Bank of Russia No. 06-52/2463 "On the Code of Corporate Governance" dated 10 April 2014,
- 2.3. Articles of Association of Unipro PJSC,
- 2.4. Code of Corporate Governance of Unipro PJSC,
- 2.5. Code of Corporate Conduct of Unipro PJSC,
- 2.6. Regulation on the Board of Directors of Unipro PJSC.

3. Terms and Abbreviations

- 3.1. The following abbreviations are used herein:
 - 3.1.1. **PJSC** stands for Public Joint-Stock Company;
 - 3.1.2. **IAD** stands for the Company's Internal Audit Department.
- 3.2. The following terms are used herein:
 - 3.2.1. **Auditor** – an individual who has an auditor qualification certificate or a legal entity that is a member of a self-regulatory organisation of auditors.
 - 3.2.2. **General Director** – the sole executive body managing the current activities of the Company.
 - 3.2.3. **Executive Bodies** – the bodies managing the current activities of the Company (General Director and Management Board).
 - 3.2.4. **Corporate Secretary** – the unit of the Company performing the functions of the corporate secretary of the Company (Corporate Policy Department).
 - 3.2.5. **Local Regulation** – the document establishing internal rules for the organisation of activities that are binding on the employees of the Company.
 - 3.2.6. **Company** – Unipro Public Joint Stock Company (Unipro PJSC).
 - 3.2.7. **Management Board** – the collegial executive body managing the current activities of the Company.
 - 3.2.8. **Secretary of the Board of Directors** – the Corporate Secretary of the Company supporting the effective work of the Board of Directors, including coordinating the work of the Board of Directors of the Company (organisational, informational, and documentary support) in connection with the preparation and conduct of meetings of the Board of Directors, as well as between the meetings.
 - 3.2.9. **Board of Directors** – the management body of the Company carrying out general management of the activities of the Company.

4. General Provisions

- 4.1. The Committee is a collective advisory body established to assist in the effective performance of the functions of the Board of Directors as they regard control over the financial and business operations of the Company. The Committee operates in accordance with the competences set out herein.
- 4.2. The Committee is not a Company management body. The Company shall not assume civil rights and duties via the Committee.
- 4.3. The Committee is governed by the applicable laws of the Russian Federation, Code of Corporate Governance recommended by Letter of the Central Bank of Russia No. 06-52/2463 dated 10 April 2014, Articles of Association of Unipro PJSC, Code of Corporate Governance of Unipro PJSC, Code of Corporate Conduct of Unipro PJSC, and other internal documents of the Company.
- 4.4. The Committee reports to the Board of Directors and does not have the right to act on behalf of the same.
- 4.5. The Committee's resolutions are non-binding for the Board of Directors.
- 4.6. The Committee may instruct the Company's management within its competences.

5. Committee's Objectives and Competences

- 5.1. **The main objectives of the Committee include:**
 - 5.1.1. assistance in the effective performance of the functions of the Board of Directors in terms of control over the financial and business operations of the Company,
 - 5.1.2. preparation and development of recommendations to the Board of Directors for making resolutions on the issues falling within the competence of the Committee,
 - 5.1.3. preview of other items brought before the Committee by shareholders or Board of Directors.
- 5.2. **The competences of the Committee include:**
 - 5.2.1. control over ensuring the completeness, accuracy and reliability of the financial (accounting) statements of the Company and the consolidated financial statements of the Company,
 - 5.2.2. monitoring the reliability and efficiency of the risk management and internal control system,
 - 5.2.3. ensuring independence and impartiality of internal and external audit functions,
 - 5.2.4. annual assessment of Company Auditor's performance,
 - 5.2.5. monitoring of the efficiency of the notification system for any potential unethical practices by the Company employees (including misuse of insider or confidential information) and third parties, as well as for any other violations in the Issuer's activity, and monitoring of implementation of the measures adopted by the Company executive management as part of such system,
 - 5.2.6. monitoring of the procedures of internal control over financial and business operations of the Company and assessment of their efficiency,
 - 5.2.7. monitoring of performance by the structural units of the Company performing internal control functions,
 - 5.2.8. participation in control and verification of implementation of resolutions and orders of the Board of Directors on its activities,
 - 5.2.9. control over the compliance with the Information Policy of the Company,
 - 5.2.10. **preview and preparation of recommendations and preparation of draft resolutions of the Board of Directors on the following issues at the request of the Board of Directors:**
 - 5.2.10.1. approval of the Company's internal documents on matters within the Committee's competence, including the anti-fraud and anti-corruption policy, dividend policy, insider information regulation, regulation governing the Compliance Officer's activities, and adjustments and amendments thereto,
 - 5.2.10.2. recommendations to the General Meeting of Shareholders on the amount of the dividend on shares and its payment procedure,
 - 5.2.10.3. recommendations to the General Meeting of Shareholders on the procedure of distribution

- 5.2.10.4. of the Company's profits and losses for the financial year, determination of the price (valuation) of property, offer price, and the repurchase price of the issue-grade securities in the cases stipulated by Federal Law No. 208-FZ "On Joint Stock Companies" dated 26 December 1995,
- 5.2.10.5. review of nominees to the position of and establishment of the remuneration for the Company's Auditor,
- 5.2.10.6. review of nominees to the position for the auditor of Company's subsidiaries in cases where the revenue of the subsidiary of the Company exceeds 1,000,000,000 (one billion) rubles according to RAS reporting for the past reporting year;
- 5.2.10.7. approval of related-party transactions specified in Chapter XI of Federal Law "On Joint-Stock Companies",
- 5.2.10.8. review of a nominee to the position of the IAD Head, consideration of issues associated with the IAD Head appointment and dismissal, and the material terms of the employment contract with the IAD Head;
- 5.2.10.9. regular (at least twice a year) review of the Company risk report;
- 5.2.10.10. review of quarterly and annual reports prepared by IAD;
- 5.2.10.11. preview of the Company's financial (accounting) statements prepared in accordance with the International Financial Reporting Standards (IFRS);
- 5.2.10.12. preview of the Company's annual accounting statements (of a legal entity and consolidated) prepared in accordance with the Russian Accounting Standards;
- 5.2.10.13. review of candidacies for the role of the Company's Compliance Officer;
- 5.2.10.14. preview of Compliance Officer's regular reports (at least once a year) that summarise the Compliance Officer's performance indicators and most material comments;
- 5.2.11. exercise of other authorities delegated to the Committee by the Board of Directors.
- 5.3. **The Committee may:**
 - 5.3.1. request and obtain information from the Company's Executive Bodies, members of the Audit Committee, and the Auditor as required for activities thereof,
 - 5.3.2. invite the General Director, members of the Management Board, and employees of the Company to the Committee meetings, if necessary.
- 5.4. The Committee shall bring to the attention of the Company's Board of Directors recommendations on any matters requiring, in the opinion of the Committee, action by the Company's Board of Directors.
- 5.5. The Committee shall provide the Board of Directors with its performance statement for consideration, if required by the Board of Directors.
- 5.6. The Committee shall ensure the continuous interaction between the Board of Directors and:
 - Auditor,
 - Independent appraiser,
 - Compliance Officer,
 - Units of the Company performing internal control functions.

6. Interaction Between the Committee and Third Parties

- 6.1. **Committee's Interaction with the Company's Auditor**
 - 6.1.1. The Committee shall assess the Opinion of the Company's Auditor and provide its assessment in writing to the Board of Directors for its further inclusion in the materials of the Annual General Meeting of Shareholders.
 - 6.1.2. The Committee shall assess candidates for Auditors and make recommendations to the Board of Directors on the Auditor's (Auditors') nomination.
 - 6.1.3. The Committee may formulate the requirements for an Auditor to be qualified as an independent auditor in relation to the Company. In particular, the Committee may make proposals for allowed types and scopes of non-audit services provided by the auditor, as well as the amount of remuneration payable by the Company for such services.

- 6.1.4. The Committee shall review the annual formal written report of the Auditor detailing all the relationships between the Auditor and the Company, its subsidiaries and associated companies in order to determine the circumstances that may affect independence of the Company's Auditor.
- 6.1.5. The Committee shall review, on an annual basis, the Company's Auditor report describing the internal control procedures, material disputes that have arisen during recent audits, and the ways to resolve them.
- 6.1.6. The Committee shall consider the Auditor's requests to convene an extraordinary general meeting of shareholders, and make recommendations to the Board of Directors on the possibility to satisfy such requests.
- 6.1.7. The Committee shall make suggestions and recommendations on resolving differences arising between the Auditor and the Company's Executive Bodies.
- 6.2. **Committee's Interaction with the Company's Executive Bodies and Employees**
- 6.2.1. The Company's Executive Bodies shall provide the Committee with the information required to perform its functions and execute orders of the Board of Directors, ensure the completeness and timeliness of such information, subject to the restrictions established by the laws of the Russian Federation, the Articles of Association, and the internal documents of the Company.
- 6.2.2. Employees of the Company, who, in the course of their duties, became aware of any possible misstatements (due to fraud or errors) in accounting and/or tax statements of the Company, shall inform the Committee Chairman of such possible misstatements in accordance with the Company's procedure of responsible informing.
- 6.3. **Committee's Interaction with the Units Performing Functions Associated with the Company's Internal Control and Risk Management**
- 6.3.1. At the request of the Board of Directors, the Committee shall develop proposals on improvement of internal control procedures in the Company in joint effort with the Company's Executive Bodies and units performing functions associated with the Company's internal control, including on the basis of information on breaches revealed, that was provided by the units performing the internal control functions.
- 6.3.2. At the request of the Board of Directors, the Committee shall assess, classify, and prepare proposals on minimisation of any potential risks arising in the course of the Company's activities together with the Company's Executive Bodies and units performing risk management functions.
- 6.3.3. The Committee shall review the IAD report on a quarterly and annual basis.
- 6.3.4. As part of the quarterly reports, IAD shall inform the Committee on the following issues:
- 6.3.4.1. plan of internal audits for the calendar year, status of its implementation, amendments to the plan during the calendar year,
- 6.3.4.2. results of internal audits,
- 6.3.4.3. results of internal investigations,
- 6.3.4.4. risks and violations identified in the course of audits and internal investigations,
- 6.3.4.5. recommendations for eliminating identified violations, as well as suggestions for improving the relevant business processes and systems,
- 6.3.4.6. status of implementation of recommendations given during internal audits and internal investigations,
- 6.3.4.7. information on the line-up and qualifications of IAD staff.

7. **Composition of the Committee. Establishment of the Committee**

- 7.1. The quantitative and personal composition of the Committee shall be determined by a resolution of the Board of Directors following the election of a new composition of the Board of Directors, while the number of members of the Committee cannot be less than three.
- 7.2. If all members of the previous Committee are elected to the new composition of the Board of Directors, the current composition of the Committee shall act until the termination of the powers of the Committee members and the election of a new composition of the Committee

- by the Board of Directors.
- 7.3. The term of office of members of the Committee shall not exceed the term of powers of the Board of Directors, from which members of the Committee are elected.
- 7.4. The Committee shall only consist of independent directors, i.e. the directors meeting the criteria of independence imposed by the listing rules of the stock exchange trading in the Company securities, and in case it is impossible for objective reasons, the majority of the Committee members shall consist of independent directors, and other members of the Committee may be selected from the members of the Board of Directors except for the Company General Director and/or the members of the Management Board of the Company.
- 7.5. The Board of Directors may, on the basis of its resolution, terminate the authority of any member of the Committee or of all members of the Committee at any time.
- 7.6. The activities of the Committee shall be managed by the Chairman of the Committee appointed and dismissed by the resolution of the Board of Directors of the Company. The Chairman of the Committee shall be an independent director.
- 7.7. The Chairman of the Committee shall:
- determine the priorities in the Committee's activities and develop its work plan for the current corporate year and submit it for approval at the first meeting of the newly convened Committee or after the corporate year, and also amend the same,
 - establish the working procedure of the Committee,
 - approve the agenda of meetings of the Committee,
 - convene the Committee meetings and preside over them,
 - determine the list of the persons invited to participate in the Committee meeting,
 - contribute to open and constructive discussion of the agenda items and to the development of agreed conclusions and recommendations,
 - arrange for keeping of the minutes of the Committee meetings and sign the minutes of the Committee meetings,
 - represent the Committee when interacting with the Board of Directors, other Committees of the Board of Directors, the Executive Bodies, managers of subdivisions, and other employees,
 - regularly, but at least once a year, report on the work of the Committee to the Board of Directors,
 - sign requests, letters, and documents on behalf of the Committee,
 - interact with the Secretary of the Management Board on the activities of the Committee.
- 7.8. The Chairman of the Committee must have the expertise required to monitor the audit process, risk management, and implementation of other functions within the competence of the Committee.
- 7.9. The functions of the Committee Secretary shall be performed by Secretary of the Board of Directors of the Company, unless any other person is appointed by the Committee. The Secretary of the Committee shall be elected and dismissed on the basis of the resolution of the Committee.
- 7.10. When joining the Committee, functions and authorities of its members must be explained in detail to them. Members of the Committee must be given the opportunity, if necessary, to undergo the training necessary for them to perform their functions at any time.

8. Meetings of the Committee

- 8.1. Meetings of the Committee shall be held in accordance with the work schedule thereof approved by the Committee. If necessary, the Committee shall hold extraordinary meetings.
- 8.2. The meeting shall be convened by the Committee Chairman:
- at his or her own initiative,
 - at the initiative of a member of the Committee,
 - at the initiative of the General Director or a member of the Management Board of the Company,
 - Compliance Officer.
- 8.3. The agenda of the Committee meeting shall be determined by the Chairman of the Committee. Items proposed by the members of the Committee, the General Director, or the Management Board must be included into the agenda of the Committee. The agenda may be amended and supplemented via a decision adopted by a majority vote of the Committee members participating in the meeting.
- 8.4. The Committee meeting shall be arranged for the Secretary of the Committee under the supervision of the Chairman of the Committee. The notice of the meeting of the Committee must contain:
- information on the date, time, and place of the meeting of the Committee,
 - form of the meeting of the Committee,
 - agenda of the meeting.
- 8.5. The notice shall be sent to the members of the Committee and invited persons, if any, not later than 5 business days prior to the date of the meeting, and if such period is not possible, within a different reasonable period, but not later than 3 days prior to the date of the meeting of the Committee, in a manner agreed upon by the members of the Committee. If the Committee Chairman deems it necessary, notably in the event of urgent matters arising in the course of the current activities of the Company, he or she may establish a shorter period for notification of meetings of the Committee, while the notification period cannot be less than 24 hours prior to the date of the meeting of the Committee. If all the members of the Committee attend the meeting and agree to refuse from complying with the deadline for the notification of the Committee meeting, the notification shall be unnecessary.
- 8.6. The necessary materials on the items on the agenda shall be submitted to the members of the Committee along with the notice of the meeting to be held by the Committee so that they could prepare themselves for the discussion thereof. The notice of the Committee meeting, as well as documents required for the preparation for and participation in the meeting, shall be sent to the Committee members by the Secretary of the Committee in any manner agreed upon with the members of the Committee providing for reliable identification of the sender, including by email.
- 8.7. The Committee meetings shall be either physical, or the members of the Committee shall fill in written questionnaires (in the form of an absentee ballot).
- 8.8. By resolution of the Chairman, the Committee may hold meetings via video- or teleconference. The Chairman may ask the Committee to make a resolution on the documents under consideration by exchanging messages via email, fax, and post.
- 8.9. The quorum for a meeting of the Committee shall be at least half of the number of the elected members of the Committee. The Chairman shall determine whether the quorum is present. For the purposes of determining a quorum, the Committee member, who has sent the Chairman a written opinion on the agenda items before the meeting, or the Committee member, who is communicating with the other members of the Board of Directors via a conference call or video conference (or by any other technical means featuring oral two-way

- communication), shall be deemed to be present in person at the Committee meeting.
- 8.10. Any information on the personal interest of a member of the Committee in the consideration of any given matter shall be disclosed and communicated to the Committee at the Committee meeting.
- 8.11. The Committee shall adopt resolutions by the majority of votes of the Committee members participating in the meeting. In case of the equality of votes for different resolutions, the vote of the Committee Chairman shall be casting.
- 8.12. The Committee Chairman shall preside over the Committee meeting. Following the results of the Committee meeting, the minutes of the meeting, and (if necessary) the recommendation or findings of the Committee (that shall constitute an annex to the minutes) shall be drawn up. The minutes of the meeting and/or the recommendation (findings) shall be submitted to the Board of Directors considering the corresponding matter. The minutes of the meeting shall reflect the opinion of the Committee generally. If opinions of the Committee members do not coincide, the dissenting opinions shall be mentioned in the minutes of the meeting, and if the dissenting opinions are provided in writing, they shall be attached to the minutes.
- 8.13. The minutes of the Committee meeting (signed by the Committee Chairman) shall be drawn up and signed within 5 business days from the date of the Committee meeting and kept by the Secretary of the Board of Directors.
- 8.14. Upon the request of any member of the Committee, the Committee Chairman shall provide a copy of the minutes of the meeting.

9. Responsibilities of the Committee Members

- 9.1. The Committee members must:
- participate in the meetings of the Committee and take an active part in the discussion of the agenda items,
 - study the documents and information provided prior to and during the meetings of the Committee,
 - immediately inform the Committee of the personal interest in the adoption of any decision,
 - avoid any actions that may compromise the competence of the Committee or question the professionalism of its members,
 - comply with local regulations of the Company.

10. Final Provisions

- 10.1. This Regulation, as well as any amendments hereto, shall be approved by the Board of Directors.
- 10.2. The Committee shall annually consider the need for amendments to the Regulation.
- 10.3. All and any issues not regulated hereby shall be governed by the Company's Articles of Association, the Regulation on the Board of Directors of Unipro PJSC, other local regulations of the Company, and the applicable laws of the Russian Federation.
- 10.4. If certain clauses of this Regulation come in conflict with the laws and regulations of the Russian Federation as a result of any changes thereto, such clauses shall be deemed null and void, and the Committee members shall be guided by the applicable laws of the Russian Federation until amendment hereof.