

**Approved**  
**by PJSC SIBUR Holding**  
**Board of Directors**  
**Minutes No.255 dated March 10, 2022**

**PJSC SIBUR HOLDING**  
**INTERNAL AUDIT**  
**REGULATIONS**  
(Version No. 1)

**Tobolsk**  
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## **1. GENERAL**

- 1.1. The present Internal Audit Regulations of Public Joint Stock Company SIBUR Holding (hereinafter, **Regulations**) define the goals, objectives and functions of internal audit, Company's internal audit organization, scope of responsibility, authority and accountability of an individual organization unit of the Public Joint Stock Company SIBUR Holding (hereinafter – **Company**, or **PJSC SIBUR Holding**) engaged in an internal audit of the Company's entity, establishes the procedure for interaction between the internal audit entity and other entities.
- 1.2. The Regulations represent the Company's internal document developed in accordance with the current law of the Russian Federation and the Company's internal documents (Company Charter, Regulations on the Company Board of Directors, Regulations on the Company Board of Directors' Audit Committee). The Regulations are consistent with the international standard internal audit requirements.
- 1.3. Internal audit of the Company entities will be carried out subject to recommendations of the Bank of Russia pertaining to the process of the internal audit of public joint-stock companies and contained within the information memorandum No. IN-06-28/143 dated 01 October 2020.
- 1.4. These Regulations are internal document of the Company and it is mandatory for use by all structural divisions of the Company and enterprises of PJSC SIBUR Holding.

## **2. TERMS AND DEFINITIONS**

- 2.1. Internal audit refers to the provision of independent and unbiased guarantees and advice to improve the performance of a company.
- 2.2. Executive bodies of the Company refer to the Company's Management Board, Sole Executive Body (represented by the Management Organization).

## **3. INTERNAL AUDIT GOALS, OBJECTIVES AND FUNCTIONS**

- 3.1. The goal of the internal audit is to assist the Board of Directors and the Company's executive bodies in improving the management efficiency of the Company and PJSC SIBUR Holding enterprises, their financial and economic performance by means of comprehensive and consistent analysis, evaluation and improvement of the efficiency of the risk management systems, internal control and corporate governance as tools used to ensure reasonable confidence in achieving the goals set for the Company.
- 3.2. The objectives of the internal audit are:
  - 3.2.1. to assist the Company's executive bodies and employees in the development and monitoring of the implementation of procedures and measures to improve the Company's risk management and internal control system, corporate governance performance;
  - 3.2.2. to align their performance with that of the Company's external auditors and risk management, internal control and corporate governance consultants;
  - 3.2.3. to conduct an internal audit of various Company and PJSC SIBUR Holding enterprises business areas within the established procedure;
  - 3.2.4. to prepare and submit performance reports of the internal audit organizations (including information on significant risks, deficiencies, results and effectiveness of the measures taken to eliminate the identified shortcomings, the results of the implementation of the internal audit plan, the results of the assessment of the actual condition, reliability and efficiency of the risk management, internal control and corporate governance system) to the Company's Board of Directors and executive bodies;

- 3.3. The internal audit will perform the following functions in order to meet the set objectives:
- 3.3.1. assess the effectiveness of the internal control system including, among other:
    - 3.3.1.1. analysis of compliance of business process, project and organization goals with the Company goals;
    - 3.3.1.2. verification of reliability and integrity of business processes (activities) and information systems, including the reliability of procedures for countering illegal practices, abuse and corruption;
    - 3.3.1.3. verification of procedures to ensure the reliability of accounting (financial), statistical, managerial and other reporting;
    - 3.3.1.4. verification of the validity of the criteria set by the executive bodies to evaluate the extent of fulfillment (achievement) of the set goals;
    - 3.3.1.5. identification of the internal control system deficiencies that prevented (prevent) the Company from achieving its goals;
    - 3.3.1.6. recommend improvements to the internal control system;
    - 3.3.1.7. evaluation of the results of measures taken to correct violations, deficiencies and improve the internal control system implemented by the Company at all management levels;
    - 3.3.1.8. verify compliance with the asset integrity procedures;
    - 3.3.1.9. verify compliance of the internal control system procedures with the requirements of the law, Company Charter and internal documents;
  - 3.3.2. evaluate the effectiveness of the risk management system, including, among other:
    - 3.3.2.1. verification of the adequacy and robustness of the risk management system constituents (goals and objectives, infrastructure, process organization, regulatory and methodological support, interaction of the organizations within the risk management system, reporting);
    - 3.3.2.2. verification of the exhaustive identification and correct assessment by the Company of risks at all management levels;
    - 3.3.2.3. verification of the effectiveness of control procedures and other risk management efforts including effective use of resources allocated to achieve such goals;
    - 3.3.2.4. analysis of the realized risks data (violations identified during internal audits, actual failures to achieve goals, litigation events);
    - 3.3.2.5. advice to improve the risk management system;
  - 3.3.3. evaluate the corporate governance performance including but not limited to:
    - 3.3.3.1. verification of observance and promotion of the Company's ethical and corporate values;
    - 3.3.3.2. verification of compliance with procedures related to the setting, achievement monitoring and control of the Company goals;
    - 3.3.3.3. verification of compliance with the regulatory support and information exchange procedures (including internal control and risk management procedures) at all the Company's management levels including interaction with the stakeholders;
    - 3.3.3.4. verification of compliance with risk management and internal control system supervision procedures;
    - 3.3.3.5. verification of compliance with procedures that ensure the implementation of the rights and legitimate interests of the shareholders, including those of the PJSC SIBUR Holding enterprises, and the effectiveness of the Company's relations with the stakeholders;

- 3.3.3.6. verification of compliance with the procedures related to the mandatory disclosure of information about the Company's and PJSC SIBUR Holding enterprises' businesses;
- 3.3.4. exercise other functions necessary to meet the internal audit objectives.

#### 4. INTERNAL AUDIT ORGANIZATION

- 4.1. Unless otherwise provided hereby, a dedicated organization will be established in the Company to carry out the internal audit. The head of the Company internal audit organization (hereinafter - **Head of Internal Audit**) will be a Company official who can be employed, including on the principles of part-time work.
- 4.2. The Company Board of Directors may resolve to engage an independent auditor to carry out the internal audit. In this case, setting up an in-house internal audit organization will not be required.
- 4.3. The following criteria should be considered to arrange the internal audit:
  - 4.3.1. availability of staff or possibility to hire sufficient staff having the necessary knowledge, skills and experience to meet the internal audit goals and objectives;
  - 4.3.2. mutual proximity of the Company's organizations;
  - 4.3.3. audit frequencies;
  - 4.3.4. requirements of the company's regulatory documents, the law of the Russian Federation and regulatory authorities (in particular, any restrictions applied to an independent auditor that lacks a permit (license) to process a certain type of information).
- 4.4. All matters related to the internal audit organization and performance shall be considered by the Company Board of Directors' Audit Committee before they are submitted for the Company Board of Directors' approval or consideration.
- 4.5. If the Company Board of Directors resolves to carry out an internal audit engaging an independent auditor, the Company Board of Directors shall be responsible for the auditor choice and performance of the internal Company audit. If the internal audit is entrusted to a dedicated Company organization while certain audit scopes or objectives (for example, consultancy) are outsourced, the head of the Company's internal audit function shall be responsible for the implementation and performance of such scope.
- 4.6. If an independent auditor is sourced to carry out the internal audit, the rights, obligations, authority of such an auditor with regard to employees, officials and management body members, the procedure for interaction with other entities, the internal audit planning and performance procedure shall be defined by an agreement between the Company and the auditor.
- 4.7. An independent auditor of the Company shall be selected on the basis of independent auditor bids regarding the service scope, proposed standard, auditor experience and competence, and the service cost. The choice of an independent auditor shall be based on the presence/absence of any existing or potential conflict of interest of any kind, including any relation to the Company shareholders, individuals controlling the Company and the shareholders of PJSC SIBUR Holding enterprises.
- 4.8. The Company's Sole Executive Body (or its appointed responsible official) shall select the appropriate audit bids within the timeframe agreed with the Chair of the Audit Committee of the Company Board of Directors to select an independent auditor to carry out the Company's internal audit. Members of the Audit Committee of the Company Board of Directors may, on their own initiative, propose any additional auditor candidates specifying the engagement terms (commercial bids).

- 4.9. The Company Board of Directors will review the received bids before approving an independent internal auditor whenever an internal Company audit is outsourced to an independent auditor. The Board of Directors shall, at the same time, determine the terms and conditions of engaging such an auditor specifying, among other, the scope of remuneration for the provided services and the procedure for the audit performance quality assurance.

## **5. RESPONSIBILITIES AND AUTHORITY OF THE INTERNAL AUDIT ORGANIZATION**

- 5.1. The responsibilities of the internal audit organization include:
- 5.1.1. carrying out internal audits (hereinafter - **Audits**) in accordance with the approved internal audit plan;
  - 5.1.2. carrying out other audits within its competence as requested/instructed by the Company Board of Directors and/or executive bodies;
  - 5.1.3. carrying out comprehensive audits of an entity's performance in the form of documentary and factual verification of the legality of financial and business transactions, reliability and correctness of their reporting;
  - 5.1.4. carrying out audits of the PJSC SIBUR Holding enterprises;
  - 5.1.5. analysis of the audited entities to help study certain aspects of their performance and assess their condition;
  - 5.1.6. consultations with the Company executive bodies on the matters of risk management, internal control and corporate governance;
  - 5.1.7. keeping track of the correction of any identified deficiencies of the Company's financial and economic performance;
  - 5.1.8. assistance to the Company's executive bodies investigating fraudulent/unlawful employee and third party activity;
  - 5.1.9. development and updating of the in-house internal audit regulations (internal audit methodology);
  - 5.1.10. development of the internal audit plan setting the internal audit priorities;
  - 5.1.11. interaction with the Company organizations on internal audit matters.
- 5.2. The head of internal audit will have the authority to set up continuous monitoring and regular analysis of internal audit performance to ensure compliance with the Company's internal audit performance standards aligned primarily with the International Internal Audit Practices published by the Institute of Internal Auditors.
- 5.3. The head of internal audit may:
- 5.3.1. directly and freely inform the Chair of the Company Board of Directors, the Chair of the Company Board of Directors' Audit Committee and the Sole Executive Body of the Management Organization;
  - 5.3.2. request and receive from the Company executive bodies any information and materials necessary for the performance of their duties, including access to computer systems and databases;
  - 5.3.3. get acquainted with the current and future business plans, plan and program implementation reports, resolutions of the Company Board of Directors and executive bodies;
  - 5.3.4. bring to the attention of the Company Board of Directors and executive bodies proposals to improve the existing systems, processes, standards, business practices and views on any issues within the internal audit domain;
  - 5.3.5. engage Company staff and third-party experts in audits and other tasks in accordance with the procedure established by the Company internal regulations;

- 5.3.6. participate as a listener in the meetings of the Company's working bodies (committees, commissions, work groups, etc.);
- 5.3.7. participate as an invited representative in the meetings of the Company Board of Directors (if invited), the Company Board of Directors' Audit Committee, the Company Management Board and the Management Board of the Management Organization (if invited).
- 5.4. Internal auditors (staff of the Internal Audit Function) are authorized to:
  - 5.4.1. request and receive free access to any assets, documents, records and other information (including electronic information) about the Company and PJSC SIBUR Holding enterprises businesses as required to perform their responsibilities, make copies of the appropriate documents, take photos and videos of the Company's and PJSC SIBUR Holding enterprises' business events in accordance with the Company procedure;
  - 5.4.2. interview Company and PJSC SIBUR Holding enterprises executive and line staff as part of the audit scope;
  - 5.4.3. use information resources and software for the purposes of the internal audit;
  - 5.4.4. study and evaluate any documents requested during an audit;
  - 5.4.5. request and receive the necessary assistance from the staff of the audited organizations and the staff of other Company and PJSC SIBUR Holding enterprises organizations;
- 5.5. perform any other activities as necessary to achieve the audit goals.
  - 5.5.1. The Head of Internal Audit shall not manage the functional areas of the Company business if management decisions have to be made with regard to the audited entities.
  - 5.5.2. The Head of Internal Audit must refrain from any action that might cause a conflict of interest (whenever the independence of the internal audit and the fairness of the auditor's opinion can be compromised). The Head of Internal Audit shall inform the Sole Executive Body of the Management Organization and the Company Board of Directors about any resulting restrictions and their potential consequences.
  - 5.5.3. The Head of Internal Audit and internal auditors may not:
    - hide material facts about the Company and PJSC SIBUR Holding enterprises businesses that have become known to them that may distort the audit report data;
    - use or disclose confidential information without appropriate authority, except whenever such disclosure of information is required by Russian law;
    - accept as a gift any property (receive any service) that may influence or be perceived as influencing the opinion of the internal auditor.

## **6. INTERNAL AUDIT ACCOUNTABILITY**

- 6.1. The Company and the Management Organization shall make sure the internal auditor are independent from the Company executive bodies and the Management Organization. The Company Internal Audit and the Head of Internal Audit are subordinate (within the administrative hierarchy) to the Company's Sole Executive Body (represented by the Sole Executive Body of the Management Organization (Chair of PJSC SIBUR Holding's Management Board) and (within the functional hierarchy) to and accountable to the Company Board of Directors.
- 6.2. In functional terms, the Company's Internal Audit is accountable to the Company Board of Directors implying that:
  - 6.3.1. Internal Audit Regulations will be approved by the Board of Directors;

- 6.3.2. Head of Internal Audit will be appointed to or relieved of office by resolution of the Board of Directors;
- 6.3.3. the scope, terms and procedure for the Head of Internal Audit compensation will be determined by the Board of Directors;
- 6.3.4. the Internal Audit Plan will be approved by the Audit Committee of the Board of Directors;
- 6.3.5. the Board of Directors will be updated on the progress of the Internal Audit Plan implementation as part of the annual report on the activities of the Audit Committee of the Board of Directors;
- 6.3.6. the Board of Directors will be provided with the internal audit performance reports (on request);
- 6.3.7. the Board of Directors will review any material restrictions on the internal audit scope or any other restrictions that might adversely affect the internal audit performance.
- 6.4. In administrative terms, the internal audit is subordinated to the Sole Executive Body of the Company's Management Organization (Chair of PJSC SIBUR Holding's Management Board) implying the latter authority over:
  - 6.4.1. allocation of any necessary funds within the approved internal audit budget;
  - 6.4.2. receiving of internal audit performance reports;
  - 6.4.3. support to the internal audit provided jointly with the Company organizations and PJSC SIBUR Holding enterprises;
  - 6.4.4. administration of internal audit policies and procedures.

## **7. INTERNAL AUDIT INTERACTION WITH OTHER ENTITIES**

- 7.1. The Head of Internal Audit, within the bounds of their roles and responsibilities will interact with the Company Board of Directors and the Company Board of Directors' Audit Committee.
- 7.2. Internal auditors may use for their purposes any performance results of the internal control system entities (organizations of the Company, the Managing Organization and PJSC SIBUR Holding enterprises) that monitor and evaluate the internal control performance with regard to certain business areas, subject to their functional roles and responsibilities, as do the internal auditors.
- 7.3. The Head of Internal Audit will interact with independent auditors, appraisers, experts and other internal controllers in order to avoid redundancy and ensure complete coverage of the Company's and PJSC SIBUR Holding enterprises' businesses.
- 7.4. The Company will carry out an independent evaluation of the internal audit performance at least once every five years. The independent internal audit performance evaluation may be carried out in full scope by an independent expert or by means of confirmation of an internal audit performance by an independent expert.

## **8. INTERNAL AUDIT PLANNING AND IMPLEMENTATION PROCEDURE**

- 8.1. The Head of Internal Audit will develop an Internal Audit Plan to include scheduled audits and other internal audit measures. The Internal Audit Plan will be updated at least once a year.
- 8.2. The Internal Audit Plan will apply constraints over the duration of the following activities:
  - 8.2.1. scheduled audits;
  - 8.2.2. consultations with the Company executive bodies;



- 8.2.3. development and updating of the in-house internal audit regulations (internal audit methodology);
- 8.2.4. monitoring the implementation within the Company and PJSC SIBUR Holding enterprises of action plans to correct any deficiencies, violations and improve risk management systems, internal control performance, corporate governance;
- 8.2.5. interaction on internal audit matters with an independent auditor, Company organizations;
- 8.2.6. participation in the audit commissions of the Company's joint ventures;
- 8.2.7. professional development of the internal auditors, etc.
- 8.3. The Head of Internal Audit will, on an annual basis, no later than 31 March of each year, inform the Sole Executive Body and the Company Board of Directors about the previous calendar year's internal audit performance covering, but not limited to, the following:
  - 8.3.1. advisability of the amendments to the Regulations;
  - 8.3.2. confirmed organizational independence of the internal auditors and the absence of any evidence of compromised independence or fairness;
  - 8.3.3. limited, to a reasonable extent, access to information, resources and other circumstances that may affect the ability of the internal auditors to perform their roles and responsibilities;
  - 8.3.4. the implementation performance of the internal audit quality assurance and improvement program including any information on compliance with the International Internal Audit Practice Standards and the action plan to ensure compliance with the quality requirements for all the material internal audit aspects;
  - 8.3.5. submission for approval of the Internal Audit Plan, Resource Plan and Internal Audit Budget together with the information on significant changes to the plan made during the reporting period;
  - 8.3.6. information about the implementation performance of the Internal Audit Plan, including:
    - 8.3.6.1. the performance of individual internal audits resulting in an opinion that the risk management, internal control and corporate governance at the audited entity are effective, the implementation performance of deficiency correction measures;
    - 8.3.6.2. information on the position of the Company executive bodies with regard to the accepted risk that the Head of Internal Audit believes to be potentially unacceptable for the Company;
    - 8.3.6.3. opinion on the assessed risk management and internal control reliability and efficiency and the effectiveness of the Company's corporate governance practice;
    - 8.3.6.4. report on the implementation of other Internal Audit Plan measures.
- 8.4. The Head of Internal Audit will be responsible for providing an opinion on the reliability and effectiveness of risk management and internal control and the report of the effectiveness of corporate governance as practiced in the Company, including the reliability of the information used to draft such an opinion. In certain cases, the Board of Directors may instruct the Head of Internal Audit to carry out an independent audit of the internal audit opinion.

## **9. CLOSING PROVISIONS**

- 9.1. The present Regulations and all amendments and supplements thereto will be approved by the Company Board of Directors. The Head of Internal Audit will, on an annual basis, assess

the relevance of the Regulations for their compliance with the Company's internal audit organization objectives and, depending on the results of such assessment, if any inconsistencies are found, make sure changes are made in the manner provided by the Company's internal regulations.

- 9.2. All matters not governed hereby will be governed by the current law of the Russian Federation, resolutions of the Board of Directors and other internal regulations of the Company.
- 9.3. If, as a result of any amendments to the law and regulations of the Russian Federation, any articles hereof come into conflict with the above, such articles shall be rendered null and void and, until any changes hereto are made, the Regulations will be valid to the extent that they do not contradict the current law and other regulations of the Russian Federation.