

# INTERNAL AUDIT CHARTER OF MAIL.RU GROUP LIMITED

## 1. Introduction

Approved by Mail.ru Group Limited Board

### INTERNAL AUDIT CHARTER OF MAIL.RU GROUP LIMITED

1.1. This Internal Audit Charter (hereinafter – the Charter) is adopted in accordance with the applicable laws and regulations – English law, the Group’s Charter, Board of Directors charter and Audit Committee charter.

1.2. The Charter provides definition, objectives, trends and procedures of the Internal Audit function, defines role and responsibilities of the Internal Audit (IA) department of the Group, duties and responsibilities of its employees and IA accountability within the Group’s structure.

1.3. Internal control is the system of procedures exercised by the Board of directors, executive and regulatory bodies, officers and other employees of the Group aimed at securing the achievement of goals set by the Group in the following areas:

- Efficiency and effectiveness of business activity of the Group;
- Reliability and credibility of the Group’s reporting;
- Compliance with requirements of regulatory acts and internal documents of the Company.

## 2. Internal Audit department organization and responsibilities

2. Internal Audit Department carries out internal audits and reviews and other engagements in the Group’s subsidiaries and associates. Audits and reviews are conducted in accordance with the annual audit plan approved by the Audit Committee.

2.2. Internal Audit department is the structural division of the Group.

2.3. Internal Audit department organizational structure, budget and annual audit plan are approved by the Audit Committee.

2.4. Internal Audit Department follows the principles of independence, objectivity, competence and professionalism in its activities and operations.

2.5 Internal Audit department assesses effectiveness of the internal control systems of the Group, including its subsidiaries and associates and proposes recommendations as a result of those assessments. Purposes of internal control:

- timely revelation and analysis of risks in the activities of the Group;
- securing reliability and timeliness of financial and management reporting and any other publicly available information of the Group;
- ensuring safeguarding the Group’s assets and effective use of the Group’s resources;
- assisting creation of an optimized organizational structure of the Group;



- ensuring compliance with requirements of existing regulatory acts and internal procedures adopted in the Group.

2.6. Internal Audit department assesses the effectiveness of the risk management process within the Group and proposes recommendations as a result of those assessments.

2.7. Internal Audit department perform IT audits – assessments of security and effectiveness of the Group's information systems in relation to the confidentiality, integrity and availability of data and data processing.

2.8. Internal Audit department provides necessary consultations to the management of the Group and its subsidiaries and associates on appropriate corrective actions plans flowing from its audits and reviews the effective implementation of those corrective actions plans by management.

2.9. Internal Audit department cooperates with the independent external auditor in order to align approaches, avoid unnecessary duplication and ensure an overall effective audit coverage for the Group.

2.10. Internal Audit department cooperates with other departments of the Group

2.11. Internal Audit department provides necessary consultations to the management of the Group on issues relating to organization of internal controls and risk management, as well as on any other issues that fall within the competence areas of the department as defined in this Charter.

2.12. Upon request of the management of the Group and Internal Audit department performs any other special engagements, including participation in fraud investigations.

2.13. Audit Committee may engage the Internal Audit department in other projects outside the approved annual audit plan.

### **3. Accountability and Independence**

3.1. Internal Audit department is managed by the Chief Audit Executive (CAE).

3.2. In order to ensure the Internal Audit department independence CAE is administratively subordinate to and reportable to the Chief Financial Officer of the Group and functionally subordinate to and reportable to the Board of Directors through its Audit Committee. CAE is responsible for the Internal Audit department work planning and organization and completion of annual audit plan.

3.3. The Audit Committee decides on hiring and terminating the CAE, defining the employment contract terms, remuneration levels and penalties.

3.4. On an annual basis the CAE presents the Audit Committee suggestions on organizational structure of the Internal Audit department, its budget and annual audit plan.

3.5. On a regular basis the CAE presents to the Audit Committee and to the General Director summary reports on IA department annual and/or quarterly activities providing necessary details on:



- annual audit plan completion stages;
- material weaknesses and significant inefficiencies in the internal controls system and risk management process and management's respective corrective action plans;
- results of management implementation of corrective action plans, elaborated as a result of the audits;
- any significant obstacles preventing the Internal Audit department from effectively performing its duties.

#### 4. Authority

##### 4.1 The CAE is authorized:

- to have a direct communication with the Chairman of the Audit Committee of the Group ;
- to request any information and documents necessary to perform the internal audit engagements from any respective officer of the Group;
- to receive information on current and prospective Group's strategic plans, drafts of management bodies' decisions and resolutions;
- to inform the Audit Committee of the management of the Group of the suggestion on improving the internal controls system; existing systems, processes, standards of the Group's day-to-day operations and other issues within the authority of the Internal Audit department as defined in this Charter;
- to involve external experts in audit engagements upon receiving the respective approval of the Audit Committee.

##### 4.2 Internal Audit department employees are authorized:

- to request any information and obtain access to any assets, documents, accounting records and other information and make any copies of documents necessary to discharge their duties;
- to interview the officers and employees of the Group;
- to review and study documents requested during the audit and forward the copies of those and/or respective information to the CAE;
- to monitor the corrective actions performed by the management as result of the audits;
- to present their suggestions on improving the existing systems, processes, standards of the Internal Audit department work and any other comments on any areas of the IA authority to the Chief Audit executive.

#### 5. Limitations

The Chief Audit Executive and internal auditors should not under any circumstances:

- perform any functional responsibilities within the Group which are not related to the internal audit activity as defined in this Charter;
- initiate, authorize and perform any transactions not directly related to their duties;
- manage and control employees of other departments of the Group, except when these employees are assigned to perform an internal audit engagement under the responsibility of the Internal Audit Department;
- participate in any activity that would impair their objectivity and independence or be perceived as such;
- use confidential information for personal purposes or for any other purposes that would violate the laws or damage the interests of the Group;



- accept any items, goods or services as a gift that would impair their professional judgment or be perceived as such.

## 6. Quality assurance and assessment

6.1. IA undertakes to apply and adhere to the International Standards for the Professional Practice of Internal Audit as maintained and published by The Institute of Internal Auditors.

6.2. The Audit Committee performs an annual assessment of the Internal Audit department work and results. Assessment is made against the key performance indicators preliminary agreed with the CAE and approved by the Board.

6.3. The Chief Audit Executive develops and implements the assessment program for the Internal Audit department. Such program includes day-to-day monitoring and periodical self –assessment and external assessment of IA effectiveness.

6.4. External assessment of the Internal Audit function is performed by the external experts no less than once per every five years. The CAE informs the Audit Committee of the external assessment results.

## 7. General provisions

7.1. Chief Audit Executives on an annual basis considers the relevance of the changes to this Charter.

7.2. The Charter, all amendments and addendums to it are approved by the Audit Committee of the Group.