

Employment Contracts of Members of the Management Board

All Members of the Management Board have entered into employment contracts with the Company, under which they are generally provided with accident insurance during travels and reimbursement of expenses during business trips in accordance with the internal rules of the Company.

Save as aforesaid, any other employment contracts are not made and are not expected to be made between the Company and the Members of the Management Board.

Liability for the Report Reliability

The Company's officers are liable for the reliability of the data in the Company's Annual Report.

INTERNAL AUDIT

The Audit and Assets Department is tasked with providing the Company's management with independent and unbiased information, advising on control and corporate governance, as well as submitting analytical reports and recommendations on how to improve existing procedures.

A&AD reports to the Chairman of the Management Board, who sets strategic directions and coordinates the work that determines the A&AD working procedures. A&AD makes up an audit work plan for the year to be approved by the Chairman of the Company's Management Board.

In accordance with the approved work plan and tasks of the Company's management, the Department audits any functions, operations and all types of the Company's activities and, in close cooperation with managers at all levels, contributes to the improvement of control and corporate governance systems and solves the following tasks:

- ▶ assessing compliance of existing procedures and operations performed by the Company's SU/PSU with the laws and internal documents;
- ▶ monitoring targeted expenditure of funds;
- ▶ evaluating the means and measures to ensure proper protection of the Company's assets; and
- ▶ verifying compliance of characteristics of the Company's assets with their classifiers.

Audit items may include:

- ▶ Locations – production structural units;
- ▶ Projects – contracts, subcontracts, programs, types of products, etc.;
- ▶ The Company's assets – physical assets, accounts, cash in bank accounts, information, accounts receivable, etc.; and
- ▶ Operations – functions, business processes, etc.

The scope of the audit is determined by the A&AD Director and is taken into account when drawing up the audit program.

In 2018, four audits were conducted; all audits were conducted in a timely manner, 23 recommendations were given, all recommendations were implemented in a timely manner.