APPROVED BY
decision passed by the Board of Directors
of KAMAZ PTC dated 17.09.2015
(Minutes No. 6)

# COMPLIANCE PROGRAM
# of KAMAZ Publicly Traded Company

## I. General

1.1. The Compliance Program of KAMAZ Publicly Traded Company (hereinafter referred to as the Program) shall define the tools of the compliance system aimed at precluding the compliance risks of KAMAZ Publicly Traded Company (hereinafter referred to as the Company or KAMAZ PTC), namely: corruption risks, those of fraud, money laundering, violations of the anti-trust (anti-monopoly) law.

1.2. The present Program shall be aimed at ensuring that the Company's compliance system functions and develops.

1.3. The present Program has been designed in compliance with the law of the Russian Federation, the Company's Charter, the Company's Compliance Policy and the Corporate Governance Code, and shall be approved by the resolution of the Company's Board of Directors.

1.4. The Company shall undertake:

– to keep accounts of the assets and transactions in accordance with the law of the Russian Federation;

– to keep the Company's internal control system and compliance system functioning;

– to make sure that transactions are agreed with the executive bodies of the Company, the Company's Board of Directors, the Company Shareholders' General Meeting, as required by the law of the Russian Federation, the Charter of the Company and the internal documents of the Company.

## II. Principles of the Compliance System

2.1. Zero toleration for corruption in any manifestations.

The Company shall deem to be unacceptable any manifestations of corruption actions in the course of its business, investment and any other activities. Intolerance for corruption shall mean a strict ban imposed on participation in corruption actions (acts of corruption) by any persons acting in the name of the Company or its interests, directly or indirectly, personally or through any mediation or brokerage, irrespective of the practice of doing business in this or that country.

2.2. Unconditional compliance.

The requirements of the applicable law and the internal normative as well as commanding documents must be unconditionally and steadfastly abided by by all the employees of the Company regardless of the position occupied by them, the time that they have worked for the Company, their status or other relationship with the Company.

2.3. Inevitability of punishment.

The Company shall exercise all possible reasonable and legitimate efforts to rapidly and unavoidably hold those to blame accountable for acts of corruption and other violations of the requirements enshrined in the international law, Russian law, while in the case of the activities pursued outside the borders of the Russian Federation – applicable foreign law and the internal normative as well as commanding documents in the area of compliance, regardless of the scale or form of such violations.

The Company shall reserve the right to make public the information about the individuals held answerable for acts of corruption in due course.

## III. Tools of the Compliance System

The principles of the compliance system shall be implemented by carrying out and using the following tools in the Company's day-to-day business:

### 3.1. Assessment of the Company's Compliance Risks

3.1.1. The Company shall implement and ensure that assessment of the Company's compliance risks is made continuously and is confirmed by documentation. The assessment of compliance risks shall incorporate the likelihood of the compliance risk occurring and materiality of the consequences resulting from its onset.

3.1.2. Based on the Company's compliance risks assessed, there has been established the chart of compliance risks which shall be attached to the present Program and which shall reflect the degree of the Company divisions' and processes' susceptibility to compliance risks as well as the procedures in place at the Company aimed at mitigating such risks.

3.1.3. The risks shall be assessed in terms of the likelihood that they may occur:

- low risk – the event has not occurred before, the probability of it happening in the future is small;
- medium risk – the event has occurred before, the probability of it happening in the future is small;
- high risk – the event has occurred before, the probability of it happening in the future is relatively high.

### 3.2. Local Normative Acts of the Company in the Area of Compliance

Given the results of the assessment and for the purpose of reducing compliance risks, the local normative acts of the Company in the area of compliance shall:

- reflect the Company's values in the area of compliance and provide for norms of conduct for all the employees of the Company;
- align the Company's tasks with the rules and standards in the area of compliance adopted in the international community;
- consistently deal with the issues in the area of compliance and any other relevant risks connected with professional integrity, in all the relevant documents in the area of compliance;
- be comprehensible to each employee of the Company;
- be applicable to all the employees of the Company;
- give priority to the values of «professional integrity» and explain in detail this and other values of the Company;
- contain sufficient information about the «hot line» for compliance issues;
- contain normative provisions on known compliance risks;
- be updated when necessary.

### 3.3. Training and Assessing Personnel

3.3.1. The Company shall implement the procedures of assessing in conformity with the standards of eligibility, qualification during the process of hiring for work and career advancement in keeping with the requirements of the applicable law and the Company's internal documents.

3.3.2. The Company shall develop and implement a program of training in compliance matters for all the employees depending on proneness to compliance risks.

Pursuant to the internal documents of the Company, the groups of employees involved in the processes which are the most liable to compliance risks shall be identified.

Training in compliance matters:

– shall be conducted by qualified teachers to ensure that compliance policies and procedures are understood and embraced (bought in);

– shall be periodically repeated to bring home to the trainees changes in the compliance policy and procedures;

– shall be conducted with used and handed out materials as well as lists of participants to be accounted for;

– shall be conducted with involvement of top management echelon executives to demonstrate to all the employees their commitment to the above mentioned values.

### 3.4. Personnel Who Are To Ensure That the Compliance System Functions

3.4.1. For the purpose of ensuring the functioning of the Company's compliance system, within the Company, there shall operate a special division performing the compliance functions and reporting to the Company's Deputy General Director – Corporate Director.

3.4.2. The division performing the compliance function:

– shall control implementation of the present Program;

– shall control development and implementation by the Company's divisions/organizations of KAMAZ PTC Group of the measures aimed at reducing compliance risks;

– shall procure that the compliance system is improved continuously;

– shall control elimination of deficiencies/violations in compliance area;

– shall procure that the report for the Company's Board of Directors on performance of the present Program is prepared.

3.4.3. The employees who carry out the functions of internal control shall furnish to the division performing the compliance function all the requested information and documents for purposes of accurately and thoroughly maintaining accounts of operations and transactions and shall be guided by the instructions given by the employees of the division performing the compliance function with respect to improving the internal control system of the Company.

### 3.5. Commitment of the Management Board, of the General Director to Compliance Matters

Consideration of compliance matters and approval of the documents pertaining to compliance matters shall proceed with active participation of the Company's Management Board and the Company's General Director.

The members of the Company's Management Board, the General Director of the Company and top management executives of the Company:

- shall stand by the principles of fair and honest conduct of business pursuant to the applicable law;
- shall demonstrate absolute intolerance for bribery;
- shall cooperate with such business partners as do share in the values of the Company in compliance area.

### 3.6. Compliance in KAMAZ PTC Group of Organizations

3.6.1. The tools for the compliance system to be implemented shall be part of the Company's universal corporate governance standards, which represent the universal standards for general corporate rules for doing business and shall be instrumental in shaping one single corporate culture of KAMAZ PTC Group of Organizations.

The Company shall ensure that all the Organizations of KAMAZ PTC Group implement compliance system tools and shall carry out the monitoring of their implementation and development.

The list of the compliance system tools to be put in place in the Organizations of KAMAZ PTC shall be established based on the sufficiency of the actions necessary for possible compliance risks to be mitigated subject to the types and scale of the activities each Organization engages in.

3.6.2. In the Organizations of KAMAZ PTC Group newly established, the compliance system tools foreseen by the present Program shall be implemented within a year since the Organization's establishment.

In the Organizations in which procedures of liquidation, bankruptcy, reorganization are planned and where no business is actually done, compliance system tools shall be put in place which suffice to reduce possible compliance risks.

The Company shall carry out the procedures of exiting from those organizations in which it is impossible to implement the compliance system tools. Subject to economic sensibility the General Director of the Company may decide otherwise.

3.6.3. In the Organizations of KAMAZ PTC Group there shall be established the divisions or compliance managers shall be appointed to perform the functions envisaged by Clause 4.2 of the present Program.

3.6.4. The Organizations of KAMAZ PTC Group where the compliance system tools have been put in place/are being put in place as contemplated by the present Program, shall submit annually to the division performing the compliance functions a report on implementation of the present Program which is to include the following information:

- on the key compliance risk areas (critical business operations, possible risks, etc.);
- on the current status of implementing the present Program;
- on the functioning of the «hot line» for compliance issues;

– on the violations found and the investigations made;
– on necessary corrective measures;
– on implementation of the plan for training employees in compliance matters;
– on required changes/adjustments of the compliance system tools.

3.6.5 The Organizations of KAMAZ PTC Group in which compliance system tools have been put in place/are being put in place as contemplated by the present Program, shall regularly submit to the division performing the compliance functions, a summary on the executed transactions with high compliance risks.

### 3.7. Training, Vetting, Monitoring of the Company's Partners

3.7.1. The Company shall inform its business partners of its commitment to compliance and to honoring the laws of each country in which the Company does its business and shall expect the business partner to be equally committed. Such obligations of the business partner shall be entered into contracts and agreements pursuant to the applicable law.

The Company shall regularly conduct training of business partners within the framework of the Company's training plan which is to identify target groups, content and types of training developed in keeping with the risk chart. Training is to be carried out by qualified and experienced teachers (instructors). The Company shall keep record of participants in the training.

3.7.2. The Company shall conduct proper checks based on assessment of risks, vetting each potential business partner. The background check shall be made before entry into contractual relationship and periodically in the course of contractual relations with the business partner. The background check of the business partner shall include but not be limited to legal capacity/capacity to act to assess as to whether the partner is a bone fide legal/physical person, carrying out actions on legal grounds, whether the partner is solvent and duly authorized to do relevant business or to conclude relevant transactions.

The background check of the business partner must be conducted with regard given to the compliance risks connected with the nature of the partner's business activities.

The background check of the business partner shall, at least, consider and assess:

– the business model, country, owner, organizational chart and known methods of doing business;
– the business partner's business reputation on the basis of confirmed information;
– business partner's qualifications;
– business partner's structure;
– business partner's track record;
– connections with government authorities, organizations, officials.

If possible, personal meetings or interviews with the management of the business partner ought to be held, addressing the above questions to them.

When making a background check of the Company's business partner, it is required that:

– the process of selecting the business partner be properly and transparently documented;

– business partners be accounted for and their data base be updated using data from independent providers of information;

– documents of the business partner background check be continually kept and stored for no less than 5 years following the end of the contractual relationship with it.

Judging from the results of the background check, the Company may decide against a contractual relationship or terminate the contractual relationship with the partner following the procedure established by the applicable law.

3.7.3. The Company, on contractual basis, shall cause the business partners to undertake to:

– ensure that the internal control system functions, that the measures aimed at preventing compliance risks and risks in the area of ethics function;

– keep thorough and detailed accounts of the assets and transactions, keep statutory accounting, as well as make sure that proper control is exercised over transactions with compliance risks;

– make sure that transactions are approved by the business partner's governing bodies as required by the applicable law, the charter and the internal documents of the business partner;

– provide to the Company reasonable access to the accounting documents, including responding to the Company's requests for information to be furnished;

– provide the Company with the opportunity of making a periodic audit of their accounts (financial statements) with respect to transactions with the Company subject to the requirements of the applicable law.

3.7.4. The Company shall procure that proper, risk assessment-based written procedure is in place and is functioning for departing from the requirements of Clause 3.7.3 of the present Program under certain circumstances which are the rationale for such departure.

### 3.8. «Hot Line» for Compliance Matters and Investigations To Follow Up On the Reports of Possible Violation in Compliance Area

3.8.1. The Company shall see to it that the «hot line» functions and is operational for compliance issues, that proposals to improve anti-graft procedures, internal control procedures made via the «hot line» are reviewed, and that the reports on possible violations in the area of compliance and ethics filed via the «hot line» are investigated.

3.8.2. The «hot line» for compliance issues shall:

– be accessible to the Company's employees and the Organizations of KAMAZ PTC Group and third parties, at least, by means of written communications, e-mail or telephone;

– guarantee confidentiality and anonymity.

3.8.3. The information obtained through the «hot line», shall be continually recorded and transmitted in due time for investigations to be conducted.

3.8.4. The information about the «hot line» for compliance matters must be brought to the knowledge of the Company's employees and the employees of KAMAZ PTC Group of Organizations as part of training in compliance matters and/or in some other

suitable form. The information about the «hot line» on compliance matters shall be published on the official web site of the Company www.kamaz.ru.

3.8.5. The Company shall immediately and effectively investigate any report of possible violation in compliance area filed via the «hot line».

3.8.6. The persons who investigate the reports of possible violations in compliance area shall be provided by the Company with the conditions which shall make it possible:

– to investigate, in full scope, any matters bearing on the subject under investigation;

– to gain access to the documents (soft copy or on paper medium) and the employees knowledgeable about the details concerning the investigation;

– to use the information provided for the investigation to be conducted, subject to the requirements of the applicable law and the internal documents of the Company with respect to confidential information.

3.8.7. The persons pursuing the investigation into the reports of possible violation in the area of compliance, shall be obliged to keep proper account of the process of the investigation and its results.

3.8.8. The Company, within the framework of the applicable law shall make it possible to hold accountable the employees who have perpetrated a violation in the area of compliance.

### 3.9. Control Exercised by the Board of Directors

3.9.1. The Company shall annually submit to the Board of Directors of the Company a report on implementation of the present Program, comprising the following:

– current status of the present Program implementation;
– update on ethics and legality at the Company;
– update on required remedial actions;
– key areas of compliance risks based on compliance risk chart;
– notification and, if necessary, agreement with the Company's Board of Directors of new compliance measures as well as necessary amendments/corrections to the relevant policies and procedures;
– other information necessary for the Company's Board of Directors.

3.9.2. The report on performance of the present Program shall be subject to preliminary review by the Budget and Audit Committee of the Company's Board of Directors.

### 3.10. Audit of Efficiency and the Functioning of the Compliance System

3.10.1. Inspections to check the compliance system for efficient functioning shall be carried out by the Company's division performing internal audit. Based on the results of the inspections, the division performing internal audit, shall prepare recommendations including those aimed at reducing compliance risks.

3.10.2. The Company's division performing internal audit shall, on a quarterly basis, submit to the Budget and Audit Committee of the Company's Board of Directors a report on the carried out inspections to check the compliance system for efficient functioning.

## IV. Operation of the Program. Procedure of Introducing Amendments and Addenda to the Program

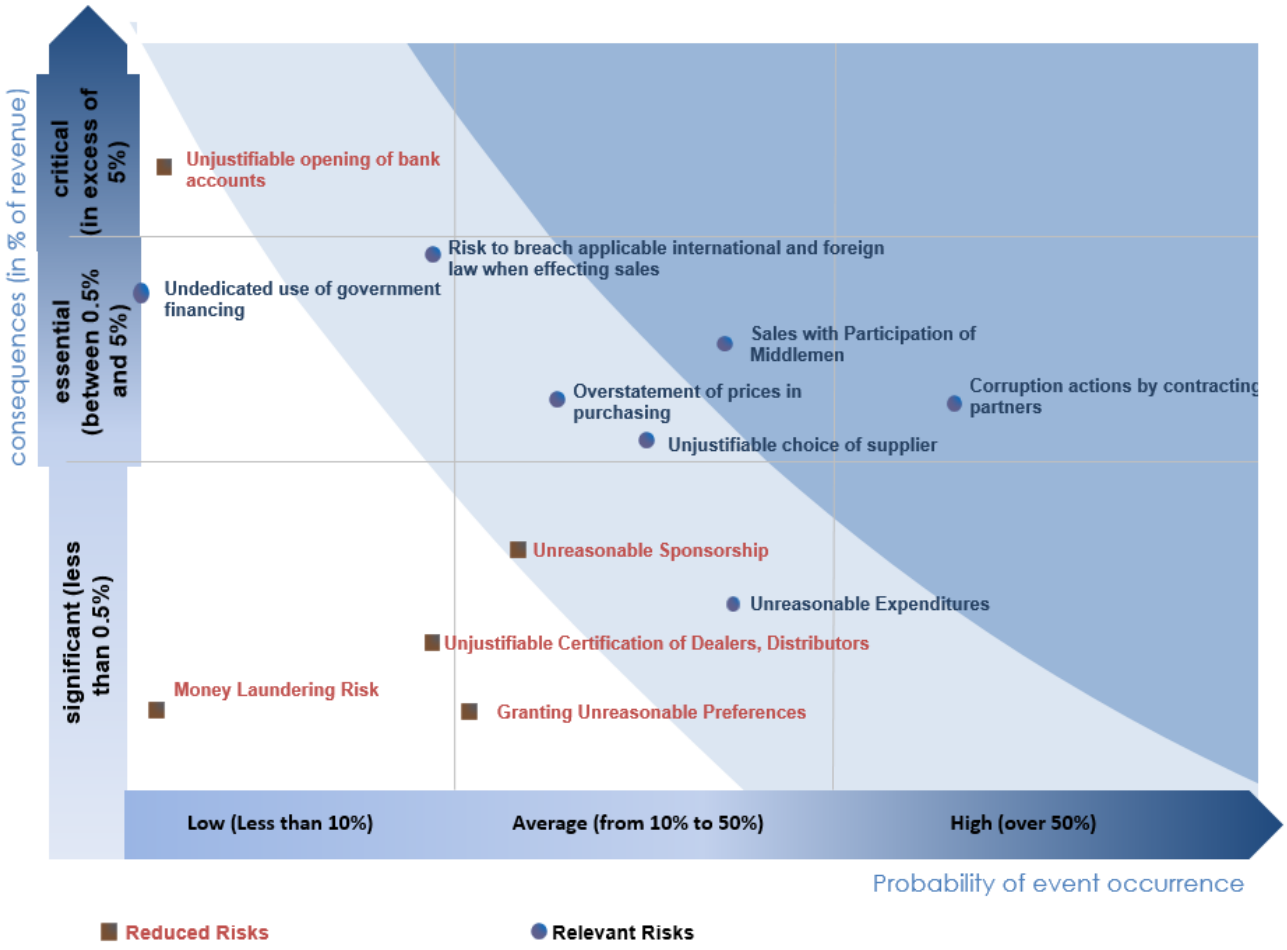
4.1. Amendments and addenda to the present Program shall be allowed to be made by the resolution of the Board of Directors of the Company.

4.2. The Board of Directors of the Company may terminate operation of the present Program and adopt the new Compliance program of the Company.

4.3. In the case of contradiction between the norms of the law of the Russian Federation and the present Program, the norms of the existing law of the Russian Federation shall apply.

Appendix: Compliance Risk Chart of KAMAZ PTC.

# Compliance Risk Chart of KAMAZ PTC



## Compliance Risks of KAMAZ PTC

| | | | |
|---|---|---|---|
| 1 | Risk To Breach Applicable International and Foreign Law in Sales | 5 | Unreasonable Choice of Supplier |
| 2 | Sales with Participation of Middlemen | 6 | Corruption Actions by Contracting Partners |
| 3 | Unreasonable Expenditures | 7 | Overstatement of Prices in Purchasing |
| 4 | Undedicated Use of Government Financing | | |

| Procedures Aimed at Reducing Compliance Risks | Risks | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Procedure of Vetting Contracting Partners | • | • | | • | • | • | |
| Manual on Conduct of an Audit | • | • | | • | • | • | |
| Procedure of Concluding Agreements and Foreign Economic Contracts (Agreeing Prices, Terms and Conditions for Settlement of Accounts, Difference in Payments, Incorporation of Compliance Clauses into Agreements) | • | • | • | • | • | • | |
| Terms of Reference on Purchase of Goods (Work, Services) | | | | • | • | • | • |
| Procedure of Training Employees in Compliance Area | • | • | • | • | • | • | • |
| Procedure of Paying, Accounting for and Controlling Payments in Electronic Form Using Electronic Payment Center | • | • | | • | • | • | • |
| Procedure of Accounting for Visitors Hospitality Expenses | • | | • | | | | |
| Instruction on Accounting for Transactions with Compliance Risks | • | | • | | | | |
| Procedure of Agreeing Appointments and Employee Background Check | | | • | | • | • | |