POLICY
of KAMAZ Publicly Traded Company
in the Area of Internal Audit

1. General

1.1. The Policy of KAMAZ Publicly Traded Company in the Area of Internal Audit (hereinafter referred to as the Policy) shall define the aims, tasks, functions, powers of the structural division of KAMAZ Publicly Traded Company (hereinafter referred to as the Company), which is responsible for organizing and performing internal audit, as well as the procedure of appointing the head of the structural division of the Company which is responsible for organizing and performing internal audit.

1.2. The Policy has been elaborated pursuant to the law of the Russian Federation, the Company's Charter, the recommendations of the Corporate Governance Code, the standards of the activities in the area of internal audit.

1.3. In the performance of their obligations or responsibilities, the head and employees of the Company's structural division, which is responsible for organizing and performing internal audit, shall be guided by the law of the Russian Federation, the Charter of the Company, and other internal documents of the Company, the present Policy, the international fundamentals of professional practice in internal audit, elaborated and published by the International Institute of Internal Auditors.

1.4. Internal audit is to be carried out on the basis of the risk oriented plan which contemplates the planning and conduct of audits on the basis of risk assessment. Internal audit shall not supersede or duplicate the functions of the Company's other divisions.

The structural division of the Company which is responsible for organizing and performing internal audit, shall not bear responsibility for the structuring of the internal control system, risk management and corporate governance systems and/or maintenance of their efficiency. The structural division of the Company, which is responsible for organizing and performing internal audit, shall not be entitled to participate in agreeing and decision making within the framework of the Company's operations.

The internal auditors must refrain from assessing those areas for which they had previously been responsible.

The internal auditors may provide consulting services in those areas for which they had previously been responsible.

1.5. The head of the structural division of the Company which is responsible for organizing and performing internal audit, shall be functionally answerable to the Company's Board of Directors and administratively accountable to the General Director of the Company.

2. Terms and Definitions

2.1. Internal audit shall be an activity relating to the furnishing of objective and independent warranties and consultations aimed at improving the Company's operations. Internal audit assists the Company in reaching the objectives set using the systemized and consistent approach to assessing and improving efficiency of internal control process, risk management process and corporate governance process.

2.2. Provision of warranties shall be objective analysis of the available auditing evidence for purposes of providing an independent assessment of the internal control system, risk management system or corporate governance system in the Company.

2.3. Consulting services shall be an activity relating to provision to the client of advice, recommendations, etc. whose nature and contents are agreed with the client, and which is aimed at rendering assistance with and improving the processes of internal control, risk management and corporate governance, which shall exclude adoption of management decisions by the internal auditors.

3. Procedure of Appointing the Head of the Company's Structural Division Which Is Responsible for Organizing and Performing Internal Audit

3.1. Ratification of the appointment and dismissal from the occupied position and remuneration of the head of the structural division of the Company which is responsible for organizing and performing internal audit shall be made by the resolution of the Company's Board of Directors.

When recommending a candidate for the position of the head of the structural division of the Company which is responsible for organizing and performing internal audit, the following shall be provided to the Company's Board of Directors: written information on the candidate's employment record, the positions he or she previously had occupied, as well as the candidate's written consent to be nominated as candidate for the position of the head of the structural division of the Company which is responsible for organizing and performing internal audit.

Any person who has higher education in law or economics or business education and experience in working in the area of internal audit for no fewer than six years can be appointed Head of the structural division of the Company which is responsible for organizing and performing internal audit.

The skills and knowledge which the head of the Company's structural division which is responsible for organizing and performing internal audit must have must correspond to the requirements of the Professional Standard "Internal Auditor" approved by Order of the Ministry of Labor and Social Protection of the Russian Federation dated 24.06.2015 No. 398н**.**

Candidature for the position of the head of the structural division of the Company which is responsible for organizing and performing internal audit, shall be preliminarily considered by the Budget and Audit Committee of the Company's Board of Directors, which shall provide its recommendations to the Company's Board of Directors.

3.2. The head of the structural division of the Company which is responsible for organizing and performing internal audit, shall be appointed to the position and dismissed from the position occupied by him or her by the General Director of the Company on the basis of the resolution of the Company's Board of Directors.

3.3. The employment contract with the head of the structural division of the Company which is responsible for organizing and performing internal audit, on behalf of the Company shall be signed by the General Director of the Company on the basis of the resolution of the Company's Board of Directors.

4. Aims, Tasks and Functions of the Company's Structural Division Which Is Responsible for Organizing and Performing Internal Audit

4.1. The aims of the Company's structural division which is responsible for organizing and performing internal audit shall be as follows:

4.1.1. Providing to the governing bodies of the Company independent and objective guarantees of reliability and efficiency of the internal control system, risk management system and corporate governance system in the Company as well as subsidiaries and dependent companies of KAMAZ PTC (hereinafter referred to as subsidiary and dependent companies).

4.1.2. Providing consultations aimed at improving efficiency of governance in the Company, perfecting the Company's financial and business operations as well as those of subsidiary and dependent companies.

4.2. The tasks of the Company's structural division which is responsible for organizing and performing internal audit shall be as follows:

4.2.1 assisting the Company's executive bodies and Company's employees in developing and monitoring the performance of the procedures and measures aimed at improving the systems of risk management, internal control and corporate governance, as well as ensuring:

- truthfulness and integrity of the information furnished about the Company's financial and business activities;
- efficiency and effectiveness of the Company's activities;

– identification of internal reserves to be tapped for improving efficiency of the Company's financial and business activities,

- security of the Company's property.

4.2.2 Exchange of information and coordinating activities with the other internal and external parties who perform audits and who render consulting services as well as considering the possibility of using the results of the work done by them.

4.2.3 performing, within the framework of the established procedure, an internal audit of subsidiary and dependent companies of KAMAZ PTC.

4.2.4 preparing and submitting to the Company's Board of Directors (Budget and Audit Committee of the Company's Board of Directors) and the Company's executive bodies reports on the results of the activities of the Company's structural division which is responsible for organizing and performing internal audit, including the reports incorporating the information about material risks, deficiencies, results and efficiency of performing the measures aimed at eliminating the deficiencies, results of carrying out the plan for internal audit activities, results of assessing actual status, reliability and efficiency of the risk management, internal control and corporate governance systems.

4.2.5 Checking to see whether the members of the Company's executive bodies and the Company's employees abide by the provisions of the law and the internal documents of the Company pertaining to insider information and combat against corruption, compliance with requirements of the Company's code of ethics.

4.3. In order to accomplish the tasks assigned and to achieve the goals, the Company's structural division which is responsible for organizing and performing internal audit shall carry out the following functions:

4.3.1. Assessment of the internal control system efficiency.

4.3.2. Assessment of the risk management system efficiency.

4.3.3. Assessment of corporate governance.

4.3.4. Conduct of internal audits and other inspections (at the request or instructions of the Company's governing bodies) within the remit of competence, including the information phoned in via the «hot line».

4.3.5. Participation in conduct of auditing inspections of subsidiary and dependent companies' financial and business activities.

4.3.6. Provision of consultations to the Company's executive bodies and the Company's employees in respect of the matters relating to risk management, internal control and corporate governance.

4.3.7. Carrying out the monitoring of performance of action plans aimed at eliminating deficiencies and improving the internal control system, risk management system and corporate governance system developed by the executives of the auditees based on the results of the Company's internal audits, those of the subsidiary and dependent companies.

4.3.8. Coordination of the activities with the Company's external auditors and those of subsidiary and dependent companies.

4.3.9. Development and updating of the internal normative documents which regulate the activities of the structural division of the Company which is responsible for organizing and performing internal audit.

4.3.10. Interaction with the Company's divisions relative to the matters with respect to the activities of the Company's structural division which is responsible for organizing and performing internal audit.

5. Ensuring Independence of the Company's Structural Division Which Is Responsible for Organizing and Performing Internal Audit

For purposes of ensuring independence and objectivity of the Company's structural division which is responsible for organizing and performing internal audit:

1.1.The Company's Board of Directors:

– shall approve the Company’s internal documents which shape the Company’s policy in the area of organizing and performing internal audit;

– shall approve the activities plan for internal audit and the budget of the Company’s structural division which is responsible for organizing and performing internal audit;

– shall ratify appointment and dismissal from the occupied position of the Head of the Structural Division which is responsible for organizing and performing internal audit; shall approve the terms and conditions of his or her employment contract, shall determine the amount of remuneration for the Chief of the Company’s structural division which is responsible for organizing and performing internal audit, the terms and conditions and the procedure for paying the remuneration;

– shall obtain information on the progress and the status of the activities plan fulfilment for internal audit and performance of internal audit;

– shall review the reports on assessment of efficiency of the functioning of the internal control system, risk management system and corporate governance system.

– shall exercise other powers pursuant to the international fundamentals of professional practice in internal audit.

5.2. The Budget and Audit Committee of the Board of Directors of the Company:

– shall give the Company’s internal documents which shape the Company’s policy in the area of organizing and performing internal audit a preliminary review and shall give recommendations to the Company’s Board of Directors on their approval;

– shall give the resolution to approve appointment and dismissal from the occupied position of the Company’s Head of the Structural Division which is responsible for organizing and performing internal audit a preliminary review as well as give preliminary review to the terms and conditions of his or her employment contract, the amount of his or her remuneration and shall provide proposals (recommendations) to the Company’s Board of Directors on its approval;

– shall consider on a preliminary basis the plan for the internal audit activities and the budget of the Company’s structural division which is responsible for organizing and performing internal audit;

– shall obtain and review information about progress of completion of the plan for internal audit activities and performance of internal audit;

– shall consider material restrictions on the powers or the budget of the Company’s structural division which is responsible for organizing and performing internal audit or other restrictions capable of exercising negative influence on the performance of internal audit.

5.3. General Director of the Company:

– shall allocate the necessary funds within the framework of the approved budget of the Company’s structural division which is responsible for organizing and performing internal audit;

– shall obtain reports on the activities of the Company’s structural division which is responsible for organizing and performing internal audit;

– shall provide support in interaction with the Company's divisions;

– shall administer the policy and the procedures of the activities of the Company’s division which is responsible for organizing and performing internal audit.

6. Rights, Obligations and Liability of the Head and Employees of the Company’s Structural Division Which Is Responsible for Organizing and Performing Internal Audit

6.1. The head of the structural division of the Company which is responsible for organizing and performing internal audit shall have the right:

6.1.1. to send a request that the Company’s Board of Directors be convened, to have direct access to the Chairman of the Budget and Audit Committee of the Board of Directors and the General Director of the Company.

6.1.2. to develop the plan for internal audit activities and to submit it for consideration by the Budget and Audit Committee of the Company's Board of Directors.

6.1.3. to request and in due time to obtain from the Company's executive bodies and those of subsidiary and dependent companies any information and materials required for them to carry out their official duties.

6.1.4. to familiarize himself (herself) with current and long term plans for activities, draft resolutions and resolutions of the Company's Board of Directors and the executive bodies of the Company, and those of subsidiary and dependent companies.

6.1.5. to bring to the knowledge of the Company's Board of Directors (Budget and Audit Committee of the Company's Board of Directors) and the Company's executive bodies, those of subsidiary and dependent companies the proposals aimed at improving existing systems, processes, standards, methods of carrying out activities, as well as comments on any matters which are within the remit of competence of the structural division which is responsible for organizing and performing internal audit.

6.1.6. to recruit, with the approval of the Company's General Director, employees of the Company to carry out audits, as well as engage, with the approval of the Company's General Director and with the approval of the Budget and Audit Committee of the Company's Board of Directors, outside experts to perform inspections.

6.2. The employees of the Company's structural division which is responsible for organizing and performing internal audit shall have the right:

6.2.1. to request and in due time obtain unimpeded access to any assets, documents, accounting records and other information (including those in soft copy) about the Company's operations and those of subsidiary and dependent companies required for them to carry out their official responsibilities, to make copies of relevant documents.

6.2.2. to conduct interviews with the Company's executive bodies and employees of the Company and subsidiary as well as dependent companies relating to the matters of the inspections being conducted.

6.2.3. to obtain access to all the information resources and software of the Company's divisions and subsidiary and dependent companies for purposes of internal audit.

6.2.4. to take pictures and make video recordings in the territory of the audited party while complying with internal documents of the Company and those of subsidiary and dependent companies.

6.2.5. to study and assess any documents, requested in the course of performing an internal auditing inspection, and to send these documents and/or relevant information to the Head of the structural division which is responsible for organizing and performing internal audit.

6.2.6. to demand that the employees of the audited divisions of the Company, subsidiary and dependent companies provide written and oral explanations on any issues which have a bearing on their direct jobs.

6.2.7. to request and obtain necessary assistance to be provided by the employees of the Company's divisions, subsidiary and dependent companies in which an audit is being carried out, as well as assistance to be provided by the employees of other divisions /business functions of the Company, subsidiary and dependent companies.

6.2.8. to take part in the meetings of the working groups within the framework of the projects impacting the internal control system, risk management system and corporate governance system.

6.2.9. to carry out other actions necessary for the purposes of the audit to be reached.

6.3. The Head and the employees of the Company's structural division which responsible for organizing and performing internal audit shall be obliged to:

6.3.1. in proper time and diligently perform their functions foreseen by the present Terms of Reference.

6.3.2. to abide by the requirements of the existing law of the Russian Federation with respect to their functional responsibilities to be carried out, the Charter and internal documents of the Company.

6.3.3. to show objectivity (lack of bias) and independence in their activities.

6.3.4. to systematically raise their qualifications.

6.4. The Head and the employees of the Company's structural division which is responsible for organizing and performing internal audit, shall bear disciplinary, administrative, civil and legal and other liability in the cases and following the procedure, envisaged by the law of the Russian Federation, including liability for disclosure of the information which constitutes the Company's commercial secrets, liability for failure to comply with the requirements of the law of the Russian Federation, relating to insider information.

6.5. The Head of the Company's structural division which is responsible for organizing and performing internal audit, does not exercise control of the Company's functional activities demanding adoption of management decisions concerning objects of audit.

7. Quality Assurance and Assessment of Activities

7.1. For the purpose of exercising proper quality control and assessing internal audit activities, the head of the Company's structural division which is responsible for organizing and performing internal audit, shall develop and support the program for guarantee and improvement of quality covering all the types of the internal audit activities. The program for guarantee and quality improvement shall include current monitoring of quality of internal audit activities, periodic internal and external assessment of quality of internal audit, a system of key performance indicators of internal audit.

External assessment of quality of internal audit with involvement of outside experts shall be made no less often than once every five years.

7.2. The Head of the Company's structural division which is responsible for organizing and performing internal audit shall inform the Budget and Audit Committee of the Company's Board of Directors and the Company's General Director of the activities within the framework of the program for guarantee and quality improvement of internal audit, including communication of the information about the results of the internal and external assessments.

8. Operation of the Policy. Procedure of Introducing Amendments and Addenda into the Policy

8.1. The Head of the Company's structural division which is responsible for organizing and performing internal audit, shall periodically consider the issue of whether it is necessary to make amendments to the present Policy.

8.2. The amendments and addenda to the present Policy can be introduced by resolution of the Company's Board of Directors.

The Company's Board of Directors can terminate the operation of the present Policy and adopt a new Policy in the area of internal audit.

8.3. In the case of contradiction between the norms of the law of the Russian Federation and the present Policy the norms of the existing law of the Russian Federation shall apply.