

# CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF MAIL.RU GROUP LIMITED (“MAIL.RU” OR “COMPANY” AND TOGETHER WITH SUBSIDIARIES “MAIL.RU GROUP”)

## I. PURPOSE

The purpose of the Audit Committee (the “Committee”, the “Audit Committee” or the “Audit & Risk Committee”) of the Board of Directors (the “Board”) is to assist Mail.ru’s Board in fulfilling its responsibilities in respect of:

- a) The quality and integrity of Mail.Ru Group’s external reporting including its quarterly financial reports, annual financial statements and quarterly trading updates;
- b) Mail.Ru Group’s compliance with key applicable legal and regulatory requirements as relating to financial reporting and the standard listing of Mail.ru’s global depository receipts on the main market of the London Stock Exchange;
- c) The quality and independence of Mail.Ru Group’s external auditors;
- d) The performance of Mail.Ru Group’s internal audit function and the external auditors;
- e) The adequacy and effectiveness of internal control measures, accounting practices, risk management, information systems and audit procedures; and
- f) Compliance with Mail.ru’s Code of Ethics.

## II. COMPOSITION

The Committee’s composition is approved by Mail.ru’s Board and comprises a minimum of three Directors, none of whom shall be Executive Directors, with an Independent Non-Executive Director appointed by the Board to serve as chair. Chair of the Board may not be a member of the Audit Committee, but may attend the Committee meetings by invitation. Board members are entitled to attend Committee meetings as observers.

The Committee, as a whole, must have an understanding of:

- a) Integrated reporting, which includes financial reporting (specifically International Financial Reporting Standards) and any other financial or sustainability reporting standards, regulations or guidelines applicable to Mail.Ru Group;
- b) Internal financial controls;
- c) External audit process;
- d) Internal audit process;
- e) Corporate law;
- f) Taxation law;
- g) Risk management;
- h) Information technology governance; and
- i) The governance processes within the Mail.Ru Group.

The collective financial literacy, skills and experience of the members of the Committee must be appropriate as necessary to execute their duties effectively and for Mail.Ru Group’s size, circumstances and industry, taking into account the applicable legal and regulatory requirements.

Mail.ru's Managing Director/Chief Financial Officer (MD/CFO), Chief Executive Officer (Russia), Deputy Chief Executive Officer (Russia), Chief Financial Officer (Russia) and Head of Internal Audit may attend the Committee meetings by invitation. Furthermore, any other individual may attend the Committee meetings by invitation if his or her presence is deemed necessary or desirable for the particular issue or matter that will be considered at the meeting.

Company Secretary serves as secretary of the Committee.

### **III. MEETINGS**

The Audit Committee shall meet at least on a quarterly basis and as often as it deems necessary in order to perform its responsibilities. The external auditors may request a meeting if they consider it necessary.

Should an urgent meeting be required at short notice, such meeting may be held by means of a teleconference or by the circulation of a proposed resolution to all members. Any such resolution signed by a majority of the members of the Committee will be as effective as if it had been approved at a meeting of the Committee.

A quorum of the meeting will be represented by a majority of the members of the Committee being present.

### **IV. PROCEEDINGS**

All meetings of the Committee will be conducted in accordance with this charter. Company Secretary will in advance notify Committee members of forthcoming meetings and prepare an agenda detailing points of discussion, distribute the necessary papers and record the minutes of the meeting.

The Chair of the Committee will report to the Board at each scheduled Board meeting of Mail.ru. Such report may be verbal or in writing.

When required, internal and external auditors, and any other officer of Mail.Ru Group as determined by the Committee, or its chairman, may be requested to attend meetings and to supply information.

The lead external audit partner, the head of internal audit, Mail.ru's MD/CFO all have direct access to the chairman of the Committee.

The Committee must be informed when there is a disagreement on auditing or accounting matters between management and external auditors.

### **V. RESPONSIBILITIES**

#### **General**

1. Execute the Committee's statutory obligations in accordance with the requirements in the applicable jurisdictions.
2. Perform periodically self-assessment of the effectiveness of the Committee and whether the Committee has fulfilled its responsibilities in terms of its charter, and reporting these findings to the Board.
3. Annually evaluate the performance of and appropriateness of the expertise and experience of Mail.ru's MD/CFO, CFO (Russia) and the Head of Internal Audit.

## **Finance, Accounting and Reporting**

4. Review and approve for presentation to and approval by the Board of Mail.ru the unaudited quarterly financial reports, the audited annual financial statements as well as the quarterly trading updates and any other press release including material financial information or internal control related matters.
5. Receive the external auditors' reports directly from the external auditors together with letters of management representation with respect to the audit of the annual financial statements. Furthermore, material written communication between the external auditors and management and other require disclosures to the Committee by the external auditors.

The Committee will put emphasis on:

- a) all critical accounting policies and practices to be used in the preparation of quarterly financial reports and annual financial statements,
  - b) reported unadjusted audit differences and disagreements between the external auditors and management,
  - c) the auditors' assessment of Mail.Ru Group's assumptions to apply the going-concern principle for the financial reporting and for the valuation of the company's assets and liabilities,
  - d) all alternative treatments of financial information within general accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the external auditors' preferred treatment.
  - e) all significant changes concerning the principles and practice of auditing and accounting used in preparing Mail.Ru Group's financial statements, as well as (at its discretion) all estimates and assumptions used by an external auditor or the Company's finance department in preparing financial statements.
  - f) in relation to Mail.Ru Group's new transactions or events involving Mail.Ru Group, determination of the independent external auditor's opinion on the adequacy of the accounting policy used by Mail.Ru Group or its policy in regard to information disclosure.
6. When policies and procedures for the preparation of financial reports are being drawn up, and when the financial statements themselves are being analysed, the Committee, in addition to other matters, must pay particular attention to the following:
    - a) Consequences of major new transactions on the financials accounting and reporting;
    - b) Accounting and reporting of related party transactions;
    - c) Changes in individual accounting principles or leaving these principles unchanged;
    - d) Methods of applying accounting principles and their aggressiveness or conservatism;
    - e) The use of provisions and accruals;
    - f) Significant estimates and judgments used in preparing financial statements;
    - g) Review the documented assessment of Mail.Ru Group's ability to continue as a going concern;
    - h) Methods used by internal and external auditors for risk assessment and the results of such assessment;
    - i) Changes in the scope of auditing as a result of such risk assessment;
    - j) The effect of any external factors (economic, geo-political, production or other) on financial statements and the auditing process;
    - k) Any other matters that, in the Committee's opinion, may affect the quality of financial statements.

7. Review the regular internal audit reports to management and management's response.
8. Annually review and report on the quality and effectiveness of the audit process, including assessing the external auditors' independence, whether they have performed the audit as planned and establish the reasons for any changes, obtaining feedback about the conduct of the audit from key members of Mail.ru's management, including Mail.ru's MD/CFO and the CFO (Russia).
9. Review the performance of the external auditors and evaluate the lead partner and discharge and replace, in consultation with Mail.Ru Group, the external auditor or lead partner when circumstances warrant.
10. Nominate and select the external auditors considering independence and effectiveness and approve the terms of engagement and the fees and other compensation to be paid to the external auditors for audit services. On an annual basis, the Committee should review and discuss with the external auditors all significant relationships they have with Mail.Ru Group to determine the external auditors' independence and, accordingly, the Committee shall:
  - a) request from the external auditors periodically a formal written statement delineating all relationships between them and Mail.Ru Group;
  - b) discuss with the external auditors any such disclosed relationships and their impact on the external auditors' independence; and
  - c) oversee the independence of the external auditors.
11. Present the Committee's conclusions in respect of the external auditors to the Board.
12. Evaluate and provide commentary on the external auditors' audit plans, scope of findings, identified issues and reports.
13. Approve non-audit services performed by the external auditor.
14. Evaluate the effectiveness of internal audit, including its purpose, activities, scope, adequacy and costs, and approve the annual internal audit plan and any material changes thereto.
15. Satisfy itself that it has appropriately addressed the following aspects:
  - a) financial reporting risks;
  - b) internal financial controls;
  - c) fraud risk as it relates to financial reporting; and
  - d) IT risks as it relates to financial reporting.
16. Consideration of questions of appraising Mail.ru Group's assets if applicable:
  - a) Making recommendations on hiring professional appraisers.
  - b) Analysis of all known relations or services that might affect the appraiser's objectivity or independence.
  - c) Analysis of the course of preparation and the appraisers' official written report, with a description of all relations between the appraisers and the Mail.Ru Group.
17. Evaluate the nature and extent of the formal documented review of internal financial controls to be performed annually by internal audit on behalf of the Board. Weaknesses in internal financial controls that

are considered to be material (individually or in combination with other weaknesses) and that resulted in actual material financial loss, fraud or material errors, to be reported to the Board.

18. Confirm the appointment or dismissal of the head of Mail.Ru Group's internal audit function and periodically review the performance. Ensure the internal audit function is subject to an independent quality review from time to time.
19. Review internal audit reports to the Committee.
20. Evaluate:
  - a) Regulatory, Tax and Legal matters, which may affect the financial statements;
  - b) Matters of significance reported by the internal and external auditors, and any other parties, including implied potential risks to the group and recommendations on appropriate improvements;
  - c) Major unresolved accounting or auditing issues;
  - d) Progress in respect of the completion of all unfinished matters reported by the internal and external auditors.

### **Governance, Risk and Control**

21. Review procedures to ensure that the requirements of the Financial Conduct Authority (FCA), in its role as the United Kingdom Listing Authority (UKLA), and the London Stock Exchange (LSE) are complied with.
22. Monitor compliance with the Board-approved group levels of authority.
23. The Committee's responsibilities are as follows:
  - a) Review and approve for recommendation to the Board (on an annual basis) a risk management policy and plan developed by the management. The plan should also include appropriate risk responses.
  - b) Monitor implementation of the risk policy and plan, ensuring that an appropriate enterprise-wide risk management system and process is in place with adequate and effective risk management processes that include strategy, ethics, operations, reporting, compliance, IT and sustainability.
  - c) Make recommendations to the Board concerning risk indicators, levels of risk tolerance and appetite (namely the Board's propensity to take appropriate levels of risk) as well as the limit of potential loss that Mail.Ru Group has the capacity (or is prepared) to tolerate.
  - d) Monitor that risks are reviewed by management, and that management considers and implements appropriate responses to identified risks, so that they are managed within the levels of risk tolerance and appetite approved by the Board.
  - e) Ensure that risk management assessments are performed regularly by management and that risk management is integrated and embedded in the business activities and culture of Mail.Ru Group.
  - f) Review reporting concerning risk management to the Committee.
  - g) Overseeing the legal and regulatory compliance framework.
  - h) Overseeing the tax compliance framework.
  - i) Overseeing the technology and information management framework, including the maturity of the IT general controls framework and business continuity arrangements.

### **Related Party Transactions**

24. Related Party Transactions (“**RPTs**”) above US\$ 100K (for Mail.ru Connected Persons) and US\$ 500K (for Member Connected Persons) must be reported to the Committee and approved in accordance the RPT Approval Process as decided in the Board meeting of 28 February 2018:

- a) With respect to RPTs above US\$ 100K (for Mail.ru Connected Persons) and US\$ 500K (for Member Connected Persons) but under US\$ 5m:
  - The Chairman of the Audit Committee will be solely authorised to sign off on and approve any such RPT;
  - Each new RPT proposal shall be accompanied by a supporting letter from the relevant divisional head and Managing Director and shall contain a statement that the terms are fully commercial and are on arm’s length basis;
  - The Chairman of the Audit Committee shall report to the Board on quarterly basis on any RPT approved.
  
- b) Any RPT transaction less than respectively US\$ 100K or US\$ 500K will require no approval by the Board, but any RPT transaction above US\$ 5m will require (i) full fairness opinion and (ii) approval by the Board.

## **VI. ONGOING PROFESSIONAL DEVELOPMENT**

All Audit Committee members will be exposed to continuous development and training to enable them to remain acquainted with significant changes in Mail.Ru Group, including developments in accounting and financial reporting and matters relating to their responsibilities.

Ongoing professional development and training activities may form part of regular committee meetings, to be scheduled as such on the agenda. Individual committee members may also attend external programmes and may subsequently share the information obtained with other committee members.

Handouts/publications on the functioning of the Audit Committee, financial reporting standards, etc. may also be used to provide ongoing information to Committee members.

## **VII. OTHER**

The Audit Committee may during the execution of its duties in terms of this charter obtain, at the Company’s expense, such external or other independent advice as it may deem appropriate to fulfil any of its responsibilities.

The Committee has unrestricted access to company information falling within the Committee’s mandate and will liaise with management on the information it requires to carry out its responsibilities.

In case of any discrepancies between the Company’s Memorandum and Articles of Association and this charter, provisions of the Memorandum and Articles of Association shall prevail.

The Committee shall review and update this Charter as conditions dictate and, if appropriate, recommend for approval by the Board, required amendments thereto.