

# INTERNAL AUDIT

The objective of the internal audit is to assist the Board of Directors and executive bodies of the Company in improving the efficiency of the Company's management and improving its financial and economic activities.

Such assistance is effected through a systematic and consistent review and assessment of risk management, internal control and corporate governance systems as tools to provide reasonable assurance of achieving the Company's objectives.

The risk-based approach is applied in organising the functioning of the internal audit system in the Company. Internal audit activities in the Company take into account information on ESG factors, risks and opportunities related to such factors that have a significant impact on the Company's development and performance indicators, as well as other issues of the Company's sustainable development.

The Internal Audit Directorate is a subdivision responsible for the implementation of the internal audit function in the Company.

The Internal Audit is functionally accountable to the Board of Directors, while the latter:

- Establishes principles and approaches of organisation of the internal audit, as well as approves internal documents defining the Company's policy in terms of the internal audit
- Controls and organises the Internal Audit activities, among other things, approves the Regulations on Internal Audit Department, action plan, progress report on action plan, and internal audit budget, preliminary approves the resolutions of the Company's sole executive body concerning the appointment or dismissal (at the employer's

initiative) of the internal audit head, disciplinary penalties, approves employment contract and remuneration provisions for the internal audit head, considers the quality assessment results for internal audit

The goals and objectives, organisational and functional principles, roles and responsibilities of the Internal Audit Directorate are set out in the Internal Audit Policy of the Company approved by the resolution of the Board of Directors dated 15 June 2023 (Minutes No. 521/2023 dated 16 June 2023).

In 2024, the average number of personnel performing the internal audit function was 5.5 FTEs.

The Company approved the following internal audit documents:

- The Company's Internal Audit Policy and the Code of Ethics for Internal Auditors of Rosseti Group of Companies, as amended, approved by the decision of the Board of Directors on 15 June 2023 (Minutes No. 521/2023 dated 16 June 2023)
- Regulations on the Internal Audit Department, approved by the Audit Committee of the Company's Board of Directors on 14 February 2024 (Minutes No. 154/2024 dated 14 February 2024) and endorsed by the Company's Board of Directors on 7 March 2024 (Minutes No. 548/2024 dated 7 March 2024) and approved by the General Director of the Company on 7 March 2024
- The revised Internal Audit Quality Assurance and Improvement Programme of the Company,

approved by the decision of the Board of Directors of the Company dated 18 April 2022 (Minutes No. 473/2022 dated 21 April 2022) and effective pursuant to the Company's order No. 270-od dated 12 May 2022

- Corporate standards for the internal audit functions and the practical application standards<sup>1</sup> elaborated in compliance with the international standards for the professional practice of internal auditing

The feedback from the Audit Committee is submitted to the Head of Internal Audit during the interactions with the Audit Committee including the participation in its meetings, the analysis of its resolutions/recommendations concerning the issues in the competence of the internal audit, and also by polling the members of Audit Committee.

In accordance with the Company's Internal Audit Quality Assurance and Improvement Programme, a survey was conducted to assess the satisfaction of the Audit Committee of the Company's Board of Directors with the performance of the internal audit function in 2024.

The average score based on the survey results was 4, indicating a high level of satisfaction with the Audit Committee's activities of the Company's internal audit function in 2024.

The Company put an action plan in place for the development and improvement of the Company's internal audit activities for the period from 2020 to 2024, approved by a resolution of the Company's Board of Directors dated 30 March 2020 (Minutes No. 383/2020 dated 2 April

2020) and amended by a resolution of the Company's Board of Directors dated 19 February 2021 (Minutes No. 420/2021 dated 24 February 2021). In terms of events planned for 2024, the action plan for improvement of Company's internal audit is implemented to the fullest extent.

In 2024, B1-CONSULT LLC conducted an external independent assessment of the Company's internal audit activity (conducted at least once every five years; the next one — in 2029). Based on the results of this assessment, B1-CONSULT LLC concluded that

the internal audit activities generally comply with the requirements of the International Professional Standards for Internal Auditing and the Code of Ethics of the Institute of Internal Auditors.



<sup>1</sup> With the new International Standards for Internal Auditing from the Institute of Internal Auditors coming into effect on 9 January 2025, the internal standards that regulate the Company's internal audit activities are set to be updated.