

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

The Internal Audit Directorate 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;
- monitors and organises the activities of the internal audit unit, including approving the internal audit unit's regulations, the plan of its activities, the report on the implementation of the plan and the budget of the internal audit unit. It shall also pre-approve the decisions of the sole executive body of the Company on the appointment, dismissal (not on the initiative of an employee) of the head of internal audit, imposition of disciplinary sanctions on him/her and approve the terms of the employment contract and remuneration of the head of internal audit, consider the results of the quality assessment of the internal audit function.

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 (Minutes No. 454/2021 dated 15 November 2021).

In 2021, the average headcount of the personnel performing the internal audit function was 5.5 persons.

The function of the Company's internal audit is regulated by the following key documents:

- Internal Audit Policy of the Company and the Code of Ethics for Internal Auditors approved by the resolution of the Board of Directors (Minutes No. 454/2021 dated 15 November 2021)
- Regulation on the Internal Audit Department approved by the resolution of the Board of Directors (Minutes No.251/2016 dated 23 September 2016)
- Programme on Assurance and Improvement of Internal Audit Quality approved by the resolution of the Company's Board of Directors (Minutes No.257/2016 dated 5 December 2016)
- Corporate standards for the internal audit functions and the practical application standards 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.

The satisfaction index of the Audit Committee of the Board of Directors with the performance of the internal audit function for 2021 is assessed as "compliant". The satisfaction assessment is conducted following the Programme on Assurance and Improvement of Internal Audit Quality in the Company via polling.

The Company has developed an action plan for the development and improvement of internal audit activities in the Company for the period from 2020 to 2024, approved by the resolution of the Board of Directors dated 30 March 2020 (Minutes No. 383/2020 dated 2 April 2020) and amended by the resolution of the Board of Directors dated 19 February 2021 (Minutes No. 420/2021 dated 24 February 2021). The action plan for improvement of Company's internal audit is implemented to the fullest extent in terms of events planned for 2021.