

# INTERNAL Audit

## THE ISSUER HAS THE INTERNAL AUDIT DEPARTMENT IN PLACE

The purpose of internal audit is to assist the Company's Board of Directors and executive bodies in improving management of the Company and S&A and their financial and business activities through systematic and consistent analysis and assessment of risk management, internal controls, and corporate governance as tools for providing reasonable assurance that the goals set for the Evropeyskaya Elektrotehnica Group of Companies will be achieved.

**According to the internal audit policy of PJSC Evropeyskaya Elektrotehnica, the tasks of the Company's Internal Audit Service are as follows:**

- ▶ assistance to the Company's executive bodies and employees in developing and monitoring execution of procedures and activities for improvement of the risk management and internal control system, corporate governance of the Company;
- ▶ co-ordination of activities with the Company's external auditor and the parties consulting on risk management, internal control and corporate governance issues;
- ▶ internal audit of subordinated companies under the established procedure of internal audit;

- ▶ preparation of the reports on the results of Internal Audit Service activities (including the report on significant risks, disadvantages, results, and efficiency of measures to eliminate the disadvantages, results of internal audit plan implementation, results of assessments of actual conditions, reliability and efficiency of risk management, internal control and corporate governance system) and submission of the report to the Board of Directors and the executive bodies;
- ▶ check of observance of legislation and internal policy of the Company by the Company's executive bodies and employees as relates to insider information, anti-corruption, and the Company's Code of Ethics requirements.

**The Company's Internal Audit Service functions are:**

- ▶ internal independent assessment of risk management and internal control system efficiency and recommendations on RMS and ICS performance improvement;
- ▶ distribution of information on RMS and ICS to the executive bodies and the Board of Directors (the Audit Committee).