

Conclusion of the Internal Audit Department of PJSC EL5-Energo (hereinafter also referred to as the Company) on the reliability and efficiency of risk management, internal control and corporate governance of the Company in 2022

Independence of the Internal Audit Department of PJSC EL5-Energo

In accordance with the Regulation on the Internal Audit Department of the Company, in order to ensure the necessary level of independence of internal audit, the Internal Audit Department (hereinafter referred to as IAD) and the Internal Audit Director of PJSC EL5-Energo are functionally reporting to the Board of Directors of PJSC EL5-Energo, and administratively – to the General Director of PJSC EL5-Energo.

The Internal Audit Director of PJSC EL5-Energo is appointed to the position and dismissed by the General Director based on the decision of the Board of Directors of PJSC EL5-Energo.

The annual internal audit activity plans and the budget of the IAD of PJSC EL5-Energo are approved by the Board of Directors of PJSC EL5-Energo.

The Internal Audit Director and employees of the IAD do not perform functions and duties beyond the internal audit of PJSC EL5-Energo.

Criteria for determining the internal audit activity plan for the reporting year

The internal audit activity plan is based on a formalized assessment of process risks, taking into account the suggestions of the executive management, the Audit and Corporate Governance Committee and the Board of Directors.

In 2022, the IAD carried out all audits provided for by the internal audit activity plan for 2022, approved by the Board of Directors of the Company. The audits were carried out considering the requirements of the International Standards for Internal Audit. During the audits, the state and functioning of risk management and internal control, as well as corporate governance, were assessed, recommendations were given for their improvement.

During the reporting year, the IAD also assessed the activities of PJSC EL5-Energo aimed at preventing such criminal offenses as bribery, accounting fraud, market abuse, terrorist financing, money laundering, violation of human rights, violation of health and safety regulations, environmental crimes, cybercrimes, and intellectual property infringement.

Information on impediments in the activities of internal audit during the reporting year

During the reporting year, the IAD did not encounter any impediments in the performance of its functions: internal audit was free from interference by third parties when determining the scope of internal audit, working, forming its opinion on audit issues and submitting reports on the results.

General approach and criteria used to assess the Company's internal control and risk management system (hereinafter referred to as RM&ICS), as well as corporate governance system

RM&ICS is a set of policies, organizational procedures and organizational structures designed to detect, measure, manage and monitor the main risks in PJSC EL5-Energo.

The RM&ICS is integrated into the corporate governance model of PJSC EL5-Energo and contributes to the achievement of the goals set by the Board of Directors of PJSC EL5-Energo, because it allows to identify the main risks, assess the degree of probability of their impact on the achievement of the goals set and manage these risks. In particular, RM&ICS helps to ensure safety of the assets of PJSC EL5-Energo, efficiency and effectiveness of business processes, credibility of information received by the Board of

Directors of PJSC EL5-Energo and published to the market, compliance with the current legislation of the Russian Federation, as well as internal policies and procedures.

Consideration of audit examination results

During the reporting year, the Internal Audit Director met and discussed the results of the audit examinations carried out with the Heads of the audit subjects, the Audit and Corporate Governance Committee and the Board of Directors of PJSC EL5-Energo. Based on the results of the audits, several measures developed on the basis of the recommendations proposed by the IAD to improve the RM&ICS of PJSC EL5-Energo were implemented.

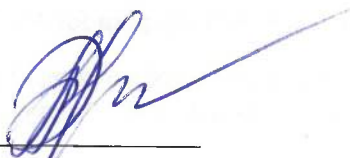
Monitoring of action plans during the reporting year

During the reporting year, the IAD monitored the timely implementation of corrective action plans.

General assessment of the RM&ICS and corporate governance system of the Company

Based on the results of the audit carried out by the IAD of PJSC EL5-Energo in 2022, the IAD made a conclusion that the structure and functioning of the internal control and risk management system, as well as corporate governance system in PJSC EL5-Energo are sufficient for the purposes of effective management of the risks associated with the activities of PJSC EL5-Energo.

Signature: Larisa Rozhina



Position: Internal Audit Director of PJSC EL5-Energo

Location: Moscow, Russian Federation

Date: 30.03.2023