

# Control and audit

## Internal controls

An integral part of corporate governance, our risk management and internal control system embraces all operations, key business processes and governance levels. Its key objective is to provide reasonable assurance in the Company's ability to achieve its strategic and day-to-day goals amid uncertainty and unfavourable conditions.

Risk management and internal controls are continuous integrated processes performed by governing bodies and employees as part of their duties.

To provide governing bodies with complete and accurate information on the Company's operations, FESCO established the Internal Audit Department.

The Department is responsible for the regular and independent assessment of how effective and reliable the Company's risk management and internal controls are as well as their improvements. The Internal Audit Department also works to enhance the effectiveness and efficiency of corporate governance practices and business processes and reduce costs, oversees safe and sustainable use of assets, and ensures compliance with corporate governance principles.

The Department is governed by the FESCO Internal Audit Policy.

## External audit

The Annual General Shareholders Meeting appointed Kept as the Company's external auditor for 2023. The external auditor is responsible for auditing the Company's financial and operating performance as prescribed by the applicable laws of the Russian Federation and pursuant to the contract signed between the Company and the auditor. According to clause 4, article 5 of Federal Law No. 307-FZ On Audit Activities dated 30 December 2008, no open tender is required to select the issuer's external auditor.

The issuer shall select the external auditor through a tender procedure (Russian laws on procurement do not apply to said tender procedures). The Company shall select its external auditor by collecting and comparing bids submitted by the auditors. The proposed nominee for the external auditor role shall be approved by the General Shareholders Meeting.

# Risk management

## Risk management system

The risk management system (RMS) is a set of risk management components (culture, competences, methodology, practices, resources), methods, and processes integrated into the Group companies' strategic planning and operational management and designed to achieve its goals. The RMS relies on international and national risk management standards.

Today's companies require dynamic and flexible risk management to promptly respond to external and internal changes. The Company identifies and monitors risks on an ongoing basis, assessing the effectiveness of its risk management measures and using, among other things, the Company's emerging opportunities for business development and value growth.

We keep improving our risk management system to timely respond to changes, maintain strong performance, and increase efficiency amid risks and uncertainty.

In 2023, RMS was developing in line with the approved plan to 2023. The following measures were adopted as part of the plan:

- establishment of the Risk Management Department, a unit responsible for the Group's risk management
- identification and initial assessment of FESCO's strategic risks
- regular monitoring of key sanctions risks, including the development of plans for their management
- creation of a list of risk indicators (quantitative or qualitative indicators reflecting the current risk level at varying time horizons)
- regular updates about key FESCO risks and their changes submitted to the Company's management

### Risk management at FESCO

