

**APPROVED**  
**by the Board of Directors**  
**of PJSC Rostelecom**

**Minutes No. 3**  
**of 20 December 2024**

**INTERNAL AUDIT POLICY**  
**OF PJSC ROSTELECOM**

Moscow  
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## Table of contents

<b>1. General</b> .....	<b>3</b>
<b>2. Internal audit's purpose</b> .....	<b>3</b>
<b>3. Internal audit principles</b> .....	<b>4</b>
<b>4. Internal audit's roles and objectives</b> .....	<b>4</b>
<b>5. Planning the internal audit activity</b> .....	<b>7</b>
<b>6. Internal audit performance evaluation and quality control</b> .....	<b>7</b>
<b>7. Final provisions</b> .....	<b>8</b>

## **1. General**

This Internal Audit Policy of PJSC Rostelecom (the “Policy”) sets out the key goals and objectives, principles of the design and operation of internal audit at PJSC Rostelecom (the “Company”), accountability of the Company’s internal audit function, and the procedures for monitoring and improving the quality of the internal audit activity.

The Policy is based on applicable laws, recommendations, and standards in internal auditing as well as the Code of Ethics of Internal Auditors.

Internal audit as performed by the Internal Audit Unit (“Internal Audit”) is an independent and objective activity aimed to assess the effectiveness of risk management, internal control, and corporate governance frameworks and provide advice in these areas to improve the Company’s performance. Internal audit assists Company Management in achieving the Company’s goals through the application of a systematic and consistent approach to assessing and improving the effectiveness of the Company’s governance, risk management, and internal controls.

The internal audit function is independent from the Company’s executive bodies. The Company’s Board of Directors provides direct oversight over the internal audit activity.

The head of the Internal Audit Unit is the Chief Audit Executive.

According to the Company’s Charter, the Chief Audit Executive functionally reports to the Company’s Board of Directors and, , interacts with the Audit Committee of the Company’s Board of Directors (the “Audit Committee”) and the Audit Committee Chairman. Functional reporting means reporting within the roles assigned to internal audit.

The Chief Audit Executive administratively reports to the President of the Company. Administrative reporting line means management according to applicable labour laws.

## **2. Internal audit’s goals**

The key goal of the internal audit activity is to support the Company in creating, maintaining, and protecting the Company’s value by providing the Board of Directors and Company Management with independent, risk-based, and objective assurance, opinions, recommendations, and forecasts through independent, objective internal audit engagements and provision of recommendations based on a systematic and consistent approach to assessing and improving the effectiveness of internal control, risk management, and corporate governance frameworks to provide reasonable assurance that the Company’s goals will be achieved.

The internal audit activity contributes to:

- successful achievement of the Company’s goals
- further improvement of the Company’s corporate governance, risk management,

and internal control processes

- higher quality of decision making and oversight at the Company
- stronger reputation and stakeholder confidence in the Company
- the Company's ability to serve the public interest.

Internal audit cannot guarantee the identification of all significant risks and deficiencies, even if audits are performed at an appropriate professional level; it is Company Management that is ultimately responsible for setting up and maintaining a reliable and effective internal control and risk management framework.

### **3. Internal audit principles**

The Company's internal audit complies with the following key principles:

- Integrity and commitment to moral and ethical principles
- Objectivity and independence
- Competency and due professional care
- Confidentiality

Internal audit is organisationally independent. Internal auditors are objective, unbiased, and professional in performing their duties.

Internal audit does not replace or duplicate the roles of other employees and Company units, including the roles in operating ongoing and preventive controls.

Internal audit uses the risk-based approach which stipulates planning and performing audits to monitor and prevent violations (in terms of intensity, form, duration, and frequency), taking into account identified risk categories.

### **4. Internal audit's roles and objectives**

Internal audit's objectives are defined taking into account the available resources as well as the specific profile and priorities of the Company's activities in the following key areas:

- Assessment of the internal control system's ("ICS") effectiveness
- Assessment of the risk management system's ("RMS") effectiveness
- Assessment of corporate governance ("CG") effectiveness
- Continuous auditing

Internal audit performs the following roles in order to achieve its goals and objectives:

1. Developing Internal Audit's activity plans for relevant periods to determine its priorities
2. Performing internal audit engagements based on Internal Audit's approved activity plan
3. Performing other audits and assignments within the scope of competence as requested/instructed by the Board of Directors (Audit Committee and/or Company Management)
4. Monitoring compliance with the provisions of the Code of Ethics related to the receipt, review, and retention of communications submitted through the Ethics Hotline regarding adherence to the Code (including communications on actual breaches of law (including fraudulent/unlawful acts) or internal procedures by any Company employee and/or any member of Company governing bodies or bodies responsible for control over the Company's financial and business operations, as well as suggestions to improve anti-corruption or other internal control procedures) and ensuring the handling of the above matters
5. Examining the audited entities in order to investigate specific aspects of their activities and assess their performance and risks
6. Advising Company Management on matters related to the design of internal control system, risk management, and corporate governance as well as the development of action plans (corrective action plans) following the audits performed provided that:
  - internal audit has the necessary resources at its disposal
  - internal audit's independence and objectivity are not impaired
7. Participating in working groups, commissions, committees, and other consultative and advisory bodies and events organised at the Company to deal with matters within internal audit's competency
8. Monitoring the Company's compliance with recommendations or corrective action plans developed by the heads of audited entities following relevant audits to address violations or deficiencies and improve the ICS in order to confirm that the measures taken by the heads of such audited entities to address any gaps, implement Internal Audit's recommendations, or improve the Company's ICS are adequate, effective, and timely
9. Assisting Company Management in investigating fraud/ violations of employees or any third parties
10. Performing audits of subsidiaries and affiliates of the Company's Group in line with the existing internal audit procedure

11. Developing and updating internal regulations governing the internal audit activity
12. Organising professional development for internal audit staff
13. Coordinating activities with the external auditor regarding:
  - assistance to the Company Management's efforts to arrange and conduct any tender for selecting an independent (external) auditor of financial (accounting) statements as well as the handling of any matters related to changes in the scope of work assigned to the independent auditor or to the termination of its services
  - review of draft agreements with the independent auditor
  - interactions with the Audit Committee to supervise the independent auditor's activities
  - involvement in resolving disagreements between Company Management and the independent auditor regarding the Company's financial (accounting) statements and other matters
14. Engaging with other internal control units to:
  - leverage the work of internal control units in its activities, subject to a prior quality and reliability assessment (including assessment of the methodology, procedures, techniques, scope, and nature of such work)
  - identify risks associated with inadequate or overlapping coverage by internal control units or other stakeholders under the Assurance Map
15. Interaction with government supervisory authorities as outlined in legislation on matters within internal audit's competency
16. Preparing information for the Audit Committee and Board of Directors on all significant internal control, corporate governance, and risk management matters
17. Preparing Internal Audit's activity plan progress report for the Company's Board of Directors, Audit Committee, Audit Commission, and President
18. Providing an opinion on the reliability and effectiveness of risk management and internal controls as well as the effectiveness of corporate governance in the Company
19. Interaction with Company units on matters related to the internal audit activity as well as performing any other roles required for achieving the objectives involved in the internal audit activity in the Company
20. Functionally managing and coordinating the activities of internal audit units

at subsidiaries and affiliates within the Company's Group in accordance with the Company's regulations, including interactions with subsidiaries and affiliates on internal audit arrangements, in particular, on signing a paid services contract for the performance of internal audit's role

If internal audit relies on the work of other internal control units or other stakeholders, internal auditors conduct prior assessment of their roles, responsibilities, organisational independence, competence, and objectivity, as well as the quality and reliability of work results (including assessment of the methodology, procedures, techniques, scope, and nature of such work).

The overall procedure and methodology of the internal audit activity shall be governed by separate internal regulations.

## **5. Planning the internal audit activity**

The internal audit activity shall be based on Internal Audit's Activity Plan developed in line with the risk-based approach and approved by the Board of Directors.

Depending on the duration and frequency, Internal Audit's Activity Plan include audit engagements and ongoing tasks.

Audit engagements shall be included in Internal Audit's activity plan based on the prioritisation of audited entities in the Audit Model and taking into account risk assessments and other criteria on a sample basis. When deciding to include the Company's corporate risks in the Audit Model at the planning stage, the Chief Audit Executive may independently analyse and confirm the principal risks identified through the organisation's risk management system. Internal audit may only rely on risk-related information received from management if the former has confirmed the effectiveness of the Company's risk management processes.

If internal resources are not enough to implement all projects and activities listed in Internal Audit's activity plan, the internal audit function shall communicate to the Board of Directors the need to make a decision on allocating additional resources or reducing the scope of work.

## **6. Internal audit performance evaluation and quality Assurance**

The Chief Audit Executive shall approve the Internal Audit Quality Assurance and Improvement Programme to provide appropriate oversight and performance evaluation for Internal Audit.

The Programme shall include external and internal quality assessments (ongoing monitoring and periodic self-assessments) of the entire range of Internal Audit's activities.

External assessment of audit quality shall be conducted at least once every five years

by a qualified independent assessor or assessment team, and may also be performed through self-assessment with independent confirmation.

Periodic self-assessments shall be conducted by internal auditors to evaluate the performance of the internal audit function against selected criteria and to assess the quality and degree of compliance with internal audit methodology.

Ongoing quality monitoring shall include day-to-day oversight, reviews, and performance evaluation of the internal audit function.

If periodic self-assessments and external quality assessments reveal any noncompliance or areas for improvement in the internal audit activity, the Chief Audit Executive shall approve a corrective actions plan and monitor its effectiveness and timely execution.

## **7. Final provisions**

This Policy shall be reviewed as required.

If, as a result of changes in the legislation of the Russian Federation or the Company's Charter, individual provisions of this Policy come into conflict with the said documents, this Policy shall be applicable to the extent it is consistent with the legislation of the Russian Federation and the Company's Charter.