

Appendix 4 to Minutes
of the Board of Directors of the
Company No. 308
dated April 30, 2020
(date of the meeting April 29, 2020)

INTERNAL AUDIT POLICY
OF RUSHYDRO
revision

Moscow
2020

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1. GLOSSARY, ABBREVIATIONS

Term	Definition
Auditor of the Company	An audit organization approved by the General Meeting of Shareholders of the Company that audits the financial and economic activities of the Company in accordance with the laws and regulations of the Russian Federation on the basis of an agreement concluded with it.
Audit engagement	Internal audit activities related to the fulfillment of a specific instruction, task, or control activity, such as conducting an internal control measure, monitoring the control system's self-assessment, investigating fraud and unlawful activities, or providing consulting activities. Engagement may be considered as the fulfillment of several tasks aimed at achieving a number of interrelated goals.
Internal audit	<p>Activities related to the provision of independent and objective guarantees and consultations aimed at improving the work of RusHydro Group. Internal audits help the organization achieve its goals using a systematic and consistent approach to assessing and improving the effectiveness of risk management, control, and corporate governance processes.</p> <p>In this Policy, “internal audit” is also used as the definition of the respective function of the Internal Audit Service.</p>
Internal auditor	An employee of the structural unit of RusHydro Group that performs the functions of an internal audit.
RusHydro Group (Group)	RusHydro and its controlled entities.
Audit Committee	The Audit Committee under the Board of Directors of RusHydro.
Control	Activities of the management bodies, officials of the Company/controlled entities aimed at risk management and increasing the likelihood of achieving the goals and objectives, providing sufficient assurance that the goals and objectives of the Company/controlled entities will be achieved.
Control measures	A form of control activities through which the implementation of the goals, objectives, functions, and powers of the internal audit is ensured.
Corporate governance	The system of relations between the shareholders, Board of Directors, and managers of the Company/controlled entities

	<p>aimed at exercising the rights and satisfying the interests of the shareholders with regard to the Company's/controlled entities' successful results and earning of profits.</p> <p>Corporate governance sets the strategic goals of the Company/controlled entities, the means to achieve them, and ways to control the activities of the Company/controlled entities.</p>
LR (I)	Local regulations (instruments) issued by the Company/controlled entities in the established manner that are binding on all employees of the Company/controlled entities.
Company	PJSC RusHydro
Controlled entities (CE)	Legal entities under the direct or indirect control of the Company, having the right, by virtue of participation in the controlled entity, to directly or indirectly dispose of more than 50% of the votes in the supreme management body of the controlled entity or the right to appoint (elect) the sole executive body and/or more than 50% of the composition of the collegial management body of the controlled entity.
Provision of guarantees	An objective analysis of the available audit evidence in order to provide an independent assessment of corporate governance, risk management, and control processes.
Consulting services	Activities of the internal audit to provide consultations, advice, recommendations aimed at assisting and improving corporate governance, risk management, and internal control processes, excluding the adoption by the internal auditors of responsibility for management decisions.
Risk	The impact of uncertainty on the goals of the Company/company entities, Group as a whole. Such goals may include various aspects (financial, security, environmental impact, etc.) and belong to various levels (strategic, organizational, project, process, etc.).
Internal Control and Risk Management System (ICRMS)	A set of organizational measures, methods, procedures, corporate culture standards, and actions taken by the Group to achieve the optimal balance between the growth of the Group's value, profitability, and risks, to ensure the financial stability of the Group, efficient business operations, the safety of assets, compliance with laws, charters, and the LR (I) of the Company/controlled entities as well as the timely preparation of reliable reports.

Internal Audit Standards	The international framework for the professional practice of internal auditors (including the International Professional Standards for Internal Audit) developed by the International Institute of Internal Auditors (the IIA).
Internal Audit Service	A structural unit of the Company that performs the functions of an internal audit.
Materiality	The relative importance of an issue in the respective context, including quantitative and qualitative factors such as scope, nature, effect, applicability, and consequences.
Branch	A separate division of the Company/controlled entity performing all or part of the functions of the Company/controlled entity, including the functions of a representative office.

2. GENERAL

Goals and objectives of the Policy

2.1. The Internal Audit Policy of RusHydro (the “Policy”) is the LR (I) of the Company establishing the goals, objectives, powers, and basic principles for organizing and performing the Company's audit and is a foundational document concerning the internal audit of RusHydro Group.

2.2. This Policy establishes the status of the Internal Audit Service, including administrative and functional accountability, the scope and subject of the activities of the Internal Audit Service (including existing limitations), and the right to access information and liaise with the employees of RusHydro Group structural units when performing internal audit activities.

2.3. This Policy is also intended to provide information on the basic principles of the internal audit of the Company to stakeholders: employees of the Company, shareholders, the Auditor of the Company, portfolio and strategic investors, financial and investment analysts, etc.

Regulations

2.4. This Policy is based on the following documents:

- Moscow Exchange Listing Rules
- International core principles for the professional practice of internal auditors adopted by the Institute of Internal Auditors (including the Internal Audit Professional Standards)
- Internal Auditor professional standard (Decree of the Ministry of Labor of Russia No. 398n dated June 24, 2015)
- RusHydro’s Code of Corporate Governance
- Regulation on the Audit Committee under the Board of Directors of RusHydro
- Methodological instructions on the preparation of the Internal Audit Regulations (Instruction of the Government of the Russian Federation No. ISh-P13-4148 dated June 24, 2015)
- Methodological recommendations on the organization of internal audits in joint-stock companies with the participation of the Russian Federation (Federal Agency for State Property Management Order No. 249 dated July 4, 2014)
- Methodological recommendations on building the internal audit function in holding companies with the participation of the Russian Federation (Federal Agency for State Property Management Order No. 330 dated September 3, 2014)
- Methodological recommendations on the organization of the activities of the Audit Committee of the Board of Directors of a joint-stock company with the participation of the Russian Federation (Federal Agency for State Property Management Order No. 86 dated March 20, 2014)

Form and scope of internal audits

2.5. This Policy is binding on internal auditors of the Company and is recommended for use by the internal auditors of controlled entities.

Procedure for creating and closing an internal audit

2.6. The creation, reorganization, and closure of the Internal Audit Services are carried out by order of the Chairman of the Management Board – General Director of the Company issued based on the resolution of the Board of Directors of the Company.

Policy amendment

2.7. This Policy is approved by resolution of the Board of Directors of the Company upon prior consideration of the Audit Committee.

2.8. Amendments are introduced to this Policy based on the resolution of the Company's Board of Directors.

Amendments to this Policy may be initiated by members of the Company's Board of Directors, Audit Committee, Management Board, Chairman of the Management Board – General Director of the Company, or the Head of the Internal Audit Service.

2.9. This Policy is amended upon the occurrence of events having a material impact on internal audit activities (including, but not limited to):

- Amendments to the laws of the Russian Federation
- Changes in the goals and objectives of the internal audit
- Changes in the internal audit powers and the establishment of limitations on internal audit activities
- Changes in the internal audit quality assessment procedure
- Material changes in the activities and structure of the Company

2.10. The Head of the Internal Audit Service is responsible for updating this Policy.

2.11. Provisions that are not included in this Policy and do not relate to the activities of the Internal Audit Service are specified in other LR (I) of the Company issued in furtherance of this Policy.

3. MAIN GOAL AND OBJECTIVES OF INTERNAL AUDITS

Mission

3.1. Maintaining and increasing the value of RusHydro Group, contributing to the implementation of RusHydro Group's mission by performing objective internal audit engagements based on a risk-based approach, providing recommendations and sharing knowledge.

Goal

3.2. The goal of an internal audit is to assist the Company's management bodies in improving management effectiveness in RusHydro Group and in improving its operations, including through a systematic and consistent approach to the analysis and assessment of Risk Management, Corporate Governance, and Internal Control Systems.

Objectives

3.3. An internal audit carries out regular control measures of the structural units and branches of the Company/controlled entities, processes, lines of business, and projects of the Company/controlled entities, collecting and analyzing audit

evidence in order to form an independent assessment and express an opinion on the reliability and efficacy of:

- *The Internal Control System, including:*
 - Analysis of the compliance of business processes, projects, and structural units with the goals of the Company/controlled entities as well as verification of the reliability and integrity of business processes and information systems, including the reliability of the procedure for countering unlawful acts, abuse, and corruption
 - Assessment of the adequacy of the criteria established by executive bodies to analyze the extent to which the goals are achieved
 - Verification of the reliability of the accounting (financial), statistical, managerial, and other statements of the Company/controlled entities, determining whether the results of the Company's business processes and structural divisions correspond to the goals
 - Identification of flaws in the Internal Control System that have prevented (are preventing) the Company/controlled entities from achieving their goals
 - Assessment of the results of implementing (carrying out) activities on the elimination of violations and flaws and on the improvement of the Internal Control System, implemented at all levels of governance
 - Verification of the efficiency and appropriateness of resource use
 - Verification of asset protection
 - Verification of compliance with the requirements of legislation, Articles of Association, and the LR (I)
- *The Risk Management System, including:*
 - Verification of the adequacy and maturity of the elements of the risk management system (risk identification, risk assessment, exposure to risks, risk monitoring, risk management effectiveness and improvement (development) assessment, reporting on the status and improvement (development) of risk management)
 - Verification of the complete detection and correct assessment of risks by the management of the Company/controlled entities at all levels of governance
 - Verification of the efficacy of control procedures and other risk management measures, including the effectiveness of using the resources designated for these purposes
 - Analysis of information on the risks that have occurred (violations, nonachievement of set goals, cases of litigation detected as a result of control measures (internal and external), etc.)
- *The Corporate Governance System, including:*
 - Verification of compliance with the ethical principles and corporate values of the Company/controlled entities
 - Verification of the Company's/controlled entities' goal setting, monitoring, and achievement control procedure
 - Verification of the level of regulatory support and liaison procedures at

all levels of the Company/controlled entities, including liaison with stakeholders

- Ensuring shareholder rights and the effectiveness of liaison with stakeholders

- Verification of procedures for the disclosure of information about the Company's/controlled entities' activities

3.4. The tasks of the Internal Audit Service also include:

- Assistance to the executive bodies of the Company and employees of the Company in the development and monitoring of the implementation of procedures and measures to improve the internal control and risk management system and corporate governance

- Preparation and submission to the Board of Directors (the Audit Committee) and the executive bodies of the Company of reports on the results of the activities of the Internal Audit Service (including information on significant risks, flaws, results, and the effectiveness of measures to eliminate identified flaws, results of the implementation of the Schedule of control measures of the Internal Audit Services, results of the assessment the actual state, reliability and effectiveness of the risk management system, internal control, and corporate governance)

- Verification of compliance by members of the executive bodies of the Company/controlled entity and its employees with the provisions of legislation and the internal policies of the Company/controlled entity (including those related to insider information and combating corruption), compliance with the requirements of the Code of Ethics of the Company/controlled entity

3.5. The internal auditors of the Company and employees of the controlled entities who perform internal audit functions also carry out the functions of members of the Internal Audit Commissions of controlled entities in accordance with the resolutions of the Annual General Meetings/participants of controlled entities as well as the requirements of the Federal Law “On Joint-Stock Companies” and the Federal Law “On Limited Liability Companies,” including by using the information and documents obtained during the audit process to form an independent assessment of the Internal Control, Risk Management, and Corporate Governance Systems of controlled entities.

3.6. The priorities of the Internal Audit Service in accordance with the strategic goals of RusHydro Group, taking into account the available resources and the risk-based approach to planning control measures, are determined by the annually approved Scheduled Plan of the Internal Audit Service Control Activities.

4. INTERNAL AUDIT ACCOUNTABILITY

4.1. The Company has a centralized internal audit function, which is managed by the Head of the Internal Audit Service.

4.2. The Head of the Internal Audit Service is functionally subordinate to the Board of Directors of the Company (to the Audit Committee), which means:

- Approval by the Company's Board of Directors (upon the Audit Committee's prior consideration) of this Policy that defines the goals and

objectives of the Internal Audit Service

- Approval by the Company's Board of Directors (upon the Audit Committee's prior consideration) of a Scheduled Plan of the Internal Audit Service Control Activities

- Receipt by the Company's Board of Directors (Audit Committee) of information on the fulfillment of the Scheduled Plan of Control Activities

- Approval by the Company's Board of Directors (upon prior consideration by the Audit Committee) of resolutions on the appointment and dismissal as well as the terms of the employment contract with the Head of the Internal Audit Service

- Consideration by the Company's Board of Directors (Audit Committee) of the material limitations of the powers of the Internal Audit Service or other limitations that may negatively affect the performance of its activities

4.3. The Head of the Internal Audit Service is administratively subordinate to the Chairman of the Management Board – General Director of the Company, which means:

- Allocation of necessary funds within the budget approved by the Board of Directors

- Receipt of reports on the activities of the Internal Audit Service

- Provision of support in liaison with structural units and branches of the Company/controlled entities

- Administration of policies and procedures concerning the activities of the Internal Audit Service

5. INTERNAL AUDIT POWERS

5.1. The Head of the Internal Audit Service is entitled to:

- participate in the meetings of the Company's Audit Committee and Management Board;

- have direct access to the Chairman of the Board of Directors of the Company/controlled entity, members of the Audit Committee and the Chairman of the Management Board – the General Director of the Company, and managers of the controlled entity;

- request and receive from the executive bodies of the Company/controlled entities any information and materials required for the performance of their official duties, including access to computer systems and databases;

- familiarize themselves with current and future activity plans, reports on the fulfillment of plans and programs, and resolutions of the Board of Directors of the Company/controlled entities and the Management Board;

- bring to the attention of the Audit Committee and the sole executive body of the Company proposals on improving existing systems, processes, standards, and activity methods and provide comments on any matters falling within the competence of the Internal Audit Service;

- in the established manner, involve employees of the

Company/controlled entities and outside experts in the performance of control measures and other engagements;

- participate as an invited delegate in meetings and sessions of the working groups of the Company's bodies (committees, commissions, working groups, etc.), on the condition that the balance of independence and objectivity of the internal audit service is preserved, and that there is no involvement in the operations of the Company/controlled entities;

- develop and submit proposals on the professional training, retraining, and professional development of internal auditors;

- other rights and powers provided for by the laws of the Russian Federation, the Articles of Association, and the Company's LR (I).

5.2. Taking into account the restrictions established by the laws and regulations of the Russian Federation, the Articles of Association, and LR (I) of the Company, internal auditors ¹are authorized:

- to request and receive unimpeded access to any assets, documents, accounting records, and other information (including in electronic form) on the activities of the Company/controlled entities required to perform their respective duties, copy the respective documents, and photograph the business activities or record them on video;

- to have unimpeded access to the premises of audited companies;

- to hold interviews with the executive bodies and employees of the Company/controlled entities as part of auditing and other activities;

- in the established manner, to use the IT resources and software of business units for internal audit purposes;

- as part of the control measures, to require a full or partial inventory check of fixed assets, supplies, and other valuables in order to establish their actual availability and correspondence to inventory data;

- to study and assess any documents requested during the audit engagement process and submit such documents and/or relevant information to the Head of the Internal Audit Service;

- to request and receive the necessary assistance from employees of the company subject to control measures as well as assistance from employees of other divisions of the Company/controlled entities.

6. RESPONSIBILITY OF INTERNAL AUDITORS

6.1. Internal auditors are, in the established manner, responsible for the quality and timeliness of the performance of the functions assigned to them in accordance with the legislation of the Russian Federation, this Policy, the Regulation on the Internal Audit Service, their employment contracts, and their duties.

6.2. Internal auditors are required to be guided in their work by the internal audit mission, the internal audit definition, the internal audit goal and objectives, the

¹ With regard to the LR (I) effective in the Company on protecting restricted information. In relation to information considered a state secret, the rights specified in this clause are exercised only if the respective internal auditors or hired consultants hold the required state secret clearance form.

internal audit Standards, the Code of Ethics of internal auditors (appendix to this Policy), and the Core Principles for the Professional Practice of the Internal Audit.

6.3. Internal auditors cannot guarantee that all material risks and flaws are detected, even when auditing is performed at the proper professional level.

7. INTERNAL AUDIT ASSESSMENT AND QUALITY CONTROL

7.1. To control the quality and assess the activities of the Internal Audit Service, the Head of the Internal Audit Service of the Company develops, approves, and implements the Audit Quality Assurance and Improvement Program, which includes:

- *Continuous monitoring of the quality of the activities of internal auditors by:*
 - Controlling the performance of inspections by the Head of the Internal Audit Services and/or authorized internal auditor
 - Identifying the criteria for assessing and regularly performing an internal audit
 - Receiving feedback from managers of audited companies
 - Reviewing the procedures and working documents (including using specialized software), recording the internal auditors' working time, etc.
- *Periodic internal (through self-assessment) and external (by an independent outside expert) assessment of the Internal Audit Service*

7.2. A periodic internal assessment of the Internal Audit Service's work quality is carried out through self-assessment with the generation of a self-assessment result report.

7.3. An external assessment of the Internal Audit Service quality for compliance with the standards of internal auditing, this Policy, and other LR (I) of the Company determining the operating procedure of the Internal Audit Service is carried out at least once every 5 years.

7.4. The results of internal and external assessment of the Internal Audit Service quality are included in the annual report on Internal Audit Service activities, which is provided to the Chairman of the Management Board – General Director of the Company and to the Audit Committee.

7.5. Internal auditors are recommended to show their professional expertise by receiving the appropriate professional certificates and qualifications.

8. PRINCIPLES OF BUILDING A GROUP-WIDE INTERNAL AUDIT FUNCTION²

8.1. The construction of a group-wide internal audit function is aimed at helping the bodies/persons responsible for the management of RusHydro Group increase the overall effectiveness of governance at RusHydro.

8.2. Within RusHydro Group, internal audits are carried out by the Internal Audit Service as well as the internal audit auditors of controlled entities.

² The provisions of this section are applied with regard to the requirements established by the Federal Law “On Joint-Stock Companies” and the Listing Rules related to controlled entities whose shares are listed on the stock exchange.

8.3. In controlled entities, the form of the internal audit depends on the following factors:

- The Company's degree of control over the activities of the respective controlled entity

- The existence of requirements of the legislation/regulator related to the activities of the controlled entity (in particular, the existence of requirements related to the issue and trading of the controlled entities' issued securities)

8.4. In controlled entities that do not have internal auditors, the internal audit function is performed by the Internal Audit Service, taking into account the available resources, the annually approved Scheduled Plan of Control Activities as well as the resolutions of the Boards of Directors of the controlled entities.

8.5. Control activities in controlled entities that do not have an internal audit unit are carried out by assigning internal auditors to the Internal Audit Commissions of controlled entities.

8.6. In certain cases³, the Internal Audit Service may carry out control activities of a controlled entity without using the Internal Audit Commission's mechanism. The form in which such control activities are carried out must not contradict the laws of the Russian Federation and other binding normative acts, and the objectiveness and transparency of results must be ensured.

8.7. In controlled entities in which an internal audit unit is established the Head of the Internal Audit Service and/or authorized internal auditor (following the corporate procedures established in RusHydro Group⁴) coordinate the activities of the internal audit units of such controlled entities, which, among other things, includes:

- Preliminary consideration of the controlled entity's internal audit policy (the controlled entity's Internal Audit Regulation) defining the goals, objectives, powers, and functions of the controlled entity's internal audit

- Preliminary consideration and approval of the Program of Works and the Scheduled Plan of Control Activities of the controlled entity's internal audit unit

- Quarterly receipt of reports on the performance of the Program of Works, the Scheduled Plan of Control Activities, the internal audit, and subsequent control

8.8. The LR (I) of the controlled entity governing the internal audit function of the controlled entity are approved by the Board of Directors of the controlled entity.

The indicated LR (I) of the controlled entity must comply with this Policy as well as with the documents regulating controlled entity management mechanisms. Deviations from said documents are permitted due to the requirements of legislation/regulators for particular controlled entities.

³ The Company's participation (indirect participation) in controlled entities may reach 100%; controlled entities located abroad and other features of the controlled entity corporate governance mechanism.

⁴ Preparation of instructions for the Company's delegates within the controlled entities' governance bodies (Board of Directors/Audit Committee) in order to form an opinion.

8.9. The Head of the Internal Audit Service periodically reviews the need to introduce changes to the principles of building a group-wide internal audit function.

8.10. The Head of the Internal Audit Service and internal auditors cannot be members of the management bodies of the Company and controlled entity.

9. MAIN INTERNAL AUDIT PROCESSES

9.1. Annual planning

9.1.1. The Head of the Internal Audit Service prepares a risk-oriented Scheduled Plan of Control Activities establishing the priorities of the internal audit in accordance with the goals of RusHydro Group.

9.1.2. When preparing the Scheduled Plan of Control Activities, the opinion of the Company's Management and Board of Directors (Audit Committee) is taken into account.

9.1.3. Before the start of the calendar year, the Head of the Internal Audit Service submits the Scheduled Plan of Control Activities for the next year to the Chairman of the Management Board – General Director of the Company for consideration and to the Company's Board of Directors (upon prior consideration by the Audit Committee) for approval and, as necessary, reports any material changes to the plans that occur during the year.

9.1.4. The Head of the Internal Audit Service must inform the Chairman of the Management Board – General Director and the Audit Committee of the Company about existing resource limitations.

9.2. Implementation of audit engagement

Planning of audit engagement

9.2.1. Internal auditors prepare and document a plan for performing each audit engagement. Such a plan specifies the content, goals, and period of the audit as well as resource allocation.

9.2.2. When planning an audit engagement, internal auditors consider:

- The objectives of the activities of the company subject to audit engagement and the means of controlling this activity

- Significant risks related to the company subject to audit engagement, its goals, resources, and economic activity as well as measures to manage these risks

- The adequacy and efficacy of the internal control and risk management systems of the company subject to audit engagement compared to the control model most suitable for it

Goals of audit engagement

9.2.3. Goals must be established for each audit engagement.

9.2.4. When preparing a plan for an audit engagement, internal auditors conduct a preliminary assessment of the risks related to the company subject to audit engagement.

9.2.5. When establishing goals for an audit engagement, internal auditors assess the probability of significant errors, fraud, and unlawful acts, noncompliance with procedures, and other risk factors.

Scope of audit engagement

9.2.6. The scope of an audit engagement must be adequate for achieving the engagement goals.

Allocation of resources for audit engagement

9.2.7. The Head of the Internal Audit Service determines which appropriate and adequate resources are required to achieve the audit engagement goals.

9.2.8. The composition of the working group is determined based on the nature and degree of complexity of the audit engagement, time limits, and the availability of resources as well as the need to develop the skills and abilities of internal auditors.

Audit engagement program

9.2.9. Internal auditors prepare and document work programs that allow the audit engagement goals to be achieved.

9.2.10. The engagement programs may differ in their form and scope depending on the nature of the engagement.

Performance of audit engagement

9.2.11. To achieve the goal of the engagement, internal auditors collect, analyze, assess, and document a sufficient volume of accurate, relevant, and useful information.

9.2.12. Internal auditors formulate conclusions and present engagement results on the basis of the respective analysis and assessment of information.

Information documentation

9.2.13. Internal auditors use specialized software to document information for justifying the audit engagement results and conclusions.

Audit engagement process control

9.2.14. To achieve the set goals, ensure the quality of work, and develop the skills and abilities of internal auditors, the implementation of the audit engagement is supervised.

9.2.15. The required degree of control depends on the professional expertise and experience of internal auditors and the complexity of the audit engagement.

9.2.16. The Head of the Internal Audit Service is responsible for arranging the control of audit engagement. They may delegate control duties to an internal auditor with the appropriate work experience.

9.2.17. Evidence that the control has been carried out is documented using specialized software.

9.3. Notification of results

9.3.1. The Internal Audit Service is obliged to report on the results of the audit engagement.

9.3.2. Notifications must contain the relevant information, conclusions, and recommendations on engagement results. The final version of the engagement result report must, where necessary, contain the internal auditors' general opinion and/or conclusions.

9.3.3. Internal auditors are encouraged to reflect a positive assessment of the control measures of the company's activities in the notification of engagement results.

9.3.4. The reports on the results of the audit engagement should be accurate, objective, clear, concise, constructive, complete, and timely in their structure.

9.3.5. If the final version of the report on the audit engagement results contains a serious error or an omission, the Head of the Internal Audit Service brings the corrected information to the attention of all persons who received the initial version thereof.

9.3.6. The Head of the Internal Audit Service or a person appointed by them checks the final version of the report on the audit engagement results before its approval and decides to whom and how it will be delivered in accordance with the LR (I) of the Company.

9.3.7. The Head of the Internal Audit Service communicates the results of the audit engagement to persons who can ensure that the necessary measures are taken to develop and implement corrective actions.

9.3.8. Unless otherwise specified in the Company's LR (I), before the results of control activities (reports, statements, and other documents received/prepared in the process of control activities) are submitted to third parties, the Head of the Internal Audit Service:

- assesses the possible risks to RusHydro Group;
- consults with the Chairman of the Management Board – General Director of the Company and/or the Head of the Company's Legal Department;
- ensures preliminary approval by the Audit Committee of the transfer of the results of control activities to third parties (if necessary);
- controls the dissemination of information by introducing restrictions on its use in the manner prescribed by the LR (I) of the Company.

9.4. Monitoring of actions based on audit engagement results

9.4.1. The Head of the Internal Audit Service supports the process of the subsequent monitoring of the actions of management of the Company/controlled entity undertaken as a result of audit engagements, the purpose of which is to make sure that the actions taken by management were effective or, that management consciously accepts the risk of failure to perform the necessary corrective actions.

9.5. Reporting to the Audit Committee

9.5.1. The Head of the Internal Audit Service reports to the Audit Committee with regard to the fulfillment of the Scheduled Plan of Control Activities.

9.5.2. The report includes information on significant risks, including the risks of fraud and other illegal actions, on control and corporate governance problems, cases (if any) of nonfulfillment of corrective actions (or their nondevelopment) for comments and violations identified during control activities that may lead to significant risks for RusHydro Group.

9.5.3. The frequency of submission and the content of reports are determined during discussions with the Audit Committee and depend on the importance of the information to be submitted as well as on the urgency of the response on the part of

management and the Audit Committee, but this submission must be performed at least once per quarter.

10. INTERNAL AUDIT LIAISON WITH STAKEHOLDERS

10.1. Communication with the Audit Committee

10.1.1. The Head of the Internal Audit Service liaises with the Audit Committee as part of their activities.

10.1.2. The liaison procedure between the Head of the Internal Audit Service and the Audit Committee is established in the Regulation on the Audit Committee under the Board of Directors of the Company.

10.2. Liaison with the Auditor of the Company

10.2.1. The Head of the Internal Audit Service coordinates liaison between the internal audit and the Company's Auditor in order to:

- exchange information on the results of the assessment of the Company's Internal Control System's effectiveness with regard to the preparation of accounting (financial) reports;
- discuss plans related to the activities of the Internal Audit Service and the Auditor of the Company in order to coordinate them and minimize the duplication of work;
- analyze the effectiveness of the implementation of corrective measures aimed at eliminating flaws in the Company's internal control system related to the preparation of accounting (financial) reports.

10.2.2. The Head of the Internal Audit Service annually discusses the effectiveness of the internal audit process (including the effectiveness of the coordination of activities of the Internal Audit Service and Auditor of the Company) with the Company's Board of Directors (Audit Committee).

10.3. Liaison with internal control and risk management divisions of RusHydro Group

10.3.1. Liaison with internal control and risk management divisions to implement a risk-based approach to auditing and assess the effectiveness of the internal control and risk management system is carried out by exchanging the following essential information:

- The internal control and risk management division submits to the Internal Audit Service priority risk registers (if any), risk management plans, realized risk registers, and other information about the organization of risk management processes in RusHydro Group (Company, controlled entity, business process).
- The internal control and risk management division submits to the Internal Audit Service ICS monitoring results, ICS self-assessment results, control procedures matrices (if any), the ICS improvement plan, and other available information about the organization of internal control in RusHydro Group.
- Based on the results of control measures, the Internal Audit Service shall report to the internal control and risk management divisions of the Company

on the results of assessing the effectiveness of the internal control and risk management system of the Group (Company, controlled entity, business processes) as well as the identified flaws in the internal control and risk management system (including risks not included in the risk register and risk management plan) and provide information on the results of monitoring corrective action plans.

10.3.2. Liaison between the Internal Audit Service and the internal control and risk management divisions of RusHydro Group is carried out in accordance with this Policy as well as the Policy related to internal control and risk management of RusHydro Group.

10.4. Liaison with state supervisory bodies and the Internal Audit Commission of the Company/controlled entities

10.4.1. The Internal Audit Service liaises with state supervisory bodies and the Internal Audit Commissions of the Company/controlled entities on matters within the competence of the Internal Audit Service in the manner stipulated in the legislation of the Russian Federation and the LR (I) of the Company as well as during their audits of the Company/controlled entities.

10.5. Liaison with management bodies of the Company/controlled entities.

10.5.1. Liaison of the Internal Audit Service with the management bodies of the Company/controlled entity in the process of planning and conducting control activities is carried out in accordance with the LR (I) of the Company that determine the procedure for planning and conducting control actions by the Internal Audit Service.

10.5.2. Company/controlled entity employees are prohibited from impeding the activities of the Internal Audit Service. If the activity of the Internal Audit Service is impeded (limited), information about this is communicated by the Head of the Internal Audit Service to the Chairman of the Management Board – the General Director as well as the Audit Committee.

10.5.3. Written requests submitted by an internal auditor must contain a reasonable time frame within which the information required by Internal Audit Service must be prepared and provided.

10.5.4. Failure to comply with the deadlines for the submission of information by the management bodies of the Company/controlled entity can be considered as limiting the activities of the Internal Audit Service.

11. REGULATORY SUPPORT OF INTERNAL AUDIT ACTIVITIES

11.1. The Head of the Internal Audit Service ensures the development of the Company's LR (I) concerning the internal audit and the development of this Policy, which help achieve the goals and objectives of the internal audit.

11.2. Regulation of internal audit is carried out in the Company through the development, approval, and implementation of the following basic documents (including, but not limited to):

- Regulation on the Internal Audit Service (structural unit of the

Company)

- Regulations on structural units of the Internal Audit Service and job descriptions of internal auditors
- Regulations on planning and conducting control activities, performing audit engagements
- Regulations on the organization of liaison during auditing of RusHydro Group by control bodies
- Methodological recommendations for auditing specific lines of business
- Methodological recommendations for monitoring the implementation of corrective action plans
- Methodological recommendations for using specialized software when carrying out control activities
- Internal Audit Assessment and Quality Improvement Programs

The Internal Auditors Code of Ethics

The Internal Auditors Code of Ethics (the “Code”) is a document establishing the professional principles of internal audit activities and the code of conduct for internal auditors.

The purpose of this Code is to support and promote high ethical standards for internal auditors within RusHydro Group.

This Code consists of two main components:

- 1) Principles related to the profession and practice of internal auditing
- 2) Code of conduct that establishes the standards of behavior for internal auditors and also help them interpret and practically apply occupational principles

1. Internal audit principles

1.1. Independence

An internal audit must be independent, and internal auditors must be impartial when performing their duties.

1.2. Good faith

An internal auditor's good faith is the foundation upon which confidence in the auditor's opinion rests.

1.3. Impartiality

Internal auditors demonstrate the highest level of professional objectivity in the process of collecting, assessing, and submitting information on the company subject to audit. Internal auditors provide a balanced assessment of all circumstances related to a specific matter, and their judgments are not affected by their own interests or the interests of third parties.

1.4. Confidentiality

Internal auditors show proper care when handling confidential information they receive in the course of their activities and do not disclose such information if they do not have the authority, except when the disclosure of such information is required by legal obligations or job duties.

1.5. Professional expertise

Internal auditors use their knowledge, skills, and expertise required to provide internal audit services.

2. Code of Conduct for Internal Auditors

2.1. Independence

2.1.1. Internal auditors express an opinion independent of factors that can compromise it and act in good faith, showing objectivity and professional skepticism. Professional skepticism is a critical assessment of the credibility of evidence received and an examination of evidence that contradicts any documents

or statements from management or which puts into question the reliability of such documents or statements.

2.1.3. Internal auditors are not entitled to participate in the approval and adoption of resolutions related to the financial and operating activities of RusHydro Group. To ensure impartiality when carrying out subsequent control, internal auditors are not entitled to vote at committee and commission meetings, participate in the approval of draft budgets, contracts, payments, etc.

2.1.4. To avoid conflicts of interest (when there is a threat to the independence of an internal auditor's activities and the impartiality of an auditor's opinion), the Head of the Internal Audit and internal auditors shall refrain from:

- Auditing the activities they were responsible for during the year preceding the audit

- Participating in audits and other engagements if there are competing professional or personal interests (the existence of financial, property, family, or any other interests in the activities of the audited companies)

- Participating in any activities that may affect their impartiality or be perceived as affecting it

- Managing the employees of other units, except in cases where such employees are assigned to participate in the audit

2.1.5. Internal audits are free from third-party interference in the process of determining the scope of the internal audit, carrying out work, and providing a report on the results of the internal audit.

2.2. Good faith

Internal auditors:

2.2.1. shall perform their duties with due diligence, in good faith, and in a responsible manner;

2.2.2. shall act in accordance with laws and regulations and, if required by laws and regulations or professional standards, disclose relevant information;

2.2.3. shall not deliberately participate in actions or activities that damage the internal auditor's profession and RusHydro Group;

2.2.4. shall respect RusHydro Group's legally and ethically justified goals and help to achieve them.

2.3. Impartiality

Impartiality is a personal quality of an internal auditor. Internal auditors:

2.3.1. shall not allow conflicts of interest and shall refrain from participating in any activities that may affect their impartiality or be perceived as affecting it. This also applies to activities and relations that may contradict the interests of RusHydro Group;

2.3.2. shall disclose all material facts known to them that, if not disclosed, may distort reports on the audited company;

2.3.3. shall be impartial in their assessment and objectively assess information they receive.

2.4. Confidentiality

Internal auditors:

2.4.1. shall be rational and careful when using and storing information obtained during the performance of their duties;

2.4.2. shall obey the confidentiality requirements of the information obtained during the performance of their duties;

2.4.3. shall not use information for personal gain or in any other manner that contradicts the law or may affect the achievement of the legally and ethically justified goals of RusHydro Group;

2.4.4. shall obey the confidentiality principle upon termination of their employment. When changing jobs, internal auditors may use their previous experience but shall not use or disclose confidential information.

2.5. Professional expertise

Internal auditors:

2.5.1. shall participate solely in the engagements for which they have adequate professional knowledge, skills, and experience;

2.5.2. shall perform their functions in accordance with this Code of Ethics of the Company's Internal Auditors and with the professional standards of internal auditing employed in RusHydro Group;

2.5.3. shall continuously improve their skills and abilities, job performance, and quality of services rendered. The internal audit team must be competent and have the knowledge and skills required to perform their duties or obtain them.