

APPROVED
by the Board of Directors' resolution
PJSC Enel Russia
July 26, 2022
(Minutes No. 13/22 dd. July 28, 2022)

Chairman of the Board of Directors

_____ Nesterenko A.K.

**REGULATION
OF INTERNAL AUDIT DEPARTMENT
Public Joint-Stock Company
Enel Russia**

Moscow
2022

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1. Regulation aims and application area

1.1. This document defines the guidelines for Public Joint-Stock Company (hereinafter referred to as «PJSC Enel Russia» or «the Company») internal processes, in particular sets out and determines aim, authority, scope and responsibilities of the Internal Audit Department of the Company.

1.2. This regulation is approved by Board of Directors of PJSC Enel Russia; it applies to the Company and is binding for all the Company's staff involved in the internal audit process.

2. Responsibility

2.1. PJSC Enel Russia Internal Audit Department is responsible for the preparation, interpretation and implementation of the present regulation.

2.2. The Internal Audit Director of PJSC Enel Russia annually assesses the regulation for its alignment with the goals and objectives of the Internal Audit Department, based on which he can initiate amendments to this regulation.

3. References and amendments procedure

3.1. In its activities Internal Audit Department is governed by the legislation of the Russian Federation, the Charter of the Company, the applicable Listing Rules of stock exchange, on which the securities of the Company are traded (hereinafter referred to as «the Listing Rules»), the Code of Corporate governance approved by the Bank of Russia, Company's Regulation on Accountability and interaction of the Internal Audit Department with the corporate governance bodies as well as any other internal documents and international standards related to performance of the internal audits.

3.2. If in the result of the changes to the laws, subordinate regulations of the Russian Federation, Listing rules, the Code of Corporate governance or the Charter of the Company separate articles hereof contradict them, in this case valid laws until the changes are introduced into the Regulation applicable laws, subordinate regulations of the Russian Federation, the Code of Corporate governance, Listing rules and the Charter of the Company shall be applied.

3.3. All amendments and additions to the Regulation shall be subject to obligatory approval by the Company Board of Directors.

4. Terms and Definitions

Action plan – part of audit report, which contains the plan of action defined by the auditee in merit of observations made in course of an audit activity and aimed at risks mitigation pointed out in the audit itself. The

action plan defines the activities to be done, indicating the deadlines and persons responsible for implementation thereof. The action plan is included in a relevant section of the Audit Report.

Annual Audit Plan – document setting out audit areas, description, objectives and schedule to be held within the calendar year.

Audit and Corporate Governance Committee of the Board of Directors of the Company – a committee formed within Company's Board of Directors, with consultative and advisory function on the systems of corporate governance, internal audit, internal risk management and control.

Internal Audit Director – head of Internal Audit Unit of the Company.

Audit Report – document, representing formal results of the performed audit activities, summarizing the findings, conclusions and recommendations. The audit report includes an overall auditor opinion in merit of efficiency and adequacy of internal control over risk management in areas/processes subjected to the inspection.

Risk – the possibility of failing to achieve objectives pursued by the Company structure, understood in broad terms (including for example economic, financial, production, reputation, market or other purposes) in general associated with maintenance and enhancement of the value of the Company.

Consultancy services – a range of services to provide to management with advice and recommendations, the nature and content of which are agreed with the management of the Company. They are aimed at assisting and improving corporate governance, risk management and control, excluding the adoption of the internal auditor's responsibility for management decisions.

Control – any action taken by Executive Board, the Board of Directors and other parties to enhance risk management and increase the likelihood that established objectives and goals will be achieved. The management of the Company plans, organizes and directs the performance of sufficient actions to provide reasonable assurance of the achievement of objectives and goals.

Control Environment – the attitude and actions of the Board of Directors and management of the Company regarding the significance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes (i) Integrity and ethical values, (ii) Management's philosophy and operating style, (iii) Organizational structure, (iv) Assignment of authority and responsibility, (v) Human resource policies and practices, (vi) Competence of personnel.

Ethical auditing – audit activities involving the analysis and evaluation of the process management of ethical risk and seeks to

implement the recommendations to improve the business ethics of the Company.

Follow-up – execution of a specific audit activity, aiming at verifying the adequacy, efficiency and velocity of corrective actions implementation from the management side in regard to the audit findings pointed out during previously performed audit.

Fraud – Any illegal act characterized by deceit, concealment or violation of trust. Frauds are perpetrated to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage.

Quality Assurance Review – a program for evaluation of Internal Audit Department activities aimed at provision of reasonable assurance that Internal Audit Department activities conform to International standards for the Professional Practice of Internal Auditing, the present Regulation and other applicable internal documents, which regulate the Company's Internal Audit Department.

Risk assessment – process periodically performed by the Internal Audit Department in order to identify and evaluate the main internal and external risk factors that could affect the achievement of the specific objectives in the various Company processes/areas. Risk assessment is the starting point for the annual audit plan preparation, subsequently approved by the Company's Board of Directors.

Special Audit – audit action not included in the annual audit plan, undertaken following a request from the General Director, members of the Executive Board, Committees of the Board of Directors or the Company's Board of Directors itself.

5. Internal Control System

5.1. Definition of the Internal Control System:

The internal control system is the process, effected by the Board of Directors, management and other Company personnel, designed to provide reasonable assurance regarding the achievement of the following objectives:

- reliability and integrity of financial and operational reporting of the Company;
- Company efficiency and effectiveness of operation;
- safeguarding of Company's assets;
- compliance with requirements of legislation and regulatory acts of the Russian Federation, with Company internal directives and contractual liabilities to counter parties.

6. Internal Auditing definition

6.1. An internal audit in PJSC Enel Russia is an independent and objective expression of confidence in the main processes and consulting activities aimed at increasing the market value and improving the Company's performance. Internal audit helps the Company achieve its goals by providing a systematic, disciplined approach in order to assess and improve the efficiency of risk management, control and governance processes.

7. Internal Audit Department aims and objectives

7.1. The main aim of the Internal Audit Department of the Company is to provide systematically to the Audit and Corporate Governance Committee, to Board of Directors and General Director the independent evaluation of the effectiveness of the internal control system, risk management and practice of corporate governance.

7.2. The main objectives of the Internal Audit Department are:

- assistance to the Company management and staff in elaboration and monitoring of procedures and activities aimed to improve the risk management system, internal control and corporate governance in the Company;
- coordination with the external auditor of the Company, as well as persons providing consulting services in the field of risk management, internal control and corporate governance;
- carrying out internal audit of affiliated companies within the framework of established order;
- preparation and provision of the reports on execution of annual audit plan to the Audit and Corporate Governance Committee and the Board of Directors (including information on significant risks, insufficiencies, follow up and effectiveness of action plan implementation, results of internal audit activities, results of actual condition evaluation related to reliability and efficiency of systems for risk mitigation, internal control and corporate governance);
- verification of compliance by the Company's employees with the provisions of the legislation of the Russian Federation and the Company's internal administrative documents relating to insider information, anti-corruption and compliance with the requirements of the Company's Code of Ethics.

8. Internal Audit Department authorities and functions

8.1. Internal Audit Director has direct and unrestricted access to the Audit and Corporate Governance Committee and the Board of Directors of the Company.

8.2. Internal Audit Director authorized to participate in the meetings of the Board of Directors, it's committees and executive bodies of the Company in accordance with provisions of Company's internal documents.

8.3. Internal Audit Director bears a responsibility for drawing an opinion on the reliability and effectiveness of risk management and internal control, as well as the effectiveness of corporate governance including the validity and reliability of information on which it has been prepared.

8.4. Functions of Internal Audit Department include the following:

- a) adequacy and efficiency evaluation of internal control system, which includes:
- analysis of compliance of business-processes objectives, projects and business units to the Company's objectives, control over provision of reliable and integral business processes (activities) and information systems, including the reliability of procedures on countering against illegal actions, improper use and corruption;
 - control of reliable and correct provision of accounting (financial), statistic, managerial and other statements, determining whether business processes activities results and Company business units comply with the stated objectives;
 - determining the adequacy of criteria imposed by executive bodies in order to make feasibility (achievability) analysis of the objectives;
 - identification of internal control system deficiencies, that prevented (are preventing) the Company to achieve the objectives;
 - evaluation of results arising from action plan implementation, that was drawn up in order to eliminate deficiencies and non-compliances and to improve internal control system carried out at each management level;
 - control over efficiency and advisability of resource use;
 - control over the assets guard;
 - verification of compliance with the requirements of the legislation, the Charter and internal documents of the Company.
- 6) assessment of the risk management system includes:
- verification of sufficiency and maturity of risk management system elements deemed to provision of efficient risk mitigation (objectives and tasks, infrastructure, process organization, regulatory and methodological enforcement, interaction of business units within the framework of risk mitigation system, reporting);
 - verification of completeness and correctness of identification in process of risk evaluation by the Company Management at each level;
 - verification of the effectiveness of control procedures and other activities on risk mitigation efficiency, including the use efficiency of resources provided for these goals;
 - conducting analysis of information on realized risks (identified by the internal audit violations, the facts of failure to achieve the goals, the facts litigation).
- b) corporate governance evaluation, including inspection of the following:
- adherence to ethical principles and corporate values of the Company;
 - procedure of Company goal setting, monitoring and control over achievement;
 - level of regulatory support and information flow procedures (including issues of internal control and risk management) at all

levels of Company management, including interaction with interested parties;

- ensuring the shareholders rights, including affiliated companies, and effectiveness of relationships with stakeholders;
- procedures on disclosure of information in merit of activities of the Company and its affiliated structures.

8.5. Internal Audit Department of PJSC Enel Russia while implementing its audit activity is authorized to:

- enter all areas of the Company and have access to any documents and records considered necessary for the performance of its functions;
- make and retain copies of any information it required for the purpose of the audit work, having responsibility for the safekeeping and confidentiality of all the information received;
- obtain from all members of staff and management of the Company to supply information and explanations as may be needed for the purpose of its functions;
- to request and receive materials, including draft documents submitted for approval by the Board of Directors, the Executive Board and to receive all the orders/minutes of these bodies;
- to attract, to develop the planned activities and accomplish specific tasks, on behalf of the Board of Directors, employees of structural subdivisions of the Company, as well as specialists from other legal entities;
- consult with other organizations and structural subdivisions of the Company on matters within the competence of the internal audit service;
- to make proposals to the Board of Directors to improve procedures and methods of internal audit, system change control and management policy of the Company;
- to participate in the preparation and implementation of programs and projects in the areas of its activities;
- to participate in programs aimed at training, retraining and advanced training of employees and certification programs for internal auditors.

9. Internal Audit Principles

9.1. When performing its duties, the Internal Audit Department of PJSC Enel Russia is obliged to adhere to the following principles:

9.2. Integrity

The Internal Audit Department of the Company is obliged:

- perform their work with honesty, diligence and responsibility;
- observe the law and make disclosures expected by the law and the profession;
- not knowingly be a part to any illegal activity, or be engages in acts that are discreditable to the profession of internal auditing or to the company;
- respect and contribute to the legitimate and ethical objectives of the Company.

9.3. **Objectivity**

The Internal Audit Department of the Company is obliged:

- demonstrate a high level of professional objectivity in the process of collecting, evaluating and transmitting information;
- make a balanced assessment of all relevant circumstances;
- not be influenced by their own interests, as well as the interests of other persons;
- not to take part in activities or relationships that may adversely affect the impartial assessment of the risk management and internal control system of the Company;
- not to take part in activities or relationships that may conflict with the interests of the Company;
- not accept gifts or favors that may adversely affect his professional judgment.

9.4. **Confidentiality**

The Internal Audit Department of the Company is obliged:

- respect the value of the information obtained during the audit and not disclose it without legal grounds;
- do not use this information for any personal gain.

9.5. **Independence**

The Internal Audit Department of the Company is obliged:

be free from conditions that could jeopardize the ability of the Internal Audit Department to impartially perform its duties.

10. Internal Audit Department's organisation

10.1. To ensure the required level of independence, the Internal Audit Department reports functionally to the Company's Board of Directors and administratively to the General Director of the Company.

Functional reporting:

- review by the Audit and Corporate Governance Committee and approval by the Board of Directors of the Company of the regulation of the Internal Audit Department;
- approval by the Board of Directors of the Company of the annual audit plan and the budget of the Internal Audit Department for the reporting year;
- reporting by the Internal Audit Department to the Audit and Corporate Governance Committee and the Board of Directors of the Company on the execution of the annual audit plan at least once a year;
- review by the Audit and Corporate Governance Committee and the Board of Directors of the Company of significant limitations of the authority of the Internal Audit Department or other limitations that could have a negative impact on the execution of the annual audit plan of the Internal Audit Department of the Company;
- review by the Audit and Corporate Governance Committee and approval by the Board of Directors of the Company of the opinion on the reliability and effectiveness of risk management and internal control as well as the effectiveness of corporate governance in the Company;

- approval by the Board of Directors of the Company (after preliminary consideration by the Audit and Corporate Governance Committee) of decisions on appointment, dismissal, as well as determining the amount of remuneration of the Internal Audit Director.

Administrative reporting:

- allocation of necessary funds for the Internal Audit Department within the budget approved by the Board of Directors of the Company;
- receiving the audit reports from the Internal Audit Department;
- supporting the cooperation with structural subdivisions of the Company;
- administration of policies and procedures for the activities of the Internal Audit Department of the Company.

10.2. The Internal Audit Director is accountable to the Board of Directors of the Company. The Internal Audit Director is appointed and dismissed by the General Director based on the decision of the Board of Directors of the Company. The terms of the employment contract with the Internal Audit Director are approved by the Board of Directors of the Company.

The Internal Audit Director cannot be assigned duties not related to the implementation of internal audit (with the exception of risk management, internal control, compliance control).

The Internal Audit Director should not manage the functional areas of the Company's activities that require the adoption of managerial decisions in relation to the objects of audit. All employees of the Internal Audit Department, including the Internal Audit Director, are required to annually confirm the absence of a conflict of interest by completing and signing a declaration of absence of a conflict of interest.

10.3. The organizational structure and personnel of the Internal Audit Department are proposed by the Internal Audit Director, considering the recommendations received from the Audit and Corporate Governance Committee, the Board of Directors and the General Director of the Company.

10.4. The Internal Audit Director, together with the Human Resources and Organizational Development Department, is responsible for the selection, recruitment, coordination, training and evaluation of the work of personnel in the Internal Audit Department.

10.5. Internal Audit Director annually confirms to the Audit and Corporate Governance Committee and the Board of Directors of the Company his organizational independence and absence of impairment to independence and objectivity.

11. Auditing activities

11.1. The Internal Audit Director is responsible for the preparation of the Annual Audit Plan, which serves as the basis for the work of the Internal Audit Department.

The main components of the annual planning process are as follows:

- risk assessment process carried out by the Internal Audit Department, which allows to identify the main risk factors that may affect the achievement of the set objectives. In particular, the Internal Audit Department identifies audit areas, analyzes processes and their associated risks, and then selects key audit processes based on the prioritization of identified risk factors and the controls in place to manage them;
- various proposals and/or additions from the Company's internal control bodies (Audit and Corporate Governance Committee, Board of Directors), as well as from the Company's management (General Director, Executive Board, heads of structural divisions) in relation to areas within their respective competence.

11.2. The annual audit plan is discussed with the Audit and Corporate Governance Committee, approved by the Board of Directors of the Company and submitted to the General Director of the Company.

11.3. If necessary (for example, based on a special request of management, investigation of certain violations), it is possible to make adjustments to the initially approved Annual Audit Plan, provided that a timely notification is sent to the Board of Directors of the Company, and also subject to the adoption of the order of the General Director to conduct an unplanned audit.

11.4. The Internal Audit Department is responsible for planning, conducting, reporting and monitoring the implementation of the audit activities provided for in the Annual Audit Plan, and also decides on the scope of work and timing of the audit.

11.5. Field audit work is carried out professionally and in a timely manner. After each audit, prepares a formal Audit Report specifying the objectives and scope of the audit, issues raised within the internal control system, and recommendations. All audit reports are discussed with the relevant management of the Company to agree on the facts, recommendations, and necessary actions to be taken. Urgent issues arising during the audit are brought to the attention of the Company's management as soon as possible.

11.6. The final audit report is submitted to the attention of the General Director of the Company, the Board of Directors of the Company, the management of the relevant audit object.

11.7. In relation to all audits, the Internal Audit Department periodically monitors the implementation of recommendations in order to ensure that the Company's management implements appropriate plans for the implementation of audit activities.

11.8. The Internal Audit Department provides the following periodic reports:

- on a regular basis to the Committee for Audit and Corporate Governance of the Board of Directors on the results of audits

performed, the main conclusions and corrective actions agreed with the management of the Company.

- on an annual basis submits a report to the Board of Directors of the Company on the results of audits conducted during the year, indicating significant problems in terms of risks and shortcomings of the internal control system.

12. Consulting activities

12.1. The Internal Audit Department of the Company has the right to provide consulting services to other structural divisions of the Company. Consulting services are services to improve the efficiency of risk management, internal control and corporate governance in the Company.

13. Professional development

13.1. All employees of the Internal Audit Department of PJSC Enel Russia undergo a proper training program. This training program includes training both in the field of audit and general training related to the activities, internal organization, and internal rules of the Company. Also, participation in meetings and seminars is considered as an integral part of training plans.

13.2. Audit training is based on audit courses based on professional level qualifications in order to enable them to achieve professional independence and achieve standards of best practice.

13.3. The Internal Audit Director is responsible for identifying the most appropriate training initiatives for internal audit resources, indicating appropriate planning for training requirements.

14. Evaluation of the Results of Internal Audit Activities

14.1. The assessment of the activities of the Internal Audit Department of the Company is carried out on the basis of a methodology developed by the Department itself and approved by the Audit and Corporate Governance Committee. The purpose of the assessment is to determine the efficiency and effectiveness of the activities of the Internal Audit Department of PJSC Enel Russia to improve its activities.

14.2. The Internal Audit Director is responsible for organizing the evaluation of the activities of the Internal Audit Department of the Company.

14.3. Evaluation of the activities of the Internal Audit Department includes ongoing monitoring, internal and external evaluations of its activities.

14.4. Ongoing monitoring activities include:

- control over the performance of internal audits, including with the use of automation tools;

- application of standardized practices of the Internal Audit Department: procedures, planning and execution of internal audits, execution of working documentation, preparation of reports, etc.;
- receiving feedback from the audited entities, the General Director, executive bodies, the Audit and Corporate Governance Committee and the Board of Directors of the Company.

14.5. It is recommended to carry out an internal assessment of the activities of the Internal Audit Department at least once a year by the Audit and Corporate Governance Committee of the Company. The internal evaluation includes:

- comprehensive analysis of the compliance of the activities of the Internal Audit Department of the Company with the International Standards of Professional Practice of the Institute of Internal Auditors;
- comparison with the best internal audit practices in the Russian Federation and other countries;
- analysis of the contribution of the Internal Audit Department to the processes of corporate governance, risk management and internal control of the Company, as well as the degree of compliance with the expectations of the General Director, the Committee for Audit and Corporate Governance and the Board of Directors of the Company.

The report on the results of such an assessment is submitted to the Audit and Corporate Governance Committee for consideration.

14.6. An external evaluation of the activities of the Internal Audit Department is carried out to obtain an independent opinion on the quality of the work of the Internal Audit Department and the opportunity to rely on the conclusion of the Internal Audit Department on the assessment of the reliability and effectiveness of management risks and internal control, as well as the efficiency of the Company's corporate governance. An external independent evaluation is carried out by an independent expert at least once every five years.