

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

A risk management and internal control system is in operation within the Company, aimed at ensuring reasonable assurance in achieving the Company's objectives and the Rosseti Group's development strategy, including the provision of reliable, high-quality, and affordable electricity supply to consumers, as well as operational objectives of financial and economic activities.

The principal documents regulating the organization and functioning of the RM&ICS within the Company comprise the Risk Management and Internal Control Policy, risk appetite statement, Risk Management and Internal Control Organization Procedure, risk assessment and monitoring methodology, risk appetite determination procedure, RM&ICS development program, risk management and internal control glossary, and risk register. To ensure the RM&ICS effectiveness and conformity with evolving requirements and conditions, the Company's internal auditor conducts assessments of the RM&ICS reliability and efficiency against the target state and maturity level.

In the reporting year, the Company implemented the following principal measures to enhance the RM&ICS:

1. Development/update of regulatory and methodological documents in risk management and internal control:
 - Risk appetite statement
 - Risk Management and Internal Control Organization Procedure
 - Risk Appetite Determination Procedure
 - Risk Management and Internal Control Glossary
 - External Control (Supervisory) Body Inspection Logging Regulation
2. Approval of the Company's Business Process Model, organization of business process passport development, and update of business process risk matrices and control procedures

The following measures to enhance the Risk Management and Internal Control System (RMICS) are planned for implementation in 2026:

1. Documentation of business processes in accordance with the updated Company Business Process Model
2. Update of internal documents in the field of risk management and internal control
3. Enhancement of the financial stability control mechanism, including support for counterparty liquidation and bankruptcy procedures



Indicator	2023 actual	2024 actual	2025 actual	2025/2024, %
Number of conducted control activities focused on risk exposure and mitigation, pcs	410	431	388	-10.0%
Number of examined procurement-related materials (items), pcs	4,177	2,514	1,972	-21.6%
Number of eliminated violations following the inspections conducted by external watchdogs, pcs	789	2,512	1,671	-33.5%
Total sum of annulled fines after appeals against decisions to impose administrative sanctions, RUB million	19.5	57.35	4.7	-1,120.2%
Total funds received by the Company from contractors under liquidation and bankruptcy procedures RUB million	144.465	758.127	734.443	-3.1%
The total amount of funds saved by the Company as a result of acquiring its own debt at auction from debtors undergoing bankruptcy proceedings RUB million	0	0	0	-

The department responsible for performing the internal audit function within the Company is the Internal Audit Department. Pursuant to the Internal Audit Policy of PAO Rosseti Ural, the Internal Audit Department is functionally subordinate to the Board of Directors, which oversees and coordinates its activities. The purpose of internal audit is to strengthen the Company's capability to create, protect, and preserve Company value by providing the Board of Directors and executive bodies of the Company with independent, risk-based, objective assurances, opinions, recommendations, and forecasts. As of 31 December 2025, the headcount of employees performing the internal audit function comprises 8 full-time positions.

The principal internal documents regulating internal audit activities include:

- the Company's Internal Audit Policy
- Standards of Ethics and Professionalism for Internal Auditors of the Company
- Regulation on the Company's Internal Audit Department
- Program for Ensuring and Enhancing the Quality of the Company's Internal Audit
- internal standards of internal audit activities and practical application standards developed in accordance with the recommendations of the Bank of Russia and International Standards for the Professional Practice of Internal Auditing

The Head of the Internal Audit Department receives feedback from the sole executive body, the Audit Committee of the Board of Directors, and the Board of Directors through various forms of interaction with the sole executive body and the Audit Committee, including analysis of the Audit Committee and Board of Directors decisions/recommendations on matters within the competence of internal audit, as well as through surveys of the sole executive body and Audit Committee members. The Audit Committee satisfaction rating with the Internal Audit Department performance (weighted average score from surveys of participating Audit Committee members divided by the number of participating members) for 2025 corresponds to the "Fully Compliant" rating.

Following the external independent assessment conducted in 2024, in the opinion of OOO B1-Consult, the internal audit of PAO Rosseti Ural received the highest rating, indicating that the Company's internal audit "generally conforms" to the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics, and the Internal Audit Policy, specifically: it has an internal audit regulation, policies, and procedures, the execution and results of which are assessed as conforming to the International Standards for the Professional Practice of Internal Auditing.

BOARD OF INTERNAL AUDITORS

For the purpose of exercising control over financial and economic activities, the Board of Internal Auditors is elected at the annual General Shareholders' Meeting for a term extending until the next annual General Shareholders' Meeting. The Board of Internal Auditors conducts its activities pursuant to the Company's Charter and the Regulation on the Board of Internal Auditors.

The competence of the Board, as envisaged by the Charter includes:

- Examination (audit) of the Company's financial, accounting, payment, settlement, and other documentation related to the conduct of the Company's financial and economic activities for compliance with the legislation of the Russian Federation, Charter, and bylaws of the Company
- Verification of the accuracy of the data contained in the annual report and the Company's annual accounting (financial) statements
- Inspection and analysis of the Company's financial condition, solvency, the functioning of its risk management and internal control systems, asset liquidity, the ratio of own and borrowed funds, the accuracy and timeliness of interest accrual and payment on bonds, and income on other securities
- Control over the expenditure of the Company's funds in accordance with the approved business plan and budget of the Company
- Oversight of the formation and use of the Company's reserve fund and other funds
- Verification of the timeliness and correctness in conducting settlement operations with counterparties and the budget, as well as settlement operations related to payroll, social insurance, accrual and payment of dividends, and other settlement operations
- Control over adherence to the established procedure for writing off losses on the Company's receivables from insolvent debtors
- Examination of the Company's business transactions executed pursuant to concluded contracts
- Verification of compliance, in the use of material, labor, and financial resources in financial-economic activities, with valid contracts, norms and standards, approved budgets, and other documents regulating the Company's activities
- Control over the safekeeping and utilization of fixed assets
- Confirmation of the accuracy of the data contained in the report on related-party transactions concluded by the Company
- Inspection of the Company's cash and property, assessment of the efficiency of asset and other resource use, identification of causes of non-operating losses and expenses, and identification of reserves for improving the Company's financial condition
- Verification of the implementation of directives regarding the elimination of violations and deficiencies previously identified by the Board of Internal Auditors
- Formulation of recommendations for the Company's governing bodies
- Performance of other actions (measures) related to the audit of the Company's financial and economic activities

The Board's objectives are:

- Oversight of financial and business operations of the Company;
- Independent evaluation of authenticity of information disclosed in the Company's annual report and financial statements;
- Validation of data disclosed in the Company's report on related-party transactions.