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Document drafted by: Internal auditor

**JSC DelfinGroup**  
**Internal Audit Policy 10PL2-0**

**1. ROLE OF INTERNAL AUDIT**

- 1.1. Internal audit is an independent and objective assessment of the effectiveness of risk management, internal control and business processes and provision of recommendations for the improvement of these processes with a view to promoting value building and achieving the objectives of DelfinGroup.
- 1.2. Internal audit introduces a systematic and disciplined approach to assess and improve the risk management, control and governance process.
- 1.3. The monitoring of implementation of the policy shall be carried out by the supervisory board and the Audit committee (if any).

**2. PRINCIPLES OF INTERNAL AUDIT**

- 2.1. Internal audit shall be carried out in accordance with the Code of ethics of the International Professional Practices Framework for Internal audit, which includes four basic principles:
  - 2.1.1. Integrity – the Internal auditor will perform his/her duties in such a way that they do not discredit the internal audit function. Discrediting behaviour can be related, but is not limited to lies, fraud, inappropriate behaviour;
  - 2.1.2. Independence, objectivity:
    - 2.1.2.1. In the performance of his/her tasks the internal auditor shall be independent of the other organisational units of the company. The internal auditor may not have and has not had any powers or direct responsibility for the activities of the audited organisational units;
    - 2.1.2.2. The internal auditor must avoid conflicts of interest and report to the supervisory board and the audit committee immediately any conflicts of interest, loss of independence or objectivity;
    - 2.1.2.3. Once a year, the supervisory board and the audit committee shall evaluate and confirm the independence of the internal auditor;
  - 2.1.3. Confidentiality – the internal auditor shall perform his/her duties in compliance with the confidentiality requirements;
  - 2.1.4. Professionalism, competency – the internal auditor shall carry out his/her duties in good faith, with due diligence and quality, in accordance with the International Standards for the Professional Practice of Internal Auditing. The internal auditor shall supplement knowledge and improve professional skills on a regular basis;

**3. TASKS OF INTERNAL AUDIT**

- 3.1. Evaluation of business governance processes. The internal auditor shall evaluate the appropriateness, efficiency and culture of all levels of governance processes, provide his/her assessment and proposals for improvement of the processes.
- 3.2. Assessment of performance. The internal auditor shall, in close cooperation with managers at all levels, evaluate the efficiency of the process and resource utilisation in line with the strategic objectives of the company.
- 3.3. Assessment of the risk management, internal control and whistleblowing system. The internal auditor shall evaluate the effectiveness of the risk management, internal control and whistleblowing system, provide his/her assessment and proposals for improvement of the processes.

3.4. Verification of compliance. The internal auditor shall perform an assessment regarding the compliance of internal documents with regulatory enactments, as well as the implementation of regulatory enactments and internal documents in practice.

3.5. The internal auditor shall, in compliance with the independence and objectivity requirements, provide advice to the supervisory board, the management board and other employees of the company.

#### **4. STRATEGIC AND ANNUAL AUDIT PLAN**

4.1. The internal auditor shall draw up a strategic plan for five years and an annual plan for internal audit based on a risk assessment, interviews with the company's supervisory board, management board, the managers of organisational units and in accordance with the decisions of the supervisory board and the audit committee, as well as taking into account the objectives and challenges identified in the company's strategy.

4.2. In order to be able to react immediately to emergency situations, the internal auditor shall adapt the annual plan to include unscheduled internal audits.

4.3. The strategic and annual plan for internal audit shall be reviewed by the management board, the audit committee and approved by the supervisory board.

4.4. The internal auditor shall report to the supervisory board and the audit committee at least quarterly on the progress, conclusions and recommendations of the implementation of the annual internal audit plan.

4.5. Once a year, the internal auditor shall draw up for the management board, the supervisory board and the audit committee a report on the performed internal audits and shall collect recommendations for the improvement of performance of DelfinGroup. The report shall also include an overall opinion on the effectiveness of internal control and risk management systems, as well as information on the implementation of internal audit principles (independence and objectivity, professionalism, confidentiality).

#### **5. INTERNAL AUDIT REPORTS**

5.1. The internal auditor shall carry out audit projects based on both the annual plan and the ad-hoc risk assessment with an audit report drawn after their completion containing observations made during the audit on shortcomings, deficiencies and recommendations.

5.2. The observations in the internal audit report shall include an appropriate functional owner who will be responsible for carrying out the necessary actions to address or reduce the shortcomings and deficiencies defined in the observation.

5.3. Depending on the level of risk assessed during the observation, an appropriate period of time is added to each observation, after which the status of the observation is verified on a regular basis.

5.4. The internal audit report shall be sent to the management board, the audit committee and the corresponding head of the functions included in the observations.

#### **6. RIGHTS OF THE INTERNAL AUDITOR**

6.1. To get access to and to get acquainted with the information, documents and information systems needed to perform the tasks.

6.2. To get acquainted with finances, premises and other material values.

6.3. To obtain copies of documents and explanations from employees in internal audit matters.

6.4. To get access to interviews with the employees associated with internal audit projects.

6.5. To participate in any meetings, discussions and other events organised by the company.

The internal auditor of DelfinGroup shall update the policy as necessary, however at least once in 3 years.

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**Document editing information**

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