

5.4. INTERNAL CONTROL AND AUDIT

The responsibility for management of the Internal Control and Audit function in the Company is assigned to the Internal Audit Director, A.L. Levenshtein.

The structure of the Company for the Internal Control and Audit function provides for separating the areas of the controls being implemented: audit, control and audit activities, compliance with the Unified industry standard for procurement. To enable the employees to perform the activities for the function in accordance





with the regulations of the process, a six-month Monitoring Plan is prepared to include, in addition to allocation of the work for the above areas, information on the titles of the planned controls, inspection period and number of hours allocated for implementation of such controls. In accordance with the approved procedures, when preparing the Monitoring Plan for the next six-months period, the Company's CEO and all employees of the Company (through the head of the relevant unit) have the right make a proposal to implement a follow-up measure.

Upon receipt of the a proposal (instruction), based on the received information (anonymous, over hotline, from state authorities) on the alleged violation, in addition to the approved six-month Monitoring Plan, such proposal (instruction) shall be approved by the Company's CEO in the format of an extraordinary inspection.

As part of implementation of the internal control and audit function, the following software is used: Consultant +, SAP, 1cUPP, SKB Partner, EOS NSI, Electronic trading platforms: Competitive Auction House (AKD), Roseltorg, Fabrikant, Rosatom State Corporation, and the official website of the Russian Federation with information about placing orders (www.zakupki.gov.ru).

The performance efficiency for the Internal Control and Audit function is assessed based on such KPIs as Percentage of the Monitoring Plan Completion, Absence of Actual Incidents or Substantial Comments on the Results of Inspections by State Authorities of the Processes Previously Inspected by the Internal Audit Department, Assessment of Horizontal Cooperation Quality,

Reduction of Operating Costs for the Function as Compared with the Previous Year, Reduction of Operating Costs for the Function as Compared with the Previous Year, etc.

In 2013, the listed targets, including the Monitoring Plan, were achieved.

AEM
8.2.1

GRI
4.2

GRI
4.14

