

INTERNAL AUDIT



REFORMING INTERNAL AUDIT

“
By reorganising the Internal Audit function, we will provide expertise in critical areas of business risks such as the environment, industrial and occupational safety and management of large investment projects.
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Vladimir Kremenitskiy,
INTERNAL AUDIT DIRECTOR

SUEK's Internal Audit Service has the following key objectives:

- To help improve the efficiency and effectiveness of the company's activities by providing independent assessment and advice in the area of internal control and corporate governance, and assessing the compliance of the distribution of roles and responsibilities in risk management and internal control with international best practices
- To facilitate the timely identification of risks and the development of risk mitigation actions by evaluating the efficiency of operations, compliance with regulatory requirements, the Group's policies and the reliability of the company's external and internal reporting
- To provide management, the Audit Committee and the Board of Directors with information for making decisions and attaining reasonable confidence in achieving the company's goals

The independence of the Service is ensured by its functional subordination to the Audit Committee of the Board of Directors. The Committee reviews the Directorate's reports on a quarterly basis, approves internal audit plans and the Directorate's budget, holds regular meetings with the Internal Audit Director.

When planning its work, the Internal Audit Service adopts a risk-based approach, taking into account the external environment and performance of the company, focus areas of the Board of Directors and executives, risk assessment results.

In 2020, particular attention was paid to the following matters:

- Health & safety
- Environmental protection
- Compliance system development
- Production planning
- Asset management, equipment maintenance and repairs
- Implementing major investment projects

Based on the recommendations of the Internal Audit Service, executives develop and take actions aimed at improving the efficiency of the internal control system, business processes and operations. The Internal Audit Service monitors and analyses the effectiveness of such actions.

In 2020, SUEK updated the strategy of the Internal Audit Service, taking into account the recommendations of the Board of Directors. It provides for:

- Rolling planning of audits based on regular analysis and assessment of risk levels by area
- Focus on audits of business compliance with regulatory requirements
- Ensuring the quality of reports at the level of external consultants at a lower cost
- Systematic monitoring of corrective management measures, improvement results and residual risks

The key areas of risk and audits for 2021 are:

- Environment (bulk waste, emissions and discharges)
- Industrial safety
- Investment project management