

# Ensuring

# scrutiny

## INTERNAL AUDIT

Metinvest's Internal Audit Directorate is an independent appraisal function established within the Group to examine and evaluate its activities.

Key internal audit roles are:

- Helping the management to achieve strategic objectives by using a systematic and consistent approach to risk assessment, and improving the risk management process, control systems and corporate governance in accordance with best practice
- Assisting management in evaluating and developing appropriate/efficient internal controls within key processes by providing quality assurance to other functions
- Ensuring management identifies and monitors all key risks in a structured and efficient manner, as well as addresses any significant gaps in operational control in real time
- Applying an aligned assurance approach throughout the organisation, whereby all audit activities of all functions are coordinated.

The independence of the Internal Audit function is ensured by its direct line of reporting to the Chairperson of the Supervisory Board's Audit and Finance Committee.

After being reorganised in 2020, the function now consists of the following streams:

- Audit
- Internal control
- Risk management

In 2020, the Internal Audit team accomplished 38 engagements according to the approved audit plan. Key areas of attention were production, supply of raw materials and services management, internal logistics, risk management, IT integrity and effectiveness of operations, as well as the efficiency of maintenance and repairs.

Management is responsible for ensuring that issues raised by the Internal Audit function are addressed in a timely manner. In 2020, management made significant progress on improving performance in production, procurement and sales, which were the priority areas identified and included in Metinvest's objectives for the year.

In addition, the function implemented an aligned assurance concept to provide better risk coverage by coordinating the efforts of all assurance activities within the Group. This helps to avoid work duplication by risk assurance providers and to establish and monitor quality assurance standards.

To help to oversee risk management, internal control and governance, Metinvest has an internal audit function, which acts as an independent body. In addition, to ensure the utmost scrutiny, the Group appoints an independent external auditor to review and approve its financial statements.

## EXTERNAL AUDIT

Since 2007, the Group has prepared its consolidated financial statements in accordance with IFRS, as adopted by the EU, and has engaged an independent external auditor to audit them each year. For the 12 months ended 31 December 2020, Metinvest appointed PwC to perform this external audit and provide an opinion on the IFRS consolidated financial statements. The measures in place to safeguard the external auditor's independence and ensure high quality of service include rules requiring rotating the signing partner and obtaining pre-approval for all non-audit services.