

3.7. Control and Audit

Internal control is a key part of NCSP Group's corporate governance system. The Company's internal control system includes the Audit Commission, the Audit Committee of the Board of Directors, management bodies, as well as the Internal Audit Service and the Internal Control and Risk Management Service (ICRMS).

The efforts of all participants in the internal control system are aimed at ensuring economic efficiency and maximum transparency, and that all aspects of NCSP Group companies' activities comply with legal requirements.

PARTICIPANTS IN THE RISK MANAGEMENT AND INTERNAL CONTROL (RM&IC) SYSTEM, AND THEIR ROLES

Participants in RM&IC system	Functions	Objectives
Board of Directors	Determines the Company's policy for identifying risks and eliminating/minimizing them	Approves changes in development and improvement of RM&IC system Provides external support for RM&IC system (set tone from above)
CEO	Establishes a 'healthy' business environment at the Company Facilitates the implementation of the latest standards of internal control and risk management	Establishes a flexible system for sharing information between key RM&IC system participants Creates conditions for motivating employees who propose effective measures to improve RM&IC
Internal Control and Risk Management Service	Prepares proposals for updating the Regulation on the RM&IC System Generally coordinates the process of RM&IC Monitors the process of RM&IC Develops methodological support in the area of RM&IC	Analyzes existing local regulations in the area of RM&IC, makes recommendations for their improvement Exercises control over the Company's financial and business activities by conducting audits (control actions) Analyzes information about existence of risks pertaining to the Company's business Prepares reports on internal control and risk management Evaluates individual business processes of the Company for compliance with legislation, the goals of the Company and expectations of shareholders
Directors of Company divisions and employees	Supports the development of the internal control and risk management system in the Company	Informs subordinate staff about the current RM&IC system Identifies risks, measures to manage risks specified by divisions Analyzes control procedures and business processes for possible improvements in their area of responsibility
Internal Audit Service	Assesses the effectiveness of the internal control and risk management system	Analyzes the goals of the RM&IC system for consistency with the goals of the Company Submits recommendations for improving RM&IC