

APPROVED
by the Minutes
of the Supervisory Board meeting of
JSC "Market operator"
No. 11/2024 of July, 23, 2024

REPORT
of Audit, Risk Management and Compliance Committee
of Joint-stock company "Market operator" for the first half of 2024

1. Information on the establishment of the Committee

The Audit Committee of the Supervisory Board of JSC "Market operator" was established and the Regulation on the Audit Committee of the Supervisory Board of JSC "Market operator" were approved by the resolution of the Supervisory Board of JSC "Market operator" dated 27.02.2023 (Minutes No. 4).

According to the resolution of the Supervisory Board of JSC "Market operator" dated 20 March 2023 (Minutes No. 5), the joint Audit, Risk and Compliance Committee of JSC "Market operator" (hereinafter referred to as the Committee) was established by expanding the competence of the Audit Committee of the Supervisory Board of JSC "Market operator" and making appropriate changes to the name of the Committee. A new version of the Regulation on the Committee was also approved, namely: Regulation on the Audit, Risk Management and Compliance Committee of JSC "Market operator".

2. Composition of the Committee

The Committee consists of 4 members.

According to the Resolution of the Supervisory Board of JSC "Market operator" dated 27 February 2023 (Minutes No. 4), the Committee includes:

Yuliia Valeriivna Zhytnyk (an independent member of the Supervisory Board);

Łukasz Felicjan Dziekoński (independent member of the Supervisory Board);

Lina Masiulienė (independent member of the Supervisory Board).

By resolution of the Supervisory Board of JSC "Market operator" dated February 27, 2023 (Minutes No. 4), Yuliia Zhytnyk was elected as the Chairman of the Committee.

The Committee is chaired by an independent member who meets the requirements of Article 76 of the Law of Ukraine "On Joint Stock Companies".

By the resolution of the Supervisory Board of JSC "Market operator" dated 02 April 2024 (Minutes No. 05/2024), Andrii Vasylovych Stepanenko was appointed to the Committee as a state agent.

The composition of the Committee is represented by the majority of independent members of the Supervisory Board, which ensures compliance with the requirements of the law and is optimal for performing its functions established by the Regulation on the Audit, Risk Management and Compliance Committee of JSC "Market operator".

3. Competence of the Committee

The competence of the Internal Audit Committee shall include:

- monitoring the integrity of financial information provided by the Company, in particular, reviewing the compliance and consistency of accounting methods used by the Company and legal entities under the control of the Company;
- reviewing the effectiveness of internal audit and risk management systems at least once a year;
- providing the Supervisory Board with recommendations on the selection, appointment, reappointment and dismissal of the internal auditor (head of the internal audit service);
- drafting the budget of the Company's Supervisory board and submitting it for approval;
- other issues provided for by the legislation, the Company's Charter or the Regulation on the Committee.

The competence of the Committee in respect of the external auditor engaged by the Company shall include:

- provision of recommendations to the shareholders and the Supervisory Board regarding the selection, appointment, reappointment and dismissal of an external subject of audit activity and the terms of the contract with him;
- assessment of the independence of audit activity entities that provide statutory audit services;
- provision of recommendations to the Supervisory Board regarding the establishment and application of the official definition of policy, types of services that are not subject to audit and which are excluded or admissible after inspection by the Committee or admissible without the Committee's recommendation;
- reviewing the effectiveness of the external audit process and the speed of management's response to recommendations made in writing by the external auditor;
- studying the circumstances that may be the basis for termination of the contract with the external auditor, providing recommendations on actions to be taken by the Company in view of the existence of such circumstances;
- other issues provided for by the legislation, the Company's Charter or the Regulation on the Committee.

The Committee's competence shall also include the functions provided for by the Law of Ukraine "On Audit of Financial Statements and Auditing Activities", including:

- informing the Supervisory Board of the Company about the results of the statutory audit of financial statements;
- monitoring the process of preparing financial statements and providing recommendations and proposals to ensure the reliability of information;
- assessing the effectiveness of the Company's internal control systems (internal audit in accordance with international standards of professional practice of internal audit) and risk management;
- monitoring the fulfilment of the mandatory audit of financial statements and other mandatory tasks;

- assessments of the independence of audit activity entities that provide statutory audit services;

- holding a transparent tender for the selection of auditors and substantiating recommendations based on its results;

- providing the Supervisory Board with reasonable recommendations on the selection of one auditor or a group of auditors to provide audit services jointly.

The competence of the Risk Management and Compliance Committee shall include:

- consideration and approval of the draft policy (regulations) on risk management or draft amendments to such policy (regulations), other draft internal documents/regulations of the Company regulating activities in the field of risk management and compliance, providing recommendations to the Supervisory Board regarding their approval, and as well as control over their implementation and execution;

- constant checking of the adequacy of the policy (regulations) on risk management and internal procedures on compliance issues, the effectiveness of their application by employees and persons performing executive functions;

- providing the Company's management bodies with recommendations regarding the Company's propensity and resilience to current and future risks and assistance in monitoring compliance of the Company's employees with the regulation on risk management and internal documents and procedures developed for its implementation;

- verification of the inclusion in the cost (price) of services offered to clients of the risks defined in the business plan (business strategy) and the norms of the Company's risk management regulations;

- monitoring the implementation of measures on prompt elimination of deficiencies in the functioning of the risk management and compliance system;

- assessment of the effectiveness (efficiency) of risk management and compliance systems, their periodic review and improvement;

- identification of risks, comprehensive analysis of identified risks with calculation of the degree of their impact and providing the Supervisory Board with proposals for their elimination;

- checking any conflict of interests of the Company's employees, notifying the Supervisory Board of detected cases of such conflicts and providing recommendations for their settlement;

- developing recommendations for preventing conflict of interest in the Company and submitting them to the Supervisory Board;

- preparation and submission of regular compliance reports to the Supervisory Board;

- other issues provided for by the legislation, the Company's Charter or the Regulation on the Committee.

4. Legislative principles of the Committee's activity

In its activities, the Committee is guided by the current legislation of Ukraine, the Charter of JSC "Market operator", the Regulation on the Audit, Risk Management

and Compliance Committee of the JSC "Market operator" and other internal documents/regulations of the Company.

5. Activities of the Committee during the reporting period

5.1. Number of meetings held

During the reporting period, the Committee held five (5) meetings, two (2) of them were joint meetings of the Supervisory Board Committees (the Audit, Risk and Compliance Committee and the Committee for Determining Remuneration of Officials of JSC "Market operator" and for Nomination of the Supervisory Board of JSC "Market operator").

5.2. Main issues that were considered by the Committee:

5.2.1. Functioning of the internal control system in the Company

1) reviewed the Report of the Risk and Compliance Manager on the implementation of the Planned Performance (Efficiency) Targets for Q4 2023 and decided to submit the said report to the Supervisory Board and propose to the Supervisory Board to decide on the payment of a bonus to Olena Karatumanova, Risk and Compliance Manager, for Q4 2023 based on the results of the review of such report;

2) reviewed the issue of revision of the remuneration of Olena Karatumanova, Risk and Compliance Manager, in connection with the change in the subsistence minimum for able-bodied persons in the Law of Ukraine "On the State Budget of Ukraine for 2024" and decided to recommend to the Supervisory Board to revise the amount of such remuneration and set it at UAH 65,266.00 per month for the actual time worked;

3) considered the issue of paying a bonus to the Risk and Compliance Manager and decided to recommend to the Supervisory Board, based on the results of consideration of the Report of the Risk and Compliance Manager on the implementation of the Planned Performance (Efficiency) Targets for Q4 2023 on 30 January 2024, to decide to pay a bonus to Olena Karatumanova, Risk and Compliance Manager, for Q4 2023 in the amount of 2 (two) remuneration specified in clause 6.2. of the Employment Agreement No. 01 dated 23.03.2023 concluded between JSC "Market operator" and Olena Karatumanova (as of 2023, unchanged);

4) reviewed the Compliance Policy of JSC "Market operator" prepared by the Risk and Compliance Manager Olena Karatumanova and recommended it for consideration and approval at the meeting of the Supervisory Board; also instructed the Risk and Compliance Manager to finalise other internal documents of the Company on the internal control system previously approved by the Supervisory Board, to bring these documents in line with each other;

5) reviewed the Report of the Risk and Compliance Manager on the implementation of the Planned Performance (Efficiency) Targets for Q1 2024 and decided to submit the said report for consideration by the Supervisory Board;

6) reviewed the issue of paying a bonus to Olena Karatumanova, Risk and Compliance Manager, for Q1 2024 and decided to recommend to the Supervisory Board to decide on the payment of such a bonus in the amount of one monthly salary;

7) based on the results of consideration of the issue of bonuses for the Risk and Compliance Manager, it was also decided to address the Committee for Determining Remuneration of Officials of JSC "Market operator" and for Nomination with a recommendation to review the system of remuneration and bonuses for the Risk and Compliance Manager and hold a joint meeting of the Audit, Risk and Compliance Committee and the Committee for Determining Remuneration of Officials of JSC "Market operator" and for Nomination.

5.2.2. Conducting the statutory audit of financial statements of JSC "Market operator" for 2023

1) considered the issue of preparing recommendations for the selection/appointment of an external audit entity, reviewed the Report of the responsible persons for the selection of the audit entity to provide services for the statutory audit of the financial statements of JSC "Market operator" for 2023. Following the review of the report, it was proposed to take note of it, submit it for consideration at the next meeting of the Supervisory Board and recommend considering the proposal of LLC "BDO" as the most cost-effective. It was also proposed to recommend applying to the Ministry of Energy of Ukraine regarding the appointment of an audit entity to audit the financial statements of JSC "Market operator" for 2023 and to provide the Ministry of Energy with a Report of the responsible persons for the selection of an audit entity to provide services for the statutory audit of financial statements of JSC "Market operator" for 2023;

2) processed the report of the independent auditor LLC "BDO", submitted based on the results of the statutory audit of the financial statements of JSC "Market operator" for 2023, it was decided to submit it to the Supervisory Board for consideration and recommend that the Supervisory Board approve it and send it to the Ministry of Energy. The Committee also concluded that LLC "BDO" is independent from any outside influence.

5.2.3. Reporting of the Committee

The Committee prepared a report on its activities for the second half of 2023, which was reviewed at the Committee meeting and, based on the results of the review, it was proposed to report on the results of the Committee's activities at the next meeting of the Supervisory Board and submit the said report to the Supervisory Board for approval.

All meetings of the Committee were authorized, as all Committee members were present at them. Issues considered and documents developed by the Committee were timely submitted for review and approval of the Supervisory Board.

During the reporting period, the Committee performed the main functions, tasks and duties established by the Law of Ukraine "On Joint Stock Companies", the Charter of Joint-stock company "Market operator", the Regulation on the Supervisory Board of Joint-stock company "Market operator", the Regulation on the Audit, Risk

Management and Compliance Committee, and other internal provisions/documents of the Company.

**Head of the Audit, Risk
Management and Compliance Committee
of Joint-stock company "Market operator"**



Yuliia ZHYTNYK