

Approved
at the Joint Stock Company
"Conexus Baltic Grid"
Council meeting on March 27, 2025,
minutes No. 1 (2025)

Riga, *date shown on the timestamp*

No. INA-2025-POL-001

Joint Stock Company "Conexus Baltic Grid" Internal Audit Policy

I. Policy objective and scope

1. The objective of the Internal Audit Policy (hereinafter the Policy) of the Joint Stock Company "Conexus Baltic Grid" (hereinafter the Company) is to establish basic common principles of operations for internal audit, to ensure quality of the internal audit, compliance with the requirements of independence and objectivity.

2. Internal auditing is an independent, objective assurance and advisory service designed to add value and improve Company's operations. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

3. Internal audit is planned and performed in the Company by unit responsible for internal audit (hereinafter internal audit unit), which is functionally subordinated to the Council of the Company in order to ensure internal audit independence. Internal audit unit's regulation is approved by the Council of the Company.

II. Principles of internal audit

4. The mission of the internal audit is to strengthen the Company's ability to create, protect, and sustain value by providing the Council and the Board with independent, risk-based assurance and foresight.

5. Internal auditing enhances the Company's:

- Successful achievement of its objectives;
- Governance, risk management, and control processes;
- Decision-making and oversight;
- Reputation and credibility with its stakeholders;
- Ability to serve the public interest.

6. Internal auditing is most effective when:

- It is performed by competent professionals in conformance with the Global Internal Audit Standards of the Institute of Internal Auditors (hereinafter – the Standards);
- The internal audit function is independently positioned with direct accountability to the Council;
- Internal auditors are free from undue influence and committed to making objective assessments.

7. Internal audit shall comply with the Standards.

8. Internal audit shall ensure:

8.1. integrity – integrity is behaviour characterized by adherence to moral and ethical principles, including demonstrating honesty and the courage to act based on relevant facts, even when facing pressure to do otherwise, or when doing so might create potential adverse personal or organizational consequences;

8.2. objectivity – objectivity is an unbiased mental attitude that allows internal auditors to make professional judgments, fulfil their responsibilities, and achieve the purpose of Internal Auditing without compromise;

8.3. confidentiality – internal auditors use and protect information appropriately;

8.4. competency – internal auditors apply the knowledge, skills and abilities to fulfil their roles and responsibilities successfully;

8.5. due professional care – internal auditors apply due professional care in planning and performing internal audit services.

9. Internal audit is entitled to reach information, premises and other material values of the Company, as well as to receive explanations from employees on issues of an ongoing internal audit. Employees of the Internal audit unit are responsible for confidentiality of non-public information received in the course of their duties.

10. Internal audit may not audit any functions performed earlier in the Company for at least a year.

11. Responsibility of auditor is to disclose all circumstances and facts, which could impact auditor's independence and objectivity or creates a conflict of interest for internal audit activity.

12. Head of Internal Audit structural unit must develop:

12.1. strategy for the internal audit considering strategic objectives of the Company;

12.2. methodologies to guide the internal audit function in a systematic and disciplined manner to implement the internal audit plan, and conform with the Standards.

III. Internal audit planning, implementation of internal audit and reporting

13. Internal audit unit performs a risk-based planning, identifying priorities for internal audits. Based on the identified internal audit priorities of management processes and regularity of auditing, internal audit unit develops an Internal Audit medium-term Plan and Annual Plan, which are approved by the Council.

14. In case of unforeseen significant inspections and advisory including evaluations of whistleblower reports having impact on implementation of the Internal audit plan within predefined deadlines the Head of internal audit unit provide changes in the Annual Internal Audit Plan. The Company's council evaluates the proposed changes and decides on amendments to the Annual Internal Audit Plan.

15. Internal audit by providing assurance services, assesses corporate governance, internal control, and risk management.

16. Taking into account specifics of each management process, the internal audit may assess and make proposals regarding:

16.1. reliability and accuracy of the financial and operational information and the means by which that information is identified and classified;

16.2. effectiveness of processes and plans;

16.3. achievement of strategic and annual goals;

16.4. preservation and efficient utilization of Company assets, their control and loss protection;

16.5. compliance with regulation and laws.

17. Internal auditors provide advice to stakeholders without providing assurance or taking on management responsibilities. The nature and scope of advisory services are subject to agreement with relevant stakeholders.

18. As a result of each audit in an internal audit report is prepared, which is coordinated with the auditee units to ensure that findings are reflected accurately.

19. The Internal audit report is submitted to Company's Board for approval of an Action Plan. Employees of the Company appointed in the Action plan are responsible for implementation these recommendations within a specified timeframe.

20. The Board of the Company determines rules for update of internal audit recommendations and their implementation deadlines.

21. Internal audit provide follow-up on implementation of recommendations and report to Company's board and council on its results.

22. The Head of internal audit unit inform the Council on results of the internal audits provided:

22.1. information on internal audits performed during the previous quarter, key findings noted, risks associated with these findings and recommendations to mitigate the risks, as well as follow-up the status of the audit recommendations is provided on a quarterly basis;

22.2. once a year a report on execution of the Annual Internal Audit Plan is provided, including the general opinion on the efficiency of the internal control system of the Company.

IV. Quality assurance and improvement of internal audit

23. Duty of the internal audit unit is to develop and improve quality assurance and improvement program, aimed on compliance with Standards, contributing to the achievement of set goals and continuous improvement of operations.

24. Quality assurance and improvement program of the internal audit unit consists of ongoing internal evaluation, periodic internal assessments and periodic external assessments.

25. Internal audit unit shall constantly maintain and every two years perform periodic internal assessments of quality assurance and improvement program.

26. Periodic external assessment of quality assurance and improvement program shall be conducted by appropriately qualified external assessor at least once every five years.

27. The Head of internal audit unit evaluates recommendations of the periodic assessments, prepares recommendation implementation plan, and submits it to Company's Council for information.

V. Policy implementation and supervision

28. The Head of the internal audit unit ensures implementation of the policy in the Company and is responsible for policy update at least every three years.

29. Company's council is responsible for supervision of Policy implementation.

30. This policy enters into force on the date it is signed.

31. With the entry into force of this policy, the internal audit policy of Joint Stock Company "Conexus Baltic Grid" No. INA-POL-013, approved by the decision of the meeting of the Company's Council of September 9, 2021, minutes No. 5 (2021), shall cease to be valid.

Joint Stock Company "Conexus Baltic Grid"

Chairman of the Supervisory Council (signature *)

Ilmārs Šņucins

* The document has been signed with a secure electronic signature.