

## EVALUATION BY THE AUDIT COMMITTEE OF EXTERNAL AND INTERNAL AUDIT EFFICIENCY

In accordance with the Program on Internal Audit Quality Guarantee and Upgrade of PJSC IDGC of Siberia<sup>1</sup>, feedback from the Audit Committee shall be received by head of the internal audit in various forms during interaction with the Audit Committee, including analysis of decisions/recommendations of the Audit Committee on the issues relating to the competence of internal audit, as well as by means of questioning of members of the Audit Committee.

Within the frames of self-evaluation of internal audit performance for 2018, the results of questioning of members of the Audit Committee were obtained, in accordance with which the level of satisfaction of the Audit Committee with the results of performance of Company Internal Audit Subdivision in 2018 is "compliant".

In accordance with the Regulation on the Audit Committee within the Board of Directors of PJSC IDGC of Siberia<sup>2</sup>, the Audit Committee shall evaluate external audit efficiency.

The issue of external audit efficiency for 2018 was considered by the Audit Committee<sup>3</sup>. By virtue of the decision, the Auditor's Opinion and procedures implemented by Company external auditor during auditing of Company accounting (financial) statements for 2018 are deemed compliant with the terms of the agreement and requirements of the legislation of the Russian Federation.

## REVISION COMMISSION

The Revision Commission is elected by the General Shareholders Meeting of PJSC IDGC of Siberia for the purpose of control over Company financial and economic activity till the next annual General Shareholders Meeting. Company Revision Commission consists of 5 members. In accordance with the Regulation on the Revision Commission<sup>4</sup>, Company Revision Commission is a permanent elected body of internal control in the Company exercising periodic control over Company financial and economic activity, its separate subdivisions, officials of Company managerial bodies and structural subdivisions of Company executive apparatus, by means of documentary and actual checks of:

- Legitimacy, economic feasibility and efficiency (practicability) of economic and financial transactions made by the Company in the period audited
- Completeness and accuracy of reflection of economic and financial transactions in Company documents

Tasks of the Company Revision Commission are as follows:

- Control over financial and economic activity of the Company
- Independent evaluation of reliability of data specified in the annual report of the Company and annual accounting statements

The Company Revision Commission acts for the benefit of Company shareholders and is subordinate to the General Shareholders Meeting of the Company in its activity.

1. Approved by the Company Board of Directors on 26.12.2016 (Minutes No. 216/16 dated 28.12.2016)

2. Approved by the Company Board of Directors on 29.02.2016, inclusive of amendments introduced by resolution of the Board of Directors on 26.10.2016 (Minutes No. 208/16 dated 28.10.2016)

3. Minutes No. 111 dated 17.04.2019

4. Approved by Resolution of the annual General Shareholders Meeting of PJSC IDGC of Siberia (Minutes No. 13 dated 16.06.2017)

The Company Revision Commission does not depend on officials of the managerial bodies of the Company when carrying out its activity.

The Company Revision Commission is liable to the General Shareholders Meeting for reliability and objectivity of results of checks performed.

Financial and economic activity of the Company is checked following results of Company activity during a year, as well as at any time on the initiative of the Company Revision Commission, by resolution of the General Shareholders Meeting of the Company, Company Board of Directors or at the request of a shareholder(s) holding minimum 10% of Company voting shares in the aggregate.

## RISK MANAGEMENT SYSTEM

Risk Management System (hereinafter – RMS) is adopted in the Company. Purpose of this System is ensuring stable continuous functioning and development of the Company by timely identification, evaluation and efficient management of risks that threaten the efficiency of administrative activity and reputation of the Company, health of employees, environment and proprietary interests of shareholders and investors.

For the purpose of development of RMS in the Company, the Board of Directors approved the Risk Management Policy<sup>1</sup>.

### Main Participants of the Risk Management Process

Participant's name	Main functions in RMS
<b>Board of Directors</b>	Approves Company internal documents that determine organization and functioning of Company RSM;  Considers reports of Company executive bodies on organization, functioning and efficiency of the risk management system, evaluates functioning of RMS and designs recommendations on its improvement.
<b>Authorized Committee within the Board of Directors</b>	Exercises control over efficiency of risk management procedures and estimates efficiency of measures on risk management and RMS improvement.
<b>Executive bodies (Management Board, Director General)</b>	Sets requirements to a form and completeness of information on Company risks;  Forms directions and plans for development and improvement of RMS;  Holds analysis of risk portfolio and designs measures for reaction strategy and redistribution of resources in relation to relevant risk management.
<b>Risk Owners</b>	Responsible for timely determination and evaluation of risks, selection of a risk management method, timely development and implementation of risk management events and regular risk monitoring.
<b>Executors of risk management events</b>	Responsible for timely detection and/or minimization of risks, implementation of events aimed at risk management, timely and in full.
<b>Risk Management Subdivision</b>	Implements functions for total coordination of risk management processes.
<b>Internal Audit Subdivision</b>	Performs internal independent evaluation of RMS efficiency and issues recommendations for upgrade of RMS efficiency and performance.

1. Minutes No. 182/16 dated 24.03.2016