

# AUDITING COMMISSION

The Auditing Commission is a permanently elected body for internal control of Kubanenergo PJSC, which exercises periodic monitoring over the financial and economic activities of the Company, its separate subdivisions, officials of the management bodies and structural branches of the Company executive office through the following documentary and actual inspections: legality, economic feasibility and efficiency (expediency) of business and financial operations performed by the Company in the audited period; completeness and correctness of reflection of the business and financial transactions in the Company's documents.

The tasks of the Company's Auditing Commission are to exercise:

- control over the financial and economic activities of the Company;
- independent assessment of the reliability of data contained in the Company's annual report, annual financial statements.

The Auditing Commission acts in the interests of the Company's shareholders, and its activities are accountable to the General Meeting of Shareholders. In the course of general performance, the Commission is independent of the officials, management bodies and heads of structural divisions of the executive office of the Company.

The Auditing Commission be governed by the laws of the Russian Federation, the Charter of Kubanenergo PJSC and the Regulation for the Auditing Commission<sup>1</sup>.

## COMPOSITION OF THE AUDITING COMMISSION

In the reporting year, there were two personal members of the Company's Auditing Commission.

**The current membership of the Auditing Commission, elected at the Annual General Meeting of Shareholders of Kubanenergo PJSC on May 25, 2018<sup>2</sup>**

SEQ NO.	FULL NAME	PLACE OF WORK AND POSITION
1	Kim Svetlana Anatolyevna, Chairman of the Auditing Commission	Head of the Audit Operations Department of the Control and Audit Activities Department of PJSC Rosseti
2	Yerandina Elena Stanislavovna	Chief expert of the control and expert department of the department of control and audit activities of PJSC Rosseti
3	Kabizskina Elena Aleksandrovna	Deputy Head of the Internal Audit management of the Department for Control and Audit Activities of PJSC Rosseti
4	Malyshev Sergey Vladimirovich	Leading Expert of the Audit Activity Management Department of the Control and Audit Activity Department of PJSC Rosseti
5	Slesareva Elena Yuryevna	Chief Expert of the Internal Audit Directorate of PJSC Rosseti

1. The Regulation for the Auditing Commission of Kubanenergo PJSC is published on the website [www.kubanenergo.ru](http://www.kubanenergo.ru) – section 'About Us/Constituent and internal documents'.

2. Information about the places of work of the members of the Auditing Commission and the positions held by them are indicated in accordance with the data provided by them to the Company at the end of the reporting year. By the term 'present time' in this case the Company is referring to December 31, 2018

The composition of the Auditing Commission, elected at the Annual General Meeting of Shareholders of the Company on June 16, 2017, and valid until May 25, 2018<sup>1</sup>

SEQ NO.	FULL NAME	PLACE OF WORK AND POSITION
1	Zadorozhnaya Anzhelika Alexandrovna, Chairman of the Auditing Commission	Head of the Internal Audit Directorate of PJSC Rosseti
2	Kabizskina Elena Aleksandrovna	Deputy Head of the Internal Audit management of the Department for Control and Audit Activities of PJSC Rosseti
3	Kirillov Artem Nikolaevich	Deputy Head of the Internal Audit management of the Department for Control and Audit Activities of PJSC Rosseti
4	Malyshev Sergey Vladimirovich	Leading Expert of the Audit Activity Management Department of the Control and Audit Activity Department of PJSC Rosseti
5	Slesareva Elena Yuryevna	Chief Expert of the Internal Audit Directorate of PJSC Rosseti

In the reporting year, there were no transactions between the Company and persons who performed the duties of members of the Auditing Commission of Kubanenergo PJSC in 2018.

None of the persons, who were members of the Auditing Commission in 2018 owned the Company's shares in the reporting year<sup>2</sup>.

The results of the Auditing Commission

In 2018 The Company's Auditing Commission exercised control through audits of financial and economic activities. Six meetings of the Auditing Commission were held with discussions of the following key issues<sup>3</sup>:

- concerning the approval of the audit program of the Company's financial and economic activities for 2017, including support of the facilities, procedures, timing, and scope of the audit;
- concerning the consideration and approval of the conclusion of the Auditing Commission on the assessment of the reliability of the data contained in the annual report of Kubanenergo PJSC and the accounting (financial) statements for 2017;
- concerning the consideration and approval of the Act of the Auditing Commission on the results of the audit of the financial and economic activities of Kubanenergo PJSC for 2017;
- on the election of the Chairman and Secretary of the Company's Auditing Commission (for 2018–2019);
- on approval of the work plan of the Company's Auditing Commission (for 2018–2019);

- approval of the program of the first stage of the audit of the Company's financial and economic activities for 2018 (adoption of facilities, order, terms, and scope of the audit);
- concerning the consideration and approval of the act of the Auditing Commission on the results of the first stage of the audit of the financial and economic activities of Kubanenergo PJSC for 2018

By the results of the audit of financial and economic activities for 2017, an act was drawn up with recommendations for improving the control environment and eliminating violations, and further, it was sent to the Company to eliminate violations and implement recommendations.

In accordance with the work schedule of the Auditing Commission in July-October 2018, there was conducted the first stage of the audit of the Company's financial and economic activities for 2018.

The Company has developed, approved, and executed a plan of corrective measures to eliminate violations/ deficiencies identified by the Auditing Commission during the audits.

In accordance with the work schedule of the Auditing Commission, the second phase of the audit of the Company's financial and business activities are planned for March-May 2019.

1. Information about the places of work of the members of the Auditing Commission of this composition and the positions they occupy are indicated by the data provided by them to the Company as of March 31, 2018.

2. According to data provided to the Society by members of the Auditing Commission.

3. The minutes of meetings of the Auditing Commission of Kubanenergo PJSC are posted on the website [www.kubanenergo.ru](http://www.kubanenergo.ru) – section 'About Us/Activity Control System/ Auditing Commission.