

# **LENENERGO PJSC**

## **Board of Directors**

### **Audit Committee**

#### **Opinion on the external audit efficiency and quality**

In accordance with Items 294.2 and 294.3 of the Code of Corporate Governance, approved by the Board of Directors of the Bank of Russia on March 21, 2014, the Audit Committee of the Board of Directors of LENENERGO PJSC (hereinafter referred to as the “Company”) evaluated the efficiency of external audit of the Company’s financial statements for 2019 prepared in accordance with RAS, and evaluated the Audit Report issued based on the results of such audit.

A public one-stage bidding without pre-qualification for the right to enter into contracts for statutory annual audit of the financial statements of ROSSETI PJSC subsidiaries/affiliates for 2018–2020 was awarded to Ernst & Young LLC (minutes No. 13/595r of the Procurement Commission dated April 16, 2018).

Based on the resolutions of the Annual General Meeting of Shareholders dated June 18, 2019 (Minutes No. 1/2019 dated June 21, 2019), the Company’s Board of Directors (Minutes No. 43 dated May 24, 2019), and Ernst & Young LLC (hereinafter referred to as the “External Auditor”), the Company has entered into Contract No. 19-7377 for statutory audit of LENENERGO’s financial statements for 2019, dated July 29, 2019.

Registered address of the External Auditor: 77, Sadovnicheskaya naberezhnaya, building 1, Moscow, 115035, Russia.

Ernst & Young LLC is a member of “Russian Union of Auditors” (Association), self-regulated organization of auditors (SRO RSA) (Membership Certificate w/o No. dated October 20, 2016 ORNZ 11603050648), address: 8, Petrovskiy per., building 2, Moscow, 107031, Russia.

The following information provided by Ernst & Young LLC confirms the independence and integrity of the External:

- Ernst & Young LLC complies with the standards of business ethics set by the Auditor’s Code of Business Ethics;

- Ernst & Young LLC has no conflicts of interest as an independent auditor of financial statements. In case of threats to its independence, the auditor, in accordance with the procedure set in the audit standards, Code of Ethics, and independence rules, will take measures to mitigate the risks to an acceptable level. If such risks cannot be mitigated, the independent auditor will inform the audited entity’s governing bodies, including the Audit Committee, on a mandatory basis.

- The External Auditor has taken effective measures to minimise major threats to its independence that may arise in the course of providing non-audit services.

In addition, the independence of the external auditor is confirmed by the fact that Ernst & Young LLC has not provided external audit services to the Company for a long period of time.

The External Auditor has prepared and submitted the following documents:

- Written information for the management and the Company's Audit Committee of Board of Directors on the results of the interim audit of financial statements prepared in accordance with Russian Accounting Standards for 9 months of 2019, on 18 pages.
- The auditor's report on the Company's financial statements for 2019 on 85 pages (together with such statements).

The written information for the management of LENENERGO PJSC on the results of the interim audit of financial statements prepared in accordance with Russian Accounting Standards for 9 months of 2019 was reviewed by the Audit Committee of the Company's Board of Directors (Minutes No. 118 dated December 18, 2019).

The written information (auditor's report) for the management of LENENERGO PJSC on the results of the interim audit of financial statements prepared in accordance with Russian Accounting Standards for 2019 was reviewed by the Audit Committee of the Company's Board of Directors at its meeting of April 24, 2020 (Minutes No. 123 dated April 27, 2020).

Contents of the Written Information (Report) prepared by Ernst & Young LLC complies with the requirements of item 10 of Rules (Standard). No. 22 *Communication of Information Obtained as a Result of an Audit, to the Management of the Audited Entity and Representatives of Its Owner*.

Procedures performed by Ernst & Young LLC during the external audit of accounting (financial) statements of the Company for 2019 prepared in accordance with RAS meet the terms and conditions of the contract and the requirements of Federal Law No. 307-FZ *On Auditing* dated December 30, 2008.

The above Auditor's Report meets the requirements of Federal Law No. 307-FZ *On Auditing* dated December 30, 2008, and federal rules (standards) of audit approved by Resolution No. 696 of the Russian Government dated September 02, 2002.