

AUDIT COMMITTEE

Members of the Committee

(as at 31 December 2017)



IAIN MACDONALD
(CHAIRMAN)

KUZMA MARCHUK

OLGA VYSOTSKAYA

Areas of responsibility:

- Ensuring the completeness and accuracy of the published financial statements;
- Guiding the development of management reporting with regular reviews of performance reports;
- Overseeing the implementation of budget-planning policies and evaluating the effectiveness of budgeting systems;
- Evaluating the performance of the external auditor and the effectiveness of the external-audit process;
- Assessing the effectiveness of internal control and risk management;
- Supervising the work of the Internal Control and Audit Service (ICAS), including the quarterly analysis of audit findings and annual analysis of audit effectiveness.

6
IN-PERSON
MEETINGS
IN 2017

3
CONFERENCE
CALLS

Activities in 2017

- The Committee addressed the scheduled tasks of preparing reports and controlled the quality of IFRS financial statements. It assessed audit risks and the scope of information disclosure. It also considered regular issues relating to the evaluation of the external auditor's effectiveness, remuneration and independence.
- Particular attention was paid to the valuation of the rights for subsoil use in order to ensure the adequacy of our management approaches to modelling the revaluation process and documenting methodology.
- During the year, the Committee monitored the functioning of the company's compliance system. It also supervised the development of a reporting system, including plans for further compliance development.
- It reviewed the results of activities to introduce the Code of Corporate Ethics and corporate values. It analysed the changes in employee behaviour and culture following the Code's introduction.
- It exercised control over the preparation of the Annual Report.
- As part of efforts to improve the risk management system, Committee member Olga Vysotskaya assessed the current state of SUEK's risk-management structure and process. As a result, initiatives were developed relating to future Committee activities in this area.
- The Committee ensured that activities planned for 2017 to automate business processes as part of the IT strategy were implemented. It also supported the idea of developing and subsequently integrating IT modules on platforms other than SAP. Together with the Strategy Committee, it also adjusted key areas of the IT strategy and set its priority tasks for the near and long term.
- It undertook regular analysis of our fraud and corruption investigations.
- The Committee also reviewed reports of the Internal Control and Audit Service (ICAS) on a quarterly basis. It approved internal audit plans and the ICAS budget and held regular meetings with the head of ICAS without management being present.



FOR BIOGRAPHICAL DETAILS OF MEMBERS OF THE AUDIT COMMITTEE, SEE PAGES 102-103.



FOR DETAILS ON ATTENDANCE OF AUDIT COMMITTEE MEETINGS, SEE PAGE 98.