

MINUTES
of the meeting of the Audit Committee
of the Board of Directors of IDGC of Centre, PJSC
(in the form of joint presence)

28 February 2020

Moscow

No. 02/20

Form of the meeting: joint presence.

Time of the meeting: 10 hours 00 minutes – 11 hours 55 minutes.

Place of the meeting: Moscow, Malaya Ordynka St., 15, floor 1, room 104.

Video conference A2-017 at the address: Moscow, Belovezhskaya str. 4 (PJSC «Rosseti»)

Total number of members of the Audit Committee: 3 persons.

Participants of the meeting: A.V. Varvarin, A.V. Shevchuk, M.M. Saukh.

The written opinion of the following members was taken into account while defining the results: none.

Members who neither participated nor provided questionnaires: none.

The quorum is present.

Date of the minutes: 28.02.2020.

The Expert conclusion of the expert of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC T.V. Zaitseva was taken into account at drawing up of the minutes.

The meeting of the Audit Committee was audiotaped (hereinafter – the Committee), which is stored in the materials to the meeting of the Committee.

The meeting of the Committee was opened by Chairperson of the Committee, Alexander Viktorovich Varvarin.

The following person was present:

Independent member of the Board of Directors of IDGC of Centre, PJSC A.V. Golovtsov

The following persons were present from IDGC of Centre:

V.O. Akulichhev - First Deputy General Director - Director for Development

A.G. Aleshin - Deputy General Director for Economy and Finance

O.A. Danshina - Deputy General Director for Corporate and Legal Activities

Y.V. Marakin - Deputy General Director for Security

V.V. Rezakova - Deputy General Director for Development and Sale of Services

D.V. Sklyarov - Deputy General Director for Investment and Capital Construction

L.A. Sklyarova - Chief Accountant - Head of Financial and Tax Accounting and Reporting Department

S.V. Shpakova - Head of Internal Audit Department

The following persons were present from PJSC «Rosseti»:

T.V. Zaitseva - Deputy Director of the Internal Audit Department, Expert of the Audit Committee of IDGC of Centre, PJSC

The following representative of Ernst & Young LLC was present:

T.L. Okolotina – Partner

After the announcement of a quorum regarding the agenda items, the meeting of the Committee was called to order.

AGENDA:

1. On consideration of the report of the internal audit on the implementation of the work plan and the results of internal audit activities, including the results of self-assessment of the quality of internal audit activities following the results of 2019, as well as the implementation of the plan of measures to develop and improve the Company's internal audit activities for the period from 2017 to 2019.
2. On consideration of the information of the Company's management on the implementation of the Corrective Action Plans to eliminate deficiencies identified by the Audit Commission of the Company, the internal audit of the Company, external control (supervision) bodies, on the implementation of measures taken on facts of informing about potential cases of unfair actions of employees, as well as results of investigations for 2019».
3. On consideration of the Management and governance letter, presented by the external auditor on the main problems of the accounting (financial) statements of the Company for 2019, prepared under RAS, and information of the Company's management on material adjustments made as a result of the external audit of the statements.
4. On preliminary consideration of the draft of the accounting (financial) statements of the Company for 2019, prepared under RAS.
5. On consideration of the Company's management information for non-standard transactions and events, as well as the formation of provision for doubtful debts and estimated liabilities.
6. On preliminary consideration of the action plan for development and improvement of the internal audit of the Company.

Item 1. On consideration of the report of the internal audit on the implementation of the work plan and the results of internal audit activities, including the results of self-assessment of the quality of internal audit activities following the results of 2019, as well as the implementation of the plan of measures to develop and improve the Company's internal audit activities for the period from 2017 to 2019.

Speaker – Svetlana Valeryevna Shpakova.

In discussing the report the questions and comments were received from A.V. Varvarin, A.V. Golovtsov, A.V. Shevchuk.

After the discussion the members of the Committee proceeded to vote.

Decision taken at the meeting:

1. To agree upon the report on implementation of the plan of the internal audit of IDGC of Centre, PJSC for 2019, including the self-assessment of the quality of internal audit activities for 2019, the implementation results of the plan of measures to develop and improve the Company's internal audit activities in 2019 for the period from 2017 to 2019, as well as the implementation of key performance indicators of the head of the internal audit division of IDGC of Centre, PJSC in 2019 in accordance with Appendix # 1 to this decision of the Audit Committee.

2. To recommend that the Board of Directors of IDGC of Centre, PJSC take the following decision:

«To approve the report on implementation of the plan of the internal audit of IDGC of Centre, PJSC for 2019, including the self-assessment of the quality of internal audit activities for 2019,

the implementation results of the plan of measures to develop and improve the Company's internal audit activities in 2019 for the period from 2017 to 2019, as well as the implementation of key performance indicators of the head of the internal audit division of IDGC of Centre, PJSC in 2019 in accordance with the Appendix».

Voting results under the decision draft, announced at the meeting:

Alexander Viktorovich Varvarin - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

«FOR» - «3»

«AGAINST» - «0»

«ABSTAINED» - «0»

Decision is taken.

Item 2. On consideration of the information of the Company's management on the implementation of the Corrective Action Plans to eliminate deficiencies identified by the Audit Commission of the Company, the internal audit of the Company, external control (supervision) bodies, on the implementation of measures taken on facts of informing about potential cases of unfair actions of employees, as well as results of investigations for 2019».

Speaker – Vitaly Olegovich Akulichev.

In discussing the report the questions and comments were received from A.V. Varvarin, A.V. Golovtsov, A.V. Shevchuk.

After the discussion the members of the Committee proceeded to vote.

Decision taken at the meeting:

To take into consideration the information of IDGC of Centre's management on the implementation of the corrective action plans to eliminate deficiencies identified by the Audit Commission of the Company, the internal audit of the Company, external control (supervision) bodies, on the implementation of measures taken on facts of informing about potential cases of unfair actions of employees, as well as results of investigations for 2019 in accordance with Appendix # 2 to this decision of the Audit Committee.

Voting results under the decision draft, announced at the meeting:

Alexander Viktorovich Varvarin - «FOR»

Alexander Viktorovich Shevchuk - «ABSTAINED»

Maxim Mikhailovich Saukh - «FOR»

Total:

«FOR» - «2»

«AGAINST» - «0»

«ABSTAINED» - «1»

Decision is taken.

Item 3. On consideration of the Management and governance letter, presented by the external auditor on the main problems of the accounting (financial) statements of the Company for 2019, prepared under RAS, and information of the Company's management on material adjustments made as a result of the external audit of the statements.

Speaker / co-speaker – Tatyana Leonidovna Okolotina / Lyudmila Alexeevna Sklyarova.

In discussing the report the questions and comments were received from A.V. Varvarin, A.V. Golovtsov, A.V. Shevchuk.

In the process of discussion T.L. Okolotina brought information that the errors identified during the audit of the financial statements will be similar both with the established low level of materiality and with a high level of materiality.

After the discussion the members of the Committee proceeded to vote.

Decision taken at the meeting:

1. To take into consideration the Management and governance letter (auditor's report) to the management and the Audit Committee of the Board of Directors of IDGC of Centre, PJSC based on the results of the audit of accounting (financial) statements prepared under RAS for 2019 and the information of the Company's management on the absence of adjustments based on the audit results of the statements.

2. To recommend that the auditor of the Company - Ernst & Young LLC - submit to the Audit Committee's members a detailed calculation of the planned materiality for the audit of the financial statements for 2019, including information on the indicator selected as the basis for its determination.

Voting results under the decision draft, announced at the meeting:

Alexander Viktorovich Varvarin - «FOR»
Maxim Mikhailovich Saukh - «FOR»
Alexander Viktorovich Shevchuk - «AGAINST»

Total:

«FOR»	- «2»
«AGAINST»	- «1»
«ABSTAINED»	- «0»

Decision is taken.

A dissenting opinion was received on this item from a member of the Audit Committee of the Board of Directors of the Company, A.V. Shevchuk (Appendix # 6).

Item 4. On preliminary consideration of the draft of the accounting (financial) statements of the Company for 2019, prepared under RAS.

Speaker / co-speaker – Lyudmila Alexeevna Sklyarova.

In discussing the report the questions and comments were received from A.V. Golovtsov.

After the discussion the members of the Committee proceeded to vote.

Decision taken at the meeting:

1. To take into consideration the draft accounting (financial) statements of the Company for 2019, prepared under RAS, in accordance with Appendix # 3 to this decision of the Audit Committee.

2. To recommend that the Board of Directors of IDGC of Centre, PJSC submit for approval by the Annual General Meeting of Shareholders of the Company the annual accounting (financial) statements of the Company for 2019, prepared under RAS.

Voting results under the decision draft, announced at the meeting:

Alexander Viktorovich Varvarin - «FOR»
Maxim Mikhailovich Saukh - «FOR»
Alexander Viktorovich Shevchuk - «FOR»

Total:

«FOR»	- «3»
«AGAINST»	- «0»

«ABSTAINED»

- «0»

Decision is taken.

Item 5. On consideration of the Company's management information for non-standard transactions and events, as well as the formation of provision for doubtful debts and estimated liabilities.

Speaker / co-speaker – Lyudmila Alexeevna Sklyarova.

In discussing the report the questions and comments were received from A.V. Golovtsov and A.V. Shevchuk.

After the discussion the members of the Committee proceeded to vote.

Decision taken at the meeting:

To take into consideration IDGC of Centre's management information for non-standard transactions and events, as well as the formation of provision for doubtful debts and estimated liabilities for 2019 in accordance with Appendix # 4 to this decision of the Audit Committee.

Voting results under the decision draft, announced at the meeting:

Alexander Viktorovich Varvarin - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

«FOR» - «3»

«AGAINST» - «0»

«ABSTAINED» - «0»

Decision is taken.

Item 6. On preliminary consideration of the action plan for development and improvement of the internal audit of the Company.

Speaker / co-speaker – Svetlana Valeryevna Shpakova.

In discussing the report the questions and comments were received from A.V. Varvarin, A.V. Shevchuk, I.O. Posevina.

After the discussion the members of the Committee proceeded to vote.

Decision taken at the meeting:

1. To agree upon the Action Plan for the development and improvement of the internal audit activity in IDGC of Centre, PJSC for the period from 2020 to 2024 in accordance with Appendix # 5 to this decision of the Audit Committee.

2. To recommend that the Board of Directors of IDGC of Centre, PJSC take the following decision:

«To approve the Action Plan for the development and improvement of the internal audit activity in IDGC of Centre, PJSC for the period from 2020 to 2024 in accordance with the Appendix».

Voting results under the decision draft, announced at the meeting:

Alexander Viktorovich Varvarin - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

«FOR» - «3»

«AGAINST» - «0»

«ABSTAINED» - «0»

Decision is taken.

Appendices:

1. The report on implementation of the plan of the internal audit of IDGC of Centre, PJSC for 2019, including the self-assessment of the quality of internal audit activities for 2019, the implementation results of the plan of measures to develop and improve the Company's internal audit activities in 2019 for the period from 2017 to 2019, as well as the implementation of key performance indicators of the head of the internal audit division of IDGC of Centre, PJSC in 2019 (Appendix # 1).
2. The information of IDGC of Centre's management on the implementation of the corrective action plans to eliminate deficiencies identified by the Audit Commission of the Company, the internal audit of the Company, external control (supervision) bodies, on the implementation of measures taken on facts of informing about potential cases of unfair actions of employees, as well as results of investigations for 2019 (Appendix #2).
3. The draft accounting (financial) statements of the Company for 2019, prepared under RAS (Appendix # 3).
4. IDGC of Centre's management information for non-standard transactions and events, as well as the formation of provision for doubtful debts and estimated liabilities for 2019 (Appendix # 4).
5. The Action Plan for the development and improvement of the internal audit activity in IDGC of Centre, PJSC for the period from 2020 to 2024 (Appendix # 5).
6. The dissenting opinion from the member of the Audit Committee of the Board of Directors of the Company, A.V. Shevchuk, on item # 3 of the agenda of the Audit Committee (Appendix # 6).

Chairperson of the Audit Committee

A.V. Varvarin

Secretary of the Audit Committee

S.V. Lapinskaya