

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

13 November 2019

Moscow

No. 18/19

Form of the meeting: joint presence.

Time of the meeting: 18 hours 25 minutes – 20 hours 10 minutes.

Place of the meeting: Moscow, 2nd Yamskaya, 4, Floor 5, Room 507.

Video conference A5-048 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.

The written opinion of the following members was taken into account while defining the results: M.M. Saukh.

Members who neither participated nor provided questionnaires: none.

The quorum is present.

Date of the minutes: 13.11.2019.

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 persons were present from IDGC of Centre:

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»:

I.O. Posevina - Director of Internal Audit Department

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 interim accounting (financial) statements of the Company for 9 months of 2019, prepared in accordance with RAS.
2. On consideration of the report of the Internal Audit Department of the Company «On the implementation of the Work Plan for 9 months of 2019 and the results of the internal audit».
3. On preliminary consideration of the Work Plan of the Internal Audit Department of the Company for 2020.
4. On preliminary consideration of the budget of the Internal Audit Department of the Company for 2020.

5. On preliminary determination of the remuneration of the head of the internal audit of the Company (determination of target values of functional KPIs) for 2020.

Item 1. On consideration of the interim accounting (financial) statements of the Company for 9 months of 2019, prepared in accordance with RAS.

Speaker / co-speaker – Lyudmila Alexeevna Sklyarova.

When discussing the report, questions-comments on the report came 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. Following the results of consideration of the accounting (financial) statements of IDGC of Centre, PJSC for 9 months of 2019, prepared in accordance with RAS, to note preservation of negative trends regarding:

- excess of the growth rate of expenses over the growth rate of revenue;
- decrease in profitability of sales;
- growth in overdue receivables.

2. To recommend that General Director of the Company take measures to eliminate the negative trends specified in paragraph 1 of this decision.

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

Alexander Viktorovich Varvarin - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Voting results by filling in the questionnaire:

Maxim Mikhailovich Saukh - «FOR»

Total:

«FOR»	- «3»
«AGAINST»	- «0»
«ABSTAINED»	- «0»

Decision is taken.

Item 2. On consideration of the report of the Internal Audit Department of the Company «On the implementation of the Work Plan for 9 months of 2019 and the results of the internal audit».

Speaker / co-speaker – Svetlana Valerievna Shpakova.

When discussing the report, questions-comments on the report came 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:

To approve the Report of the Internal Audit Department of IDGC of Centre, PJSC on the implementation of the Work Plan and take into consideration the results of the internal audit for 9 months of 2019 in accordance with Appendix # 1 to this decision of the Audit Committee.

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

Alexander Viktorovich Varvarin - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Voting results by filling in the questionnaire:

Maxim Mikhailovich Saukh - «FOR»

Total:

«FOR»	- «3»
«AGAINST»	- «0»
«ABSTAINED»	- «0»

Decision is taken.

Item 3. On preliminary consideration of the Work Plan of the Internal Audit Department of the Company for 2020.

Speaker / co-speaker – Svetlana Valerievna Shpakova.

When discussing the report, questions-comments on the report came 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. Tentatively to approve the Work Plan of the Internal Audit Department of the Company for 2020 in accordance with Appendix # 2 to this decision of the Audit Committee of the Board of Directors of the Company.

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

«To approve the Work Plan of the Internal Audit Department of IDGC of Centre, PJSC for 2020 in accordance with the Appendix».

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

Alexander Viktorovich Varvarin - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Voting results by filling in the questionnaire:

Maxim Mikhailovich Saukh - «FOR»

Total:

«FOR»	- «3»
«AGAINST»	- «0»
«ABSTAINED»	- «0»

Decision is taken.

Item 4. On preliminary consideration of the budget of the Internal Audit Department of the Company for 2020.

Speaker / co-speaker – Svetlana Valerievna Shpakova.

When discussing the report, questions-comments on the report came 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. Tentatively to approve the Budget of the Internal Audit Department of the Company for 2020 in accordance with Appendix # 3 to this decision of the Audit Committee of the Board of Directors of the Company.

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

«To approve the Budget of the Internal Audit Department of IDGC of Centre, PJSC for 2020 in accordance with the Appendix».

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

Alexander Viktorovich Varvarin - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Voting results by filling in the questionnaire:

Maxim Mikhailovich Saukh - «FOR»

Total:

«FOR»	- «3»
«AGAINST»	- «0»
«ABSTAINED»	- «0»

Decision is taken.

Item 5. On preliminary determination of the remuneration of the head of the internal audit of the Company (determination of target values of functional KPIs) for 2020.

Speaker / co-speaker – Svetlana Valerievna Shpakova.

When discussing the report, questions-comments on the report came 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. Tentatively to approve the target values of functional KPIs of the head of the internal audit unit of the Company for 2020 in accordance with Appendix # 4 to this decision of the Audit Committee of the Board of Directors of the Company.

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

«1. To determine the target values of functional KPIs of the head of the internal audit unit of IDGC of Centre, PJSC for 2020 in accordance with the Appendix.

2. To instruct General Director of the Company to approve in the manner established by the Company the target values of functional KPIs of the head of the internal audit unit of IDGC of Centre, PJSC for 2020».

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

Alexander Viktorovich Varvarin - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Voting results by filling in the questionnaire:

Maxim Mikhailovich Saukh - «FOR»

Total:

«FOR»	- «3»
«AGAINST»	- «0»
«ABSTAINED»	- «0»

Decision is taken.

Appendices:

1. The Report of the Internal Audit Department of the Company on the implementation of the Work Plan and taking into consideration the results of the internal audit for 9 months of 2019 (Appendix # 1).

2. The Work Plan of the Internal Audit Department of the Company for 2020 (Appendix #2).

3. The Budget of the Internal Audit Department of the Company for 2020 (Appendix # 3).

4. The target values of functional KPIs of the head of the internal audit unit of the Company for 2020 (Appendix # 4).

Chairperson of the Audit Committee

A.V. Varvarin

Secretary of the Audit Committee

S.V. Lapinskaya