

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

16 September 2020

Moscow

No. 09/20

Form of the meeting: absent voting.

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

Participants of the voting: A.I. Kazakov, L.A. Romanovskaya, A.V. Shevchuk.

Members who did not provide questionnaires: none.

The quorum is present.

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.

Date of the minutes: 16.09.2020.

AGENDA:

1. On election of Deputy Chairperson of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC.
2. On election of Secretary of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC.
3. On involvement of an expert to participate in the activity of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC.
4. On approval of the Work Plan of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC for the 2020-2021 corporate year.
5. On the interaction of the Audit Committee of the Board of Directors of the Company with external and internal auditors, including the scope of audit procedures and audit methods proposed by the external auditor.
6. On consideration of interim accounting (financial) statements of the Company for 6 months of 2020, prepared under RAS.
7. 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 6 months of 2020.
8. On consideration of the report of the Internal Audit Department of the Company «On the implementation of the Work Plan for 6 months of 2020 and results of the internal audit activity».
9. On consideration of the Management and governance letter, presented by the external auditor on the main problems of the financial statements of the Company for an interim period (6 months) of 2020, prepared under IFRS, and the Company's management information about adjustments made on the results of the external audit of the statements.
10. On preliminary consideration of the budget of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC for 2H 2020.

Item 1. On election of Deputy Chairperson of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC.

Decision:

To elect Alexander Viktorovich Shevchuk – Executive Director of Association of Institutional Investors as Deputy Chairperson of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC.

Voting results:

Alexander Ivanovich Kazakov - «FOR»

Larisa Anatolievna Romanovskaya - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

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

Decision is taken.

Item 2. On election of Secretary of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC.

Decision:

To elect Svetlana Vladimirovna Lapinskaya – Corporate Secretary, Head of Corporate Events Office of Corporate Governance Department of IDGC of Centre, PJSC as Secretary of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC.

Voting results:

Alexander Ivanovich Kazakov - «FOR»

Larisa Anatolievna Romanovskaya - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

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

Decision is taken.

Item 3. On involvement of an expert to participate in the activity of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC

Decision:

To involve Tsarkov Victor Vladimirovich – First Deputy Head of Internal Audit Department of PJSC Rosseti, to participate in the activity of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC as an expert.

Voting results:

Alexander Ivanovich Kazakov - «FOR»

Larisa Anatolievna Romanovskaya - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

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

Decision is taken.

Item 4. On approval of the Work Plan of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC for the 2020-2021 corporate year.

Decision:

To approve the Work Plan of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC for the 2020-2021 corporate year in accordance with Appendix # 1 to this decision of the Audit Committee.

Voting results:

Alexander Ivanovich Kazakov - «FOR»

Larisa Anatolievna Romanovskaya - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

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

Decision is taken.

Item 5. On the interaction of the Audit Committee of the Board of Directors of the Company with external and internal auditors, including the scope of audit procedures and audit methods proposed by the external auditor.

Decision:

1. To take into consideration the information of the external auditor on the system of internal standards of the auditor, the independence of the auditor, approaches to auditing the financial statements of IDGC of Centre, PJSC for 2020 and the information of the internal auditor on the organization of internal audit activities in the Company.

2. Internal audit:

2.1. To ensure effective interaction with the external auditor on the evaluation of the effectiveness of the internal control and risk management systems.

2.2. To provide reports to the external auditor:

- on the implementation of the work plan and the results of internal audit activities;
- on the evaluation of the effectiveness of the internal control and risk management systems to familiarize with the level of development of the internal control and risk management systems.

3. To recommend that the external auditor:

3.1. Timely inform the Audit Committee of the Company of facts of difficulties and limitations that arise during the audit, as well as revealed signs of manipulating reporting data.

3.2. Pay special attention to the use by the Company of estimated judgments and assumptions, existence of disagreements with counterparties in terms of the volume of services provided and their validity.

4. To instruct the Company's management to submit for discussion to the Audit Committee with invitation of the external and internal auditors:

4.1. A management and governance letter (auditor's report) of the external auditor on the main problems of the Company's accounting (financial) statements.

Deadline: no later than 10 days after the Company receives the auditor's report.

4.2. Changes in the Accounting Policy of the Company in 2020, planned changes for 2021 and impact of these changes on accounting (financial) statements.

Deadline: no later than 25.12.2020.

4.3. Non-standard transactions and events, formation of a reserve for doubtful debts and estimated liabilities, the most significant assumptions in the preparation of accounting (financial) statements.

Deadline: no later than submission to the Audit Committee of the draft annual accounting (financial) statements of the Company for 2020, prepared in accordance with RAS.

Voting results:

Alexander Ivanovich Kazakov - «FOR»

Larisa Anatolievna Romanovskaya - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

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

Decision is taken.

Item 6. On consideration of interim accounting (financial) statements of the Company for 6 months of 2020, prepared under RAS.

Decision:

Following the results of review of the accounting (financial) statements of IDGC of Centre, PJSC for 6 months of 2020, prepared under RAS, to note:

- decrease in profit from sales for 1H 2020 by 558 million rubles or by 17.2% compared to the same period in 2019;

- increase in other long-term liabilities by 119 million rubles or by 14.1%.

Voting results:

Alexander Ivanovich Kazakov - «FOR»

Larisa Anatolievna Romanovskaya - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Total:

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

Decision is taken.

Item 7. 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 6 months of 2020.

Decision:

1. Following the results of review 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 6 months of 2020, to note:

- a long period of elimination of the remark identified by the Company's Audit Commission following the results of the audit of financial and economic activities for 2018, in terms of procurement activities (until now, the approved corrective action has not been performed);
- incorrectly set deadlines for the performance of the measure;
- the corrective measures developed by the Company do not allow achieving the goal in the form of eliminating the violation and preventing similar violations in the future;
- increase in penalties imposed on the Company following the results of audits by external control (supervision) bodies in 1H 2020 (15.2 million rubles) compared to 1H 2019 (13.8 million rubles), by 3.4 million rubles or 29%.

2. To recommend that the Company's management in the future, when developing corrective measures based on the results of control measures, refrain from specifying the deadline for implementation of corrective measures as "constantly".

Voting results:

Alexander Ivanovich Kazakov	- «FOR»
Larisa Anatolievna Romanovskaya	- «FOR»
Alexander Viktorovich Shevchuk	- «FOR»

Total:

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

Decision is taken.

Item 8. On consideration of the report of the Internal Audit Department of the Company «On the implementation of the Work Plan for 6 months of 2020 and results of the internal audit activity».

Decision:

To approve the Report of the Internal Audit Department of IDGC of Centre, PJSC on the implementation of the Work Plan and to take into consideration the results of the internal audit activity for 6 months of 2020 in accordance with Appendix # 2 to this decision of the Audit Committee.

Voting results:

Alexander Ivanovich Kazakov	- «FOR»
Larisa Anatolievna Romanovskaya	- «FOR»
Alexander Viktorovich Shevchuk	- «FOR»

Total:

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

Decision is taken.

Item 9. On consideration of the Management and governance letter, presented by the external auditor on the main problems of the financial statements of the Company for an interim period (6 months) of 2020, prepared under IFRS, and the Company's management information about adjustments made on the results of the external audit of the statements.

Decision:

To take into consideration the auditor's report of Ernst & Young LLC to the management and the Audit Committee of the Board of Directors of IDGC of Centre, PJSC based on the results of a review of the consolidated interim condensed financial statements for the three and six months ended 30 June 2020 on the main findings as of the date of the review of the consolidated interim condensed financial statements of IDGC of Centre, PJSC for the three and six months ended 30 June 2020, and information from the Company's management on the absence of adjustments according to the audit results.

Voting results:

Alexander Ivanovich Kazakov	- «FOR»
Larisa Anatolievna Romanovskaya	- «FOR»
Alexander Viktorovich Shevchuk	- «FOR»

Total:

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

Decision is taken.

Item 10. On preliminary consideration of the budget of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC for 2H 2020.

Decision:

To recommend that the Board of Directors of the Company take the following decision:

«To approve the budget of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC for 2H 2020 in accordance with the Appendix».

Voting results:

Alexander Ivanovich Kazakov	- «FOR»
Larisa Anatolievna Romanovskaya	- «FOR»
Alexander Viktorovich Shevchuk	- «FOR»

Total:

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

Decision is taken.

Appendices:

1. The Work Plan of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC for the 2020-2021 corporate year (Appendix # 1).
2. The Report of the Internal Audit Department of IDGC of Centre, PJSC on the implementation of the Work Plan and taking into consideration the results of the internal audit activity for 6 months of 2020 (Appendix # 2).

Chairperson of the Audit Committee

A.I. Kazakov

Secretary of the Audit Committee

S.V. Lapinskaya