



Interregional Distribution Grid Company of Centre,  
Public Joint-Stock Company  
2nd Yamskaya, 4, Moscow, Russia, 127018  
Tel.: +7 (495) 747-92-92, Fax: +7 (495) 747-92-95,  
Power Engineers' Direct Line: 8-800-50-50-115,  
Trust Line: +7 (495) 747-92-99,  
e-mail: posta@mrsk-1.ru, www.mrsk-1.ru

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

27 March 2018

Moscow

No. 04/18

**Form of the meeting:** joint presence.

**Time of the meeting:** 09 hours 00 minutes – 10 hours 30 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:** 5 persons.

**Participants of the meeting:** T.P. Dronova, A.I. Pavlov (Video conference), M.M. Saukh (Video conference), O.V. Shatokhina, A.V. Shevchuk.

**The written opinion of the following members was taken into account while defining the results:** M.M. Saukh (regarding items ## 1-4).

**Members who neither participated nor provided questionnaires:** none.

**The quorum** is present.

**Date of the minutes:** 27.03.2018.

The Expert conclusion of the expert of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC M.A. Lelekova 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 Audit Committee of the Board of Directors of IDGC of Centre, PJSC was opened by Chairperson of the Audit Committee of the Board of Directors of IDGC of Centre, Alexander Viktorovich Shevchuk.

**The following invited persons of PJSC «Rosseti» were present:**

M.A. Lelekova - Director of Internal Audit and Control Department (Expert of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC).

**The following invited persons were present – IDGC of Centre's management:**

K.A. Mikhailik - First Deputy General Director

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

S.V. Shpakova – Head of Internal Audit Department

N.A. Loganova – Head of Economics Department

**The following representatives of the Auditor RSM RUS Ltd. were present:**

N.N. Usanova - Director of Audit, Project Manager of RSM RUS Ltd.

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

**AGENDA:**

1. 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 2017, prepared under IFRS, and the Company's management information about material adjustments made on the results of the external audit of the statements.

2. On consideration of the financial statements of the Company for 2017, prepared under IFRS.
3. On evaluation of the effectiveness of the external audit process of the Company's accounting (financial) statements for 2017.
4. On preliminary consideration of the report of General Director and the Management Board of the Company «On the organization and functioning in 2017 of the internal control system, including information on the implementation of measures to improve the internal control system».
5. On preliminary consideration of the report of the Company's internal audit «On evaluation of the effectiveness of the internal control system, the risk management system and corporate governance in 2017».
6. On preliminary consideration of the report of the Company's internal audit «Evaluation of the execution of the Program for disposition of non-core assets and the Action Plan for sale of non-core assets of the Company in 2017».

**Item 1. 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 2017, prepared under IFRS, and the Company's management information about material adjustments made on the results of the external audit of the statements.**

**Speaker** – Nadezhda Nikolaevna Usanova.

**When discussing the report, questions-comments on the report came from A.V. Shevchuk.**

**After the discussion the members of the Audit Committee of the Board of Directors proceeded to vote.**

**Decision taken at the meeting:**

1. Based on the results of the discussion with the external auditor of the Management and governance letter (auditor's report) submitted by him to the management of IDGC of Centre, PJSC, according to the results of the annual audit of the Company's financial statements for 2017 prepared under IFRS, to note the absence of significant comments to the statements.
2. To take into consideration the information of the Company's management on the absence of adjustments made on the results of the external audit of the Company's financial statements for 2017, prepared under IFRS.

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

<b>Tatiana Petrovna Dronova</b>	- «FOR»
<b>Alexey Igorevich Pavlov</b>	- «FOR»
<b>Oxana Vladimirovna Shatokhina</b>	- «FOR»
<b>Alexander Viktorovich Shevchuk</b>	- «FOR»

**Voting results by expression in writing:**

<b>Maxim Mikhailovich Saukh</b>	- «FOR»
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**Total:**

«FOR»	- «5»
«AGAINST»	- «0»
«ABSTAINED»	- «0»

**Decision is taken.**

**Item 2. On consideration of the financial statements of the Company for 2017, prepared under IFRS.**

**Speaker** –Tatyana Olegovna Bryankina.

**When discussing the report, questions-comments on the report came from A.I. Pavlov, A.V. Shevchuk, T.P. Dronova.**

After the discussion the members of the Audit Committee of the Board of Directors proceeded to vote.

**Decision taken at the meeting:**

To take into consideration the draft consolidated financial statements of IDGC of Centre, PJSC for the year ended 31.12.2017.

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

Tatiana Petrovna Dronova - «FOR»

Alexey Igorevich Pavlov - «FOR»

Oxana Vladimirovna Shatokhina - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

**Voting results by expression in writing:**

Maxim Mikhailovich Saukh - «FOR»

**Total:**

«FOR» - «5»

«AGAINST» - «0»

«ABSTAINED» - «0»

**Decision is taken.**

**Item 3. On evaluation of the effectiveness of the external audit process of the Company's accounting (financial) statements for 2017.**

**Speaker** – Lyudmila Alexeevna Sklyarova.

When discussing the report, questions-comments on the report came from A.V. Shevchuk.

After the discussion the members of the Audit Committee of the Board of Directors proceeded to vote.

**Decision taken at the meeting:**

1. To recognize the Auditor's report and procedures, conducted by RSM RUS Ltd. during the audit of the Company's accounting (financial) statements, prepared under RAS, for 2017, comply with the terms and conditions of the contract and the requirements of the legislation of the Russian Federation.

2. To recommend to the Board of Directors of the Company to include the Conclusion of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC on the level of efficiency and quality of the external audit process in the list of materials provided to persons entitled to participate in the Annual General Meeting of Shareholders of the Company, in accordance with Appendix # 1 to this decision of the Audit Committee.

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

Tatiana Petrovna Dronova - «FOR»

Alexey Igorevich Pavlov - «FOR»

Oxana Vladimirovna Shatokhina - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

**Voting results by expression in writing:**

Maxim Mikhailovich Saukh - «FOR»

**Total:**

«FOR» - «5»

«AGAINST» - «0»

«ABSTAINED» - «0»

**Decision is taken.**

**Item 4. On preliminary consideration of the report of General Director and the Management Board of the Company «On the organization and functioning in 2017 of the internal control system, including information on the implementation of measures to improve the internal control system».**

**Speaker** – Konstantin Alexandrovich Mikhailik.

When discussing the report, questions-comments on the report came from M.A. Lelekova, A.V. Shevchuk.

After the discussion the members of the Audit Committee of the Board of Directors proceeded to vote.

**Decision taken at the meeting:**

To recommend to the Board of Directors of IDGC of Centre, PJSC to take the following decision:

*«To take into consideration the report of General Director of the Company «On the organization and functioning of the internal control system, including information on the implementation of measures to improve the internal control system in 2017» in accordance with Appendix # \_ to this decision».*

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

**Tatiana Petrovna Dronova** - «FOR»

**Alexey Igorevich Pavlov** - «FOR»

**Oxana Vladimirovna Shatokhina** - «FOR»

**Alexander Viktorovich Shevchuk** - «FOR»

**Voting results by expression in writing:**

**Maxim Mikhailovich Saukh** - «FOR»

**Total:**

«FOR»	- «5»
«AGAINST»	- «0»
«ABSTAINED»	- «0»

**Decision is taken.**

**Item 5. On preliminary consideration of the report of the Company's internal audit «On evaluation of the effectiveness of the internal control system, the risk management system and corporate governance in 2017».**

**Speaker** - Svetlana Valeryevna Shpakova.

In addition, S.V. Shpakova provided explanations and comments on the position of the Internal Audit Directorate of PJSC «Rosseti» (Appendix #2).

When discussing the report, questions-comments on the report came from A.I. Pavlov, A.V. Shevchuk.

After the discussion the members of the Audit Committee of the Board of Directors proceeded to vote.

**Decision taken at the meeting:**

To recommend to the Board of Directors of IDGC of Centre, PJSC to take the following decision:

*«To take into consideration the report of the Company's internal auditor «On evaluation of the effectiveness of the internal control system, the risk management system and corporate governance in 2017» in accordance with Appendices ## \_ to this decision».*

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

**Tatiana Petrovna Dronova** - «FOR»

**Alexey Igorevich Pavlov** - «FOR»

**Maxim Mikhailovich Saukh** - «FOR»

**Oxana Vladimirovna Shatokhina** - «FOR»

**Alexander Viktorovich Shevchuk** - «AGAINST»

**Total:**

«FOR»	- «4»
«AGAINST»	- «1»
«ABSTAINED»	- «0»

**Decision is taken.**

A dissenting opinion on this item was received from Chairperson of the Audit Committee of the Board of

Directors of the Company, A.V. Shevchuk (Appendix # 3).

**Item 6. On preliminary consideration of the report of the Company's internal audit «Evaluation of the execution of the Program for disposition of non-core assets and the Action Plan for sale of non-core assets of the Company in 2017».**

**Speaker -** Svetlana Valeryevna Shpakova.

**When discussing the report, questions-comments on the report came from** T.P. Dronova, A.V. Shevchuk.

**After the discussion the members of the Audit Committee of the Board of Directors proceeded to vote.**

**Decision taken at the meeting:**

To recommend to the Board of Directors of IDGC of Centre, PJSC to take the following decision:

*«1. To take into consideration Auditor's report № 01-2018-«IDGC of Centre» dated 12.02.2018 «Audit of identification and sale of non-core assets in IDGC of Centre, PJSC according to Appendix # \_ to this decision.*

*2. To recommend to the Company's management:*

*2.1. To ensure the implementation of the internal audit recommendations based on the results of the audit.*

*2.2. To ensure improvement of the effectiveness of the process of identifying and selling non-core assets».*

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

**Tatiana Petrovna Dronova** - «FOR»

**Alexey Igorevich Pavlov** - «FOR»

**Maxim Mikhailovich Saukh** - «FOR»

**Alexander Viktorovich Shevchuk** - «FOR»

**Oxana Vladimirovna Shatokhina** - «FOR»

**Total:**

«FOR»	- «5»
«AGAINST»	- «0»
«ABSTAINED»	- «0»

**Decision is taken.**

**Appendices:**

1. The Conclusion of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC on the level of efficiency and quality of the external audit process (Appendix # 1).

2. The explanations and comments of the Company's internal audit on the position of the Internal Audit Directorate of PJSC «Rosseti» (Appendix # 2).

3. The dissenting opinion of Chairperson of the Audit Committee, A.V. Shevchuk, regarding item #5 of the agenda (Appendix # 3).

**Chairperson of the Audit Committee**

**A.V. Shevchuk**

**Secretary of the Audit Committee**

**S.V. Lapinskaya**