



Interregional Distribution Grid Company of Centre,
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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 2018

Moscow

No. 03/18

Form of the meeting: joint presence.

Time of the meeting: 10 hours 30 minutes – 12 hours 10 minutes.

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

Video conference A4-069 at the address: Moscow, Belovezhskaya str. 4 (PJSC «Rosseti»)

Total number of members of the Audit Committee: 5 persons.

Participants of the meeting: A.I. Pavlov (Video conference), M.M. Saukh (Video conference), A.V. Shevchuk.

The written opinion of the following members was taken into account while defining the results: T.P. Dronova, O.V. Shatokhina.

Members who neither participated nor provided questionnaires: none.

The quorum is present.

Date of the minutes: 28.02.2018.

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:

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

V.A. Gorev - Deputy General Director for Capital Construction

K.A. Mikhailik - First Deputy General Director

A.V. Inozemtsev - Acting Deputy General Director for Economy and Finance

D.V. Sklyarov - Deputy General Director for Investment

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

V.V. Ozhkalo - Deputy General Director for Security

S.V. Shpakova – Head of Internal Audit Department

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

N.S. Lopatkina – Partner

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

At the suggestion of the Company's management and with the consent of all the members of the Audit Committee present at the meeting, the agenda of the meeting of the Audit Committee was adjusted - **item # 5** «On consideration of the Company's management information «On the implementation of the Plans of corrective actions in 2017 to remove deficiencies identified by the Company's Internal Audit Commission, the Company's internal audit, external control (supervision) bodies, on measures taken on the facts of informing on potential cases of unfair acts of employees, as well as results of investigations» of the agenda was **reviewed first**.

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 Company's management information «On the implementation of the Plans of corrective actions in 2017 to remove deficiencies identified by the Company's Internal Audit Commission, the Company's internal audit, external control (supervision) bodies, on measures taken on the facts of informing on potential cases of unfair acts of employees, as well as results of investigations».
- 2.** 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.
- 3.** On consideration of the Company's management information «On consideration of the Company's management information «On the performance by PJSC "TNS energo" of the terms and conditions of the agreement on debt restructuring under the Agreement on Electricity (Electricity Losses) Purchase and Sale and Provision of Electricity Transmission Services» *(pursuant to the decision of the Audit Committee of the Board of Directors of the Company from 18.12.2017, Minutes # 15/17, paragraph 2 under item 1)*.
- 4.** 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 2017, prepared under RAS, and the Company's management information about adjustments made on the results of the external audit of the statements.
- 5.** On consideration of the draft of the accounting (financial) statements of the Company for 2017, prepared under RAS.
- 6.** On consideration of the Company's management information «On the execution in 2017 of the Anti-Corruption Policy of the Company».
- 7.** On preliminary consideration of the report of the Internal Audit Division of the Company «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 2017, 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».

Item 1. On consideration of the Company's management information «On the implementation of the Plans of corrective actions in 2017 to remove deficiencies identified by the Company's Internal Audit Commission, the Company's internal audit, external control (supervision) bodies, on measures taken on the facts of informing on potential cases of unfair acts of employees, as well as results of investigations».

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 take into consideration the Company's management information on the implementation of the plans of corrective actions to remove deficiencies identified by the Company's Internal Audit Commission, the Company's internal audit, external control (supervision) bodies, on measures taken on the facts of informing on potential cases of unfair acts of employees, as well as results of investigations following the results of 2017, in accordance with Appendix # 1 to this decision of the Audit Committee.

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

Alexey Igorevich Pavlov - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Voting results by expression in writing:

Tatiana Petrovna Dronova - «FOR»

Oxana Vladimirovna Shatokhina - «FOR»

Total:

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

Decision is taken.

Item 2. 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 – 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:

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 2017 in accordance with Appendix # 2 to this decision of the Audit Committee.

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

Alexey Igorevich Pavlov - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Voting results by expression in writing:

Tatiana Petrovna Dronova - «FOR»

Oxana Vladimirovna Shatokhina - «FOR»

Total:

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

Decision is taken.

Item 3. On consideration of the Company's management information «On the performance by PJSC "TNS energo" of the terms and conditions of the agreement on

debt restructuring under the Agreement on Electricity (Electricity Losses) Purchase and Sale and Provision of Electricity Transmission Services» (*pursuant to the decision of the Audit Committee of the Board of Directors of the Company from 18.12.2017, Minutes # 15/17, paragraph 2 under item 1*).

Speaker – Evgenia Valeryevna Kabanova.

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

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 Company's management information «On the performance by PJSC "TNS energo" of the terms and conditions of the agreement on debt restructuring under the Agreement on Electricity (Electricity Losses) Purchase and Sale and Provision of Electricity Transmission Services» in accordance with Appendix # 3 to this decision of the Audit Committee.

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

Alexey Igorevich Pavlov - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Voting results by expression in writing:

Tatiana Petrovna Dronova - «FOR»

Oxana Vladimirovna Shatokhina - «FOR»

Total:

«FOR» - «5»

«AGAINST» - «0»

«ABSTAINED» - «0»

Decision is taken.

Item 4. 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 2017, prepared under RAS, and the Company's management information about 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 M.A. Lelekova.

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

Decision taken at the meeting:

1. Following the discussion with the external auditor of the Management and governance letter (Auditor's Report) presented by the external auditor to the management of IDGC of Centre, PJSC following the results of the annual audit of the accounting statements for 2017, prepared under RAS, to note the absence of substantive comments to the accounting statements of the Company, prepared under RAS for 2017.

2. To take into consideration the information of the Company's management on the absence of entered adjustments following the results of the external audit of the accounting (financial) statements.

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

Alexey Igorevich Pavlov - «FOR»

Maxim Mikhailovich Saukh - «FOR»

Alexander Viktorovich Shevchuk - «FOR»

Voting results by expression in writing:

Tatiana Petrovna Dronova - «FOR»
Oxana Vladimirovna Shatokhina - «FOR»

Total:

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

Decision is taken.

Item 5. On consideration of the draft of the accounting (financial) statements of the Company for 2017, prepared under RAS.

Speaker – Lyudmila Alexeevna Sklyarova.

When discussing the report, questions-comments on the report came from M.M. Saukh, 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 take into consideration the accounting (financial) statements of the Company for 2017, prepared under RAS, in accordance with Appendix # 4 to this decision of the Audit Committee.

2. To recommend to the Board of Directors of IDGC of Centre, PJSC to submit for approval by the Annual General Meeting of Shareholders of the Company the annual accounting (financial) statements of the Company for 2017, prepared under RAS.

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

Alexey Igorevich Pavlov - «FOR»
Maxim Mikhailovich Saukh - «FOR»
Alexander Viktorovich Shevchuk - «FOR»

Voting results by expression in writing:

Tatiana Petrovna Dronova - «FOR»
Oxana Vladimirovna Shatokhina - «FOR»

Total:

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

Decision is taken.

Item 6. On consideration of the Company's management information «On the execution in 2017 of the Anti-Corruption Policy of the Company».

Speaker –Vladimir Vladimirovich Ozhkalo.

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 of the management information on the execution in 2017 of the Anti-Corruption Policy of the Company in accordance with the Appendix».

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

Alexey Igorevich Pavlov - «FOR»

Maxim Mikhailovich Saukh - «FOR»
Alexander Viktorovich Shevchuk - «FOR»
Voting results by expression in writing:
Tatiana Petrovna Dronova - «FOR»
Oxana Vladimirovna Shatokhina - «FOR»
Total:

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

Decision is taken.

Item 7. On preliminary consideration of the report of the Internal Audit Division of the Company «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 2017, 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.

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 agree upon the report on implementation of the plan of the internal audit of IDGC of Centre, PJSC for 2017, including self-assessment of the quality of internal audit activities for 2017 in accordance with Appendix # 5 to this decision of the Audit Committee.
2. To recommend to the Board of Directors of IDGC of Centre, PJSC to take the following decision:

«To approve the report on implementation of the workplan of the internal audit of IDGC of Centre, PJSC for 2017, including self-assessment of the quality of internal audit activities for 2017, in accordance with the Appendix».

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

Alexey Igorevich Pavlov - «FOR»
Maxim Mikhailovich Saukh - «FOR»
Alexander Viktorovich Shevchuk - «FOR»

Voting results by expression in writing:
Tatiana Petrovna Dronova - «FOR»
Oxana Vladimirovna Shatokhina - «FOR»

Total:

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

Decision is taken.

Appendices:

1. IDGC of Centre’s management information on the implementation in 2017 of the Plans of corrective actions to remove deficiencies identified by the Company’s Internal Audit Commission, the Company’s internal audit, external control (supervision) bodies, on measures taken on the facts of informing on potential cases of unfair acts of employees, as well as results of investigations

(Appendix # 1).

2. 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 2017 (Appendix # 2).

3. The information on the performance by PJSC "TNS energo" of the terms and conditions of the agreement on debt restructuring under the Agreement on Electricity (Electricity Losses) Purchase and Sale and Provision of Electricity Transmission Services (Appendix # 3).

4. The draft of the accounting (financial) statements of the Company for 2017, prepared under RAS (Appendix # 4).

5. The report of the Internal Audit Department of IDGC of Centre «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 2017, 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» with appendices (Appendix # 5).

Chairperson of the Audit Committee

A.V. Shevchuk

Secretary of the Audit Committee

S.V. Lapinskaya