



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)

09 August 2018

Moscow

No. 09/18

Form of the meeting: joint presence.

Time of the meeting: 10 hours 30 minutes – 11 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: 3 persons.

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

Members who neither participated nor provided questionnaires: none.

The quorum is present.

Date of the minutes: 09.08.2018.

The Expert conclusion of the expert of the Audit Committee of the Board of Directors of IDGC of Centre, PJSC E.B. Sinitsyna 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 Varvarin.

Expert of the Audit Committee E.B. Sinitsyna - Head of Control and Expert Office of Internal Audit and Control Department of PJSC «Rosseti» was present.

The following persons from IDGC of Centre were present:

A.K. Akhmedova - Deputy General Director for Legal Provision

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

I.V. Gromova - Deputy General Director for Human Resources and Organizational Design

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

K.A. Mikhailik - First Deputy General Director

K.Y. Petukhov - Deputy General Director for Development and Sale of Services

D.V. Sklyarov - Deputy General Director for Investment

S.V. Shpakova - Head of Internal Audit Department

The following representatives of the external auditor Ernst & Young LLC were present:

T.L. Okolotina – Partner

S.O. Grechkina - Manager

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 # 1 of the agenda «On the interaction of the Audit Committee of the Board of Directors of the Company with external and internal auditors» - was reviewed last.

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 execution of the Internal Control Policy of IDGC of Centre, PJSC».
2. On consideration of the Company's management information «On the implementation of the Plans of corrective actions following the results of 6 months of 2018 to remove deficiencies identified by the Company's 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».
3. On consideration of the report of the Internal Audit Department of the Company «On the implementation of the Work Plan for 6 months of 2018 and the results of the internal audit activity».
4. On the interaction of the Audit Committee of the Board of Directors of the Company with external and internal auditors.

Item 1. On consideration of the Company's management information «On the execution of the Internal Control Policy of IDGC of Centre, PJSC».

Speaker – Konstantin Alexandrovich Mikhailik.

When discussing the report, questions-comments on the report came from A.V. Varvarin, 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 Report of IDGC of Centre's management on the execution of the Internal Control Policy of the Company in accordance with Appendix 1 to this decision.
2. To note the presence in the Company of a set of measures aimed at increasing the level of maturity of the internal control system.

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 Company's management information «On the implementation of the Plans of corrective actions following the results of 6 months of 2018 to remove deficiencies identified by the Company's 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 A.V. Varvarin, 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:

To take into consideration the Company's management information on the implementation of the plans of corrective actions following the results of 6 months of 2018 to remove deficiencies identified by the Company's 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, in accordance with Appendix 2 to this decision.

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 3. On consideration of the report of the Internal Audit Department of the Company «On the implementation of the Work Plan for 6 months of 2018 and the results of the internal audit activity».

Speaker – Svetlana Valeryevna Shpakova.

When discussing the report, questions-comments on the report came from A.V. Varvarin, 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 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 activity for 1H 2018 in accordance with Appendix 3 to this decision.

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 4. On the interaction of the Audit Committee of the Board of Directors of the Company with external and internal auditors.

Speaker – Svetlana Valeryevna Shpakova and Tatyana Leonidovna Okolotina.

When discussing the report, questions-comments on the report came from A.V. Varvarin, 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 information of the external auditor on the internal standards system operating with the auditor, independence of the auditor, approaches to the audit of financial statements of IDGC of Centre, PJSC for 2018, as well as information of the internal auditor on the organization of internal audit activities in the Company and interaction with the Audit Committee.

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 risk and management systems to familiarize with the level of development of the internal control and risk management systems.

3. To recommend to the external auditor:

3.1. Timely to 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. To 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. Written information (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 2018, planned changes for 2019 and impact of these changes on accounting (financial) statements.

Deadline: no later than 25.12.2018.

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 the date of consideration of the draft annual accounting (financial) statements.

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 of the Company's management on the execution of the Internal Control Policy of IDGC of Centre, PJSC (Appendix # 1).

2. The Company's management information on the implementation of the plans of corrective actions following the results of 6 months of 2018 to remove deficiencies identified by the Company's 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 # 2).

3. 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 1H 2018 (Appendix # 3).

Chairperson of the Audit Committee

A.V. Varvarin

Secretary of the Audit Committee

S.V. Lapinskaya