



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 absent voting)

29 October 2018

Moscow

No. 11/18

Form of the meeting: absent voting.

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

Participants of the voting: A.V. Varvarin, M.M. Saukh, 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 E.B. Sinitsyna was taken into account at drawing up of the minutes.

Date of the minutes: 29.10.2018.

AGENDA:

1. On consideration of the technical specifications, the essential terms and conditions of the agreement for the provision of services for the independent assessment of the effectiveness of the internal control system.

Item 1: On consideration of the technical specifications, the essential terms and conditions of the agreement for the provision of services for the independent assessment of the effectiveness of the internal control system.

Decision:

1. To approve the technical specifications, the essential terms and conditions of the agreement for the provision of services for the independent assessment of the effectiveness of the internal control system in accordance with Appendices ## 1-2 to this decision of the Audit Committee of the Board of Directors of the Company.

2. To recommend to the Company to carry out procurement procedures for the right to conclude an agreement for an external independent assessment of the effectiveness of the Company's internal control system by participating in a centralized open tender organized by PJSC Rosseti.

Voting results:

Alexander Viktorovich Varvarin	- «FOR»
Maxim Mikhailovich Saukh	- «FOR»
Alexander Viktorovich Shevchuk	- «AGAINST»

Total:

«FOR»	- «2»
«AGAINST»	- «1»
«ABSTAINED»	- «0»

Decision is taken.

The following dissenting opinion on this item was received from a member of the Audit Committee of the Board of Directors of the Company, A.V. Shevchuk: *«I vote against on item # 1 with the following opinion:*

1) I propose to discuss the approach to setting the price from the minimum value, too much variation, it is not clear what each participant assumed when setting the hours, there is not enough information in the letters, and the difference of 2 times for one company level obviously suggests a different approach;

- 2) *in terms of evaluating the ICS system, I would like to see benchmarking requirements in the technical specifications, both in terms of the adequacy of funding the essential components of the system, and in terms of the competence of the subjects, etc.;*
- 3) *in terms of the investment planning process, it is important to assess the monitoring of the implemented investment projects for compliance of the planned indicators with actual ones (this is a complex issue, including a methodological one);*
- 4) *I consider it right in IDGC to assess also the process of control over work with receivables, cancellation, creation and restoration of reserves for doubtful debts on the basis of accumulated practice.*

I propose to hold meetings/consultations with representatives of Rosseti, our head of IA and interested members of the Committee. It would be nice to invite representatives of KPMG and PWC to talk with them about their evaluation experience, what they did and what results, this will give an opportunity to have a greater understanding of the requirements for the technical specifications and increase the return on consulting expenses.

Otherwise, such an important and necessary process, initiated by Rosseti, can be extremely formal ... I am ready to help colleagues get the most out of their willingness to make such an important assessment! I support the centralized procurement».

Appendix: The technical specifications, the essential terms and conditions of the agreement for the provision of services for the independent assessment of the effectiveness of the internal control system (Appendices ## 1-2).

Chairperson of the Audit Committee

A.V. Varvarin

Secretary of the Audit Committee

S.V. Lapinskaya