



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)

26 February 2019

Moscow

No. 04/19

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

**Time of the meeting:** 10 hours 00 minutes – 11 hours 25 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»)

**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:** 26.02.2019.

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 Committee was opened by Chairperson of the Committee, Alexander Viktorovich Varvarin.

**The following persons from IDGC of Centre were present:**

E.V. Kabanova - Director for Sale of Services - Head of Department for Sale of Services

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

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

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

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 accounting (financial) statements of the Company for 2018, prepared under RAS, and information of the Company's management on material adjustments made as a result of the external audit of the statements.

**2.** On consideration of the draft of the accounting (financial) statements of the Company for 2018, prepared under RAS.

3. 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.

4. On consideration of the report of the Internal Audit Division 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 2018, 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 Management and governance letter, presented by the external auditor on the main problems of the accounting (financial) statements of the Company for 2018, prepared under RAS, and information of the Company's management on material adjustments made as a result of the external audit of the statements.**

**Speaker** – Tatyana Leonidovna Okolotina.

**In discussing the report the questions and comments were received from A.V. Varvarin, A.V. Shevchuk.**

**After the discussion the members of the Committee proceeded to vote.**

**Decision taken at the meeting:**

To take into consideration the Management and governance letter (auditor's report) of the auditor Ernst & Young LLC to the management of IDGC of Centre, PJSC on the main problems of the accounting (financial) statements for 2018, prepared in accordance with RAS, and the information of the Company's management on the absence of adjustments based on the audit results of the 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.**

**Item 2. On consideration of the draft of the accounting (financial) statements of the Company for 2018, prepared under RAS.**

**Speaker** – Lyudmila Alexeevna Sklyarova.

**In discussing the report the questions and comments were received from A.V. Varvarin, A.V. Shevchuk.**

**After the discussion the members of the Committee proceeded to vote.**

**Decision taken at the meeting:**

1. To take into consideration the draft accounting (financial) statements of the Company for 2018, prepared under RAS, in accordance with Appendix 1 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 2018, prepared under RAS.

**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 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.

**In discussing the report the questions and comments were received from A.V. Varvarin, A.V. Shevchuk, M.M. Saukh.**

**After the discussion the members of the Committee 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 2018 in accordance with Appendix 2 to this decision of the Audit Committee.

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

<b>Alexander Viktorovich Varvarin</b>	- «FOR»
<b>Maxim Mikhailovich Saukh</b>	- «FOR»
<b>Alexander Viktorovich Shevchuk</b>	- «FOR»

**Total:**

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

**Decision is taken.**

**Item 4. On consideration of the report of the Internal Audit Division 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 2018, 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.

**In discussing the report the questions and comments were received from A.V. Varvarin, A.V. Shevchuk.**

As a result of the discussion of the report on the item at the suggestion of a member of the Committee, A.V. Shevchuk, and with the consent of all the members of the Committee present, Head of the Internal Audit Department, S.V. Shpakova, was recommended to prepare and submit to the members of the Committee proposals for amending the Methodology for calculating and evaluating the implementation of key performance indicators of the head of the internal audit division of IDGC of Centre, PJSC MI BP 1/09-01/2017 regarding the calculation of annual KPIs of the head of the internal audit division.

**After the discussion the members of the Committee proceeded to vote.**

**Decision taken at the meeting:**

1. To agree upon the report on implementation of the plan of the internal audit division of IDGC of Centre, PJSC for 2018, including the self-assessment of the quality of internal audit activities for 2018, the implementation results of the plan of measures to develop and improve the Company's internal audit activities in 2018 for the period from 2017 to 2019, as well as the implementation of key performance indicators of the head of the internal audit division of IDGC of Centre, PJSC in 2018 in accordance with Appendix 3 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 plan of the internal audit division of IDGC of Centre, PJSC for 2018, including the self-assessment of the quality of internal audit activities for 2018, the implementation results of the plan of measures to develop and improve the Company's*

*internal audit activities in 2018 for the period from 2017 to 2019, as well as the implementation of key performance indicators of the head of the internal audit division of IDGC of Centre, PJSC in 2018 in accordance with the Appendix».*

**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 draft accounting (financial) statements of the Company for 2018, prepared under RAS (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 2018 (Appendix 2).
3. The report on implementation of the plan of the internal audit division of IDGC of Centre, PJSC for 2018, including the self-assessment of the quality of internal audit activities for 2018, the implementation results of the plan of measures to develop and improve the Company's internal audit activities in 2018 for the period from 2017 to 2019, as well as the implementation of key performance indicators of the head of the internal audit division of IDGC of Centre, PJSC in 2018 (Appendix 3).

**Chairperson of the Audit Committee**

**A.V. Varvarin**

**Secretary of the Audit Committee**

**S.V. Lapinskaya**