



ОТКРЫТОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО  
МЕЖРЕГИОНАЛЬНАЯ РАСПРЕДЕЛИТЕЛЬНАЯ  
СЕТЕВАЯ КОМПАНИЯ УРАЛА  
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## AUDIT COMMITTEE

### Protocol # КА - 42 Audit Committee session IDGC of Urals, OAO

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**Session form** – in-presentia (video-conference).

**Session date:** March 04, 2015.

**Protocol date:** March 06, 2015.

**Session started at:** 10.00 (Moscow time).

**Session ended at:** 11.10 (Moscow time).

**Session location:** Room A3-063, Rosseti office, 4/1 Ulitsa Belovezhskaya, Moscow.

#### **Committee members who participated in the session:**

Y.V. Yascheritsyna

K.M. Yushkov

D.A. Malkov

M.V. Azovtsev

#### **Committee member who has not participated in the session:**

S.A. Petrov

The number of the Committee members that participated in the session is 4 out of 5. Quorum for decision-taking on all agenda issues reached.

#### **Representatives from IDGC of Urals, OAO who attended the session:**

V.M. Scherbakova, Deputy General Director for Economics and Finance

A.A. Nikitushina, Deputy General Director for Corporate Governance

O.M. Abrosimova, Chief Accountant.

A.A. Ulyanov, Head of Internal Audit and Risk Management Department

#### **Committee expert:**

M.A. Lelekova, Director of Internal Audit and Control Department at Rosseti, OAO

#### **Committee Secretary:**

D.V. Tikhanov.

#### **Agenda:**

1. Review of a management's report on the completion of adjustment action plan related to the elimination of disadvantages revealed by the Audit Commission and internal auditor during 2014.
2. Review of management's information on non-standard operations and events as well as bad debt and evaluative liability reserves during 2014.
3. Review of a report on the efficiency of the internal control system in 2014.
4. Review of a Company's internal document: The Regulations on the Audit Committee in a new version.

## **Issue 1: Review of a management's report on the completion of adjustment action plan related to the elimination of disadvantages revealed by the Audit Commission and internal auditor during 2014.**

**Report by:** V.M. Scherbakova.

The report included key results of adjustment action plan related to the elimination of disadvantages revealed by the Audit Commission and internal auditor during 2014. The speaker was asked qualifying questions and commented on them.

### **Participants noted:**

- Lack of information on target terms for adjustment activities.
- 6 inspections have not ended in preparation and approval of adjustment plans.
- Lack of comments accompanied by supporting documents on completed activities.
- Inclusion of requirements related to the observation of legislation and internal documents of the Company to adjustment plans, thus deteriorating the value of such plans and discouraging the elimination of revealed violations.

### **Resolution:**

To recommend the sole executive body of the Company:

1. To regulate the process related to post-audit preparation, approval and control of the adjustment plans;
2. To take measures to increase the quality of adjustments;
3. To ensure the efficient control over adjustment plan execution.

### **Voting results:**

“FOR” – 4 (Four) votes: Y.V. Yascheritsyna, D.A. Malkov, K.M. Yushkov, M.V. Azovtsev.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

**The resolution is adopted unanimously.**

## **Issue 2: Review of management's information on non-standard operations and events as well as bad debt and evaluative liability reserves during 2014.**

**Report by:** V.M. Scherbakova.

The speaker presented a management's report on non-standard operations and events as well as bad debt and evaluative liability reserves during 2014. The speaker was asked qualifying questions and commented on them.

### **Participants noted:**

- Deviation from target incomes and expenses. The balance of reserve and evaluative liabilities exceeded targets. In this respect the session participants noted the necessity of comments on reasons of evaluative liability reserve formation within 2014 draft accounting statements.
- Necessity to submit CF-backed 2014 net profit indicators to the Committee members.

### **Resolution:**

To take into account management's information on non-standard operations and events as well as bad debt and evaluative liability reserves during 2014.

### **Voting results:**

“FOR” – 4 (Four) votes: Y.V. Yascheritsyna, D.A. Malkov, K.M. Yushkov, M.V. Azovtsev.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

**The resolution is adopted unanimously.**

## **Issue 3: Review of a report on the efficiency of the internal control system in 2014.**

**Report by:** A.A. Ulyanov.

The speaker presented the key parameters of a report on the efficiency of the internal control system in

2014. The speaker was asked qualifying questions and commented on them.

**Resolution:**

1. To take into account a report on the efficiency of the internal control and risk management system during 2014.
2. To note the current maturity level of the internal control and risk management system as moderate.
3. To recommend the Board of Directors:
  - 3.1 To approve the report on the efficiency of the internal control system during 2014.
  - 3.2 To entrust the sole executive body of the Company to implement measures on development and improvement of the IC&RM system proposed by the report ensuring the increase of system maturity level.

**Voting results:**

“FOR” – 4 (Four) votes: Y.V. Yascheritsyna, D.A. Malkov, K.M. Yushkov, M.V. Azovtsev.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

**The resolution is adopted unanimously.**

**Issue 4: Review of a Company’s internal document: The Regulations on the Audit Committee in a new version.**

**Report by:** D.V. Tikhanov.

The speaker presented key alterations to the Regulations on the Audit Committee as well as reasons for the introduction. The speaker was asked qualifying questions and commented on them.

**Resolution:**

1. To approve the Regulations on the Audit Committee in a new version according to Appendix #1 hereof.
2. To recommend the sole executive body of the Company to submit the following issue for BoD review: Approval of the Regulations on the Audit Committee in a new version. Deadline: 31.03.2015.
3. To acknowledge the Regulations on the preparation of issued for the Audit Committee approved by the Audit Committee on 29.12.2010 (Protocol #KA-9) as ceased to be in force since the adoption of the document by the Board of Directors.

**Voting results:**

“FOR” – 4 (Four) votes: Y.V. Yascheritsyna, D.A. Malkov, K.M. Yushkov, M.V. Azovtsev.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

**The resolution is adopted unanimously.**

**The Committee Chairperson**

**Y.V. Yascheritsyna**

**The Committee Secretary**

**D.V. Tikhanov**