

AUDIT COMMITTEE

MINUTES OF THE COMMITTEE MEETING No. KA - 113 OAO IDGC of Urals

Meeting form: F2F (VC).

Meeting date: 21 February 2020.

Minutes date: 25 February 2020.

Meeting started at: 11:00 (Moscow time).

Meeting ended at: 12:10 (Moscow time).

Meeting location: 4/1 Ulitsa Belovezhskaya, Moscow (Rosseti HQ), Room A2-017, Yekaterinburg VC: IDGC of Urals HQ, 6th Floor.

Participants:

Aleksandr Viktorovich Shevchuk Association of Institutional Investors' Executive Director, Chair of the Committee;
Yuri Vladimirovich Goncharov PAO Rosseti's Chief Advisor;
Roman Avgustovich Dmitrik OOO ESIH's General Director;
Yury Kazbekovich Zafesov PAO Rosseti's Procurement Department Director.

Committee member who completed the ballot:

Tatyana Aleksandrovna Ivanova PAO Rosseti's Tariff Department Deputy Director.

Meeting attendance: 5 / 5. A quorum for decision-making on agenda issues is duly constituted.

Invitees:

Irina Olegovna Posevina PAO Rosseti's Internal Audit Department Director;
Dmitry Vladimirovich Vyalkov OAO IDGC of Urals' Deputy General Director for Development and Sales (agenda item No.1);
Aleksandr Mikhailovich Krivyakov OAO IDGC of Urals' Deputy General Director (agenda item No.1);
Alla Aleksandrovna Petrova OAO IDGC of Urals' Deputy General Director for Corporate Governance (agenda item No.1);
Vladislav Rufovich Cherepanov OAO IDGC of Urals' Deputy General Director for Investments (agenda item No.1);
Anatoly Vyacheslavovich Katkov OAO IDGC of Urals' Logistics Director (agenda item No.1);
Evgeny Vladimirovich Lobov OAO IDGC of Urals' Capital Construction Department Head (agenda item No.1);
Olesya Gennadyevna Negrey OAO IDGC of Urals' Property Management Department Head (agenda item No.1);
Polina Vladimirovna Krivonogova OAO IDGC of Urals' Internal Audit Department Head.

Committee Secretary:

Dmitry Vyacheslavovich Tikhanov OAO IDGC of Urals' Head of Corporate Events Section of Corporate Governance and Stockholder Relations Department.

Agenda:

1. Examination of the 2019 management report regarding: i) progress in remedial actions taken to eliminate weaknesses exposed by the Board of Internal Auditors, internal audit, external watchdogs; and ii) measures taken after whistle-blowing on unethical practices of employees; iii) investigation outcomes.
2. Preliminary examination of the internal audit's report regarding the outcomes of evaluation of the progress in exposure and sale of non-core assets in 2019.
3. Preliminary examination of the internal audit's progress report, also covering self-evaluation of quality of internal audit performance in 2019 and progress in the Evolution and Improvement of Internal Audit action plan.
4. Preliminary examination of the Evolution and Improvement of Internal Audit action plan.

Agenda item No.1: Examination of the 2019 management report regarding: i) progress in remedial actions taken to eliminate weaknesses exposed by the Board of Internal Auditors, internal audit, external watchdogs; and ii) measures taken after whistle-blowing on unethical practices of employees; iii) investigation outcomes.

Report by: Aleksandr Mikhailovich Krivyakov, OAO IDGC of Urals' Deputy General Director.

Resolution:

To take note of the 2019 management report regarding: i) progress in remedial actions taken to eliminate weaknesses exposed by the Board of Internal Auditors, internal audit, external watchdogs; and ii) measures taken after whistle-blowing on unethical practices of employees; iii) investigation outcomes, as stated in Appendix No.1 hereof.

Voting results:

"FOR" - 5 (Five) votes: T.A. Ivanova, Y.K. Zafesov, Y.V. Goncharov, A.V. Shevchuk, R.A. Dmitrik.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 0 (Zero) votes.

PASSED UNANIMOUSLY.

Agenda item No.2: Preliminary examination of the internal audit's report regarding the outcomes of evaluation of the progress in exposure and sale of non-core assets in 2019.

Report by: Polina Vladimirovna Krivonogova, OAO IDGC of Urals Internal Audit Department Head.

Resolution:

To recommend the Board of Directors to adopt the following resolution:

"To take note of Auditor report No.01 "Evaluation of the progress of the Non-Core Asset Alienation Program in 2019", as stated in the Appendix hereof".

Voting results:

"FOR" - 5 (Five) votes: T.A. Ivanova, Y.K. Zafesov, Y.V. Goncharov, A.V. Shevchuk, R.A. Dmitrik.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 0 (Zero) votes.

PASSED UNANIMOUSLY.

Agenda item No.3: Preliminary examination of the internal audit's progress report, also covering self-evaluation of quality of internal audit performance in 2019 and progress in the Evolution and Improvement of Internal Audit action plan.

Report by: Polina Vladimirovna Krivonogova, OAO IDGC of Urals Internal Audit Department Head.

Resolution:

1. To approve the internal audit's progress report, also covering self-evaluation of quality of internal audit performance in 2019 and progress in the Evolution and Improvement of Internal Audit action plan, as stated in Appendix No.2 hereof.

2. To recommend the Board of Directors to adopt the internal audit's progress report, also covering self-evaluation of quality of internal audit performance in 2019 and progress in the Evolution and Improvement of Internal Audit action plan, as stated in Appendix No.2 hereof.

Voting results:

"FOR" - 5 (Five) votes: T.A. Ivanova, Y.K. Zafesov, Y.V. Goncharov, A.V. Shevchuk, R.A. Dmitrik.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 0 (Zero) votes.

PASSED UNANIMOUSLY.

Agenda item No.4: Preliminary examination of the Evolution and Improvement of Internal Audit action plan.

Report by: Polina Vladimirovna Krivonogova, OAO IDGC of Urals Internal Audit Department Head.

Resolution:

1. To approve Одобрить the 2020-2024 Evolution and Improvement of Internal Audit action plan, as stated in Appendix No.3 hereof.
2. To recommend the Board of Directors to adopt the 2020-2024 Evolution and Improvement of Internal Audit action plan, as stated in Appendix No.3.

Voting results:

“FOR” - 5 (Five) votes: T.A. Ivanova, Y.K. Zafesov, Y.V. Goncharov, A.V. Shevchuk, R.A. Dmitrik.

“AGAINST” - 0 (Zero) votes.

“ABSTAIN” - 0 (Zero) votes.

PASSED UNANIMOUSLY.

Appendix No.1	2019 management report regarding: i) progress in remedial actions taken to eliminate weaknesses exposed by the Board of Internal Auditors, internal audit, external watchdogs; and ii) measures taken after whistle-blowing on unethical practices of employees; iii) investigation outcomes.
Appendix No.2	Auditor report No.01 “Evaluation of the progress of the Non-Core Asset Alienation Program in 2019”.
Appendix No.3	Internal audit’s progress report, also covering self-evaluation of quality of internal audit performance in 2019 and progress in the Evolution and Improvement of Internal Audit action plan.
Appendix No.4	2020-2024 Evolution and Improvement of Internal Audit action plan.

The Chair A.V. Shevchuk

The Secretary D.V. Tikhanov