

AUDIT COMMITTEE

MINUTES OF THE COMMITTEE MEETING No. KA-120 OAO IDGC of Urals

10 August 2020
Meeting form: Yekaterinburg
in-absentia (by ballots)

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;
Vladislav Albertovich Kapitonov	PAO Rosseti's Corporate Finance Director;
Irina Aleksandrovna Shagina	PAO Rosseti's Head of Tariff Department.

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

Committee Secretary:

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

Agenda:

1. Election of the Committee Deputy Chair.
2. Preliminary examination of the 2H2020 and 1H2021 Committee budget.
3. Collaboration of the Audit Committee with the internal and external auditors, incl. scope of auditor procedures and audit methods of the external auditor.
4. Examination of the management's information on the execution of remedial action plans to eliminate weaknesses, exposed by the Board of Internal Auditors, internal auditor and external watchdogs, on measures taken after whistleblowing on potential employee fraud as well as on 6M 2020 investigation outcomes.

Agenda item No.1: Election of the Committee Deputy Chair.

Resolution:

To elect OOO ESIH's General Director Roman Avgustovich Dmitrik to serve as the Committee Deputy Chair.

Voting results:

"FOR" - 4 (Four) votes: Y.V. Goncharov, V.A. Kapitonov, I.A. Shagina, A.V. Shevchuk.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 1 (One) vote: R.A. Dmitrik.

PASSED BY THE MAJORITY.

Agenda item No.2: Preliminary examination of the 2H2020 and 1H2021 Committee budget.

Resolution:

1. To approve the draft of the CY2020-2021 Committee budget, as stated in Appendix No.1 hereof.
2. To recommend the OAO IDGC of Urals' Board of Directors to approve the Committee budget draft on a regular Board of Directors meeting.

Voting results:

"FOR" - 5 (Five) votes: Y.V. Goncharov, R.A. Dmitrik, V.A. Kapitonov, I.A. Shagina, A.V. Shevchuk.

"AGAINST" - 0 (Zero) votes.
"ABSTAIN" - 0 (Zero) votes.
PASSED UNANIMOUSLY.

Agenda item No.3: Collaboration of the Audit Committee with the internal and external auditors, incl. scope of auditor procedures and audit methods of the external auditor.

Resolution:

1. To take note of the external auditor's information on the planning of the audit of the OAO IDGC of Urals' FY2020 financial statements and internal auditor's information on the arrangement of internal audit's activities and collaboration with the Audit Committee.

2. Internal Audit should:

2.1. Enforce efficient collaboration with the external auditor in the evaluation of the IC&RMS efficiency.

2.2. Submit to the external auditor:

- internal audit's progress report;

- report on the evaluation of the IC&RMS efficiency to peruse the IC&RMS maturity levels.

3. To recommend the external auditor:

3.1. To inform the Audit Committee on time on problems and restrictions, occurring in the course of the audit, and exposed signs of accounting abuses.

3.2. To pay special attention to Company's usage of judgments and allowances, controversies with contractors over the rendered service scope and their relevance.

4. To entrust the management to bring up for discussion by the Audit Committee, with external and internal auditors engaged:

4.1. Written information (auditor report) of the external auditor on the key problems of the Company's accounting (financial) statements.

Deadline: within 10 days after Company's receipt of the auditor report.

4.2. Revisions of the Company's 2020 Accounting Policy, slated amendments for 2021 and their impact on the accounting (financial) statements.

Deadline: On or before 25 December 2020.

4.3. Irregular operations and events, formation of bad debt allowances and contingencies, most crucial accounting assumptions.

Deadline: prior to the filing of the draft of the Company's FY2020 annual statements with the Audit Committee for review.

Voting results:

"FOR" - 5 (Five) votes: Y.V. Goncharov, R.A. Dmitrik, V.A. Kapitonov, I.A. Shagina, A.V. Shevchuk.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 0 (Zero) votes.

PASSED UNANIMOUSLY.

Agenda item No.4: Examination of the management's information on the execution of remedial action plans to eliminate weaknesses, exposed by the Board of Internal Auditors, internal auditor and external watchdogs, on measures taken after whistleblowing on potential employee fraud as well as on 6M 2020 investigation outcomes.

Resolution:

To take note of the management's information on the execution of remedial action plans to eliminate weaknesses, exposed by the Board of Internal Auditors, internal auditor and external watchdogs, on measures taken after whistleblowing on potential employee fraud as well as on 6M 2020 investigation outcomes, as stated in Appendix No.2 hereof.

Voting results:

"FOR" - 5 (Five) votes: Y.V. Goncharov, R.A. Dmitrik, V.A. Kapitonov, I.A. Shagina, A.V. Shevchuk.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 0 (Zero) votes.

PASSED UNANIMOUSLY.

Appendix No.1
Appendix No.2

Draft of the CY2020-2021 Committee budget.
Management's information on the execution of remedial action plans to eliminate weaknesses, exposed by the Board of Internal Auditors, internal auditor and external watchdogs, on measures taken after whistleblowing on potential employee fraud as well as on 6M 2020 investigation outcomes.

The Chair

A.V. Shevchuk

The Secretary

D.V. Tikhanov