

AUDIT COMMITTEE

MINUTES OF THE COMMITTEE MEETING No.KA-67 IDGC of Urals (OAO)

Meeting form – in-presentia (VC).

Meeting date: 04 April 2017.

Minutes date: 05 April 2017.

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

Meeting ended at: 11:40 (Moscow time).

Meeting location: 4/1 Ulitsa Belovezhskaya, Moscow, Rosseti HQ, Room A5-048.

Attending members:

Vladimir Vladimirovich Sofyin	Director of Technological Development and Innovations Department at Rosseti (PAO), Deputy Chair;
Roman Avgustovich Dmitrik	General Director at RRSK (OOO).

Members who filed ballots:

Aleksandr Viktorovich Shevchuk	Executive Director of Association of Institutional Investors, Chair of the Committee;
Yulia Vitalyevna Yascheritsyna	Director of Economic Planning and Budgeting Department at Rosseti (PAO);

4 out of 4 members have participated in the meeting. A quorum for decision-making on agenda issues is duly constituted.

Invitees:

Anzhelika Aleksandrovna Zadorozhnaya	Head of Oversight and Analysis Directorate of Oversight Department at Rosseti (PAO) – Committee's expert;
Aleksandr Mikhailovich Krivyakov	Deputy General Director at IDGC of Urals (OAO);
Ekaterina Aleksandrovna Shishkina	Deputy Head of Internal Audit Department at IDGC of Urals (OAO);
Antonina Yuryevna Zmyvalova	Head of Internal Audit and Risk Management Section at IDGC of Urals (OAO).

The Committee Secretary:

Dmitry Vyacheslavovich Tikhanov	Head of Corporate Events Section of Corporate Governance and Stockholder Relations Department at IDGC of Urals (OAO)
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Agenda:

1. Preliminary examination of the General Director's report with regard to arrangement and functioning of the internal control system, covering measures taken to improve the internal control and risk management systems and upgrade maturity level of the systems in 2016.

2. Preliminary examination of the 2016 Internal Audit's report with regard to efficiency of the internal control and risk management systems.

Agenda item No.1: Preliminary examination of the General Director's report with regard to arrangement and functioning of the internal control system, covering measures taken to improve the internal control and risk management systems and upgrade maturity level of the systems in 2016.

Report by: Aleksandr Mikhailovich Krivyakov, Deputy General Director at IDGC of Urals (OAO).

Resolution:

1. To finalize the report with regard to arrangement and functioning of the internal control system, covering measures taken to improve the internal control and risk management systems and upgrade maturity level of the systems in 2016, consistent with comments from Appendix No.1 hereof.
2. To recommend the Company's sole executive body to enforce improvement measures, scheduled for and unexecuted in 2016, and to oversee that further measures are scheduled in terms of timing and relevant costs.
3. To recommend the Board of Directors to adopt the following resolution, provided that the Company's management comply with clause 1 hereof:
"To take note of the General Director's report with regard to arrangement and functioning of the internal control system, covering measures taken to improve the internal control and risk management systems and upgrade maturity level of the systems in 2016, as stated in Appendix No.__ hereof".

Voting results:

"FOR" - 4 (Four) votes: Y.V. Yascheritsyna, V.V. Sofyin, A.V. Shevchuk, R.A. Dmitrik.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 0 (Zero) votes.

PASSED UNANIMOUSLY.

Agenda item No. 2: Preliminary examination of the 2016 Internal Audit's report with regard to efficiency of the internal control and risk management systems.

Report by: Aleksandr Mikhailovich Krivyakov, Deputy General Director at IDGC of Urals (OAO).

Resolution:

1. To note the plateauing of the maturity level of the Company's internal control and risk management at the year-end, compared to 2015, remaining half-way between "moderate" and "optimal" levels and retaining "moderate" level.
2. To recommend the Board of Directors to adopt the following resolution:
 - 2.1. To approve the 2016 report with regard to efficiency of the internal control and risk management systems.
 - 2.2. To note that measures to improve the internal control and risk management systems, taken by the management in 2016, have not fueled the growth of the system maturity level.
 - 2.3. To entrust the Company's sole executive body:
 - 2.3.1. To enforce preparation prior to 15.05.2017 and implementation of measures to improve the internal control and risk management systems, with additional measures to

develop "oversight measures" and "monitoring" components of the internal control system, "internal environment", "event detection" and "oversight means" components of the risk management system, to have the maturity level increased by the end of 2017.

2.3.2. To file with the Company's Board of Directors the progress report on measures from clause 2.3.1 hereof, side by side with the report with regard to arrangement and functioning of the internal control system and 2017 Internal Audit's report with regard to efficiency of the internal control and risk management systems.

Deadline: 01.04.2018.

Voting results:

"FOR" - 4 (Four) votes: Y.V. Yascheritsyna, V.V. Sofyin, A.V. Shevchuk, R.A. Dmitrik.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 0 (Zero) votes.

PASSED UNANIMOUSLY.

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| Appendix No.1 | General Director's report with regard to arrangement and functioning of the internal control system, covering measures taken to improve the internal control and risk management systems and upgrade maturity level of the systems in 2016. |
| Appendix No.2 | 2016 Internal Audit's report with regard to efficiency of the internal control and risk management systems. |

The Deputy Chair

V.V. Sofyin

The Secretary

D.V. Tikhanov