

## AUDIT COMMITTEE

### MINUTES OF THE COMMITTEE MEETING No. KA - 81 OAO IDGC of Urals

25 January 2018

Meeting form:

Yekaterinburg

in-absentia (by ballots)

#### Participants:

Aleksandr Viktorovich Shevchuk	Executive Director of Association of Institutional Investors, Chair of the Committee;
Yulia Vitalyevna Yascheritsyna	PAO Rosseti's Economic Planning and Budgeting Department Director;
Aleksandr Nikolaevich Fadeev	PAO Rosseti's Chief Advisor;
Roman Avgustovich Dmitrik	OOO RRSK's General Director;
Aleksey Yuryevich Serov	PAO Rosseti's Finance Department Director.

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

#### Committee Secretary:

Dmitry Vyacheslavovich Tikhonov      Head of Corporate Events Section of Corporate Governance and Stockholder Relations Department at IDGC of Urals (OAO).

#### Agenda:

1. Preliminary examination of the report regarding audit of the Company's activities related to reduction of electricity losses and transmission receivables (pursuant to clause 2.2, agenda item No. 3 of Jul.27, 2017 Board of Directors (Minutes No.239).
2. Preliminary examination of conditions for a tender to select external auditor to be engaged in the audit of Company's accounting (financial) statements.
3. Preliminary examination of Internal Audit's report regarding assessment of execution of non-core asset sale program and action plan during 2017.

**Agenda item No.1:** Preliminary examination of the report regarding audit of the Company's activities related to reduction of electricity losses and transmission receivables (pursuant to clause 2.2, agenda item No. 3 of Jul.27, 2017 Board of Directors (Minutes No.239).

#### **Resolution:**

1. To recommend the Board of Directors:

"1. To take note of the report regarding audit of the Company's activities related to reduction of electricity losses and transmission receivables.

2. General Director is to:

2.1. Implement recommendations of the Company's Board of Internal Auditors to eliminate exposed violations and weaknesses, prevent or mitigate exposed risks.

3. File with the Board of Directors for examination a report regarding activities to eliminate and prevent violations/weaknesses as well as to implement recommendations of the Company's Board of Internal Auditors, with preliminary examination by the Board of Directors Audit Committee.

Deadline: on or before 28.02.2018."

**Voting results:**

"FOR" - 5 (Five) votes: Y.V. Yascheritsyna, A.V. Shevchuk, A.N. Fadeev, R.A. Dmitrik, A.Y. Serov.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 0 (Zero) votes.

**PASSED UNANIMOUSLY.**

**Agenda item No.2: Preliminary examination of conditions for a tender to select external auditor to be engaged in the audit of Company's accounting (financial) statements.**

**Resolution:**

1. To adopt conditions for a tender to select external auditor to be engaged in the audit of Company's accounting (financial) statements, prepared under RAS and IFRS, in 2018-2020, namely: to specify criteria and their significance for participant assessment, proposal assessment procedure, as stated in the Appendix hereof.
2. To recommend the Company to conduct the 2018-2020 RAS and IFRS statements audit tender in the form of participation in PAO Rosseti's centralized open tender.

**Voting results:**

"FOR" - 3 (Three) votes: Y.V. Yascheritsyna, A.N. Fadeev, A.Y. Serov.

"AGAINST" - 1 (One) vote: A.V. Shevchuk.

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

**PASSED BY THE MAJORITY.**

**Agenda item No.3: Preliminary examination of Internal Audit's report regarding assessment of execution of non-core asset sale program and action plan during 2017.**

**Resolution:**

1. To take note of Internal Audit's report regarding assessment of execution of non-core asset sale program and action plan.
2. To recommend the Company's Internal Audit to file with the Board of Directors, with preliminary examination by the Board of Directors Audit Committee, a progress report with regard to audit of non-core asset identification and sale, revised to cover all completed economic operations in 2017.
3. To recommend the Board of Directors to defer examination of the Internal Audit's report regarding assessment of execution of non-core asset sale program and action plan in 2017 to early March 2018.

**Voting results:**

"FOR" - 5 (Five) votes: Y.V. Yascheritsyna, A.V. Shevchuk, A.N. Fadeev, R.A. Dmitrik, A.Y. Serov.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 0 (Zero) votes.

**PASSED UNANIMOUSLY.**

The Chair

A.V. Shevchuk

The Secretary

D.V. Tikhanov