

AUDIT COMMITTEE

MINUTES OF THE COMMITTEE MEETING No. KA - 82 OAO IDGC of Urals

Meeting form: F2F (videoconference).

Meeting date: 19 February 2018.

Minutes date: 20 February 2018.

Meeting started: 10:15 (Moscow time).

Meeting ended: 11:35 (Moscow time).

Meeting venue: 4/1 Ulitsa Belovezhskaya, Moscow (PAO Rosseti HQ), Room A4-069.

Attending members:

Aleksandr Viktorovich Shevchuk	Executive Director of Association of Institutional Investors, Chair of the Committee;
Roman Avgustovich Dmitrik	OOO RRSK's General Director;
Aleksey Yuryevich Serov	PAO Rosseti's Finance Department Director.

Members who filed ballots:

Yulia Vitalyevna Yascheritsyna	PAO Rosseti's Economic Planning and Budgeting Department Director;
Aleksandr Nikolaevich Fadeev	PAO Rosseti's Chief Advisor.

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

Invitees:

Marina Alekseevna Lelekova	PAO Rosseti's Oversight Department Director;
Vladimir Anatolyevich Bolotin	OAO IDGC of Urals' Acting First Deputy General Director – Chief Operating Officer
Valentina Mikhailovna Shcherbakova	OAO IDGC of Urals' Deputy General Director for Economics and Finance;
Dmitry Vladimirovich Vyalkov	OAO IDGC of Urals' Deputy General Director for Development and Sales;
Aleksandr Mikhailovich Krivyakov	OAO IDGC of Urals' Deputy General Director;
Sergey Nikolayevich Bondarenko	OAO IDGC of Urals' Deputy General Director for Security;
Anton Gennadyevich Dyachkov	OAO IDGC of Urals' Deputy General Director for Investments;
Olga Mikhailovna Abrosimova	OAO IDGC of Urals' Chief Accountant

Vladimir Mikhailovich Matyuk	OAo IDGC of Urals' HR Director;
Antonina Yuryevna Zmyvalova	OAo IDGC of Urals' Internal Control and Risk Management Section Head.

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 Company's FY2017 accounting (financial) statements, prepared under RAS.
2. Examination of the FY2017 management's information with regard to: i) progress in the remedial action plan to eliminate weaknesses, exposed by the Company's Board of Internal Auditors, Internal Audit unit, external oversight bodies (watchdogs); ii) progress in measures taken after whistleblowing on potential unethical practices of employees and relevant investigations.
3. Examination of FY2017 anticorruption monitoring report.
4. Preliminary examination of an Internal Audit's progress report with regard to the plan performance and FY2017 outcomes, covering also self-evaluation of FY2017 Internal Audit performance quality and execution of the action plan to enhance and promote internal audit.

Agenda item No.1: Preliminary examination of the Company's FY2017 accounting (financial) statements, prepared under RAS.

Report by: Valentina Mikhailovna Shcherbakova, OAo IDGC of Urals' Deputy General Director for Economics and Finance.

Participants noted: In 2017 the Board of Directors has adopted charity activities in the amount exceeding the one, stipulated by the Company's business plan, by RUB 184 million.

Resolution:

1. To take note of the Company's FY2017 accounting (financial) statements, prepared under RAS, as stated by Appendix No.1 hereof.
2. To prepare recommendations for the Board of Directors to file the Company's FY2017 RAS accounting (financial) statements with the Annual General Meeting of Stockholders for adoption after the Audit Committee examines external auditor's written information regarding core problems of the Company's FY2017 RAS accounting (financial) statements.

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: Examination of the FY2017 management's information with regard to: i) progress in the remedial action plan to eliminate weaknesses, exposed by the Company's

Board of Internal Auditors, Internal Audit unit, external oversight bodies (watchdogs); ii) progress in measures taken after whistleblowing on potential unethical practices of employees and relevant investigations.

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

Resolution:

To take note of the FY2017 management's information with regard to: i) progress in the remedial action plan to eliminate weaknesses, exposed by the Company's Board of Internal Auditors, Internal Audit unit, external oversight bodies (watchdogs); ii) progress in measures taken after whistleblowing on potential unethical practices of employees and relevant investigations, as stated in Appendix No.2 hereof.

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. 3: Examination of FY2017 anticorruption monitoring report.

Report by: Sergey Nikolayevich Bondarenko, OAO IDGC of Urals' Deputy General Director for Security.

Resolution:

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

To take note of the FY2017 anticorruption monitoring report, as stated in the Appendix hereof.

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. 4: Preliminary examination of an Internal Audit's progress report with regard to the plan performance and FY2017 outcomes, covering also self-evaluation of FY2017 Internal Audit performance quality and execution of the action plan to enhance and promote internal audit.

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

Resolution:

1. To approve the progress report with regard to the plan performance, covering also self-evaluation of FY2017 Internal Audit performance quality, as stated in Appendix No. 3 hereof.

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

"1. To approve the progress report with regard to the plan performance, covering also self-evaluation of FY2017 Internal Audit performance quality, as stated in Appendix No. ___ hereof".

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.

Appendix No.1	Company's FY2017 accounting (financial) statements, prepared under RAS.
Appendix No.2	FY2017 management's information with regard to: i) progress in the remedial action plan to eliminate weaknesses, exposed by the Company's Board of Internal Auditors, Internal Audit unit, external oversight bodies (watchdogs); ii) progress in measures taken after whistleblowing on potential unethical practices of employees and relevant investigations.
Appendix No.3	Progress report with regard to the plan performance, covering also self-evaluation of FY2017 Internal Audit performance quality.

The Chair

A.V. Shevchuk

The Secretary

D.V. Tikhanov