

AUDIT COMMITTEE

MINUTES OF THE COMMITTEE MEETING No. KA - 86 OAO IDGC of Urals

20 April 2018
Meeting form:

Yekaterinburg
in-absentia (by ballots)

Participants:

Aleksandr Viktorovich Shevchuk	Association of Institutional Investors' Executive Director, 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 Tikhanov	OAO IDGC of Urals' Head of Corporate Events Section of Corporate Governance and Stockholder Relations Department.
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Agenda:

1. Examination and approval of the "Internal Control System" Section of the Company's annual report.
2. Examination of a Ministry of Energy field inspection observations with regard to progress of a Company's investment project "Reconstruction of 35/6 kV Verkhnyaya Sysert substation (Upgrading to 110 kV)" and measures taken to prevent similar violations/weaknesses (in pursuance of the Mar.29, 2018 Board of Directors resolution, Minutes No. 264).
3. Preliminary adoption of an external auditor nominee to audit FY2018 accounting (financial) statements.

Agenda item No.1: Examination and approval of the "Internal Control System" Section of the Company's annual report.

Resolution:

1. To approve the "Internal Control System" Section of the Company's annual report, as stated in Appendix No.1 hereof.
2. After the Board of Directors' examination of the Internal Audit's 2017 evaluation of the internal control system efficiency to update the "Internal Control System" Section in terms of the ICS maturity level.

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 a Ministry of Energy field inspection observations with regard to progress of a Company's investment project "Reconstruction of 35/6 kV Verkhnyaya Sysert substation (Upgrading to 110 kV)" and measures taken to prevent similar violations/weaknesses (in pursuance of the Mar.29, 2018 Board of Directors resolution, Minutes No. 264).

Resolution:

To take note of the OAO IDGC of Urals' report on elimination of violations/weaknesses exposed by a Ministry of Energy field inspection with regard to progress of a Company's investment project "Reconstruction of 35/6 kV Verkhnyaya Sysert substation (Upgrading to 110 kV)" and measures taken to prevent similar violations/weaknesses, as stated by 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: Preliminary adoption of an external auditor nominee to audit FY2018 accounting (financial) statements.

Resolution:

1. To take note of the Tendering Committee resolution to conduct pre-contract negotiations with the winner on price reduction (item 4 of Minutes dated as of 16.04.2018 No.13/595r).
2. Management should inform the Audit Committee members on the outcomes of the pre-contract negotiations with the winner on price reduction.
Deadline: 30.04.2018.
3. To recommend the Board of Directors to propose the General Annual Meeting to adopt OOO Ernst & Young (77/1 Sadovnicheskaya naberezhnaya, Moscow, 115035, Russia), recognized as the winner of the open tender (Tendering Committee Minutes dated as of 16.04.2018 No.13/595r), as the Company's auditor.

Voting results:

"FOR" - 3 (Three) votes: Y.V. Yascheritsyna, A.N. Fadeev, A.Y. Serov.
"AGAINST" - 2 (Two) votes: A.V. Shevchuk, R.A. Dmitrik.
"ABSTAIN" - 0 (Zero) votes.
PASSED BY THE MAJORITY.

Appendix No.1	"Internal Control System" Section of the annual report.
Appendix No.2	OAO IDGC of Urals' report on elimination of violations/weaknesses exposed by a Ministry of Energy field inspection with regard to progress of a Company's investment project "Reconstruction of 35/6 kV Verkhnyaya Sysert substation (Upgrading to 110 kV)" and measures taken to prevent similar violations/weaknesses.
Appendix No.3	A.V. Shevchuk's ballot and special opinion on item No.3.

The Chair

A.V. Shevchuk

The Secretary

D.V. Tikhanov