

AUDIT COMMITTEE

MINUTES OF THE COMMITTEE MEETING No. KA - 98 OAO IDGC of Urals

Meeting form: F2F (VC).

Meeting date: 27 February 2019.

Minutes date: 01 March 2019.

Meeting started: 11:05 (Moscow time).

Meeting ended: 12:15 (Moscow time).

Meeting location: 4/1 Ulitsa Belovezhskaya, Moscow (PAO Rosseti's HQ, Room A5-048), videoconference with Yekaterinburg (OAO IDGC of Urals' HQ, 6th Floor Conference Room).

Attendees:

Aleksandr Viktorovich Shevchuk	Association of Institutional Investors' Executive Director, Chair of the Committee;
Roman Avgustovich Dmitrik	OOO ESIH's General Director;
Yury Kazbekovich Zafesov	PAO Rosseti's Procurement Department Director;
Sergey Ivanovich Miromanov	PAO Rosseti's Head of Grid Asset Consolidation Directorate of Network Perspective Development and Connection Department.

Ballots filed:

Aleksey Yuryevich Serov, PAO Rosseti's Finance Department Director;

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

Invitees:

Sergey Vladimirovich Kiryukhin	PAO Rosseti's Chief Advisor;
Marina Alekseevna Lelekova	PAO Rosseti's Director of Oversight Department;
Aleksandr Mikhailovich Krivyakov	OAO IDGC of Urals' Deputy General Director;
Sergey Nikolayevich Bondarenko	OAO IDGC of Urals' Deputy General Director for Security;
Alla Aleksandrovna Petrova	OAO IDGC of Urals' Deputy General Director for Corporate Governance;
Dmitry Vladimirovich Vyalkov	OAO IDGC of Urals' Deputy General Director for Development and Sales;
Anton Gennadyevich Dyachkov	OAO IDGC of Urals' Deputy General Director for Investments;
Roman Nikolayevich Lapchenko	OAO IDGC of Urals' Security Department Director;
Polina Vladimirovna Krivonogova	OAO IDGC of Urals' Internal Audit Department Director.

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 of the 2018 management report regarding: i) progress in remedial actions taken to eliminate weaknesses exposed by the Board of Internal Auditors, internal audit, external watchdogs; and ii) measures taken after whistle-blowing on unethical practices of employees; iii) investigation outcomes.
2. Examination of the 2018 anti-corruption monitoring outcomes.
3. Preliminary examination of the 2018 internal audit's report regarding progress evaluation of the Non-core Asset Alienation Program.
4. Examination of the 2018 internal audit's progress report, also covering self-evaluation of quality of internal audit performance in 2018 and progress in the Evolution and Improvement of Internal Audit action plan.
5. Preliminary examination of amendments to the 2017-2019 Evolution and Improvement of Internal Audit action plan.

Agenda item No.1: Examination of the 2018 management report regarding: i) progress in remedial actions taken to eliminate weaknesses exposed by the Board of Internal Auditors, internal audit, external watchdogs; and ii) measures taken after whistle-blowing on unethical practices of employees; iii) investigation outcomes.

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

Resolution:

To take note of the 2018 management report regarding: i) progress in remedial actions taken to eliminate weaknesses exposed by the Board of Internal Auditors, internal audit, external watchdogs; and ii) measures taken after whistle-blowing on unethical practices of employees; iii) investigation outcomes, as stated in Appendix No.1 hereof.

Voting results:

"FOR" - 5 (Five) votes: A.V. Shevchuk, R.A. Dmitrik, Y.K. Zafesov, S.I. Miromanov, A.Y. Serov.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 0 (Zero) votes.

PASSED UNANIMOUSLY.

Agenda item No.2: Examination of the 2018 anti-corruption monitoring outcomes.

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

Resolution:

To recommend the Board of Directors to take note of the 2018 anti-corruption monitoring outcomes, as stated in Appendix No.2 hereof.

Voting results:

"FOR" - 5 (Five) votes: A.V. Shevchuk, R.A. Dmitrik, Y.K. Zafesov, S.I. Miromanov, A.Y. Serov.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 0 (Zero) votes.

PASSED UNANIMOUSLY.

Agenda item No.3: Preliminary examination of the 2018 internal audit's report regarding progress evaluation of the Non-core Asset Alienation Program.

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

Resolution:

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

"1. To take note of Auditor Report No.01 "Progress Evaluation of the Non-core Asset Alienation Program", as stated in Appendix No.__ hereof.

2. To recommend the management to enforce implementation of internal audit's recommendations given after the audit".

Voting results:

"FOR" - 5 (Five) votes: A.V. Shevchuk, R.A. Dmitrik, Y.K. Zafesov, S.I. Miromanov, A.Y. Serov.

"AGAINST" - 0 (Zero) votes.

"ABSTAIN" - 0 (Zero) votes.

PASSED UNANIMOUSLY.

Agenda item No.4: Examination of the 2018 internal audit's progress report, also covering self-evaluation of quality of internal audit performance in 2018 and progress in the Evolution and Improvement of Internal Audit action plan.

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

Resolution:

1. To approve the 2018 internal audit's progress report, also covering self-evaluation of quality of internal audit performance in 2018, as stated in Appendix No.2 hereof.
2. To recommend the Board of Directors to adopt the following resolution:
"To adopt the 2018 internal audit's progress report, also covering self-evaluation of quality of internal audit performance in 2018, as stated in Appendix No.___ hereof".

Voting results:

"FOR" - 5 (Five) votes: A.V. Shevchuk, R.A. Dmitrik, Y.K. Zafesov, S.I. Miromanov, A.Y. Serov.
"AGAINST" - 0 (Zero) votes.
"ABSTAIN" - 0 (Zero) votes.
PASSED UNANIMOUSLY.

Agenda item No.5: Preliminary examination of amendments to the 2017-2019 Evolution and Improvement of Internal Audit action plan.

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

Resolution:

1. To adopt the amendments to the 2017-2019 Evolution and Improvement of Internal Audit action plan, as stated in Appendix No.3 hereof.
2. To recommend the Board of Directors to adopt the amendments to the 2017-2019 Evolution and Improvement of Internal Audit action plan, as stated in Appendix No.___ hereof.

Voting results:

"FOR" - 5 (Five) votes: A.V. Shevchuk, R.A. Dmitrik, Y.K. Zafesov, S.I. Miromanov, A.Y. Serov.
"AGAINST" - 0 (Zero) votes.
"ABSTAIN" - 0 (Zero) votes.
PASSED UNANIMOUSLY.

Appendix No.1	2018 management report regarding: i) progress in remedial actions taken to eliminate weaknesses exposed by the Board of Internal Auditors, internal audit, external watchdogs; and ii) measures taken after whistle-blowing on unethical practices of employees; iii) investigation outcomes.
Appendix No.2	Information on anti-corruption monitoring and compliance with the Company's Anticorruption Policy during 2018.
Appendix No.3	2018 internal audit's report regarding progress evaluation of the Non-core Asset Alienation Program.
Appendix No.4	2018 internal audit's progress report, also covering self-evaluation of quality of internal audit performance in 2018 and progress in the Evolution and Improvement of Internal Audit action plan.
Appendix No.5	Amendments to the 2017-2019 Evolution and Improvement of Internal Audit action plan.

The Chair **A.V. Shevchuk**

The Secretary **D.V. Tikhanov**