

APPROVED

by the Decision of the Board of Directors of  
IDGC of the South, PJSC

dated March 11, 2016

(Minutes No. 180/2 dated March 14, 2016)

**REGULATIONS**

**ON THE AUDIT COMMITTEE**

**OF THE BOARD OF DIRECTORS OF IDGC of the South, PJSC**

Rostov-on-Don  
2016

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## 1. Main concepts and abbreviations used in the Regulations

Company	– IDGC of the South, PJSC
SA	– Subsidiaries and affiliates of IDGC of the South, PJSC
Board of Directors of the Company	– Board of Directors of IDGC of the South, PJSC
Regulations on the Board of Directors of the Company	– Regulations on the Procedure for Convening and Holding the Meetings of the Board of Directors of IDGC of the South, PJSC
Regulations on the Audit Committee, Regulations	– Regulations on the Audit Committee of the Board of Directors of IDGC of the South, PJSC
Audit Committee, Committee	– Audit Committee of the Board of Directors of IDGC of the South, PJSC
Chairman of the Audit Committee, Chairman of the Committee	– Chairman of the Audit Committee of the Board of Directors of IDGC of the South, PJSC
Deputy Chairman of the Audit Committee, Deputy Chairman of the Committee	– Deputy Chairman of the Audit Committee of the Board of Directors of IDGC of the South, PJSC
Secretary of the Committee	– Secretary of the Audit Committee of the Board of Directors of IDGC of the South, PJSC
Member of the Audit Committee	– Member of the Audit Committee of the Board of Directors of IDGC of the South, PJSC
Expert of the Audit Committee, Expert of the Committee	– Expert of the Audit Committee of the Board of Directors of IDGC of the South, PJSC
Executive Body of the Company	– Collegial Executive Body - Management Board of the Company, Sole Executive Body - Director General of the Company, managing organization or manager - managing the day-to-day operations of the Company, which are accountable to the Board of Directors of the Company

- Senior Managers (Senior Management)
- Officials of the Company recognized by the Senior Managers of the Company according to the internal regulatory document of the Company that determines the principles of material incentives for the Senior Managers of the Company/or in accordance with the decision of the Board of Directors of the Company.
- Internal Audit
- Activities to provide independent and objective guarantees and consultations aimed at improving the work of the Company. The internal audit is designed to promote achievement of the goals established by the Company in the most efficient and economically sound manner, using a systematic and consistent approach to assessing and improving the effectiveness of risk management systems, internal control and corporate governance.
- Competence
- The combination of legally established powers, functions, rights and obligations of a particular body or official
- External Auditor, Auditor
- An organization that is a member of one of self-regulatory organizations of auditors that performs an independent audit of the accounting (financial) statements of the audited entity in order to express an opinion on the reliability of such statements
- IFRS
- International Financial Reporting Standards
- RAS
- Russian Accounting Standards

## 2. General provisions

2.1. The Regulations on the Audit Committee of the Board of Directors of IDGC of the South, JSC is an internal document of the Company regulating the Committee activities and determining the issues of its competence, the procedure for its composition and functioning, the rights and obligations of the Committee members, the procedure for interaction of the Committee with the management and control bodies of IDGC of the South, JSC.

2.2. These Regulations on the Audit Committee has been developed in accordance with the legislation of the Russian Federation, the Company's Charter, its internal regulatory documents, as well as in accordance with the requirements of stock exchanges on which the Company's securities are quoted and which are the condition for inclusion of shares in the quotation lists of the stock exchanges.

2.3. When preparing there Regulations, the following documents were used:

- Federal Law of the Russian Federation No. 208-FZ *On Joint Stock Companies* dated December 26, 1995;
- Federal Law of the Russian Federation No. 402-FZ *On Accounting* dated December 6, 2011;
- Federal Law of the Russian Federation No. 307-FZ *On Audit Activities* dated December 30, 2008;
- Corporate Governance Code approved by the Board of Directors of the Bank of Russia on March 21, 2013;
- Methodology Recommendations on the Organization of the Work of the Board of Directors in the Joint Stock Company approved by the Order of the Federal Property Management Agency (Rosimushchestvo) No. 357 dated November 21, 2013;
- Methodology Recommendations on the Organization of the Work of the Audit Committees of the Board of Directors in the Joint Stock Company with the Participation of the Russian Federation approved by the Order of the Federal Property Management Agency (Rosimushchestvo) No. 86 dated March 20, 2014;
- Regulations on the Conduct of Organized Trading approved by the Bank of Russia on October 17, 2014 No. 437-P;
- Methodology Recommendations on the Organization of the Work of Internal Audit in the Joint Stock Companies with the Participation of the Russian Federation approved by the Federal Property Management Agency (Rosimushchestvo) No. 249 dated July 4, 2014;
- Methodology Recommendations on the Construction of the Internal Audit Function in Holding Structures with the Participation of the Russian Federation approved by the Order of the by the Federal Property Management Agency (Rosimushchestvo) No. 330 dated September 3, 2014;
- Listing Rules approved by the management bodies of the stock exchange and registered in accordance with the established procedure by the Bank of Russia.

2.4. The Audit Committee shall be established by the decision of the Board of Directors of the Company for the preliminary in-depth consideration of the most important issues and preparation of recommendations to the Board of Directors for making decisions on

matters within the competence of the Committee and for resolving other issues delegated to the Committee by the Board of Directors of the Company.

2.5. When considering the issues assigned by the Board of Directors of the Company for consideration at the Committee meeting that do not require further consideration by the Board of Directors, the Committee shall have the right to take decisions and issue recommendations to the executive bodies of the Company and the Internal Audit. The Audit Committee shall be accountable to the Board of Directors of the Company and is independent in its assessments from the executive bodies of the Company.

2.6. The Committee shall be a subsidiary advisory body of the Board of Directors of the Company. The Committee shall not be the management and control body of the Company and shall have no right to act on behalf of the Company.

2.7. When carrying out its activities, the Committee shall be guided by the laws of the Russian Federation, Company's Charter, internal regulatory documents of the Company, decisions of the Board of Directors of the Company and these Regulations.

### **3. Purposes and objectives of the Committee**

3.1. The Committee shall have the purpose to facilitate the effective performance of the functions of the Board of Directors of the Company in relation to the preliminary consideration of issues related to control over the financial and economic activities of the Company.

3.2. The main objectives of the Committee shall include:

- consideration of the Company's accounting (financial) statements and supervision over the process of its preparation;
- control over the reliability and effectiveness of the internal control system, risk management system, corporate governance practices;
- control over the external audit and selection of the auditor;
- provision of independence and objectivity of the internal audit function;
- supervision of the effectiveness of the fraud counteraction system to the Company employees and third parties.

The Committee shall not be called upon to fulfill the role of a guarantor of achieving the Company's purposes for ensuring the reliability of statements, the effectiveness of internal control systems, risk management, corporate governance practices, the independence and objectivity of the internal audit function, a compliance with the legislation, but shall control the execution of obligations to ensure the fulfillment of such Company's purposes by the executive bodies of the Company.

Many of the Committee functions are set out in these Regulations in terms of exercising "supervision", "control", "evaluation", "analysis", "organization", "development" with respect to certain business functions. At the same time, it is not the Committee's obligation to perform the functions in respect of which it exercises "supervision", "control", "evaluation", "analysis", "organization" and "development", the Committee shall not participate in their direct implementation. When carrying out their supervisory duties, the Committee members shall rely on the integrity of the executive bodies and employees of the Company which/who provide information to the Committee. In case of doubt in the information reliability, the

Committee shall inform the Board of Directors of the Company about this.

#### **4. Competence of the Committee**

4.1. The competence of the Committee shall include consideration of issues related to the Company's accounting (financial) statements, control over the reliability and effectiveness of the internal control system, risk management system, corporate governance practices, external audit and selection of the auditor, provision of independence and objectivity of the internal audit function,

4.2. fraud counteraction system to the Company employees and third parties, as well as other issues by order of the Board of Directors of the Company. The Committee shall perform the following functions within the scope of its competence:

4.2.1. Within the Company's accounting (financial) statements:

4.2.1.1. Control over the completeness, accuracy and reliability of annual and interim accounting (financial) statements:

a) analysis of the specifics of preparation process of the accounting (financial) statements adopted by the Company, and significant changes in the principles and procedures for its preparation;

b) analysis of the compliance of accounting (financial) statements with the legislation and regulatory requirements for the disclosure of financial information;

c) consideration of the compliance of the information systems used to maintain accounting records and prepare accounting (financial) statements with the requirements for processing the accounting (financial) information, business nature, volume and complexity of the information being processed;

d) consideration, together with the executive body of the Company and the external auditor, of the external audit results, significant adjustments made following the external audit results, comments contained in the opinion and written information of the external auditor;

e) discussion with the external auditor and the Internal Audit of the reasonableness and acceptability of the methods used by the Company to account for the areas being most at risk of distortions, their consistent use in keeping accounting records and preparation of accounting (financial) statements;

f) analysis of the level and causes of errors identified in the course of external and internal audit, obtaining explanations from the executive body on errors identified, including measures taken by the Company based on the audit results and/or on the implementation of recommendations of the Company's auditor;

g) analysis of significant fluctuations in results over a number of years, unusual changes in the indicators/trends, differences in actual results from those forecasted or laid down in the Company's business plan (in accordance with Annex 3 to these Regulations).

4.2.1.2. Analysis of significant aspects of the Company's accounting policies:

a) verification of a compliance of accounting policies with the norms and requirements of the legislation, accounting rules (standards), recommendations of the external auditor, consideration of the reasonableness and acceptability of accounting methods used;

b) analysis of the occurred and forthcoming changes in the accounting policies, discussion of their reasons and influence on the accounting (financial) statements of the

Company in the current and subsequent reporting periods with the executive body and the external auditor.

4.2.1.3. Participation in consideration of significant issues and judgments in respect of the Company's accounting (financial) statements:

a) analysis of information provided by the senior management of the Company on transactions and events that are most at risk to valuation judgments under reflection in the accounting (financial) statements and the accompanying transcripts, or that are significant and non-standard, taking into account the comments of the external auditor;

б) discussion with the senior management of the Company and the external auditor of the most significant assumptions used by the Company in the preparation of accounting (financial) statements, a compliance of the adopted material assumptions and estimates with the accounting rules (standards);

в) discussion with the external auditor and the Internal Audit of the issue of using any material assumptions and estimates by the Company that could be aimed at achieving the planned financial result of the Company or increasing the amount of remuneration to the sole executive body and senior managers of the Company.

4.2.1.4. Analysis of the Company's press releases on financial matters, any public statements regarding the external and internal audit, the Company's internal control system, as well as financial information published.

4.2.1.5. Consideration of the Company's interim accounting (financial) statements, preliminary, prior to consideration by the Board of Directors of the Company, consideration of the Company's annual accounting (financial) statements.

4.2.1.6. Consideration of any other issues that, in the Committee's opinion, may affect the reliability and completeness of the Company's accounting (financial) statements.

4.2.2. Within control over the reliability and effectiveness of the internal control system, risk management system, corporate governance practices:

4.2.2.1. Consideration, prior to determination by the Board of Directors of the Company, of approaches to the organization of the internal control system, analysis and evaluation of the Company's policy in the field of internal control:

a) preliminary consideration, prior to approval by the Board of Directors, of the internal regulatory documents of the Company that determine the strategy, organization and development of the internal control system and subsequent changes to them;

б) discussion with the executive body and the Internal Audit of the implementation of the Company's policy in the field of internal control.

4.2.2.2. Control over the reliability and effectiveness of the internal control system, risk management system, corporate governance practices:

a) holding, at least quarterly, the meetings with the Company's senior management to discuss the existence/creation of an appropriate control environment in the Company, the effectiveness of implementing the internal control procedures, review of significant deficiencies in the internal control system and plans for their elimination;

б) carrying out, at least once a year, the analysis of measures developed by the executive bodies of the Company to improve the internal control system, as well as the results of their implementation, including on the basis of self-assessment results carried out by the

heads of the units/structural subdivisions of the Company, and on the basis of assessment conducted by the Internal Audit;

в) consideration, discussion of the section text of the Annual Report of the Company "Internal Control System" with the executive body and the Internal Audit, prior to submission of the Company's Annual Report for preliminary approval to the Board of Directors of the Company;

г) analysis of the reliability and effectiveness of the internal control system according to the reports of the Management Board of the Company on the organization and functioning of the internal control system, the materials of Internal Audit checks, as well as the opinions of the Company's external auditor;

д) preliminary consideration, at least once a year, of the Internal Audit report on the effectiveness of the internal control system, risk management system, corporate governance, as well as preliminary consideration of reports of the external independent evaluation of the effectiveness of the internal control system, risk management system, corporate governance;

е) preparation of offers for the improvement of risk management systems, internal control systems, corporate governance practices.

4.2.2.3. Control over compliance with the regulatory requirements by the Company:

а) consideration of issues related to the procedures for ensuring the Company's compliance with the requirements of the legislation of the Russian Federation, the Bank of Russia, stock exchanges, as well as ethical standards specified in the internal regulatory documents of the Company;

б) analysis of response measures taken by the Company to eliminate violations identified by the Audit Commission of the Company, internal audit of the Company, external control bodies (supervision).

4.2.3. Within control over the external audit and selection of the auditor:

4.2.3.1. Consideration and development of recommendations for the Board of Directors of the Company, which shall be provided to the shareholders for approval at the annual General Meeting of Shareholders of the Company with respect to the re-election and removal of the external auditor.

4.2.3.2. Development of recommendations on determining the terms for the external auditor rotation for the Board of Directors of the Company.

4.2.3.3. General supervision over selection of the external auditor:

а) participation in the development and coordination of the conditions for procurement procedures for the external auditor selection, in particular definition of the set and significance of evaluation criteria of the procurement participants and the evaluation procedure of bids submitted by the procurement participants;

б) supervision over the compliance of the Company's auditor selection procedure with the legislation and internal regulatory documents of the Company by participation of the Audit Committee representative in the work of the procurement commission on selection of the external auditor as a commission member or an independent observer;

в) assessment of independence, objectivity and absence of conflict of interests of the Company's external auditor, including analysis of all relations between the external auditor

and the Company (providing services other than audit, fees paid for audit and non-audit services, etc.) in order to determine circumstances that may affect the independence of the external auditor;

г) preparation of recommendations for the Board of Directors on the candidate of the external auditor of the Company.

4.2.3.4. Supervision over the external audit and assessment of the quality of audit and opinions of the auditor:

а) assessment of the scope of audit procedures and methods proposed by the external auditor;

б) discussion of significant aspects of accounting policies, methods used when accounting for significant or unusual transactions in cases where multiple approaches are allowed with the external auditor and the executive body;

в) discussion of the issues of preparation of accounting (financial) statements, verification of the clarity and completeness of information disclosure in the accounting (financial) statements, as well as determining the correctness of information disclosure with the external auditor and the executive body of the Company;

г) discussion of any serious difficulties arising during the audit, including any restrictions on the scope of works and/or access to the information required by the external auditor with the external auditor;

д) consideration of the opinions of the external auditor and written information submitted to the executive body of the Company based on the audit results for the list of the main resolved and unresolved issues, verification of the main accounting and audit judgments, analysis of the level of errors identified during the audit.

4.2.3.5. Carrying out, at least once a year, evaluation of the effectiveness of the external audit process, including:

– analysis of compliance with the external audit plan, as well as analysis of the reason for any deviations from it, including auditor actions taken in the event of change in the audit risk;

– consideration of opinion of the external auditor on the work of key employees of the Company involved in the external audit process, including the Chief Accountant, the Deputy Director General on Economy and Finance, the Head of Structural Subdivision performing the internal audit function, and others;

– analysis of the auditor's understanding of the nature of the Company's business and the adequacy of recommendations provided;

– assessment of the level of response and qualification in providing information to the Audit Committee, recommendations regarding the internal control system;

– assessment of the opinion of the Company's auditor confirming the reliability of the Company's annual accounting (financial) statements, preparation of a conclusion on the level of efficiency and quality of the external audit process, which is an integral part of the information (materials) to the annual General Meeting of Shareholders of the Company (Annex 9 to these Regulations).

4.2.3.6. Development and submission for approval to the Board of Directors of the Company of a policy in the field of providing the non-audit services by the external auditor,

including the definition of:

- the nature of permissible non-audit services;
- the ratio of the remuneration amount for the performance of audit and non-audit services (both in proportion and the total amount of remuneration for the audit company);
- the requirements for ensuring independence when combining types of audit and non-audit services, including the identification of types of services to which the external auditor is not allowed;
- determination of the list of services for which a preliminary review and approval by the Audit Committee is required.

4.2.3.7. Provision of effective interaction between the external and internal auditors of the Company.

4.1.4. Within provision of independence and objectivity of the internal audit function:

4.1.4.1. Organization of the implementation of internal audit function:

a) development of recommendations for the Board of Directors of the Company on the most optimal way of organizing the internal audit (creation of an internal audit unit/outsourcing/co-sourcing);

б) preliminary consideration, prior to submission for approval to the Board of Directors of the Company, of the Internal Audit Policy, a Contract with an external organization involved to carry out the internal audit function, other internal documents of the Company that define the objectives, tasks, powers and functions of the internal audit;

в) agreement of the Regulations on the Internal Audit Unit prior to approval by the Board of Directors of the Company and the Sole Executive Body of the Company.

4.1.4.2. Provision of independence and objectivity of the internal audit function:

a) agreement, prior to approval by the Board of Directors of the Company, of the decisions on appointment, dismissal, and agreement, prior to determining by the Board of Directors of the Company, of the remuneration of the Head of Internal Audit Unit;

б) in case of involvement of an external organization to perform the internal audit function:

- preliminary consideration of the candidacy of such an organization to gain confidence in the independence, objectivity, professionalism and competence of such an organization and its personnel involved in the internal audit of the Company;

- preliminary review of the material terms and conditions of the contract with him, including on the issue of remuneration paid, internal audit plan, reporting periodicity on the internal audit results;

- preliminary consideration of draft supplementary agreements to the contract with an external organization on the implementation of internal audit function;

в) consideration, at least once a year, of the structure and size of the internal audit unit of the Company, preliminary consideration and approval of changes to them;

г) agreement, of the annual work plan of the Internal Audit and amendments thereto prior to approval by the Board of Directors of the Company;

д) consideration, at least quarterly, of the Internal Audit report on the implementation of the work plan and the results of internal audit activity, and agreement, prior to approval by the Board of Directors of the Company, of a report on the fulfillment of the

annual work plan for the Internal Audit;

e) regular analysis, but not less than once a year, of the results of the Company's implementation of the action plan to eliminate violations and deficiencies identified by the Audit Commission of the Company and the Internal Audit of the Company.

4.1.4.3. Consideration of restrictions that may adversely affect the performance of the internal audit function:

a) agreement, prior to approval by the Board of Directors of the Company, of the annual budget of the internal audit unit and amendments thereto, the contract price protocol with the external organization involved in the internal audit function and amendments thereto;

б) consideration of significant limitations of powers of the Internal Audit, discussion of any serious difficulties arising during the audit, including any restrictions on the scope of works and/or access to the information required by the internal auditor with the Internal Audit;

4.1.4.4. Evaluation of effectiveness of the internal audit function:

a) holding, at least once a year, an individual meeting with the Head of Internal Audit Unit/authorized representative of an external organization performing the internal audit functions on issues related to the internal audit function;

б) discussion of the action plan for improving the function with the Head of Internal Audit Unit/authorized representative of an external organization performing the internal audit functions;

в) consideration, at least once a year, of the results of self-evaluation of the quality of Internal Audit activities conducted in accordance with the internal standards of internal audit activities, bringing the results of such evaluation to the attention of the Board of Directors of the Company;

г) organization, at least once in five years, of an independent assessment of the quality of internal audit function, including agreement of the terms of reference, the essential terms and conditions of the contract and the candidates for the internal audit function valuers, preliminary review of the evaluation reports, bringing the results of such evaluation to the attention of the Board of Directors of the Company.

4.1.5. Within supervision of the effectiveness of the fraud counteraction system to the Company employees and third parties:

4.1.5.1. Supervision over the implementation of measures taken by the Company regarding information received about the potential cases of fraud by the employees, violations revealed and results of investigations conducted.

4.1.6. Development and submission of the draft documents relating to the organization of the Audit Committee activities to the Board of Directors of the Company.

4.3. By decision of the Board of Directors of the Company, other issues related to its competence may be submitted for consideration by the Audit Committee.

## **5. Composition of the Committee and the order of its formation**

5.1. The number of the Committee members shall be at least 3 (three) people. The membership of the Committee shall be elected by the Board of Directors of the Company from among the candidates represented by the members of the Board of Directors of the Company.

It is recommended to ensure the composition of the Audit Committee not later than 45 (Forty-five) calendar days after election of a new Board of Directors of the Company.

The Committee members may be elected to the Audit Committee for an unlimited number of times.

When nominating a candidate to the Audit Committee member for the next reporting period, his participation in the Committee's meetings in the previous reporting period shall be taken into account. It is recommended not to include the Committee member who has participated in the previous reporting period in less than 75 percent of the meetings in the list of candidates to the Audit Committee members in the next reporting period.

5.2. For the purposes of including and maintaining the Company's shares in the second level quotation list, the Audit Committee shall consist of independent members of the Board of Directors, and if this is not possible for objective reasons, it may include members of the Board of Directors who are not the sole executive body and (or) members of the collegial executive body, as well as employees of the Company.

5.3. For the purposes of including and maintaining the Company's shares in the first (top) level quotation list, the Audit Committee shall consist only of independent directors, and if this is not possible for objective reasons, most members of the Audit Committee shall be the independent directors, and the remaining Committee members may be the members of the Board of Directors of the Company who are not the sole executive body and (or) members of the collegial executive body, as well as employees of the Company.

5.4. The independence criteria of the members of the Board of Directors are determined in accordance with the Company's internal regulatory documents, and in the absence of such criteria in the internal documents - by the listing rules of the stock exchange on which the Company's securities are traded.

5.5. When nominating members of the Audit Committee, it is recommended to give preference to the candidates:

- having higher education in the field of finance, law, economics or management;
- having experience in the field of internal audit, internal control and risk management, accounting (financial) statements, financial management (candidates shall understand the principles of preparing accounting (financial) statements and be able to "read" accounting (financial) reports), have the skills of comparison and analysis);
- having basic knowledge in the field of internal audit, control;
- having knowledge of the Company's activities (industry, characteristics of products manufactured, position on the market, competitive advantages, etc.) and understanding the general patterns of doing business.

The members of the Audit Committee shall also have a reputation that does not cause doubts that they will conscientiously fulfill their duties as the Committee members and act in the interests of the Company.

5.6. The candidacies proposed by the members of the Board of Directors of the Company for election to the Committee shall be drawn up in the name of the Chairman of the Board of Directors of the Company in writing and signed by a member of the Board of Directors of the Company who has submitted such proposals.

5.7. The proposal to nominate candidates to the Committee members shall contain the

following information about the candidate:

- surname, name and patronymic name of a candidate;
- place of work and position of the candidate at the time of sending the proposal;
- work experience (qualification) for the last 5 years;
- consent of the candidate to be nominated to the Audit Committee;
- information confirming the candidate's compliance with all requirements of Section 5 of these Regulations;
- contact information (including preferred communication methods with the candidate).

5.8. A member of the Board of Directors of the Company elected to the Committee as independent if, if he ceases to meet the requirements for the independent directors upon occurrence of any events, shall declare the loss of such status to the Board of Directors of the Company within 3 (three) business days from the moment when a member of the Board of Directors has become aware of the independent director status loss.

5.9. The Committee members shall be elected for a term until the election of the next Committee membership.

5.10. The powers of the Committee members shall be terminated early in the following cases:

5.10.1. If the Committee member has sent an application for voluntary early resignation to the Chairman of the Board of Directors of the Company.

5.10.2. If the powers of the Committee member as a member of the Board of Directors are terminated ahead of schedule.

5.10.3. If the Board of Directors of the Company releases the Committee member from the performance of his duties by its decision.

5.11. If the powers of the Audit Committee member are terminated early by virtue of subparagraph 5.10.1 and subparagraph 5.10.3, then the Board of Directors of the Company shall elect a new member of the Committee within 30 (thirty) calendar days from the date of receipt of the application of the Committee member specified in subparagraph 5.10.1 or the decision specified in subparagraph 5.10.3. Until then, the member of the Audit Committee shall continue to perform his duties in full.

## **6. Rights and obligations of the Committee and its members**

6.1. To implement the assigned functions, the Audit Committee shall have the right:

6.1.1. To exercise control over the execution of decisions of the Board of Directors in the Company by order of the Board of Directors.

6.1.2. To advise the executive bodies of the Company and the Board of Directors of the Company within the scope of its competence.

6.1.3. To conduct researches on issues within the framework of tasks and functions assigned.

6.1.4. To request and receive documents, reports, explanations, opinions and other information from the executive body and officials of the Company, the Internal Audit, including confidential information. The specified information and materials shall be submitted in time not later than 5 (Five) business days from the request receipt, if the request does not set

a longer period.

6.1.5. To form, in agreement with the executive body, the working groups with the participation of the Company's employees and the experts involved to analyze the issues within the competence of the Committee and the Committee budget. The persons heading these groups shall organize their work and provide an analysis of issues identified by the Committee within the terms established by the Committee's decision.

6.1.6. To invite officials and employees of the Company and the SA, members of other committees of the Board of Directors of the Company, the Chairman/members of the Audit Commission of the Company and other persons to discuss matters within the competence of the Committee (without the right to vote) to its meetings.

6.1.7. To hold meetings with the external auditor and the head of the internal audit unit/authorized representative of the external organization performing the internal audit function of the Company.

6.1.8. As necessary, to initiate and organize, within the limits of its competence and the Committee budget, special inspections, studies, expert reviews, surveys, including those involving experts in the relevant fields (law, economics, finance, accounting, management, corporate security and other branches of knowledge) that do not occupy posts in the Company, as well as the specialized organizations, to petition the Company to conclude civil law contracts with the said experts and organizations.

6.1.9. If necessary, involve Experts who do not hold positions in the Company to obtain independent, objective, professional opinions on issues within the competence of the Committee, including for the preparation of materials and recommendations on the agenda of the Committee meeting.

6.1.10. To develop and submit for approval the draft documents relating to the organization of the Audit Committee activities to the Board of Directors of the Company.

6.1.11. To exercise other powers determined by the Board of Directors within the limits of its competence and in accordance with the procedure stipulated in these Regulations.

6.2. The Committee shall:

6.2.1. Carry out functions assigned to the Committee in accordance with the requirements of the legislation of the Russian Federation, the Company's Charter, these Regulations, other internal regulatory documents of the Company and decisions of the Board of Directors of the Company.

6.2.2. Provide reasoned recommendations (conclusions) to the Board of Directors of the Company within the competence of the Committee.

6.2.3. Inform the Board of Directors of the Company of the risks associated with the Company's activities within the competence of the Committee in a timely manner.

6.2.4. Observe the confidentiality requirements, not disclose the information constituting a trade secret and (or) included in the list of the Company's insider information.

6.3. The Committee members shall have the right:

6.3.1. To receive necessary information on the activities of the Company and its subsidiaries, to get acquainted with the constituent, accounting, reporting, organizational and administrative documents and other documents of the Company and its subsidiaries, including those that are confidential, on issues within the competence of the Committee.

6.3.2. To call for a meeting of the Committee in writing.

6.3.3. To make proposals on the formation of the work plan of the Committee, as well as on issues that are not included in the annual work plan of the Committee (with a mandatory proposal of the draft decision and an explanatory note on the issue proposed by the initiating member of the Committee), to discuss and vote on the agenda items of the Committee meeting.

6.3.4. To express its own opinion in writing, including disagreement with the decisions of the Committee, to bring it to the attention of the Chairman of the Committee and to record in the minutes of the Committee meeting.

6.3.5. To exercise other powers determined by the Board of Directors of the Company within the limits of its competence and in accordance with the procedure stipulated in these Regulations.

6.4. The Committee members shall:

6.4.1. Act in the interests of the Company, exercise their rights and duties in respect of the Company in good faith and reasonably in the performance of their duties.

6.4.2. Take active part in the Committee meetings.

6.4.3. If there is a conflict of interest on the agenda item under discussion, inform the other members of the Committee about this.

6.4.4. Not use or submit to other members of the Committee the information known about the activities of the Company, including confidential information, which can materially affect the Company and its business reputation upon its receipt by third parties.

6.4.5. Comply with the requirements established by the current legislation of the Russian Federation, the Company's Charter, the Regulations governing the procedure for convening and holding meetings of the Board of Directors of the Company, these Regulations and other internal regulatory documents of the Company in the process of fulfilling its duties.

6.4.6. Refrain from actions that may:

– cause a conflict between the interests of the Committee member and the interests of the Company;

– Affect a reputation of the Committee member in such a way that there may be doubts about the conscientious performance of his duties as a member of the Audit Committee and the ability to act in the interests of the Company.

## **7. Chairman of the Committee (election procedure, rights and duties)**

7.1. The Committee's management and organization of its activities shall be carried out by the Chairman of the Committee, which shall be elected by the Board of Directors of the Company from among the elected members of the Committee's new composition. The decision to elect the Chairman of the Committee shall be made by a majority of votes of the members of the Board of Directors participating in the meeting of the Board of Directors of the Company. The Board of Directors of the Company shall have the right to re-elect the Chairman of the Committee by a majority votes of the Board of Directors participating in the meeting of the Board of Directors of the Company at any time.

7.2. The Chairman of the Committee shall meet the requirements set for the Committee members in Section 5 of these Regulations to the maximum extent.

7.3. If the Chairman of the Committee is absent, his duties shall be performed by the

Deputy Chairman of the Committee. The Deputy Chairman of the Committee shall be elected by the Committee members from among them by a majority of votes of the Committee members participating in the Committee meeting. Such a meeting shall be held not later than 30 (thirty) calendar days from the date of election of the Committee membership and its Chairman by the Board of Directors of the Company.

7.4. Chairman of the Audit Committee shall:

7.4.1. Define the priorities in the Committee activities, form the Work Plan of the Committee, taking into account the work plan of the Board of Directors and instructions of the Board of Directors, submit this Work Plan for approval to the Committee, and control the implementation of the Work Plan and the Committee decisions.

7.4.2. Call on the meetings of the Committee and preside over them.

7.4.3. Determine the date, time, place, form of conduct and approve the agenda of the Committee meetings.

7.4.4. Determine the list of persons invited to participate in the Committee meetings.

7.4.5. Organize discussion of the issues at the Committee meetings, listening to the opinion of all the Committee members and persons invited to participate in the meeting, keeping minutes of the Committee meetings and signing minutes of the Committee meetings.

7.4.6. Maintain regular contacts with the executive body of the Company, the senior management of the Company, the Board of Directors of the Company, the external auditor, the Audit Commission of the Company, the Internal Audit. Represent the Audit Committee in cooperation with the said bodies and officials, as well as other bodies and individuals.

7.4.7. Distribute responsibilities between the members of the Audit Committee.

7.4.8. Report to the Board of Directors on the Committee activities with the periodicity established by these Regulations.

7.4.9. Carry out official correspondence of the Committee, sign requests, letters and documents on behalf of the Committee.

7.4.10. Provide, in the course of the Committee's activities, compliance with the requirements of the legislation of the Russian Federation, the Company's Charter, these Regulations, and other internal regulatory documents of the Company.

7.4.11. Perform other functions stipulated by the legislation of the Russian Federation, the Company's Charter, these Regulations, other internal regulatory documents of the Company.

## **8. Secretary of the Committee**

8.1. The Secretary of the Committee shall carry out technical (information, documentary, protocol, secretarial) maintenance of current activities of the Audit Committee both in connection with the preparation and conduct of meetings, and in the period between the Committee meetings.

8.2. Proposals on the candidacy of the Secretary of the Committee may be submitted by a member of the Board of Directors of the Company and/or the executive body of the Company in writing. The Secretary of the Committee shall be elected by a majority of votes of the Committee members participating in the meeting. The Secretary of the Committee, as a rule, is an employee of the structural subdivision of the Company performing the corporate

secretary functions, or other subdivision, performing the functions of corporate maintenance of the Company's activities. The Secretary of the Committee may not be an employee of the Company. In this case the Sole Executive Dody shall conclude a contract on the performance of the Secretary functions with him. The term of office of the Secretary of the Audit Committee shall be extended until the first Committee meeting in a new composition. The powers of the Secretary of the Committee may be terminated ahead of schedule by the decision of the Committee.

8.3. The Secretary of the Committee shall not be a member of the Audit Committee and shall carry out his activities in accordance with these Regulations.

8.4. The Secretary of the Committee shall perform the following functions:

8.4.1. Provide preparation and conduct of the Committee meetings.

8.4.2. Carry out collection and systematization of materials for the Committee meetings.

8.4.3. Interact with the Expert of the Committee in accordance with the Regulations on issue preparation for consideration at the Committee meeting (Annex 3 to these Regulations).

8.4.4. Ensure that the Committee members and persons invited to participate in the Committee meeting are notified of holdign the Committee meetings, agenda, agenda materials and questionnaires, draft documents for preliminary review, etc.

8.4.5. Provides organizational and technical support for voting at the Committee meeting, determine the quorum presence in the course of the Committee meeting.

8.4.6. Ensure interaction of the Committee with the Board of Directors of the Company, other committees of the Board of Directors, executive bodies and senior management of the Company, external auditor, the Audit Commission of the Company and other bodies and individuals.

8.4.7. Keep the minutes of the meetings, organize preparation of draft decisions of the Committee.

8.4.8. Sends out requests, information and materials on behalf of the Committee.

8.4.9. Carry out record-keeping of the correspondence addressed to the Committee and/or the Committee members (including requests, demands, motions), ensure that the Committee members receive the necessary information.

8.4.10. Provide storage of the original minutes of the Committee meetings with all its annexes, special opinions of the Committee members (if any), questionnaires and other documents and materials related to the Committee activities, in accordance with the procedures for document storage adopted by the Company.

8.4.11. Control the execution of the Committee decisions.

8.4.12. Carry out the instructions of the Chairman of the Committee within the authority of the Chairman of the Committee.

8.4.13. Perform other functions in accordance with these Regulations.

8.5. The Secretary of the Committee shall have the right to request and receive information necessary for the work of the Committee, including in accordance with the requests of Committee members, from the Company's officials.

8.6. The Secretary of the Committee shall be responsible for:

– sending out the notifications of the Committee meeting and materials for the

meetings to the Committee members in due time;

- the quality of registration and reliability of information contained in the Committee minutes;

- submitting the minutes to the Board of Directors of the Company, as well as copies of the minutes to the Committee members, the Expert of the Committee, the Sole Executive Body of the Company in due time.

## **9. Involvement of Experts to work of the Committee**

9.1. The audit committee has the right, as necessary, to involve an Expert (Experts) holding no positions in the Company into assistance to the Committee members in their work for independent, objective, professional opinions in issues being the responsibility of the Committee, including provision of materials and recommendations concerning the items on the meeting agenda of the Committee.

9.2. Recommended number of Experts is not more than 2 (two) persons.

9.3. Decision about the involvement of the Expert (Experts) is to be taken by members of the Committee at the first constituent meeting of the Audit Committee of the Company with issue minutes of meeting of the Committee. Expert (experts) of the Committee are chosen by the majority of votes of the Committee members participating in the meeting.

9.4. Proposals on candidate (candidates) of the Expert (Experts) in writing can be submitted by a member of the board of directors of the Company and/or the sole executive body of the Company.

9.5. Only physical persons meeting the following criteria can act as Experts:

- Having higher economic (financial), law or another field-specific education received at Russian higher education institutions having state accreditation or recognized foreign higher education institutions;

- Having work experience (minimum 5 years) in internal audit, internal control or risk management, or in the field of accounting (financial) report, financial management.

- Having knowledge of the Company's activities (branch, characteristics of the manufactured products, market position, competitive advantages, etc.).

9.6. Expert of the Committee shall write conclusions and draft decisions on the issues of the issues on the meeting agenda of the Committee, personally participate in audit meetings of the Committee in the form of joint presence, has the right to express opinion concerning the issues on the meeting agenda of the Committee, participates in meetings held in accordance with the competences of the Committee with internal and external auditors, officials of the Company at invitation of the Committee chairman.

Expert of the Committee is not a member of the Audit Committee and acts in accordance with this Provision.

9.7. The terms of office of the Audit Committee Expert lasts till the first meeting of the Committee with the new members of the Committee. Authorities of the Committee Expert can be terminated early by the decision of the Committee.

## **10. Work procedure of the Committee.**

10.1. Generation of a work plan for the Committee.

10.1.1. The chairman of the Committee shall form a draft work plan for the period of the authorities of the Committee in accordance with the goals, tasks and competences of the Committee, according to the form provided in Annex 1 to this Provision.

10.1.2. The draft work plan of the Committee shall be made for a corporate year on the basis of the work plan of the board of directors of the Company approved by the board of directors, decisions of the board of directors of the Company, decisions of the Committee, proposals of the Committee members, internal audit, sole executive body of the Company with the list of issues included in the work plan of the Committee and recommended meeting dates provided in Annex 2 to this Provision.

10.1.3. Work plan of the Committee shall be approved at the meeting of the Committee.

10.1.4. The work plan of the Committee shall contain:

- The schedule of the Committee meetings (with indication of the planned dates of the Committee meetings).
- Issues to be discussed at meetings of the Committee.
- Information about the speakers and responsible persons for preparation of questions and materials for meetings of the Committee.
- References to the form of the Committee meeting: joint presence (face to face) or voting in absentia.

10.2. Terms and procedure for summons of ordinary meetings of the Committee.

10.2.1. Each first meeting Committee with new attendants shall be carried out not later than 30 (thirty) calendar days from the meeting of the board of directors with new members, at which new members of the Committee were elected.

10.2.2. Meetings of the Committee are held according to the Plan approved by the Committee, but not less than once per quarter, and also as required by the persons mentioned in item 10.3.1 of this Provision.

10.2.3. Decision about summoning a scheduled meeting of the Committee, date, time and place of holding the meeting and agenda items, and also a decision about the list of persons invited to the meeting shall be taken by the chairman of the Committee in accordance with the work plan of the Committee.

10.2.4. Decision about calling an extraordinary meeting of the Committee on the audit, date, time and place of holding the meeting and the issues on the agenda, and also decision about the list of persons invited to participate in the meeting shall be taken by the chairman of the Committee on the basis of the proposals of the persons specified in item 10.3.1 of this Provision.

10.2.5. The notice of the meeting of the Committee with attached materials by the form provided in Annex 4 to this Provision shall be issued by the secretary of the Committee and sent to the participants of the meeting in accordance with the Procedure for preparation of the issues to be considered at the meeting, which is Annex 3 to this Provision.

10.2.6. The members of the Committee shall be notified:

- At the location of the employer organization of the Committee member;
- Another place specified by the member of the committee, including the e-mail address.

10.2.7. The Secretary of the meeting shall make preparations for the meeting under supervision of the chairman of the Committee.

10.2.8. Particulars of the calling of the extraordinary meeting of the Audit Committee shall be defined by section 10.3 of this Provision.

### 10.3. Extraordinary meetings of the Committee

10.3.1. Extraordinary meeting of the Committee shall be carried out by decision of the Chairman of the Committee, on demand of any member of the Committee, board of directors of the Company, at request of the executive body of the Company, external and/or internal auditor.

10.3.2. Within 5 (five) working days from the demand or request for calling an extraordinary meeting of the Committee, the Chairman of the Committee shall take a decision on holding an extraordinary meeting of the Committee and the form, date, time and place of the meeting, or rejecting the calling of an extraordinary meeting of the committee. Motivation decision about calling an extraordinary meeting of the Committee shall be sent to the concerned party, which sent a request for calling such meeting, within 2 (two) working days after the Chairman of the Committee took a decision about rejection of calling a meeting.

10.3.3. Decision of the Chairman of the Committee about rejection of calling an extraordinary meeting of the Committee can be taken in the following cases:

- issue (issues) proposed to be included in the agenda of the extraordinary meeting of the Committee are not referred to its competence;
- The issue stated in the demand / request for calling an extraordinary meeting of the Committee is already added to the agenda of the nearest scheduled meeting called in accordance with the decision of the Chairman of the Committee taken before he received the above-mentioned demand / request, or in accordance with the approved work plan of the Committee.
- The procedure for sending demands / requests for calling of the meeting defined by this Provision is not met.

10.3.4. In case the board of directors of the Company approaches with the demand to call an extraordinary meeting of the Committee, the Chairman of the Committee must summon the extraordinary meeting within 5 (five) working days.

### 10.4. Procedure for holding meetings of the Committee

10.4.1. The chairman of the Committee shall preside at the meetings of the Committee. In his absence, deputy chairman of the Committee shall take the chair at the meeting.

10.4.2. Meeting of the Committee is valid (it has a quorum), if at least a half of the Committee members has taken part in it, but not less than 2 (two) members of the Committee. Without quorum to hold a meeting of the Committee, the meeting of the Committee shall be repeated within 5 (five) working days with the same agenda.

10.4.3. Meetings of the Committee can be held in the form of joint presence of the Committee members or in the form of vote in absentia.

10.4.4. Information about the form of holding the meeting of the Committee shall be contained in the notification of holding the meeting of the Committee.

10.4.5. The chairman of the Committee shall take a decision about holding the meeting in the form of voting in absentia.

10.4.5.1. During the meeting in the form of voting in absentia, the members of the Committee have the right to submit their proposals, as well as a written opinion under the proposed draft decisions of the Committee concerning the issues put to vote in absentia, not later than 2 (two) working days before the end of the period of admission of voting data sheets specified in the notification of voting in absentia.

10.4.5.2. Chairman of the Committee makes a questionnaire (Annex 5.2 to this Provision) for voting in absentia with account of received proposals (new wording) and/or comments on the proposed draft decisions of the Committee on the issues on the agenda.

10.4.5.3. Questionnaire for voting in absentia shall be sent to the Committee members not later than 1 (one) working day before the end of the questionnaire acceptance period specified in the notification of the absentee voting.

10.4.5.4. When filling in a questionnaire, the member of the Committee shall leave only one of the possible voting options (for, against, abstain) not crossed out. Member of the Committee may abstain from participation in the voting on one or several issues on the agenda. The questionnaire shall be signed by the member of the Committee with indication of his last name and initials.

Such questionnaire shall be presented by the Committee member not later than the day of the Committee meeting to the chairman of the Committee in original, or by e-mail or fax followed by sending the original questionnaire to the address specified in the questionnaire.

10.4.5.5. The results of voting on the agenda held in absentia are considered on the basis of the questionnaires received by the secretary of the Committee filled in and signed by the members of the Committee.

The questionnaire received by the Secretary with violated requirements and terms specified in item 10.4.5.4 of this Provision shall not be taken into account when determining quorum and drawing the conclusions of the voting.

10.4.6. In-person meeting of the Committee shall be held by joint presence of the Committee members to discuss the issues on the agenda and taking decisions regarding them.

10.4.7. Member of the Committee can participate in the Committee meeting held in the form of joint presence, on the telephone or using videoconferencing. Participation in the meeting using one of the mentioned means of communication shall be deemed equal to being present at the meeting.

10.4.8. The votes of the members of the Committee absent from the meeting and whose written opinions issued according to this Provision came to the Company not later than the time of the Committee meeting shall be taken into account when determining the quorum.

10.4.9. When determining of the results of the voting on the issues included in the agenda of the in-presence meeting of the Committee, the following shall be simultaneously taken into account:

- Opinions of the Committee members attending the meeting.
- Written opinions of the Committee members, present at the meeting issued and

received according to this Provision.

10.4.10. Written opinions of the Committee members absent from the meeting shall be issued exclusively by way of filling in the voting questionnaire concerning the issues on the agenda made in accordance with Annex 5.1 to this Provision.

10.4.11. When filling in the voting questionnaire for the issues on the agenda, the Committee member shall leave only one of the possible voting options (for / against / abstained) for each draft decision on each of the questions not crossed out.

10.4.12. Written opinion of the Committee member (questionnaire) shall be signed by the Committee member with indication of his last name and initials.

10.4.13. Written opinion (questionnaire) of the Committee member filled in with violations of requirements specified in items 10.4.11, 10.4.12 shall not be considered when determining the quorum and calculation of voices concerning the corresponding question.

10.4.14. The Secretary shall present the written opinion (questionnaire) of the Committee member absent from the Committee member, which came on time, for review to the members of the Committee attending the meeting.

10.4.15. Written opinion (questionnaire) of the Committee member absent from the Committee meeting, which came after the end date and time of acceptance of the voting questionnaires, is deemed to be not received and is not taken into account when determining quorum and drawing the conclusions of the voting.

10.4.16. If any changes (amendments) or additions are made to the wording of the meeting agenda during discussion of the agenda at the meeting of the Committee, written opinions (questionnaires) of the Committee members absent from the meeting, when determining the quorum and results of voting on corresponding issues are considered as defined in item 10.4.17.

10.4.17. The Secretary of the Committee shall draw up a questionnaire (Annex 5.1) in accordance with the changes made to the wording of the issue or draft decision to be signed by the Chairman of the Committee, which is sent the next day after the meeting to the members of the Committee who did not attend the said meeting but submitted their written opinions, to fill in and sign.

10.4.18. The questionnaire filled in and signed by the Committee member shall be handed over by the Committee member to the Secretary of the Committee not later than 3 (three) working days after the meeting.

10.4.19. On the basis of the voting results of the Committee meeting and the received written opinions (questionnaires) of the Committee members absent from the Committee meeting, the Secretary of the Committee shall summarize the voting results concerning the issues on the agenda and issue minutes of meeting as defined by this Provision.

10.4.20. Expert of the Committee attends meetings of the Committee. Employees of the Company and third parties can also be present at the meeting of the Committee at invitation of the Chairman of the Committee. The invited persons have no right to vote on the issues on the agenda of the Committee meeting.

#### 10.5. Committee decision-making procedure

10.5.1. When voting on the issues, each member of the Committee has one vote.

10.5.2. The voting right may not be transferred by a member of the Committee to

other persons, including other members of the Committee.

10.5.3. In case of equality of the votes of the Committee members, the vote of the Chairman / presiding person of the meeting is decisive.

10.5.4. Decisions of the Committee are taken by simple majority of votes of the total number of members of the Committee.

10.6. Minutes of meeting of the Committee

10.6.1. Meeting of meeting of the Committee (hereinafter referred to as the Minutes of Meeting) shall be made as per the form provided in Annex 6 to this Provision, which is signed by the Representative of the Committee and the Secretary of the Committee within 5 (five) working days after the meeting.

The Minutes of Meeting of the Committee shall specify:

- Meeting format.
- Date, place and time of meeting / end date and time of questionnaire acceptance.
- List of Committee members participating in examination of agenda issues with indication of the voting form (in person or by sending a questionnaire), as well as the list of other attendants of the voting in person.
- Agenda.
- Proposals of the Committee members on the agenda issues.
- Issues put to vote, results of the voting with indication of the particulars of voting of each Committee member, having «special opinions».
- Taken decisions.

The chairman and the Secretary of the Committee bear responsibility for correct execution of the Minutes of Meeting.

10.6.2. The Minutes of Meeting shall be made in two originals, one of which shall be sent by the Secretary of the Committee to the Board of Directors of the Committee with attached materials and recommendations prepared for it, and the other one remains in the Committee's archive within 1 (one) working day after signing. All members of the Committee are sent copies of the Minutes of Meeting with the attachments.

10.6.3. The Secretary of the Committee shall send the draft Minutes of Meeting to the Expert of the Committee before signing it. Expert of the Committee shall review the draft Minutes of Meeting within 1 (one) working day.

10.6.4. Secretary of the Committee within 1 (one) working day after signing the Minutes of Meeting shall send its copy with all the attachments, «special opinions» of the Committee members (when available) to the sole executive body of the Company, Committee members, Expert of the Committee.

10.6.5. Storage of the original Minutes of Meeting with all the attachments to it, «special opinions» of the Committee members (when available), questionnaires shall be provided by the Secretary of the Committee in accordance with item 8.4.10 of this Provision.

## **11. Interaction between the bodies of the Company and other entities**

11.1. Interaction with the Board of Directors of the Company shall be carried out:

11.1.1. Concerning execution of assignments from the Board of Directors by the

Committee on provision of conclusions on individual issues related to the competence of the committee. In its assignment, the Board of Directors shall set reasonable terms of its execution by the Committee.

11.1.2. When the Committee sends recommendations to the Board of Directors concerning competences of the Committee including initiation of the issue of carrying out extraordinary inspections (internal audits) for the Board of Directors of the Company. The issue of reasonability of considering the recommendations of the Committee sent to the Board of Directors shall be addressed at the meeting of the Board of Directors.

11.1.3. In case of immediate informing of the Board of Directors about adverse deviations in any aspects of the preparation process of the accounting (financial) reports.

11.1.4. When the Committee's Progress Report is submitted to the Board of Directors in the corporate accounting year at least one time per year not later than 15 (fifteen) calendar days before the annual general shareholders meeting.

11.1.5. When the current activity report (progress report) of the Committee is submitted at a request of the Board of Directors at any time during the year. Time of preparation and provision of such report are defined by decision of the Board of Directors of the Company.

11.1.6. In case of immediate informing of the Board of Directors about illegal and unfair acts, and also violations (risks) capable of causing substantial harm to the Company.

11.1.7. Other matters under the competence of the Committee.

11.2. Interaction with the executive bodies and the top management of the Company shall be carried out:

11.2.1. In the activities concerning provision of information and materials required by the members of the Committee to take decisions concerning the competence of the Committee (in accordance with the procedure for preparation of issues to be discussed at the meeting of the Committee on audit of the Board of Directors of the Company - Annex 3 to this Provision).

11.2.2. At request of the Committee about the need in forming working groups of the Company employees and involved experts (specialists) within consideration of individual issues falling under the competence of the Committee.

11.2.3. For provision of consultation on the issues of concern by the Company in the period between the meetings or before them.

11.2.4. When generating requests for additional information on the issues of concern made in writing and signed by the Chairman of the Committee and sent to the sole executive body of the Company.

11.3. Interaction with the Expert of the Committee is carried out:

11.3.1. Concerning ensuring participation of the Expert of the Committee in the meeting of the Committee and allowing him/her to advise on the issues on the agenda.

11.3.2. On agreement of the agenda of the meeting, provision of expert conclusion concerning the issues on agenda, agreement of the Minutes of Meeting of the Committee (Annex 6 to this Provision).

11.4. Interaction with the internal audit is carried out:

11.4.1. When the Audit Committee reviews the work plan of the internal audit

and budget of the internal audit unit, and also policy / changes made to the policy of the Company in regard to the internal audit.

11.4.2. When the Committee initiates inspections and fulfills other assignments (under the competence of the internal audit).

11.4.3. By exercising the right of the internal audit unit head to participation in meetings of the Committee on internal audit, internal control, risk management and corporate management, and also direct access to the Committee.

11.4.4. When the Committee periodically reviews Internal Audit Reports on completion of the work plan and activity results of the internal audit:

- Compliance with the work plan of the Internal Audit.
- The main results follow-up activities.
- The status of executed activities on removal of previously found out violations.
- Quality assessment of internal audit.
- The main changes in the unit fulfilling the functions of internal audit.
- Expenses of the internal audit.
- Facts of unreasonable limitations of the activity of the internal audit.

11.4.5. During periodic review of reports of the Company management on accomplishment of the plans of corrective activities to remove deficiencies found by the Revision Committee of the Company, internal audit of the Company, external control (supervision) authorities.

11.4.6. During annual review of information about efficiency assessment of the internal control and risk management system of the Company prepared by the Internal Audit.

11.4.7. For the Committee to ensure participation of the internal audit in Committee meetings in person.

11.4.8. Concerning permanent (but not less than once per quarter, including consideration of issues within items 11.4.1 - 11.4.3 of this Provision) individual meetings with the head of internal audit unit/authorized representative of the external organization fulfilling the function of internal audit on the issues relating to the internal audit function. Meetings may have a private nature and be carried both on the initiative of the Committee Chairman, and on the initiative of the internal audit unit head/ authorized representative of the external organization fulfilling the internal audit function.

11.4.9. Concerning taking steps by the Committee to removal of unjustified restrictions, also to the extent and with the resource that hinder the External Audit from performing its activity.

11.4.10. For the Committee to ensuring effective interaction between internal and external auditors of the Company.

11.5. Interaction with the external auditor of the Company is carried out:

11.5.1. After preliminary consideration and approval of allowable types and volumes of non-audit services provided by the auditor of the Company, and amount of remuneration the Company pays for such services.

11.5.2. During meetings with the auditor and the executive bodies of the Company for the purpose of:

- Discussion of accounting (financial) report issues, making sure of clear and full

coverage in the accounting (financial) reports.

– Discussion of meaningful aspects of the accounting policy, methods used in account of the essential or unconventional transactions in cases when multiple approaches are allowed.

11.5.3. When the official written replay (written information) is received from the auditor of the Company and reviewed upon completion of each stage of the inspection.

11.5.4. Concerning formation of opinion regardless of the auditor of the Company, making recommendations to the Board of Directors on taking steps to ensure independence of the Company's auditors.

11.5.5. During review of the audit report validating annual accounting (financial) reports of the Company drawn up according to the Russian Accounting Standards and International Financial Reporting Standards.

11.5.6. Concerning Committee's verification of the audit report of annual accounting (financial) reporting of the Company prepared according to the Russian Accounting Standards, which is a component of information (materials) to the annual general meeting of shareholders of the Company.

11.6. Interaction with the Audit Committee of the Company is carried out:

11.6.1. During review of information provided by the Audit

Committee to the Board of Directors concerning certain issues of financial and economic activity of the Company.

11.6.2. During review of information provided by the Audit Committee to the Board of Directors about all cases when employees of the Company, including the persons carrying out the managing functions, fail to meet the requirements of the Audit Committee concerning submission of necessary documents, about the rejection in the explanations on the issues the Audit Committee has.

11.6.3. During assessment of the work of the executive bodies to meet the guidelines of the Audit Committee of the Company.

11.6.4. During review of the requirements of the Audit Committee sent to the Board of Directors for calling of an extraordinary general shareholder meeting to present the guidelines on the possibility of meeting this requirement to the Board of Directors.

## **12. Committee activity support**

12.1. The Committee Budget is formed to support the activity of the Company. Budget of the Committee being the constituent of the Company Budget shall support adequate financing of the Company's activity, including costs for involvement of specialists and compensation to Experts for actually sustained losses associated with participation in the meeting of the Board of Directors of the Company.

12.2. Chairman of the Committee in collaboration with the Secretary of the Committee shall prepare proposals on the total amount of the Budget (with item-wise information) to discuss with the members of the committee at the first meeting of the Committee after the election. The proposals (corrections) on the total amount of the Budget adopted by the Committee shall be sent to the Board of Directors of the company for approval.

12.3. Results of execution of the annual Budget of the Committee shall be discussed by

the members of the Committee and provided to the board of Directors of the Company in annual progress report of the Committee.

12.4. Members of the Committee, the Chairman, deputy Chairman, Secretary and Experts of the Committee are paid remunerations and (or) compensations for participation in meetings of the Committee in accordance with the Provision on payment of remuneration and compensation to members of committees of the Board of Directors of IDGC of the South, PJSC approved by the decision of the Board of Directors of the Company.

In case the Chairman and/or members of the Committee are simultaneously members of the Board of Directors of the Company, they are paid remuneration in the amount and the order provided for by the internal document of the Company regulating payment of remuneration and compensations approved by the general meeting of the shareholders of the Company to the members of the Board of Directors of the Company.

12.5. In order to hold meetings and sessions of the Committee, the Company shall provide a room and free access to it for the members of the Committee and invited persons, and also take other steps for organizational support of the sessions and/or meetings of the Committee.

### **13. Confidentiality**

13.1. During the period of execution of its obligations, and also during 3 (three) years after the end of the authority in the Committee, the persons who are (were) members of the Committee, the Chairman of the Committee and third parties engaged in the work in the Committee must adhere to the regime of protection of information constituting commercial secret of the Company and confidentiality regime of insider information of the Company they received in connection with their activity in the Committee. List of information constituting commercial secret of the Company and insider information of the Company shall be defined by decision of the authorized body of the Company.

13.2. Members of the Committee, the Secretary of the Committee and third parties involved in the work in the Committee have the right to receive information specified in item 13.1 of the Provision on the condition that they enter into an agreement of confidentiality with the Company (Annex 7 to this Provision).

13.3. All documents connected with the activities of the Committee shall be stored at the address of the Company in accordance with the document storage procedure established at the Company. The Secretary of the Committee is responsible for safekeeping of the mentioned documents.

### **14. Reporting and performance evaluation of the Committee**

14.1. Every year the Chairman of the Committee delivers a performance report to the Board of Directors of the Company (Annex 10 to this Provision).

14.2. The Chairman of the Committee has the right to present separate reports on the results of the research on the issues under the competence of the Committee to the Board of Directors of the Company.

14.3. The Board of Directors of the Company has the right to request a current activity

report from the Committee at any time. The terms of preparation and submission of such report shall be defined by the decision of the Board of Directors of the Company.

14.4. The Board of Directors of the Company ensures quality assessment of the Committee's activities to determine the performance degree of the Committee, consistency of its results with the needs of the Company and finding areas where its activities can be improved.

14.5. The work of the Committee and its members shall be assessed on a regular basis not less than once per year.

14.6. External organization (consultant) may be used for independent quality assessment of the Committee's activity on audit, periodically, not more than once per 3 years.

14.7. When the external organization (consultant) performs individual assessment of the Committee members' activities on the audit, special attention shall be paid to the following factors:

- Competence in the issues falling under the responsibility of the audit committee.
- Knowledge of the branch and specific features of the Company's business administration
- Readiness to allocate time for preparation and participation in the Committee meetings.
- Level of preparedness for the Committee meetings.
- Extent of participation in discussion at meetings of the Committee.
- Readiness to ask sharp questions.
- Constructiveness and orientation to search for solutions.

14.8. Results of independent assessment of the Committee's activities shall be presented to the Board of Directors for discussion.

14.9. Results of independent assessment of each member of the committee shall be reported to the Chairman of the Committee and the corresponding member of the Committee and have a sensitive nature.

## **15. Final provisions**

15.1. This Provision, as well as all the additions and amendments to the Provision shall be approved by the Board of Directors of the Company.

15.2. Issues that were not settled by the provision are regulated by the Articles of Association of the Company, internal documents, local regulatory acts of the Company, including those regulating the procedure for calling and holding of meeting of the Board of Directors of the Company and other internal documents of the Company, applicable law of the Russian Federation and solutions of the Board of Directors of the Company.

15.3. If as a result of changes in the legislation or regulatory legal acts of the Russian Federation certain items (clauses) of the Provision come into conflict with them, these items (clauses) of the Provision become void, and, till the changes are made to the Provision, members of the Committee shall be governed by laws and by-laws of the Russian Federation.

15.4. This provision, members of the Committee, information about certain decisions of the Committee shall be published on the site of the Company in the information and

telecommunication network Internet. The Secretary of the Committee is responsible for organization of posting of the information indicated in this item.

**Form of the work plan of the Audit Committee**

APPROVED

by the Audit Committee of the Board of Directors  
IDGC of the South, PJSC  
dated \_\_.\_\_.20\_\_ (Minutes of Meeting No.\_\_)**Work plan of the Audit Committee of the Board of Directors of IDGC of the South, PJSC  
for Corporate Year 20\_\_ - 20\_\_**

<b>Planned date of the meeting</b>	<b>Format of the meeting</b>	<b>Agenda of the Committee meeting</b>	<b>Speaker</b>	<b>Structural unit responsible for preparation of the issue</b>
	In person (joint presence) Absentee	1.		
		2.		
		3.		
		4.		
		1.		
		2.		
		3.		
		4.		

**List of issues**  
**Included in the work plan of the Audit Committee of the Board of Directors**  
**IDGC of the South, PJSC**  
**in corporate year 20\_\_ - 20\_\_**

Item	Issue on the agenda of the Audit Committee Meeting	Recommended term to hold the meeting of the Audit Committee
<b>Organizational issues</b>		
1	Election of the Deputy Chairman of the audit committee	not later than 30 days from the date the Board of Directors approved the members of the Audit Committee and its Chairman.
2	Election of the Secretary of the Audit Committee	
3	Involvement of an expert for participation in the activity of the Audit Committee	
4	Approval of the Work Plan of the Audit Committee for corporate year 20__ - 20__	
5	Preliminary review of the budget of the Audit Committee for the 2nd half-year period of 20__ and the 1 <sup>st</sup> half-year period of 20__	
6	Work progress report of the Audit Committee to the Board of Directors of the Company.	Not later than 15 calendar days before the date of the annual general shareholder meeting.
7	Preliminary review of the revised Provision on the Audit Committee of the Board of Directors of the Company.	as required
<b>Concerning accounting (financial) reports of the Company</b>		
8	Review of intermediate accounting (financial) report of the Company for ____ quarter/months of 20__ prepared in accordance with the Russian Accounting Standards.	Not later than 45 calendar days after the end of the next period (for 1Q, 6 months, 9 months of the accounting period).
9	Preliminary review of accounting (financial) reports of the Company for ____ prepared in accordance with the Russian Accounting Standards and consolidated financial reports of the Company for ____ prepared in accordance with the International Financial Reporting Standards.	Not later than April 30 in the year following the accounting year
10	Review of written information provided by the external auditor concerning the main problems of the intermediate accounting (financial) reports of the Company for ____ 20__ prepared in accordance with the Russian Accounting Standards and information of the Company's management concerning corrections made based on the results of the external audit of the accounting.	In accordance with the conditions of the Agreement with the external auditor, but not later than 15 days after the date the written information about the intermediate accounting review results was prepared based on the intermediate accounting inspection results (6 months/9 months).

11	Review of written information presented by the external auditor on the main problems of the accounting (financial) reports of the Company prepared in accordance with the Russian Reporting Standards and consolidated financial reporting of the Company for ____ prepared in accordance with the International Financial Reporting Standards for ____ 20____ and information of the Company management about corrections made based on the results of the external reporting audit	in accordance with the terms and conditions of the Agreement with the external auditor, but not later than April 30 of the year following the accounting year.
12	Consideration of the essential aspects of the accounting policy of the Company in the accounting year and planned changes for the oncoming year.	not later than December 25 of the year before the planned year.
13	Review of the management information concerning nonstandard operations and events, and also formation of a reserve of doubtful debts and estimated liabilities.	Not later than December 25 of the reporting period
<b>Concerning control of reliability and effectiveness of the internal control system, risk management system, corporate management practice, and also supervision of the functioning efficiency of the system for counter-actions to unfair acts of the Company's employees and third parties.</b>		
14	Preliminary review of internal documents of the Company defining the strategy, organization and development of the internal control system.	As required
15	Revised preliminary review of the Internal Control Policy of the Company.	As required
16	Review of the information from the Company management concerning accomplishment of the plans of the corrective activities to remove deficiencies found by the Revision Committee of the Company, internal audit of the Company, external control (supervisions) bodies, implementation of measures accepted based on the facts of informing about potential cases of unfair acts of the employees, and also results of carried out investigations.	not later than 45 calendar days after the end of the accounting period (based on the outcomes of 6 months, based on accounts of the calendar year).
17	Review of information of the management about compliance of the internal control policy of the Company	Not less than 1 time per year (not later than September 30)
18	Preliminary review of the report of the General Director of the Company on organization and functioning of the internal control system	Not later than March 30 of the year following the accounting year
19	Review and approval of the contents of the Internal Control System section of the annual report of the Company	Not later than 120 days after the end date of the accounting period.
20	Preliminary review of the internal audit report of the Company on efficiency of the internal control system, risk management system, corporate management for 20____.	Not later than March 30 of the year following the accounting year
21	Preliminary review of the report of the external independent assessment of the internal control system, risk management system, corporate management for 20____.	In case there is a service agreement for external independent assessment, efficiency of the internal control system, risk management system, corporate management.
<b>Concerning external audit control and auditor selection</b>		
22	Preliminary review of bidding conditions of selecting an external auditor to conclude an agreement for audit of accounting (financial) reports of the Company for 20____.	As required, not later than January 30

23	Preliminary review of the candidate of external auditor for the Company for audit of accounting (financial) reports of the Company for 20____.	Not later than April 30
24	Preliminary review of the amount of payment for the auditor's services on audit of accounting (financial) report of the Company for 20____.	Not later than April 30
25	Efficiency assessment of the external audit process of the accounting (financial) reports of the Company for 20____.	Not later than April 30 in the year following the accounting year
26	Preliminary review of the policy regarding non-audit services by the external auditor.	As required
<b>Concerning ensuring of independence and objectivity of performing the internal audit functions.</b>		
27	Preliminary consideration of the revised internal audit policy of the Company.	As required
28	Preliminary review of the revised Provision of the structural unit performing the function of internal audit of the Company.	as required
29	Review and agreement of the structure and number of the internal audit unit of the Company.	as required
30	Preliminary review of the budget of the internal audit unit of the Company	Annually not later than December 25 of the year before the planned year.
31	Preliminary review of the manager candidate of the internal audit unit and his/her remuneration.	as required
32	Preliminary review of the work plan of the internal audit unit for 20____.	Not later than November 30 of the year before the plan year.
33	Review of the report of the structural unit performing the internal audit function, accomplishment of the work plan for quarter/months 20____ and activities results of the internal audit	Not later than 45 calendar days after the end date of the accounting period (1Q, 6 month, 9 months)
34	Preliminary review of the report of the structural unit performing the internal audit function, accomplishment of the work plan and activity results of internal audit for ____	Not later than February 28 of the year following the accounting year
35	Consideration of the self-assessment quality results of internal audit and plan of activities on improvement of the internal audit function.	Not later than February 28 of the year following the accounting year
36.	Review of the technical assignment, essential conditions of the service agreement for independent quality assessment of the internal audit functions	as required
37	Review of the candidate of independent organization to provide services on independent quality assessment of the internal audit function	as required, based on the results of the competitive procurement procedure
38	Review of the independent quality assessment results of the internal audit function	When there is a service agreement for independent quality assessment of the internal audit function

*Note: List of issues included in the Work Plan of the Audit Committee of the Board of Directors is not comprehensive and is formed in accordance with item 10.1.2 of the Committee Provision.*

## **Procedure**

### **For preparation of issues to be discussed at the Audit Committee meeting of the Board of Directors of the IDGC of the South, PJSC**

#### **1. General provisions**

1.1. Regulations for preparation of issues to be discussed at the meeting of the Audit Committee of the Board of Directors of IDGC of the South, PJSC (hereinafter referred to as the Regulations) were developed in accordance with the Provision on the Audit Committee of the Board of Directors of IDGC of the South, PJSC (hereinafter referred to as the Company).

1.2. This Regulations define a procedure for preparation of issues to be discussed at the meeting of the Committee, including the order and terms of preparation and placing for consideration of the Committee of the work plan for the election period, agenda of the Committee meetings, materials, expert reports.

#### **2. Procedure for preparation of the Agenda of the Committee meeting**

2.1. The Secretary of the Committee in accordance with the approved work plan forms Agenda for scheduled meeting of the Committee (hereinafter referred to as the Agenda) with the expected date, format of the meeting and indication of the officials (with the level not lower than Deputy General Director of the Company or a supervisor directly subordinate to the General Director of the Company) responsible for preparation of materials.

2.2. When forming Agenda, the Secretary of the Committee shall consider the list of issues included in the approved work plan of the Committee, previously issued assignments of the Committee and the Board of Directors of the Company under the competence of the Committee.

2.3. Before signing by the Chairman of the Committee, draft Agenda shall be brought to the notice of the head of the structural unit fulfilling the function of internal audit.

2.4. The Agenda can be expanded with items on initiative of the Committee Chairman, on demand of any member of the Committee, Board of Directors of the Company, Executive Board of the Company, Audit Committee of the Company, Auditor of the Company, head of the structural unit carrying out the internal audit function, at written request of the General Director of the Company.

2.5. Proposal of adding an additional issue (issues) to the Agenda shall be presented by the Initiator to the Chairman of the Committee (via a letter to the Chairman of the Committee with a copy to the Secretary of the Committee) with attached draft decision, explanatory note with justification of the need in reviewing the issue at meeting and other information and reference materials not later than 8 (eight) working days before the meeting date, and with account of the terms provided for in item 4.1 of these Regulations.

2.6. The Secretary of the Committee shall control of compliance with the terms of presenting proposals on adding issues to the Agenda (including an explanatory note and materials).

2.7. Additional issues coming to the Secretary of the Committee in violation of the terms established in item 2.5 of these Regulations shall be added to the Agenda of the next meeting, or by the decision of the Chairman with account of importance and urgency can be included in the agenda of an extraordinary meeting of the Committee, the terms of which shall be defined by the Chairman with account of the requirements of item 4.1 of these Regulations.

2.8 The Secretary of the Committee shall send the draft Agenda to the Expert of the Committee 12 (twelve) working days before the meeting to agree the list of issues. The Expert of the Committee shall review the draft Agenda within 1 (one) working day and prepare a Conclusion on formation of the Agenda of the Committee.

2.9. The Conclusion on formation of the Agenda for the Committee prepared by the Expert shall be sent to the Secretary of the Committee for further approval of the Agenda by the Chairman of the Committee.

2.10. The Secretary of the Committee shall inform the Chairman of the Committee of all facts of failure to commit to the date of presenting proposals to be added to the agenda (including explanatory note and materials) for the Chairman of the Committee to take a decision about approval of the Agenda.

2.11. The Secretary shall send a notification of the Committee meeting including the Agenda to the members of the Committee and any persons invited to attend the Committee meeting not later than 10 (ten) working days before the Committee meeting date, and a notification about the meeting with additional issues included - not later than 7 (seven) working days before the committee meeting date.

2.12 The Secretary shall send materials for voting on the Agenda issues, including a notification of holding the Committee meeting, the Agenda, Expert Report, to the members of the Committee not later than 3 (three) working days before the Committee meeting.

### **3. Procedure for preparation of materials on the issues on the Agenda of the Committee meeting**

3.1. Materials on the Agenda issues must include without fail:

- Draft decisions of the Committee concerning the issues included in the Agenda.
- Explanatory notes to the delivered materials and draft decisions of the Committee on the issues included in the Agenda.
- Materials accompanying and confirming the information stated in the draft decisions and explanatory notes.
- Expert appraisal on the issues included in the Agenda of the Committee meeting.
- Other informational material on the issues included in the agenda.

3.2. Structural units of the Company responsible for preparation of issues within the approved work plan and initiators of including additional issues listed in Item 2.4 of these Regulations shall prepare materials to the issues on the Agenda, explanatory notes and draft decisions to them (signed by the Deputy General Director of the Company or the head directly subordinate the General Director of the Company).

3.3. In case of putting out issues concerning the competence of several structural units / business areas of the Company, the responsible unit shall ensure preliminary approval of the materials in accordance with the requirements of the document control of the Company.

3.4. The Secretary of the Committee shall send the package of documentation prepared in accordance with the requirements of this section to the Expert of the Committee not later than 8 (eight) working days before the meeting day.

#### **4. Procedure for preparation of the Expert Report of the issues on the Agenda of the Committee meeting**

4.1. Expert of the Committee shall review incoming materials concerning the Agenda within 4 (four) working days and 3 (three) working days before the Committee meeting shall send an expert report concerning the Agenda of the Committee meeting (hereinafter referred to as the Expert Report) to the Secretary of the Committee (Annex 8 to the Provision).

4.2. Expert of the Committee shall analyze the presented materials for fullness, accuracy and relevance of the provided information to take a decision. Expert of the Committee has the right to request necessary additional materials and explanations on the issues included in the Agenda via the Secretary of the Committee. Responsible officials must ensure prompt provision of the materials requested by the Expert of the Committee.

4.3. Expert of the Committee shall prepare an Expert Report based on the results of consideration of the provided materials.

4.4. The Expert report shall contain titles of the issues on the Agenda, the informational part with specification of the main conclusions made by the Expert of the Committee during consideration of the materials concerning the issues with specification of the evidencing facts and the proposed draft decisions of the Committee.

4.5. In case of untimely provision of materials concerning the issues on the Agenda, the Expert of the Committee has the right to give a conclusion on postponement of consideration of this issue to the next meeting with indication of the postponement reasons.

4.6. The Secretary of the Committee shall prepare summarized draft decisions of the Committee concerning the issues on the Agenda on the basis of the draft decisions proposed by the Expert of the Committee.

Annex to  
The Regulations for preparation of  
issues to be discussed  
At the Audit Committee Meeting  
of  
the Board of Directors

**Example of the explanatory note concerning the issue  
Review of intermediate accounting (financial) reports of IDGC of the South, PJSC for \_\_\_\_  
months of 20 \_\_ prepared according to the Russian Reporting Standards.**

In accordance with item \_\_\_\_ clause \_\_\_\_ of the Provision on the Audit Committee of the Board of Directors of IDGC of the South, PJSC (hereinafter referred to as the Committee) approved by the decision of the Board of Directors of IDGC of the South, PJSC (hereinafter referred to as the Company) of \_\_. \_\_.20 \_\_ (minutes of meeting No. \_\_) competence of the Committee includes consideration and analysis of intermediate accounting (financial) reports according to the Russian Reporting Standards in order to define its objectivity, clarity of the Company's performance and assessment of fullness of the provided information about the activity of the Company.

While analyzing the performance of the accounting (financial) reports of the Company prepared in accordance with the Russian Reporting Standards for \_\_ months of 20 \_\_, the following primary tendencies in the change of the financial position of the Company were revealed:

1. The total assets and liabilities of the Company increased (decreased) by RUB \_\_ mln or by \_\_ % and, as of \_\_. \_\_.20 \_\_, amounted to RUB \_\_ million.

2. The main factors of Company assets change were:  
– increase/growth (clause title) by RUB \_\_ mln or by \_\_ % (\_\_ % of the total growth of the total assets);  
– decrease/reduction (clause title) by RUB \_\_ mln or by \_\_ % (\_\_ % of the total growth of joint assets)...

3. The main factors of the Company's capital and liabilities change were:  
– increase/growth (clause title) by RUB \_\_ mln or by \_\_ % (\_\_ % of the total growth of the total change of the capital and the liabilities);  
– decrease/reduction (clause title) by \_\_ mln or by \_\_ % (\_\_ % of the total growth of the total change of the capital and liabilities)...

4. Revenues of the Company for \_\_ months of 20 \_\_ compared to the similar period 20 \_\_ increased by RUB \_\_ mln or by \_\_ % and amounted to RUB \_\_ mln.

The main factors of the Company's revenues variation were:  
– increase/decrease of the revenues for provision of services on electric power transmission by RUB \_\_ mln or by \_\_ %;  
– Increase/decrease of the revenues from resale of the electric power by RUB \_\_ mln or by \_\_ %, which is connected with (reasons).

5. The cost price of the Company's sales for \_\_ months of 20 \_\_ compared to the similar period of 20 \_\_ grew by RUB \_\_ mln or by \_\_ %. Costs of the Company (including commercial and managerial costs) for \_\_ months of 20 \_\_ increased/decreased by RUB \_\_ mln or \_\_ % and amount to RUB \_\_ mln and do not exceed the revenues growth rate (exceed the revenues growth rate by \_\_ %).

6. Company's profits from sales for \_\_ months of 20 \_\_ was RUB \_\_ mln or \_\_ % more than in the similar period of 20 \_\_ (RUB \_\_ mln).

7. Other costs of the Company for \_\_ months of 20 \_\_ amounted to RUB \_\_ mln or \_\_ % more/less than in the similar period of 20 \_\_, which is mostly connected with (reasons).

8. Other costs of the Company for \_\_ months of 20 \_\_ amounted to RUB \_\_ mln, which is \_\_ % more/less than in the similar period of 20 \_\_, which is mostly connected with (explanation of the change reasons).

Net profit/net loss of the Company for \_\_ months of 20 \_\_ amounted to RUB \_\_ mln (net

profit/net loss for the similar period of 20 \_\_\_\_ was RUB \_\_\_\_ mln.).

**List of obligatory annexes to the explanatory note:**

- 1) Turnover balance sheet for the reporting period.
- 2) Analysis of the accounts receivable as of the beginning and the end of the reporting period (also with indication of the debt, for which the reserve is created, the amount of overdue debt with indication of the largest debtors and breakdown of their debt change).
- 3) Explanation of other income and expenditure.
- 4) Explanation of the reasons of considerable fluctuations on the reporting items, activity results, unusual/non-standard changes in indicators/tendencies.

**Notification form of holding the Audit Committee Meeting  
of the Board of Directors of IDGC of the South, PJSC**

**NOTIFICATION OF HOLDING THE AUDIT  
COMMITTEE MEETING OF THE BOARD OF DIRECTORS  
IDGC of the South, PJSC**

To Members of the Audit Committee of  
the  
Board of Directors  
IDGC of the South, PJSC

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

***DEAR MEMBERS OF THE AUDIT COMMITTEE,***

I, hereby, inform you of holding on \_\_\_\_ \_\_\_\_\_ 201\_\_ the Audit Committee meeting of the Board of Directors of IDGC of the South, PJSC with the following issues on the AGENDA:

<i>Issue No.</i>	<i>Issue description</i>	<i>Speaker</i>
<b>1</b>		
<b>2</b>		
.....		
<b>i</b>		

The Audit Committee meeting is held in the \_\_\_\_\_.  
personal/absentee format

Place and time of the meeting/End date and time of acceptance of voting questionnaires. \_\_\_\_\_.

- Annexes:
1. Agenda on \_\_\_\_\_ pages;
  2. Materials concerning the issues on the agenda on \_\_\_\_\_ Pages;
  3. Voting questionnaire on \_\_\_\_\_ pages (for meetings in absentia).

Chairman of the Audit Committee  
of the Board of Directors of IDGC of the South, PJSC

(\_\_\_\_\_)

**Voting questionnaire form  
concerning the issues on the agenda of the Audit Committee meeting  
of IDGC of the South, PJSC held in person**

**Audit Committee  
of the Board of Directors of IDGC of the South, PJSC**

**QUESTIONNAIRE**

for voting on the issues on the Agenda for the meeting of  
the Audit Committee of the Board of Directors of IDGC of the South, PJSC  
held in person on \_\_\_\_\_ 201\_\_.

**Issue:**

1. \_\_\_\_\_

**Resolution:**

1. \_\_\_\_\_

**IN FAVOR**

**AGAINST**

**ABSTAINED**

*(leave your option of answer not crossed-out)*

**Issue:**

2. \_\_\_\_\_

**Resolution:**

2. \_\_\_\_\_

**IN FAVOR**

**AGAINST**

**ABSTAINED**

*(leave your option of answer not crossed-out)*

**Issue:**

i. \_\_\_\_\_

**Resolution:**

i. \_\_\_\_\_

**IN FAVOR**

**AGAINST**

**ABSTAINED**

*(leave your option of answer not crossed-out)*

Filled in and signed questionnaire shall be faxed \_\_\_\_\_, or by e-mail \_\_\_\_\_, or delivered in the original to the Secretary of the Audit Committee within the period not later than \_\_\_\_\_.

*/date, time/*

The questionnaire, which came after the above mentioned term expired, are not taken into account when counting votes and drawing voting conclusions.

Please send the original questionnaire to: \_\_\_\_\_

**Member of the Audit Committee**

**Board of directors of IDGC of South, PJSC**

\_\_\_\_\_/\_\_\_\_\_/

(Signature)

(Full name)

**Chairman of the Audit Committee**

**Board of directors of IDGC of South, PJSC**

\_\_\_\_\_/\_\_\_\_\_/

(Signature)

(Full name)

**THE QUESTIONNAIRE IS INVALID WITHOUT THE SIGNATURE OF THE AUDIT COMMITTEE MEMBER OF THE BOARD OF DIRECTORS**

**Voting questionnaire form  
concerning the issues on the agenda of the Audit Committee meeting  
IDGC of South, PJSC held in person**

**Audit Committee  
of the Board of Directors of IDGC of the South, PJSC**

**QUESTIONNAIRE**

for voting on the issues on the Agenda for the meeting of  
the Audit Committee of the Board of Directors of IDGC of South, PJSC  
held in absentia \_\_\_\_\_ 201\_\_

**Issue:**

1. \_\_\_\_\_

**Resolution:**

1. \_\_\_\_\_

**IN FAVOR**

**AGAINST**

**ABSTAINED**

*(leave your option of answer not crossed-out)*

**Issue:**

2. \_\_\_\_\_

**Resolution:**

2. \_\_\_\_\_

**IN FAVOR**

**AGAINST**

**ABSTAINED**

*(leave your option of answer not crossed-out)*

**Issue:**

i. \_\_\_\_\_

**Resolution:**

i. \_\_\_\_\_

**IN FAVOR**

**AGAINST**

**ABSTAINED**

*(leave your option of answer not crossed-out)*

Filled in and signed questionnaire shall be faxed \_\_\_\_\_, or by e-mail \_\_\_\_\_, or delivered in the original to the Secretary of the Audit Committee within the period not later than \_\_\_\_\_.

*/date, time/*

The questionnaire, which came after the above mentioned term expired, are not taken into account when counting votes and drawing voting conclusions.

Please send the original questionnaire to: \_\_\_\_\_

**Member of the Audit Committee  
Board of directors of IDGC of South, PJSC**

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
(Signature) (Full name)

**THE QUESTIONNAIRE IS INVALID WITHOUT THE SIGNATURE OF THE AUDIT  
COMMITTEE MEMBER OF THE BOARD OF DIRECTORS**

**Form of the Minutes of Meeting  
Audit Committee  
of the Board of Directors of IDGC of the South, PJSC**

**Audit Committee  
of the Board of Directors of IDGC of the South, PJSC**

**MINUTES OF MEETING OF  
\_\_\_\_\_ AUDIT COMMITTEE  
*PERSONAL /ABSENTEE*  
OF THE BOARD OF DIRECTORS OF IDGC OF THE SOUTH, PJSC**

\_\_\_\_\_ 201\_\_

Meeting format:

\_\_\_\_\_  
*personal /absentee*

Date, place, time of meeting / End date and time of questionnaire acceptance:

\_\_\_\_\_

Members of the Committee participating in the meeting /personal/ absentee voting:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Invited persons (for meetings in personal form):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Quorum is present

Agenda:

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- ... \_\_\_\_\_
- i. \_\_\_\_\_

On issue 1: \_\_\_\_\_.

DECISION:

1.1. \_\_\_\_\_

Voting results: \_\_\_\_\_

On issue 2: \_\_\_\_\_.

DECISION:

2.1. \_\_\_\_\_

Voting results: \_\_\_\_\_

On issue i: \_\_\_\_\_.

DECISION:

i.1. \_\_\_\_\_

Voting results: \_\_\_\_\_

Special opinions of the Audit Committee members \_\_\_\_\_  
attached/absent.

*(full name of the Committee member)*

Questionnaires are attached

Chairman of the Audit Committee \_\_\_\_\_ (\_\_\_\_\_)

Secretary of the Audit Committee \_\_\_\_\_ (\_\_\_\_\_)

**Form of confidentiality agreement  
of the Audit Committee  
of the Board of Directors of IDGC of the South, PJSC**

**CONFIDENTIALITY AGREEMENT**

\_\_\_\_\_ 201\_\_

Interregional Distributing Grid Company, Public Joint-Stock Company (hereinafter referred to as IDGC of the South, PJSC) represented by \_\_\_\_\_, acting on the basis of \_\_\_\_\_, on the one hand, and \_\_\_\_\_, chosen to participate in the Audit Committee of the Board of Directors of IDGC of the South, PJSC by decision of the Board of Directors of \_\_\_\_\_ 201\_\_ (Minutes of Meeting No. \_\_\_\_\_), on the other hand, hereinafter referred to as the Recipient, collectively referred to as the parties, have concluded this Agreement as following.

In order to render assistance to the Board of Directors of IDGC of the South, PJSC in execution of its obligations, the Audit Committee shall be formed at the Board of Directors of IDGC of the South, PJSC as a consulting and guideline body acting in accordance with the Provision on the Audit Committee of the Board of Directors of IDGC of the South, PJSC.

Due to exercising its rights and obligations, the recipient gets access to confidential information, which is handed over to the recipient marked as «Commercial secret». In this Confidentiality Agreement (hereinafter referred to as the Agreement), the Company agree the terms and conditions concerning limited use and further disclosure of such information.

***Confidentiality and limited use***

1. For the purposes of this Agreement, the notion «Confidential information» in general and in particular means whole and any information of any kind in oral, written or electronic format relating to «\_\_\_\_\_» (hereinafter referred to as the Informing Party) and regarding to its activity, which has actual or potential commercial value due to its non-public nature, and conveyed by the Informing Party to the Recipient in accordance with this Agreement together with all archive records and copies of this information or excerpts of such information contained in any types of media.

The Recipient must store Confidential Information using the same level of carefulness, which it uses to store its own confidential information being its property, and such Confidential Information shall not be used or reproduced, and also it shall not be referred to by the recipient for any purposes. The recipient shall not disclose any Confidential Information to any third party, both physical and legal entity.

2. The Recipient has no right to provide Confidential Information to other entities using or able to use it for the purposes that led of probably capable of leading to its disclosure or another illegal or prohibited by the law and this Agreement use, including use of such information for the purposes of personal enrichment or aiding in enrichment of other entities, whether this entity is affiliated with it, or not.

The Recipient must inform the Committee about all its planned and/or completed transactions with securities of IDGC of the South, PJSC and subsidiary companies of IDGC of the South, PJSC.

3. The Recipient shall be responsible according to the law of the Russian Federation for actions of its affiliated entities, including, but not limited to the spouse, parents, children, full- and half- blood siblings, adoptive parents and adopted children, other persons recognized as affiliated by

the applicable law, in relation to Confidential Information received from the Recipient, which have led of probably capable of leading to its disclosure or other illegal use, including using such information for the purposes of personal enrichment or aiding in enrichment of other persons, or having caused losses to IDGC of the South, PJSC.

4. This Agreement shall not be considered as the document granting the Recipient ant license rights or any other rights in relation to the Confidential Information and its further use.

***Return of confidential information***

5. In accordance with the requirements of the Informing Party or at the sole discretion of the Informing Party, all and any Confidential Information in any form, which the Recipient received or acquired from the Informing Party or for the Informing Party, shall be returned or, if impossible, shall be destroyed within 7 (seven) days from receipt of such demand, and no copies of such information or data concerning such information, or excerpts from it (in any form), shall be kept by the Recipient, and the Recipient shall not use or reproduce such information in part or in whole for whatever reasons after that.

***Period and termination of the Agreement***

6. This Agreement shall come into force from the signing day and will stay in force for the period of execution of obligations of the person who is (was) a member of the Audit Committee, Secretary of the Audit Committee and third parties involved in the work at the Audit Committee, and also within three years after the end of the authorities in the Audit Committee and third parties involved in the work at the Audit Committee.

***Governing law***

7. This Agreement is regulated in accordance with the law of the Russian Federation.

Any claims and disagreements arising from this Agreement or in connection with this Agreement, or concerning this Agreement or the legal relations established by this Agreement shall be delivered by the Parties to the corresponding court in the location of IDGC of the South, PJSC.

***Other conditions***

8. Starting from the date of signing, this Agreement will represent full agreement between the Parties in relation to the subject discussed in it and after its execution will supersede and set aside any preceding arrangements, documents, minutes of meetings and contacts, both oral and written, between the Parties concerning the subject matter of this Agreement.

Any changes and/or additions to this Agreement will be valid only in case they are made in writing and signed by the both Parties.

This Agreement is made in two identical copies, one for each Party.

**Legal addresses and bank details of the Parties:**

Providing Party

Recipient

IDGC of the South, PJSC

Audit Committee Member

Board of Directors \_\_\_\_\_

\_\_\_\_\_ (\_\_\_\_\_)

\_\_\_\_\_ (\_\_\_\_\_)

**Expert Report Form  
for the issues on the Agenda of the meeting  
the Audit Committee of the Board of Directors of IDGC of South, PJSC**

**EXPERT REPORT  
for the issues on the Agenda of the meeting  
the Audit Committee of the Board of Directors of IDGC of the South, PJSC  
scheduled to \_\_\_\_\_ 20\_\_\_\_**

To Members of the Audit Committee of the  
Board of Directors

\_\_\_\_\_ «\_\_\_\_\_»  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I recommend voting «IN FAVOR» of the following decisions on the agenda of the Audit Committee meeting of the Board of Directors of IDGC of the South, PJSC scheduled to be held on \_\_\_\_\_ 20\_\_\_\_:

**On issue No.1:** (description of the issue in accordance with the Agenda).

**INFORMATION:**

Contains the main conclusions made by the Expert of the Committee during review of the materials with indication of the supporting facts.

**DRAFT DECISION:**

**On issue No.2:**

**INFORMATION:**

**DRAFT DECISION:**

**On issue No.i:**

**INFORMATION:**

**DRAFT DECISION:**

Expert of the Audit Committee

Board of Directors of IDGC of the South, PJSC \_\_\_\_\_(Full name)

(Signature)

**Example of a conclusion about the efficiency and quality level  
of external audit process**

**Conclusion of the Audit Committee of the Board of Directors of IDGC of the South, PJSC  
about the efficiency and quality level of the external audit process**

In accordance with items 294.2 and 294.3 of the Corporate Governance Code approved 21.03.2014 by the Board of Directors of the Bank of Russia, the Audit Committee of the Board of Directors of IDGC of the South, PJSC (hereinafter referred to as the Company), the external audit process efficiency of the accounting (financial) reports of the Company for 201 \_\_\_\_ prepared in accordance with the Russian Reporting Standards, and the Auditor's Report issued based on the results of the mentioned audit were assessed.

Based on the results of the held open competitive negotiations without preliminary qualification<sup>1</sup> for the right to conclude Service Contracts \_\_\_\_,<sup>2</sup> the winner is \_\_\_\_\_<sup>3</sup> (minutes of meeting of the procurement committee of \_\_\_\_ . \_\_\_\_ .20 \_\_\_\_ No. \_\_\_\_).

On the basis of the decisions of Annual general shareholder meeting (minutes of meeting from \_\_\_\_ . \_\_\_\_ .20 \_\_\_\_ No. \_\_\_\_), the Board of Directors of the Company (minutes of meeting of \_\_\_\_ . \_\_\_\_ .20 \_\_\_\_ NO. \_\_\_\_) with \_\_\_\_\_<sup>4</sup> (hereinafter referred to as the External Auditor), the Company concluded Contract No. \_\_\_\_ of \_\_\_\_ . \_\_\_\_ .20 \_\_\_\_.

Legal address of the External Auditor: Russia, (post code), (city), (street, house) \_\_\_\_\_<sup>5</sup> the Company is the member of the self-regulated organization of auditors \_\_\_\_\_<sup>6</sup> incorporated into the single state register of self-regulated organizations of auditors \_\_\_\_ . \_\_\_\_ .20\_\_\_\_, register No. \_\_\_\_ and located at the address: \_\_\_\_\_ (membership certificate No. \_\_\_\_).

Independence and objectivity of the External Auditor are evidenced by the following information provided by \_\_\_\_\_<sup>7</sup>:

- \_\_\_\_\_ has introduced the activity standards, in accordance with which this Company strives to be an independent auditor and have the reputation of an independent auditor;
- In conformity with the provisions on the ethics and independence of \_\_\_\_\_, all the partners and employees of \_\_\_\_\_ confirm compliance with these provisions every year, including absence of prohibited financial investments in its investment portfolio.

Besides, it should be noted that the independence of the external auditor is confirmed by the fact that \_\_\_\_\_ has no long period of services on external audit of the Company. \_\_\_\_\_ carried out audit of the accounting (financial) reports of the Company for 20\_\_\_\_. \_\_\_\_\_ did not provide other services to the Company in 20\_\_\_\_.

The external auditor has prepared and submitted the following documents:

- Written information (report) to the management of the Company based on the results of intermediate audit of the accounting (financial) reports prepared in accordance with Russian standards of the accounting for \_\_\_\_ months ending on \_\_\_\_ . \_\_\_\_ .20 \_\_\_\_ on \_\_\_\_ pages.
- Written information (report) of the management of the Company based on the results of \_\_\_\_\_

<sup>1</sup> Specify the procurement form.

<sup>2</sup> Specify the name of the procurement procedure.

<sup>3</sup> Specify the Contractor's name.

<sup>4</sup> Specify the name of the winning Contractor.

<sup>5</sup> Specify the name of the winning Contractor.

<sup>6</sup> Specify the SRO name

<sup>7</sup> Specify the name of the winning Contractor.

the audit of the accounting (financial) report prepared in accordance with Russian accounting standards for the year ending on \_\_\_\_\_. \_\_\_\_\_.20 \_\_\_\_\_ on \_\_\_\_\_ pages.

– Auditor's report on accounting (financial) reports of the Company for 20\_\_\_\_\_ on \_\_\_\_\_ sheets.

The Audit Committee of the Board of Directors reviewed the above-mentioned documents prepared by \_\_\_\_\_ at its meetings, discussed

the main problems of accounting (financial) reports of the Company prepared in accordance with the Russian

Accounting Reporting Standards (hereinafter referred to as the Russian Reporting Standards) with the External Auditor and the management of the Company (Minutes of Meeting No. \_\_\_\_ of \_\_\_\_\_. \_\_\_\_\_.20 \_\_\_\_ No. \_\_\_\_ of \_\_\_\_\_. \_\_\_\_\_.20 \_\_\_\_).

The contents of written information (report) prepared by \_\_\_\_\_ meets/does not meet<sup>8</sup> the requirements of item 10 of Rules (Standard) No.22 «Communication of information received in the audit to the management of the audited entity and representatives of its owner».

The procedures carried out by \_\_\_\_\_ in the course of the external audit of accounting (financial) reports of the Company for 20\_\_\_\_\_ prepared in accordance with the Russian Reporting Standards meet/do not meet<sup>9</sup> the conditions of the concluded Contract and the requirement of Federal Law On Auditing Activities No. 307-Φ3 of 30.12.2008. The presented Auditor's report meets/does not meet<sup>10</sup> the requirements of Federal Law No.307-Φ3 of 30.12.2008 «On Auditing Activities», federal rules (standards) of the auditing activities approved by decision of the Government of the Russian Federation No.696 of 02.09.2002.

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<sup>8</sup> Choose as applicable

<sup>9</sup> Choose as applicable

<sup>10</sup> Choose as applicable

**Example of  
the Audit Committee of the Board of Directors of IDGC of South, PJSC  
the progress report form of the Audit Committee of the Board of Directors  
of IDGC of the South, PJSC in the corporate year**

**Progress report of the Audit Committee of the Board of Directors of IDGC of the South, PJSC  
for corporate year 20\_\_\_\_ -20\_\_\_\_**

The Audit Committee of the Board of Directors of the Company (hereinafter referred to as the Committee) was created by decision of the Board of Directors of the Company of \_\_\_\_ . \_\_\_\_ .20\_\_\_\_ (Minutes of Meeting No.\_\_\_\_).

Activity of the Audit Committee shall be governed by the Provision on the Audit Committee of the Board of Directors \_\_\_\_ \_\_\_\_\_ approved by the decision of the Board of Directors of \_\_\_\_ . \_\_\_\_ . 20\_\_\_\_ (Minutes of Meeting No.\_\_\_\_) (hereinafter referred to as the Provision on Committee).

Activity of the Audit Committee in the reporting period was carried out in accordance with the work plan of the Committee 20\_\_\_\_ -20\_\_\_\_ approved by decision of the Audit Committee of \_\_\_\_ . \_\_\_\_ .20\_\_\_\_ (Minutes of Meeting No.\_\_\_\_).

**Members of the Audit Committee  
and participation of the Committee members in meetings**

The current members of the Audit Committee were elected by decision of the Board of Directors of \_\_\_\_ . \_\_\_\_ .20\_\_\_\_ (Minutes of meeting No.\_\_\_\_):

No.	Full name	Positon as of the election day
1	_____ <b>Chairman of the Audit Committee</b>	
2		
3		
4		
5		
6		
7		

The elected Deputy Chairman of the Committee is Full Name, the Secretary of the Committee - Full Name - (position as of the election day) (minutes of meeting of the Committee No.\_\_\_\_ of \_\_\_\_).

In accordance with item 9, section 4 of the Provision on the Audit Committee, in order to fulfill the assigned tasks and taking weighted decisions, the Audit Committee has the right to involve experts (consultants). At the Audit Committee meeting of \_\_\_\_ . \_\_\_\_ .20\_\_\_\_ (minutes of meeting No.\_\_\_\_), a decision was taken to involve the following person in the activities of the Audit Committee of the Board of Directors of IDGC of the South, PJSC as the expert<sup>11</sup>

<sup>11</sup> Indicate the full name and position of the Expert as of the date he/she is hired.

Degree of participation of the Committee members in the meetings of the Committee is shown in the table:

Full name	Number of meetings, total number of meetings, in which the Committee member participated	% of participation
<b>Chairman of the Committee</b>	11/10	90.9%
<b>Deputy Chairman</b>		

The plan of the Committee contained holding of \_\_\_\_ meetings of the Committee with agendas including \_\_\_\_ issues. In fact, \_\_\_\_<sup>12</sup> Audit Committee Meetings were held in corporate years 20 \_\_\_\_ -20\_\_\_\_, where \_\_\_\_ issues were considered. Issues included in the work plan were considered by the Audit Committee in full/not in full<sup>13</sup>.

Difference in the number of planned and actual meetings of the Audit Committee is connected with the following factors: \_\_\_\_\_.

**Budget of the Committee for audit and remuneration to the members of the Committee for participation in the Audit Committee meetings.**

Types, size and procedure for payment of remuneration and Compensations to the Committee members shall be regulated by \_\_\_\_\_<sup>14</sup> approved by the decision of the Board of Directors of the Company of \_\_\_\_\_. \_\_\_\_\_.20 \_\_\_\_ (Minutes of Meeting No. \_\_\_\_), and also the Provision on paying the members of the Board of Directors \_\_\_\_ the remuneration and compensations approved by the decision of the annual general shareholder meeting of the Company of \_\_\_\_\_. \_\_\_\_\_.20 \_\_\_\_ (Minutes of Meeting No. \_\_\_\_).

Budget of the Committee for the 1st half-year period of 20 \_\_\_\_ and for the 2nd half-year period of 20 \_\_\_\_ was preliminarily considered at the meeting of the Committee (Minutes of Meeting No. \_\_\_\_ of \_\_\_\_\_. \_\_\_\_\_.20 \_\_\_\_, Minutes of Meeting No. \_\_\_\_ of \_\_\_\_\_. \_\_\_\_\_.20 \_\_\_\_). Budget of the Committee has been approved by the Board of Directors \_\_\_\_ (Minutes of Meeting No. \_\_\_\_ of \_\_\_\_, Minutes of Meeting No. \_\_\_\_ of \_\_\_\_.) in the following amount:

Planning period	Meeting	Budget, RUB ths.
The 2 <sup>nd</sup> half-year period of 20 ____	Minutes of meeting No. ____ of ____	_____
The 1 <sup>st</sup> half-year period of 20 ____	Minutes of meeting No. ____ of ____	_____

<sup>12</sup> The data is presented with account of the Audit Committee meeting, where this report is considered.

<sup>13</sup> Choose as applicable

<sup>14</sup> Specify the name of the appropriate internal regulatory document of the Company

Results of the Committee budget implementation in corporate years 20 \_\_\_\_ - 20 \_\_\_\_ are shown in the table:

Planning period	Budget, RUB ths.		
	Plan	Actual	Economy (-)/ overexpenditure (+)
The 2 <sup>nd</sup> half-year period of 20 ____	_____	_____	_____
The 1 <sup>st</sup> half-year period of 20 ____	_____	_____	_____

Budget of the Committee is implemented in full / not in full <sup>15</sup>.

1. Economy/overexpenditure<sup>16</sup> of the budget in the \_\_\_\_ half-year period of 20 \_\_\_\_ is determined by the following factors:

- Holding less/more meetings of the Committee.
- Holding less/more meetings of the Committee in person.
- And so on.

2. Economy/overexpenditure<sup>17</sup> of the budget in the \_\_\_\_ half-year period of 20 \_\_\_\_ is determined by the following factors:

- Holding less/more meetings of the Committee.
- Holding less/more meetings of the Committee in person.
- And so on.

#### **Main activities of the Audit Committee**

The Committee held \_\_\_\_ meetings, considered \_\_\_\_ issues in corporate year 20 \_\_\_\_ -20 \_\_\_\_.

Calendar of the Committee Meetings for the period of corporate year 2013-2014:

	July	August	September	October	November	December	January	February	March	April	May	June
Committee meetings												

The committee gave recommendations to the Board of Directors in a number of areas:

1. Concerning ....
2. Concerning ....
3. Concerning ....

<sup>15</sup> Choose as applicable

<sup>16</sup> Choose as applicable

<sup>17</sup> Choose as applicable