

Annex 3 to
resolution of Kubanenergo PJSC Board of Directors
(minutes of meeting No.233/2016 dated 18.03.2016)

**Regulations for the Audit Committee
under the Board of Directors of Kubanenergo PJSC**

Krasnodar
2016

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1. Main definitions and abbreviations used in the Regulations

the Company	- Kubanenergo PJSC
SD	- Subsidiaries of Kubanenergo PJSC
Company’s Board of Directors	- Board of Directors of Kubanenergo PJSC
Regulations on the Company’s Board of Directors	- Regulations on convening and holding meetings of the Board of Directors of Kubanenergo PJSC
Audit Committee Regulations, the Regulations	- Regulations on Audit Committee attached to the Board of Directors of Kubanenergo PJSC
the Audit Committee, the Committee	- Audit Committee under the Board of Directors of Kubanenergo PJSC
Chairperson of the Audit Committee, Chairperson of the Committee	- Chairperson of the Audit Committee attached to the Board of Directors of Kubanenergo PJSC
Deputy Chairperson of the Audit Committee, Deputy Chairperson of the Committee	- Deputy Chairperson of the Audit Committee attached to the Board of Directors of Kubanenergo PJSC
Secretary of the Committee	- Secretary of the Audit Committee under the Board of Directors of Kubanenergo PJSC

Audit Committee Member	- Member of the Audit Committee under the Board of Directors of Kubanenergo PJSC
Audit Committee Expert, Committee Expert	- Expert of the Audit Committee attached to the Board of Directors of Kubanenergo PJSC
Company's executive body	- Collegiate executive body – Company's Management Board, Sole executive body – Director General of the Company
Top managers (top management)	- Official bodies, regarded as top managers in accordance with internal document (local regulatory document) defining the principles of financial incentives of top managers/ or in accordance with a resolution of the Company's Board of Directors.
Internal Audit	- Provision of fair and independent guarantees and consultations aimed at improving the Company's activity. Internal audit is meant to assist in reaching the Company's goals relying upon systematic and consistent approach to evaluating and raising efficiency of risk management, internal control and corporate governance systems.
Competence	- Scope of powers, functions, rights and responsibilities legally provided to a body or executive officer.
External Auditor, Auditor	- An organization which is a member of a self-regulatory auditing organization involved in independent auditing of accounting (financial) statements of an auditee in order to provide opinion on reliability of such statements.
IFRS	- International Financial Reporting Standards
RAS	- Russian Accounting Standards

2. General provisions

2.1. The Regulations for the Audit Committee attached to the Board of Directors of Kubanenergo PJSC is an internal document of the Company that defines the Committee's activities, scope of competence, membership, operations, rights and responsibilities of the Committee's members, and interoperation with management and supervisory bodies of Kubanenergo PJSC.

2.2. The Regulations for the Audit Committee were prepared in accordance with the law of the Russian Federation, Charter of the Company, Company's internal documents and requirements of

stock exchanges where the Company's securities are admitted to trading and which are pre-requisite to the listing of shares on the stock exchanges.

2.3. The following documents were used to prepare the Regulations:

- 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 06, 2011;
- Federal Law of the Russian Federation No. 307-FZ "On Auditing" dated December 30, 2008;
- Corporate Governance Code adopted by the Board of Directors of the Bank of Russia on March 21, 2014;
- Guidelines for organizing the work of the Board of Directors in the joint-stock company introduced by the order of the Federal Agency for State Property Management (Rosimushchestvo) No. 357 dated November 21, 2013;
- Guidelines for organizing the work of Audit Committees under the Board of Directors in the joint-stock company with participation of the Russian Federation introduced by the order of the Federal Agency for State Property Management (Rosimushchestvo) No. 86 dated March 20, 2014;
- Regulations for organized trades, approved by the Bank of Russia on 17.10.2014 No.437-P;
- Guidelines for organizing the internal audit in joint-stock companies with participation of the Russian Federation introduced by the order of the Federal Agency for State Property Management (Rosimushchestvo) No. 249 dated July 04, 2014;
- Guidelines for organizing the internal audit in holding structures with participation of the Russian Federation introduced by the order of the Federal Agency for State Property Management (Rosimushchestvo) No. 330 dated September 03, 2014;
- Listing regulations approved by the management bodies of the stock exchange and duly registered by the Bank of Russia.

2.4. Established by the decision of the Board of Directors of the Company, the Audit Committee is responsible for preliminary profound investigation of the most important issues and preparation of recommendations required by the Board of Director to make decisions on issues within the scope of competence of the Committee, as well as for handling other issues delegated by the Board of Directors of the Company.

2.5. When dealing with issues delegated by the Board of Directors of the Company that do not require their consideration by the Board of Directors, the Committee may take final decisions and give recommendations to Company's executive bodies and Internal Audit. Reporting directly to the Board of Directors of the Company, the Audit Committee is independent in its assessments of Company's executive bodies.

2.6. The Committee is an advisory body of the Board of Directors of the Company. The Committee is not a management and supervisory body of the Company and it may not act on behalf of the Company.

2.7. The activities of the Committee shall be governed by the law and regulations of the Russian Federation, Charter of the Company, Company's internal documents, resolutions of the Board of Directors of the Company and the Regulations.

3. Aims and main objectives of the Committee

3.1. Committee's aim is to assist in efficient performance of functions of the BoD in the sphere of preliminary consideration of issues related to control of the Company's business activity.

3.2. Key objectives of the Committee:

- reviewing accounting (financial) statements of the Company and supervising preparation of the above statements;
- supervising risk management, internal control and corporate governance systems;
- supervising the external audit and auditor selection process;
- organizing and ensuring impartiality and fairness of the internal audit process;
- monitoring performance of the system introduced to respond to unfair acts of the Company's employees and third parties.

The Committee is not meant to guarantee reliability of the Company's statements, high performance of risk management, internal control and corporate governance systems, and compliance with the applicable law, but the Committee is responsible for supervision of performance of the Company's executive bodies of their obligations on provision of implementation of the Company's set targets.

Many duties of the Committee set forth herein imply "supervision", "control", "assessment", "analysis", "organization" and "development" relating to a range of business functions. However, the Committee is not responsible for discharging business functions covered by its duties of "supervision", "control", "assessment", "analysis", "organization" and "development". The Committee is not directly involved in discharging these functions. To perform their duties, the Committee members count on fairness of the executive bodies and employees of the Company providing information to the Committee. In case of any doubt of reliability of such information, the Committee must inform other members of the Board of Directors of the Company on this fact.

4. Competence of the Committee

4.1. The Committee's competence includes discussion of issues related to accounting (financial) statements of the Company, supervision of the reliability and efficiency of the internal control system, risk management system, corporate governance practice, conduct of external audit and appointment of auditor, ensuring the independence and objectivity of the internal audit

function, the functioning of the system to counter unfair actions of employees of the Company and third parties, as well as other issues on behalf of the Board of Directors of the Company. The scope of competence of the Committee include:

4.1.1. Accounting (financial) statements of the Company:

4.1.1.1. Monitoring (supervision) of activity aimed at provision of completeness, accuracy and reliability of annual and intermediate accounting (financial) statements:

a) analysis of Company's process of preparation of accounting (financial) statements and material changes made in principles and procedures of preparation of the statements;

b) analysis of compliance of accounting (financial) statements with applicable laws and regulations governing disclosure of the financial information;

c) assessment of compliance of the Company's information systems used for accounting and preparing accounting (financial) statements with the requirements applicable to processing of the accounting (financial) information, nature of business, volume and degree of complexity of the information processed;

d) reviewing together with the Company's executive body and external auditor, the external audit results, essential corrections resulting from audit findings, and comments set forth in the opinion and written information issued by the external auditor;

e) discussion with the external auditor and Internal Audit the validity and acceptability of the Company's accounting methods for areas exposed to the highest distortion risk, consistent use of these methods for accounting and preparing accounting (financial) statements;

f) analysis of levels and causes of errors detected during the external and internal audit, receiving explanatory notes from the executive body addressing the errors detected, including measures taken by the Company basing upon audit findings and/or to fulfill recommendations of the Company's auditors;

g) analysis of significant fluctuations of the results observed over many years, unusual changes in indicators/trends, deviations of actual results from forecasts or the Company's business plan.

4.1.1.2. Carrying out analysis of essential aspects of the Company's accounting policy:

a) checking the compliance of the accounting policy with provisions and requirements of the law, accounting rules (standards) and recommendations of the external auditor; assessing validity and acceptability of the Company's accounting methods;

b) analysis of previous and upcoming changes in the accounting policy; discussing causes and impact of such changes on the accounting (financial) statements of the Company that may occur during the current and next reporting periods with the executive body and external auditor.

4.1.1.3. Participation in discussions of material issues and judgments related to the Company's accounting (financial) statements:

a) analysis of information on operations and events subject to value judgments to the highest

degree when recorded in accounting (financial) statements and breakdowns or material and extraordinary operations and events (taking into account comments of the external auditor) submitted by the Company's executive body;

b) discussing together with the executive body and external auditor the most significant assumptions used by the Company for preparing accounting (financial) statements, and compliance of such significant assumptions and estimates with the accounting rules (standards);

c) discussing together with the executive body and external auditor the use of significant assumptions and estimates in order to achieve the Company's target financial result or increase remuneration to the sole executive body and top managers of the Company.

4.1.1.4. Analysis of the Company's press releases dedicated to financial issues, public announcements regarding the external and internal audit, risk management and internal control systems of the Company, and disclosed financial information.

4.1.1.5. Consideration of interim accounting (financial) statements of the Company prior to submission to the Board of Directors of the Company, consideration of annual accounting (financial) statements of the Company.

4.1.1.6. Consideration of other issues which may, in the Committee's opinion, influence on completeness and reliability of the Company's accounting (financial) statements.

4.1.2. Supervision of reliability and efficiency of internal control, risk management and corporate governance systems:

4.1.2.1. Consideration, before determination by the Board of Directors of the Company, of approaches to the organization of the internal control system, the analysis and estimation of implementation of the Company's policy in the sphere of internal control:

a) preliminary consideration, before approval of the Board of Directors, of internal documents of the Company scoping the strategy, organization and development of the internal control system and subsequent changes to them;

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

4.1.2.2. Control over reliability and efficiency of the Company's risk management and internal control systems and corporate governance practices:

a) carrying out, at least once a quarter, meetings with the Company's top managers for discussion of availability/creation in the Company of the appropriate environment of the control, efficiency of accomplishment by the executive office of procedures of the internal control, consideration of essential lacks of the internal control system and plans on their elimination

b) analysis at least once a year of the measures developed by the Company's executive bodies to improve the internal control, risk management and corporate governance systems, as well as

results of implementation of the above measures, including the findings of monitoring performed by the Internal Audit

c) consideration and discussion of the content of the section "Internal Control and Risk Management" of the Company's annual report with the executive body and Internal Audit before this report is submitted to the Board of Directors of the Company for preliminary approval, and preparing the Committee's opinion on the above section

d) analysis of the reliability and efficiency of the internal control system according to reports of the Management Board of the Company on the organization and functioning of the internal control system, materials of reviews of the Internal audit, as well as conclusions of the external auditor of the Company

e) preliminary consideration, at least once a year, of the Internal audit report on efficiency of risk management and internal control systems functioning, practice of corporate governance, as well as preliminary consideration of reports of external independent evaluation of efficiency of risk management, internal control and corporate governance systems

f) preparation of offers to enhance risk management, internal control and corporate governance systems

4.1.2.3. Monitoring of Company's compliance with regulatory requirements:

a) consideration of issues related to the procedures for ensuring compliance with the laws of the Russian Federation, requirements of the Bank of Russia and stock exchanges as well as ethical standards applicable to the Company;

b) analysis of response measures taken by the Company to eliminate violations revealed by the Audit Commission of the Company, the Company's Internal audit, external bodies of control (supervision).

4.1.3. Supervision of the external audit and auditor selection process:

4.1.3.1. Consideration and preparation of recommendations for the Board of Directors of the Company that should be given to shareholders for approval at annual Shareholders' general meeting of the Company concerning re-election and discharge of the external auditor.

4.1.3.2. Preparing recommendations on external auditor turnover intervals for the Board of Directors of the Company.

4.1.3.3. Supervision of external auditor selection process:

a) participation in development and approval of procurement procedure conditions for selecting the external auditor, in particular deciding on criteria for evaluating procurement participants, priority of these criteria and procedure for evaluating bids of procurement participants;

b) monitoring of compliance of the auditor selection procedure with the law and internal documents of the Company by representing Audit Committee's in the process of selection of the external auditor as a member of the procurement commission or an independent supervisor;

c) assessment of independence and impartiality of the Company's external auditor and exploring conflicts of interests (if any), analyzing all relations between the external auditor and the Company (delivery of any services in addition to the audit services, amount of remuneration for audit and non-audit services, etc.) in order to detect any circumstances which may have effect on independence of the external auditor;

d) provision of recommendations on nominees for the position of the Company's external auditor for the Board of Directors.

4.1.3.4. Supervising the external audit and assessing quality of the audit and auditor's opinions:

a) evaluating the volume of auditing procedures and methods proposed by the external auditor;

b) discussing together with the executive body and external auditor the essential aspects of accounting policy and methods used for recording substantial or extraordinary transactions in cases where several approaches are acceptable;

c) discussing together with the executive body and external auditor the issues of preparing accounting (financial) statements, monitoring clarity and completeness of information disclosure in accounting (financial) statements, and verifying validity of information disclosure;

d) discussing together with the external auditor any serious difficulties that may occur during the auditing process, including any limitations of the scope of work and/or access to information required for the external auditor;

e) reviewing findings of the external auditor and written information on audit results issued for the Company's executive body regarding key closed and open issues, assessment of basic accounting and audit judgments, and analysis of the level of errors detected by the auditor.

4.1.3.5. Evaluating at least once a year the efficiency of the external audit process, including:

– analysis of fulfillment by the external audit of plan and analysis of causes of any deviations from this plan, including the auditor's response to any changes in the audit risk;

– review of opinion of the Company's key employees involved in the external audit, including Chief Accountant, Deputy General Director for Economics and Finance, Head of the structural subdivision responsible for the internal audit, etc., on performance of the external auditor;

– assessment of the auditor's understanding of the Company's business nature and validity of the auditor's recommendations;

– evaluation of response level and qualification in preparing information for the Audit Committee and recommendations on the internal control system;

– assessment of opinion of the Company's auditor which confirmed the validity of the annual accounting (financial) statements of the Company; preparation of opinion on efficiency and quality of the external audit process as a part of information (materials) issued for the annual General Meeting of Shareholders (Appendix No. 9 hereto).

4.1.3.6. Developing the policy for delivery of non-audit services by the external auditor and submitting this policy to the Board of Directors of the Company for approval, including:

- nature of acceptable non-audit services;
- ratio of amount of remuneration for audit services and non-audit services (both as ratio and cumulative remuneration for the auditing company);
- requirements to ensuring independence in case of delivery of audit services and non-audit services, including identification of services excluded from the scope of acceptable services of the external auditor;
- list of services subject to preliminary review and approval by the Audit Committee.

4.1.3.7. Ensuring the effective cooperation between of the external and internal auditors of the Company.

4.1.4. Organizing and ensuring impartiality and fairness of the internal audit process:

4.1.4.1. Organizing the internal audit process:

- a) preparing recommendations on the most optimal method for organizing the internal audit (formation of the internal audit subdivision/outsourcing/co-sourcing) for the Board of Directors of the Company;
- b) reviewing the Internal Audit Policy, Contract signed with the external organization involved in the internal audit operations, other internal documents of the Company describing objectives, tasks and functions of the internal audit before the above documents are submitted to the Board of Directors of the Company for approval;
- c) reviewing the Regulations for Internal Audit Subdivision before the sole Director General of the Company approves the Regulations.

4.1.4.2. Ensuring impartiality and fairness of the internal audit:

- a) preliminary assessment of a nominee for the position of the Head of Internal Audit Subdivision, as well as reviewing decision on dismissal, material conditions and amendments to the employment contract;
- b) in case of inviting of an external organization in the internal audit process:
 - preliminary evaluation of independence, impartiality, professional skills and expertise of an external organization and its personnel who may be involved in the internal audit of the Company;
 - preliminary review of substantial conditions, including remuneration, internal audit plan and intervals of internal audit progress reporting;
 - preliminary review of draft supplement agreements to the internal audit contract signed with the external organization;
- c) consideration at least once a year of structure and headcount of the Internal Audit Subdivision of the Company, preliminary assessment and approval of changes;

- d) reviewing the annual activity plan of the Internal Audit and amendments thereto before the Board of Directors of the Company approves the plan;
- e) reviewing at least once per quarter the Internal Audit report on implementation of the annual plan and internal audit results;
- f) analyzing on a regular basis at least once a year the results of implementation of the action plan aiming at rectifying irregularities and discrepancies detected by the Company's Internal Audit Commission and the Company's Internal Audit by the executive body of the Company.

4.1.4.3. Considering limitations that may adversely affect the internal audit activity:

- a) reviewing and approval of annual budget of the Internal Audit Subdivision and changes thereto, contract price schedule for the external organization involved in the internal audit activity and amendments thereto;
- b) reviewing of substantial powers of the Internal Audit; discussing jointly with the Internal Audit any serious difficulties which may occur during the auditing process, including any limitations of the scope of work and/or access to the information required for the internal auditors.

4.1.4.4. Assessing efficiency of the internal audit activity:

- a) holding at least once per year the meetings with the Head of the Internal Audit Subdivision/authorized representative of the external organization involved in the internal audit activity to discuss issues regarding the internal audit activity;
- b) discussion with the head of the division of internal audit/an authorized representative of the external organization, performing internal audit functions, of a plan of activities to enhance the function
- c) at least once a year assessment of the results of self-evaluation of internal audit quality performed under the internal standards of the Internal Audit; discussing the action plan intended to improve the internal audit process with the Head of the Internal Audit Subdivision / authorized representative of the external organization involved in the internal audit activity;
- d) at least once per five years arrangement of independent evaluation of internal audit quality, including approval of the scope of work, substantial conditions of the contract and nominees to the position of appraiser of external auditor's activities, and preliminary consideration and submission of evaluation reports to the Board of Directors of the Company.

4.1.5. Monitoring of performance of the system introduced to respond to unfair acts of the Company's employees and third parties:

- 4.1.5.1. Control of the implementation of measures introduced by the executive body of the Company as response to potential unfair actions of employees, detected violations and results of investigations.

4.1.6. Development and submission for approval by the Board of Directors of the Company of draft documents relating to the organization of the Audit Committee activity.

4.2. Following the resolution of the Board of Directors of the Company, the Audit Committee may consider other questions covered by the scope of its competence.

5. Committee Composition and Procedure of its Establishment

5.1. The Committee shall consist of at least 3 (three) persons. Members of the Committee shall be elected by the Board of Directors of the Company basing upon the list of nominees provided by members of the Board of Directors of the Company. The Audit Committee shall be formed within 45 (forty five) calendar days from the date of re-election of the Board of Directors of the Company.

Persons elected to the Audit Committee may be re-elected an unlimited number of times.

To assess a nominee to the Audit Committee for the next reporting period, his/her attendance at the meetings of the Committee during the previous reporting period shall be taken into account. It is recommended to avoid adding Committee members with the attendance of less than 75 percent to the list of nominees to the Audit Committee.

5.2. To include and maintain the shares of the Company in the quotation list of the second tier, the Audit Committee shall consist of independent members of the Board of Directors or, if it is reasonably impossible, members of the Board of Directors who are not the sole executive body and (or) members of the collegial executive body and employees of the Company.

5.3. To include and maintain the shares of the Company in the quotation list of the first tier, the Audit Committee shall consist of independent directors only or, if it is reasonably impossible, the majority of the Audit Committee shall be independent directors and the rest may be members of the Board of Directors who are not the sole executive body and (or) members of the collegial executive body and employees of the Company.

5.4. The independence criteria for members of the Board of Directors shall be based on the internal documents of the Company or, if such criteria are unavailable in the internal documents, listing regulations of the stock exchange where the Company's securities were admitted for trading.

5.5 Recommended skills of nominees to the Audit Committee:

- Degree in finance, law, economics or management;
- Work experience in internal audit, internal control and risk management, preparing accounting (financial) statements, financial management (understanding of principles for preparing accounting (financial) statements and ability to "read" accounting (financial) statements; ability to compare and analyze);
- Fundamental knowledge of internal audit, control and risk management;
- Knowledge of the Company's activities (sector, characteristics of the Company's products, market position, competitive advantages, etc.) and understanding of general principles of business

practice.

The reputation of the Audit Committee members shall guarantee proper discharge of their duties and protection of the Company's interests.

5.6 The nomination proposals containing the list of the Committee nominees shall be issued in writing to the Chairperson of the Board of Directors of the Company and signed by the member of the Board of Directors of the Company who submitted the above proposals.

5.7 The nomination proposal shall contain the following information about the nominee:

- nominee's full name;
- nominee's place of employment and position as of the date of the nomination proposal;
- work experience (qualification) for the last five years;
- nominee's consent to be nominated to the Audit Committee;
- information to confirm that the nominee meets eligibility requirements as per Section 5 hereof;
- contacts (including preferred methods of communication with the nominee).

5.8 A member of the Board of Directors of the Company elected to the Committee as an independent director shall, if ceased to meet the requirements applicable to independent directors, notify the Board of Directors of the Company of such change their status within 3 (three) business days from the moment their became aware of such change in his/her status of independent director.

5.9 The Committee members will hold office until re-election of the Committee.

5.10 Powers of the Committee members shall be early terminated if:

5.10.1 If the Committee member submitted to Chairperson of the BoD a notification on voluntary resignation.

5.10.2 The Board of Directors of the Company decided to relieve the Committee member from his/her duties.

5.10.3 If the Board of Directors of the Company by its decision releases the member of the Committee from execution of his or her obligations

5.11 Should powers of the Audit Committee member be terminated pursuant to clauses 5.10.1 and 5.10.3, the Board of Directors of the Company shall elect a new Committee member within 30 (thirty) calendar days from the date of receipt of the Committee member's application specified in the above clause 5.10.1 or from the date of decision made as per clause 5.10.3. Until that moment, the Committee member shall continue discharging his/her duties to the full extent.

6. Rights and Responsibilities of the Committee and Committee Members

6.1. To carry out its duties, the Audit Committee is entitled to:

6.1.1. Monitor, upon request of the Board of Directors, the implementation of resolutions of the Board of Directors in the Company.

- 6.1.2. Give recommendations to the executive bodies of the Company on issues within the scope of the Committee's competence.
 - 6.1.3. Conduct investigations relating to issues within the scope of tasks and responsibilities of the Committee.
 - 6.1.4. Request and receive documents, reports, explanatory notes, opinions and other information (including confidential information) from the executive body, executives of the Company and the Internal Audit. The above information shall be submitted within 5 (five) business days from the date of receipt of the Committee's request, unless longer period is specified in the request.
 - 6.1.5. Form, as agreed by the executive body, work teams involving the Company's employees and external experts (specialists) to analyze issues within the scope of the Committee's competence on the Committee's budget. Heads of the above teams are responsible for organizing work of the team and ensuring analysis of issues outlined by the Committee within the preset time.
 - 6.1.6. Invite executives and employees of the Company and its subsidiaries, members of other Committees under the Board of Directors of the Company, Chairperson/members of the Internal Audit Committee of the Company and other persons to attend the Committee's meetings for discussing issues within the scope of the Committee's competence (without giving them right to vote).
 - 6.1.7. Hold meetings with the external auditor and Head of the Internal Audit Subdivision / authorized representative of the external organization involved in the internal audit activity without inviting the executive body of the Company.
 - 6.1.8. If necessary, initiate and organize, within the Committee's scope of competence and on the Committee's budget, special inspections, investigations, expert reviews, surveys using own resources or involving external experts in law, economics, finance, accounting, management, corporate security, etc. and task-specific organizations; and recommend the Company to enter into civil law contracts with the above experts and organizations.
 - 6.1.9. If necessary, involve in the Committee's work external Experts to obtain independent, impartial and professional opinion relating to issues within the scope of the Committee's competence, including preparation of material and recommendations on agenda issues.
 - 6.1.10. Develop and submit draft guidelines for the Audit Committee to the Board of Directors of the Company for approval.
 - 6.1.11. Perform other duties as assigned by the Board of Directors within the scope of the Committee's competence and in the manner as set forth herein.
- 6.2. The Committee is obliged to:

6.2.1. Perform its duties in accordance with the law of the Russian Federation, Charter of the Company, the Regulations, and other Company's internal documents, local regulatory documents of the Company and resolutions of the Board of Directors of the Company.

6.2.2. Give reasonable recommendations (opinions) to the Board of Directors of the Company within the scope of the Committee's competence.

6.2.3. Timely inform the Board of Directors of the Company on risks associated with the Company's activities within the scope of the Committee's competence.

6.2.4. Observe confidentiality provisions, avoiding disclosure of proprietary and (or) insider information of the Company.

6.3. The Committee members are entitled to:

6.3.1. Obtain necessary information on activities of the Company and its subsidiaries; have access to constituent, accounting, reporting, organizational, management and other documents of the Company and its subsidiaries, including confidential documents related to the issues within the scope of the Committee's competence.

6.3.2. Demand in a written request a meeting of the Committee.

6.3.3. Make proposals on forming of the plan of work of the Committee, and also on bringing questions to sessions of the Committee which have been not included in the annual plan of work of the Committee (with the obligatory offer by an initiating member of the Committee of a draft decision, an explanatory note on the item proposed by him), to discuss and vote concerning the agenda of the Committee's session

6.3.4. Submit a written opinion, including dissent from the Committee's resolutions, notify the Committee Chairperson of and record such dissent in the minutes of the meeting.

6.3.5. Fulfill other duties as assigned by the Board of Directors of the Company within the scope of the Committee's competence and in the manner as set forth herein.

6.4. The Committee members are obliged to:

6.4.1. When performing their duties in the interests of the Company, exercise their rights and discharge obligations to the Company in conscientious and reasonable manner.

6.4.2. Take an active part in the Committee's meetings.

6.4.3. Notify other Committee members of any conflict of interests relating to any agenda issue.

6.4.4. Avoid using and disclosing any information on the Company's activities (including confidential information) that may become known to the Committee members and, if disclosed to third parties, may have adverse effect on the Company's activities and goodwill.

6.4.5. Perform their duties in compliance with the requirements of the applicable law of the Russian Federation, Charter of the Company, Regulations for Convening and Holding Meetings of the Board of Directors of the Company, the Regulations and other internal documents of the Company.

6.4.6. avoid any actions that may:

- result in the conflict of interests of any Committee member and the Company;
- have adverse effect on reputation of any Committee member compromising his/her conscientiousness in discharging duties of the Audit Committee member and ability to act in the Company's interests.

7. Chairperson of the Committee (election procedure, rights and responsibilities)

7.1. The Committee Chairperson elected by the Board of Directors of the Company among the elected Committee members is responsible for managing and organizing activities of the Committee. The Committee Chairperson will be elected by a majority of votes of members of the Board of Directors present at the meeting of the Board of Directors of the Company. The Board of Directors of the Company may re-elect the Committee Chairperson at any time by a majority of votes of members of the Board of Directors present at the meeting of the Board of Directors of the Company.

7.2. The Chairperson of the Committee shall, as much as possible, meet the requirements applicable to the Committee members as set forth in Section 5 hereof.

7.3. In the absence of the Committee Chairperson, the Deputy Committee Chairperson shall discharge his/her duties. The Deputy Committee Chairperson will be elected by the Committee members among them by a majority of votes of the Committee members present at the meeting of the Committee. Such meeting shall take place within 30 (thirty) calendar days from the date of election of the Committee members and Chairperson by the Board of Directors of the Company.

7.4. The Chairperson of the Audit Committee is obliged to:

7.4.1. Define priority activities of the Committee; prepare the Activity Plan of the Committee based on the activity plan and instructions of the Board of Directors, and submit the Activity Plan to the Committee members for approval; and monitor implementation of the Activity Plan and resolutions of the Committee.

7.4.2. Convene and chair the meetings of the Committee.

7.4.3. Fix the date, time, place and form of the meeting, and approve agenda of the meetings of the Committee.

7.4.4. Identify the persons who will be invited to attend the meetings of the Committee.

7.4.5. Arrange discussions of issues at the meetings of the Committee, hearing opinions of all Committee members and invited persons, keeping and signing minutes of the meetings of the Committee.

7.4.6. Maintain contact with the executive body of the Company, Board of Directors of the Company, external auditor, Internal Audit Commission of the Company and Internal Audit;

represent the Audit Committee before the above-mentioned bodies and executives and other bodies and persons.

7.4.7. Distribute duties and responsibilities among the Audit Committee members.

7.4.8. Report about the Committee's activities to the Board of Directors of the Company at intervals as set forth herein.

7.4.9. Conduct formal correspondence and signing requests, letters and documents on behalf of the Committee.

7.4.10. Ensure compliance of the Committee's activities with the requirements of the law of the Russian Federation, Charter of the Company, the Regulations and other internal documents of the Company.

7.4.11. Perform other duties as prescribed by the law of the Russian Federation, Charter of the Company, the Regulations and other internal documents of the Company.

8. The Secretary of the Committee

8.1. The Committee Secretary is responsible for technical (information, documentary, protocol, secretarial) support of day-to-day operation of the Audit Committee before, during and between meetings of the Committee.

8.2. Any member of the Board of Directors of the Company and/or executive body of the Company may propose, in writing, nominees to the position of the Committee Secretary. The Committee Secretary will be elected by a majority of votes of the members present at the meeting of the Committee. As a rule, the Committee Secretary is an employee of the Company's structural subdivision performing duties of the corporate secretary or other subdivision responsible for corporate support of the Company's activities. The position of the Committee Secretary may be held by an external specialist (in this case a contract for discharging duties of the Secretary will be signed between the above specialist and sole executive body). The term of office of the Audit Committee Secretary will expire at the date of the first meeting of re-elected Committee. The Committee may terminate powers of the Committee Secretary at any time.

8.3. The Committee Secretary is not a member of the Audit Committee and carries out his/her activities in accordance with the Regulations.

8.4. The Secretary of the Committee performs the following functions:

8.4.1. Prepares and holds meetings of the Committee;

8.4.2. Collects and arranges materials for the meetings of the Committee;

8.4.3. Interacts with the Committee Expert in line with the Regulations for preparing agenda issues for the meetings of the Committee (Appendix No. 3 hereto);

- 8.4.4. Submits timely notices of meeting of the Committee, agenda and relevant materials, ballots and draft documents to the Committee members and invited persons for preliminary consideration, etc.;
- 8.4.5. Gives organizational and technical support of voting at the meeting of the Committee;
- 8.4.6. Ensues cooperation between the Committee and the Board of Directors of the Company, other Committees under the Board of Directors, executive bodies of the Company, external auditor, Internal Audit Commission of the Company and other bodies and persons;
- 8.4.7. Keeps the minutes of the meetings, organizing preparation of draft resolutions of the Committee;
- 8.4.8. Sends requests, information and materials under instructions of the Committee;
- 8.4.9. Records incoming information addressed to the Committee and/or Committee members (including requests, claims and recommendations); delivering required information to the Committee members;
- 8.4.10. Keeps original minutes of the meetings of the Committee and appendices thereto, dissenting opinions of the Committee members (if any), ballots filled out in case of holding meetings via telecommunication and other documents and materials relating to the Committee's activities in line with the document retention procedures adopted by the Company;
- 8.4.11. Controls implementation of the Committee's resolutions;
- 8.4.12. Implements orders of the Committee Chairperson within the scope of duties of the Committee Chairperson;
- 8.4.13. Performs other duties as set forth herein.
- 8.5. The Committee Secretary is entitled to request and collect information required for the Committee (including information requested by the Committee members) from the Company's subdivisions.
- 8.6. The Secretary of the Committee is responsible for:
- timely mailing of notices on meeting and relevant materials to the Committee members;
 - quality of minutes format and validity of information specified in the minutes of the Committee;
 - timely mailing of minutes of meeting to the Company's Board of Directors, as well as copies of minutes of meeting to members of the Committee, the Committee's Expert, Sole Executive Body of the Company.

9. Attraction of Experts to Committee's Activity

9.1. If necessary, the Audit Committee is entitled to invite external Expert(s) in the Committee's activity to obtain independent, impartial and professional opinion relating to issues within the

scope of the Committee's competence, including preparation of materials and recommendations regarding issues on agenda of the meeting of the Committee.

9.2. The recommended number of Experts: maximum 2 (two) persons.

9.3. The decision regarding Expert(s) involvement shall be made by the Committee members at the first organizational meeting of the Company's Audit Committee and recorded in the minutes of the meeting. The Committee Expert(s) will be elected by a majority of votes of the members present at the meeting of the Committee.

9.4. A member of the Board of Directors of the Company and/or sole executive body of the Company may propose, in writing, nominees to the position of the Committee Expert(s).

9.5. The position of the Committee Expert(s) may be held only by individuals meeting the following criteria:

- degree in economics (finance), law or other major awarded by Russian state-accredited institutions of higher education or recognized foreign institutions of higher education;
- work experience (at least 5 years) in internal audit, internal control or risk management or preparing accounting (financial) statements, financial management;
- knowledge of the Company's activities (sector, characteristics of the Company's products, market position, competitive advantages, etc.).

9.6. The Committee Expert will prepare written opinions and draft resolutions on the issues on agenda of the meeting of the Committee and attend physical meetings of the Audit Committee. The Committee Expert may pronounce on the issues on agenda of the meeting of the Committee and invitation of the Committee Chairperson, and participate in the meetings with internal and external auditors and executives of the Company within the scope of the Committee's competence. Expert is not a member of the Committee and performs its duties in accordance with the Regulations.

9.7. The term of office of the Audit Committee Expert will expire at the date of the first meeting of the elected Committee. The Committee may terminate powers of the Committee Expert at any time.

10. Proceedings of the Committee.

10.1. Preparation of Committee's Activity plan.

10.1.1. The draft Activity plan covering the term of powers of the Committee shall be prepared by the Committee Chairperson in accordance with objectives, tasks and scope of competence of the Committee using the form shown in Appendix 1 hereto.

10.1.2. Based on the Activity Plan of the Board of Directors of the Company approved by the Board of Directors, resolutions of the Board of Directors of the Company, resolutions of the Committee, proposals of the Committee members and the Company's Internal Audit, the Activity

Plan of the Committee shall be developed using Standard Check List with account of recommended schedule of meetings as per Appendix 2 hereto.

10.1.3. The Committee's Activity plan shall be approved at a meeting of the Committee.

10.1.4. The Committee's Activity plan shall contain:

- schedule of meetings of the Committee (with indication of the planned date of the meetings of the Committee);
- items to be considered at the meetings of the Committee;
- information on speakers and responsible persons for the preparation of questions and materials for the meeting of the Committee;
- indication of the form of the Committee's meeting: joint attendance (in person) or absentee voting.

10.2. Deadlines and procedure for convening scheduled meetings of the Committee.

10.2.1. Every first meeting of the re-elected Committee shall take place within 30 (thirty) calendar days from the date of the first meeting of re-elected Board of Directors where new Committee members were elected.

10.2.2. The meetings of the Committee are held according to the Schedule approved by the Committee, but at least once a quarter and upon request of persons listed in clause 10.3.1 hereof.

10.2.3. In accordance upon the Committee's Activity Plan, the Committee Chairperson chooses the date, time, place, agenda and invited participants of the scheduled meeting of the Audit Committee.

10.2.4. Upon the request of the persons specified in clause 10.3.1 hereof, the Committee Chairperson will decide on date, time, place, agenda and invited participants of the extraordinary meeting of the Audit Committee.

10.2.5. In accordance with the Regulations for preparing agenda issues for a meeting (Appendix No. 3 hereto), the Committee Secretary submits a notice on meeting with all necessary materials enclosed to participants of the meeting (the notice shall be issued according to the template shown in Appendix 4 hereto).

10.2.6. The notice on the meeting can be delivered at:

- the address of the employer of the Committee member;
- at any other address specified by the Committee member, including e-mail.

10.2.7. The Committee Secretary makes preparations to the meeting of the Committee according to the instructions provided by the Committee Chairperson.

10.2.8. The procedure for convening an extraordinary meeting of the Audit Committee is described in Section 10.3 hereof.

10.3. Extraordinary meetings of the Committee.

10.3.1. An extraordinary meeting of the Committee will be held by the decision of the Committee Chairperson, upon request of any Committee member and Board of Directors of the Company, and upon application of the Company's executive body, Internal Audit Commission of the Company, external and/or internal auditors.

10.3.2. Within 5 (five) business days from the date of request or application for convening an extraordinary meeting, the Committee Chairperson will decide whether to hold an extraordinary meeting of the Committee (including form, date, time and place of the meeting) or to reject the above request or application. A reasoned refusal to convene an extraordinary meeting of the Committee will be given to the applicant within 2 (two) business days from the date of negative decision made by the Committee Chairperson.

10.3.3. The Committee Chairperson can refuse to convene an extraordinary meeting of the Committee, if:

- the proposed agenda issue(s) for the extraordinary meeting of the Committee are out of the scope of the Committee's competence;
- the agenda issue specified in the request/application for convening an extraordinary meeting of the Committee has been already added to the agenda of the next scheduled meeting appointed by the Committee Chairperson before receipt of the request/application or in line with the adopted Activity Plan of the Committee;
- the procedure of submitting requests/applications was not observed.

10.3.4. In case of request submitted by the Board of Directors of the Company with demand to convene extraordinary general meeting the Committee Chairperson is obliged to convene an extraordinary meeting within 5 (five) business days.

10.4. Procedure for holding meetings of the Committee.

10.4.1. The Committee Chairperson presides over the meetings of the Committee. In case of absence of the Committee Chairperson, the Deputy Committee Chairperson presides over the meeting.

10.4.2. The meeting of Committee is considered as valid (has quorum) if at least half of the members attended the meeting, but no less than 2 (two) members. The presence of quorum is determined by the Chairperson of the Committee. In case of absence of a quorum, the Committee will reconvene the meeting with the same agenda within 5 (five) business days.

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

10.4.4. Information about the form of the meeting of the Committee shall be found in the notice of meeting of the Committee.

10.4.5. The decision to hold a meeting of the Committee in the form of absentee voting shall be made by Chairperson of the Committee.

10.4.5.1. When the meeting is held in the form of absentee voting members of the Committee shall be entitled to submit their proposals, as well as written opinions on the proposed draft decisions on the Committee put to absentee voting, no later than 2 (Two) business days before the deadline for receiving ballots for voting specified in the notice of absentee voting.

10.4.5.2. Chairperson of the Committee makes the questionnaire (Appendix 5.2 hereto) for absentee voting based on the proposals received (new wording) and/or comments on the proposed draft decisions on the agenda of the Committee.

10.4.5.3. The questionnaire for the absentee voting shall be sent to members of the Committee not later than 1 (One) working day before the deadline for receiving ballots as specified in the notice of absentee voting.

10.4.5.4. When filling in the questionnaire member of the Committee leaves uncrossed only one of the possible variants of voting ("for", "against", "abstained"). A member may abstain from taking part in the vote on one or more agenda items. The questionnaire must be signed by a member of the Committee, indicating his/her surname and initials.

This questionnaire should be submitted by the member of the Committee no later than the date of the meeting of the Committee to Secretary of the Committee in the original, by e-mail or by fax, followed by the direction of the original questionnaire to the address specified in the questionnaire.

10.4.5.5. The results of voting on the agenda items of the meeting, held in absentia, are brought on the basis of the filled-in and signed by members of the Committee questionnaires received by Secretary of the Committee.

A questionnaire received by Secretary with the violation of the requirements and time frame specified in paragraph 10.4.5.4 of the Regulations shall not be counted in the quorum and voting results.

10.4.6. Meeting in presentia of the Committee is carried out by the joint presence of members for discussion of agenda of the meeting and adoption of decisions.

10.4.7. A member of the Committee may participate in the meeting of the Committee held in the form of joint presence, by phone or by using videoconferencing. Participation in a meeting by these means of communication is equivalent to personal attendance at the meeting.

10.4.8. When determining the quorum, the votes of the members absent from the meeting of the Committee, whose written opinions have been submitted in the manner provided by the Regulation, received by the Company no later than the time of the meeting of the Committee, are considered.

10.4.9. In determining the results of voting on the issues included in the agenda of the in-person meeting of the Committee, the following is taken into account at the same time:

- opinions of the Committee's members present at the meeting;
- written opinions of the Committee's members absent from the meeting, registered and received in the manner provided by the Regulation.

10.4.10. Written opinions of the Committee's members absent from the meeting shall be made exclusively by filling out the questionnaire for voting on the agenda drawn up in accordance with Appendix 5.1 hereto.

10.4.11. When filling out the questionnaire for voting on the agenda items a member of the Committee leaves uncrossed only one possible voting option ("for" / "against" / "abstained") on each draft decision on each item.

10.4.12. The written opinion of a member (questionnaire) must be signed by a member of the Committee, indicating his/her surname and initials.

10.4.13. The written opinion (questionnaire) of a member of the Committee, filled out in violation of the requirements specified in paragraphs 10.4.11, 10.4.12, is not counted in the quorum and vote counting in the corresponding question.

10.4.14. A timely received written opinion (questionnaire) of a member of the Committee absent from the meeting of the Committee on a mandatory basis should be submitted by Secretary to be reviewed by members of the Committee.

10.4.15. A written opinion (questionnaire) of a member of the Committee absent from the meeting of the Committee, that was submitted after the date and time for receipt of ballots for voting, is considered uncollected and is not counted in the quorum and voting results.

10.4.16. If during the discussion of agenda items at the meeting of the Committee in the formulation of the question of the agenda or draft decision on the agenda there are changes (amendments) or supplements, written opinions (questionnaires) of members of the Committee absent from the meeting, when determining the quorum and the results of voting on the relevant issues, are taken into account in the manner prescribed by paragraph 10.4.17.

10.4.17. Secretary of the Committee makes the questionnaire (Appendix 5.1) in accordance with the amended wording of the question and / or the decision draft with changes, signed by Chair of the Committee, which is sent the next day after the meeting of the Committee to members, who were absent at that meeting and submitted a written opinion, for its filling in and signing.

10.4.18. The completed and signed by a member of the Committee questionnaire should be handed over by the member of the Committee to Secretary of the Committee not later than 3 (Three) business days after the meeting.

10.4.19. Based on the results of voting at the meeting of the Committee and received written opinions (voting ballots) of the Committee's members absent from the meeting of the Committee,

Secretary of the Committee sums up voting on the agenda and prepares Minutes of the meeting in the manner prescribed by the Regulation.

10.4.20. The meetings of the Committee may be attended by the Committee Expert and, upon the invitation of the Committee Chairperson, the Company's employees and third parties. Invited persons cannot vote on agenda of the meeting of the Committee.

10.5. Decision making procedure of the Committee.

10.5.1. When voting on agenda items each member of the Committee has one vote.

10.5.2. The Committee members cannot transfer their voting right to other persons, including other Committee members.

10.5.3. In case of an equality of votes, the Chairperson/person who presides over the meeting shall have a casting vote.

10.5.4. Resolutions of the Committee shall be passed by a majority vote of all members of the Company's Committee.

10.6. Minutes of meeting of the Committee.

10.6.1. The Committee's meeting is recorded in the Minutes of the Committee's meeting (hereinafter - the Minutes of meeting) in accordance with the form provided in Appendix 6 to the Regulation, which are signed by Chairperson of the Committee and Secretary of the Committee within 5 (five) business days after date of carrying out of the meeting.

The Minutes of meetings of the Committee shall include:

- form of the meeting;
- date, time and place of the meeting / date and time of completion of accepting questionnaires;
- list of members of the Committee who participated in the consideration of agenda items with indication of the form of voting (in person or by sending a questionnaire), as well as a list of other persons present at the in-person meeting;
- agenda;
- proposals of members of the Committee on agenda items;
- questions put to vote, voting results, indicating the nature of the vote of each member of the Committee, presence of "dissenting opinions";
- decisions taken.

Chairperson and Secretary of the Committee are responsible for the accuracy of the Minutes of meeting.

10.6.2. Minutes of meeting shall be drawn up in two original copies, one of which within 1 (One) business day after signing is sent by Secretary of the Committee to the Board of Directors of the Company with attachment of materials and recommendations prepared for it, and the other remains in the archives of the Committee. A copy of the Minutes of meeting with attachments is sent to all members of the Committee.

10.6.3. Prior to signing, the Committee Secretary shall send the draft Minutes to the Committee Expert. The Committee Expert shall review the draft Minutes within 1 (one) business day.

10.6.4. The Secretary of the Committee shall, within 1 (one) business day from the date of signing, send the copy of the Minutes and all appendices thereto and dissenting opinions of the Committee members (if any) to the sole executive body of the Company, the Committee members and the Committee Expert.

10.6.5. Pursuant to clause 8.4.10, the Committee Secretary shall retain the original Minutes and appendices thereto, dissenting opinions of the Committee members (if any) and ballots filled.

11. Interaction between Company's Bodies and Third Parties

11.1. Interaction between the Board of Directors of the Company takes place when:

11.1.1. The Committee fulfills orders of the Board of Directors on providing conclusions on individual questions within the competence of the Committee. The Board of Directors in its order should establish reasonable deadlines for implementation of the orders;

11.1.2. The Committee submits recommendations on any issues related to the Committee's activities to the Board of Directors, including initiation of unscheduled inspections. The Board of Directors shall assess the reasonability of reviewing the Committee's recommendations;

11.1.3. Reporting, without any delay, on negative deviations of any aspects of preparation of accounting (financial) statements to the Board of Directors;

11.1.4. The Committee submits at least once a year the report on activities performed during the reporting corporate year to the Board of Directors 15 (fifteen) calendar days prior the annual General Meeting of Shareholders;

11.1.5. The Committee submits the report on day-to-day operation upon request of the Board of Directors at any time during the year. The Board of Directors of the Company shall set deadlines on preparation and submission of such report;

11.1.6. The Committee reports to the Board of Directors, without any delay, on any unlawful and unfair practices and violations (risks) which may cause substantial damage to the Company;

11.1.7. Relating to other issues within the scope of competence of the Committee.

11.2. Interaction with the executive bodies of the Company takes place when:

11.2.1. Providing information and materials required for the Committee members to make decisions on issues within the scope of the Committee's competence as per the Regulations on preparing agenda issues for the meetings of the Audit Committee attached to the Board of Directors of the Company (Appendix 3 hereto);

11.2.2. When the Committee requests to make a work team involving the Company's employees and external experts (specialists) required to consider certain issues within the scope of the Committee's competence;

11.2.3. Committee provides consultations on issues are being reviewed in the period between and before meetings;

11.2.4. Preparing written requests signed by the Committee Chairperson and sent to the Company's soles executive body for additional information on issues being reviewed.

11.3. The interaction with the Committee Expert takes place when:

11.3.1. Admitting the Committee Expert to participate in the meeting of the Committee and giving the Expert an opportunity to provide recommendations on the agenda issues;

11.3.2. Approving the agenda of the meeting, providing the Expert's opinion on the agenda issues, and approving the Minutes of the meeting of the Committee (Appendix 6 hereto).

11.4. The interaction with the Internal Audit takes place when:

11.4.1. The Audit Committee takes into consideration the plan of the internal audit and the internal audit unit budget, as well as policy/amendments to the Company's policy on internal audit

11.4.2. The Committee initiates inspections and performance of other tasks (within the competence of the internal audit)

11.4.3. The head of the internal audit unit exercises the right to participate in meetings of the Committee on issues of internal audit, internal control, risk management and corporate governance, as well as direct access to the Committee.

11.4.4. Assessing quality of implementation of functions of the internal audit basing upon the quarterly report on the Internal Audit performance reviewed by the Committee:

- implementation of the activity plan of the Internal Audit;
- results of measures of subsequent control;
- status of performance of measures to eliminate previously revealed infringements
- evaluation of quality of internal audit
- main changes in the unit performing function of internal audit
- expenses of the Internal audit;
- unreasonable limitations of the Internal Audit operations.

11.4.5. During consideration of periodic reports of the Company's management on the implementation of corrective action plans to address deficiencies identified by the Company's Audit Commission, the Company's internal audit, and external control (supervision) bodies

11.4.6. Reviewing, on a yearly basis, information on assessment of the efficiency of the Company's internal control and risk management system prepared by the Internal Audit;

11.4.7. Involving the Internal Audit in meetings in the form of joint presence of the Committee;

11.4.8. Holding regular meetings (at least once per quarter, including meetings to discuss issues specified in clauses 11.4.1-11.4.3 hereof) with the Head of the Internal Audit Subdivision/authorized representative of the external organization involved in the internal audit

activity to discuss issues regarding the internal audit activity. The meetings may be held in a closed format upon request both of the Committee Chairperson and Head of the Internal Audit Subdivision /authorized representative of the external organization involved in the internal audit activity;

11.4.9. Implementing the Committee's measures intended to eliminate unjustified restrictions, including volume and resource restrictions, impeding Internal Audit's activities;

11.4.10. Implementing the Committee's measures to ensure effective interoperation of the external and internal auditors of the Company.

11.5. Interaction with the external auditor of the Company takes place when:

11.5.1. Preliminary consideration and approving acceptable type, scope and remuneration for non-audit services delivered by the Company's auditor;

11.5.2. Holding meetings with the auditor and executive bodies of the Company in order to:

- discuss issues related to preparation of the accounting (financial) statements and monitoring clarity and completeness of information disclosure in accounting (financial) statements;
- discuss essential aspects of accounting policy and methods used for recording substantial or extraordinary transactions in cases where several approaches are acceptable.

11.5.3. Receiving and reviewing an official written report (written information) issued by the Company's auditor upon completion of each audit stage;

11.5.4. Assessing independence of the Company's auditor and preparing recommendations for the Board of Directors on measures ensuring independence of the Company's auditor;

11.5.5. Reviewing auditor's opinion which confirmed the validity of the annual accounting (financial) statements of the Company issued under RAS and IFRS;

11.5.6. Analyzing the Committee's assessment of the auditor's opinion on the annual accounting (financial) statements of the Company issued under the RAS which is an integral part of information (materials) prepared for the annual General Meeting of Shareholders.

11.6. Interaction with the Internal Audit Commission of the Company takes place when:

11.6.1. Reviewing the opinion of the Internal Audit Commission on results of the audit of the Company's financial and business activities for the year then ended;

11.6.2. Reviewing information issued by the Internal Audit Commission on all issues of non-performance by employees of the Company, including persons performing managerial responsibilities, of requirements of the Audit Commission, concerning the submission of the required documents, refusal to give explanations on questions of the Audit Committee;

11.6.3. Assessing results of measures introduced by the executive bodies of the Company to fulfill instructions of the Company's Internal Audit Commission;

11.6.4. Analyzing requests of the Internal Audit Commission for convening an extraordinary General Meeting of Shareholders and providing recommendations to the Board of Directors on possibility to fulfill the requests.

12. Resourcing of Committee's Activity

12.1. In order to finance the Committee's activity, the Committee Budget is formed. As an integral part of the Company Budget, the Committee Budget shall ensure sufficient financing of the Committee's activities, including the cost of services provided by Experts and specialists.

12.2. The Committee Chairperson together with the Secretary of the Committee shall prepare proposals on total amount of the Budget (with cost itemization). The Committee members will discuss the above proposals at the first meetings of a newly elected Committee. The proposals (corrections) on total amount of the Budget adopted by the Committee shall be submitted to the Board of Directors of the Company for approval.

12.3. Results of implementation of the Committee's annual Budget shall be discussed by the Committee members and reported to the Board of Directors of the Company as part of the annual activity report of the Committee.

12.4. Remunerations and (or) compensations for membership of the Committee shall be paid to the Committee members, Secretary, Committee Chairperson and Deputy Committee Chairperson as per the Regulations for remunerations and compensations payable to the members of the Audit Committee attached to the Board of Directors of Kubanenergo PJSC approved by resolution of the Board of Directors of the Company.

If Chairperson and/or members of the Committee are at the same time also members of the Board of Directors of the Company, their remuneration is paid in a manner and amount prescribed by the internal document of the Company regulating the payment of remuneration and compensation to members of the Board of Directors approved by the General Meeting of Shareholders

12.5. The Company shall provide a meeting room with unrestricted access for the Committee members and invited persons and take other measures to arrange meetings of the Committee.

13. Confidentiality

13.1. The Committee members, Committee Secretary and third parties involved in the Committee's operations shall ensure security of the Company's proprietary information and treat data obtained in their work for the Committee as confidential insider information throughout the performance period and for 3 (three) years after expiration of the term of office. The list of the information constituting commercial secret of the Company and the insider information of the Company is established by the decision of the authorized body of the Company.

13.2. The Committee members, Committee Secretary and third parties involved in the Committee's operations may obtain information specified in clause 13.1 hereof on condition that the above persons signed the Confidentiality Agreement with the Company (Appendix 7 hereto).

13.3. All documents related to the Company's activities shall be retained in the Company's offices according to the document retention procedure adopted in the Company. The Committee Secretary is responsible for retaining the documents.

14. Reports and Evaluation of Committee's Activity

14.1. The Committee Chairperson shall submit the annual Report on Committee's Activity to the Board of Directors of the Company (Appendix 10 hereto).

14.2. The Committee Chairperson may provide the Board of Directors of the Company with separate study reports on issues within the scope of the Committee's competence.

14.3. The Board of Directors of the Company is entitled to request the Report on Committee's Activity at any time. The Board of Directors of the Company shall set deadlines for preparation and submission of the report.

14.4. The Board of Directors of the Company shall arrange the evaluation of quality of the Committee's work in order to assess Committee's performance and define whether the results of the Committee's work match the Company's development needs and what aspects of the Committee's operation shall be improved.

14.5. The assessment of performance of the Committee and the Committee members shall take place on a regular basis at least once a year.

14.6. To assess the quality of the Audit Committee's work in an independent and impartial manner, the Company will engage an external organization (consultant) on a regular basis at least once per three years.

14.7. When assessing performance of each Committee member, the external organization (consultant) shall focus on the following factors:

- knowledge and skills in the spheres within the scope of competence of the Audit Committee;
- knowledge of the sector and Company's conduct of business;
- readiness to devote time for preparation and participation in the meetings of the Company;
- degree of preparedness for meetings of the Committee;
- degree of involvement in discussions held at the meetings of the Committee;
- readiness to ask sensitive questions;
- constructivism and orientation to seeking solutions.

14.8. Results of assessment of the Committee's performance shall be submitted to the Board of Directors for discussion.

14.9. Results of assessment of each Committee member shall be treated as confidential information and shall be reported to the Committee Chairperson and relevant Committee member.

15. Final Provisions

15.1. The Regulations, as well as all additions and amendments hereto shall be approved by the Board of Directors of the Company.

15.2. All issues uncovered by the Regulations shall be governed by the Charter of the Company, internal documents, local regulatory documents of the Company, including regulations for convening and holding meetings of the Board of Directors of the Company, and other internal documents of the Company, applicable law of the Russian Federation and resolutions of the Board of Directors of the Company.

15.3. If, as a result of amendments to any laws and regulations of the Russian Federation, certain clauses (articles) of the Regulations come into conflict with amended laws and regulations, such clauses (articles) shall cease to be in force and, until the Regulations are not appropriately amended, the Company shall follow the requirements of the relevant laws and regulations of the Russian Federation.

15.4. The Regulations, the Committee members and information on specific resolutions of the Committee shall be published on the Company's website. The Committee Secretary shall be responsible for publication of the content of this clause.

Approved by
 The Audit Committee under the BoD of
 Kubanenergo PJSC
 on __.__.20__ (minutes of meeting No. __)

**Activity Plan of the Audit Committee attached to the Board of Directors of Kubanenergo PJSC
 for 20__ - 20__ corporate year**

The planned date of the meeting	Form of the meeting	Agenda items of the Committee meeting	Assigned person	Subdivision responsible for preparation of items
3 quarter of 20__				
	voting in person (joint presence)	1.		
		2.		
		3.		
	Absentee voting (by ballot)	4.		
		1.		
		2.		
		3.		
		4.		

**Questions for the Activity plan of the Audit Committee under the BoD of Kubanenergo
PJSC in 20__ - 20__ corporate year**

#	Agenda items for the Committees meetings	The recommended term for holding the meeting of the Audit Committee
Organizational issues		
1	Election of the Deputy Chairperson of the Audit Committee	within 30 days since the date of approval by the Board of Directors of members of the Audit Committee and its Chairperson
2	Election of the Secretary of the Audit Committee	
3	Inviting of an expert to participate in the activities of the Audit Committee	
4	Approval of the Activity Plan of the Audit Committee for 20__-20__ year	
5	Consideration of the Budget of the Audit Committee for the second half of 20__ and the first half of 20__	
6	Report of the Audit Committee of the Board of Directors of the Company on the work performed	not later than 15 calendar days before the Annual General Meeting of Shareholders
7	Preliminary consideration of the amended Regulation for the Audit Committee of the Board of Directors of the Company	as and when necessary
In the field of accounting (financial) statements of the Company		
8	Consideration of the interim accounting (financial) statements of the Company for 6 months of 20__ prepared according to the RAS	within 45 days after expiry of the reporting period (1 st quarter, 6 months, 9 months of the reporting year)
9	Preliminary consideration of the accounting (financial) statements of the Company for ____ year, prepared under RAS and the consolidated financial statements of the Company for _____ year, prepared under IFRS	not later than 30 April of the year, following the reporting one

10	Review of the Written Information submitted by the external auditor on the key issues of the interim accounting (financial) statements of the Company for _____ 20__ year, prepared under RAS and information of the Company's management about adjustments made in the statements as a result of an external audit	pursuant to the terms and conditions of the Agreement with the external auditor; however, within 15 days after approach of term of preparation of the Management and governance letter following the results of audit of interim statements (6 months/9 months)
11	Review of the Written Information submitted by the external auditor on the main problems of the accounting (financial) statements of the Company, prepared under RAS and the consolidated financial statements of the Company for _____ year, prepared under IFRS for _____ 20__ year and information of the Company's management about adjustments made in the statements as a result of an external audit	pursuant to the terms and conditions of the Agreement with the external auditor; however not later than 30 April of the year, following the reporting one
12	Consideration of key aspects of the Company's accounting policies in the reporting year and planned for the coming year	not later than 25 December of the year, prior to the planned one
13	consideration of the management's information on non-routine transactions and events, as well as the formation of provision for doubtful debts and estimated liabilities	not later than 25 December of the reporting year
In the sphere of control of reliability and efficiency of the internal control, risk management systems, corporate governance practices, as well as supervision of efficiency of functioning of a system of counteraction to fraud of the Company's employees and third parties		
14	Preliminary consideration of internal documents of the Company, scoping the strategy, organization and development of the internal control system	as and when necessary
15	Preliminary consideration of the Internal Control Policy of the Company in a new edition	as and when necessary

16	Consideration of information of the Company's management on the implementation of Plans of corrective actions to deal with the deficiencies revealed by the Audit Commission of the Company, the internal audit of the Company, external bodies of control (supervision), on the implementation of measures taken after being informed about facts of possible fraud cases of employees, as well as following results of investigations	not later than 45 calendar days at the end of the reporting period (following the results of 6 months, following the results of a calendar year)
17	Consideration of information provided by the management on implementation of the Internal Control Policy of the Company	At least once a year (not later than 30 September)
18	Preliminary consideration of the report of General Director of the Company on the organization and functioning of the internal control system	not later than 30 March of the year, following the reporting one
19	Consideration and coordination of the content of the Annual Report section of the Company "Internal control system"	not later than 120 days after the reporting period completion
20	Preliminary consideration of the report of the internal audit of the Company on the effectiveness of internal control, risk management, corporate governance systems for 20__	not later than 30 March of the year, following the reporting one
21	Preliminary consideration of the report of independent external evaluation of the effectiveness of internal control, risk management, corporate governance systems for 20__	If there is a contract for provision of external independent evaluation of the effectiveness of internal control, risk management, corporate governance systems
In the sphere of control of the conduct of the external audit and the auditor selection		
22	Preliminary consideration of conditions of carrying out the procurement procedures for the selection of the external auditor for the right to sign the contract for the audit of accounting (financial) statements of the Company for 20__	As required, not later than 30 January
23	Preliminary consideration of the nomination of the external auditor of the Company for the audit of accounting (financial) statements of the Company for 20__	not later than 30 April

24	Preliminary consideration of the amount of payment to the auditor for the audit of accounting (financial) statements of the Company for 20__	not later than 30 April
25	Evaluation of the effectiveness of the external audit process of the accounting (financial) statements of the Company for 20__	not later than 30 April of the year, following the reporting one
26	Preliminary consideration of policy in the area of provision of non-audit services by the external auditor	as and when necessary
In the sphere of ensuring independence and objectivity of the internal audit function		
27	Preliminary consideration of the Company's Internal Audit Policy in a new edition	as and when necessary
28	Preliminary consideration of the amended Regulations for the structural division that performs functions of internal audit of the Company	as and when necessary
29	Consideration and approval of the structure and staffing of the internal audit unit of the Company	as and when necessary
30	Preliminary consideration of budget of the internal audit unit of the Company	Annually not later than 25 December of the year, prior to the planned year
31	Preliminary consideration of the candidature of the head of the internal audit unit and his/ her remuneration	as and when necessary
32	Preliminary consideration of the activity plan of the internal audit unit for 20__	not later than 30 November of the year, prior to the planned year
33	Consideration of the report provided by the structural unit performing the internal audit function on implementation of the activity plan in _____ quarter/months 20__ and results of the internal audit activity	not later than 45 calendar days after the reporting period completion (1 st quarter, 6 months, 9 months)
34	Preliminary consideration of the report provided by the structural unit performing the internal audit function on implementation of the activity plan and results of the internal audit activity in _____	not later than 28 February of the year, following the reporting one
35	Consideration of results of self-assessment of quality of the internal audit activity plan for improvement of the internal audit function	not later than 28 February of the year, following the reporting one

36	Consideration of technical specifications, essential terms of the service contract on independent assessment of quality of the internal audit function	as and when necessary
37	Consideration of the candidature of an independent organization to render services on independent evaluation of quality of the internal audit function	when necessary, by the results of competitive procurement procedure
38	Consideration of results of independent evaluation of quality of the internal audit function	If there is a service contract for provision of independent evaluation of quality of the internal audit function

Note: List of standard issues for preparation of the Activity Plan for the Audit Committee shall not be deemed complete, and it shall be prepared in accordance with clause 10.1.2 of the Committee Regulations.

Appendix 3

Regulations for preparing agenda items for the meeting of the Audit Committee attached to the Board of Directors of Kubanenergo PJSC

1. General Provisions

1.1. The Regulations for preparing agenda items for the meeting of the Audit Committee attached to the Board of Directors of Kubanenergo PJSC (hereinafter – the Regulations) have been developed in accordance with the Regulations on the Audit Committee attached to the Board of Directors of Kubanenergo PJSC (hereinafter – the Company).

1.2. The Regulations shall establish a procedure for preparation of agenda items for the meeting of the Committee including the procedure of and terms for preparation and submission for consideration by the Committee of the Activity Plan for a period of election, agenda of the Committee’s meetings, materials, and expert opinions.

2. Procedure for Preparation of Agenda of Committee’s Meetings

2.1. In accordance with the approved Activity Plan, the Secretary of the Committee shall prepare the Agenda of the scheduled meeting of the Committee (hereinafter referred to as the Agenda) including the expected date, form of the meeting and officials (not lower than Deputy General Director of the Company or a supervisory official directly subordinate to the General Director of the Company) responsible for preparation of materials.

2.2. When preparing the Agenda, the Secretary of the Committee shall take into consideration the list of issues included into the approved Activity Plan of the Committee, previously given instructions of the Committee and the Board of Directors of the Company referred to the competence of the Committee.

2.3. Prior to signing by the Chairperson of the Committee, a draft Agenda shall be submitted to the Head of the subdivision performing the internal audit.

2.4. Additional issues may be added to the Agenda on the initiative of the Chairperson of the Committee, upon request of any member of the Committee, the Board of Directors of the Company, the Management Board, the Internal Audit Commission of the Company, the auditor of the Company, the head of the business subdivision performing the internal audit, upon written request of the General Director of the Company.

2.5. A proposal concerning inclusion into the Agenda of an additional issue (issues) shall be delivered by the initiator to the Chairperson of the Committee (by mail addressed to the Chairperson of the Committee with a copy to the Secretary of the Committee) including attached draft resolution, an explanatory note with justification of the need for consideration of the issue at the meeting, and other information and reference materials at least 8 (eight) business days prior to the date of the meeting and with due account for the terms specified in clause 4.1 hereof.

2.6. Control of compliance with the terms for submission of proposals concerning inclusion of issues into the Agenda (including the explanatory note and materials) shall be exerted by the Secretary of the Committee.

2.7. Additional issues received by the Secretary of the Committee in violation of the terms specified in clause 2.5 hereof shall be included into the Agenda of the next meeting or, according to the decision of the Chairperson, taking into account their significance and urgency, they may be included into the Agenda of an extraordinary meeting of the Committee the terms of which shall be set by the Chairperson with due account for the requirements of clause 4.1 hereof.

2.8. The Secretary of the Committee shall send the draft Agenda to the Expert of the Committee 12 (twelve) business days prior to the meeting for approval of the list of issues. The Expert of the Committee shall consider the Draft Agenda within 1 (one) business day and prepare an Opinion on formation of the Agenda of the Committee.

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

2.10. The Secretary of the Committee shall inform the Chairperson of the Committee of all actual failures to comply with the terms for submission of proposals concerning inclusion into the Agenda (including the explanatory note and materials) for adoption by the Chairperson of the Committee of a decision on approval of the Agenda.

2.11. A notice of the Committee's meeting including the Agenda shall be given by the Secretary to members of the Committee and persons invited for participation in the meeting of

the Committee at least 10 (ten) business days prior to the date of meeting of the Committee, and in case of the meeting to be held on the agenda including additional issues, at least 7 (seven) business days prior to the meeting of the Committee.

2.12. Materials for voting on the issues on the Agenda including the notice of meeting of the Committee, the Agenda, the Expert Opinion shall be sent by the Secretary to the members of the Committee at least 3 (three) business days prior to the date of meeting of the Committee.

3. Procedure for Preparation of Materials on Agenda Issues of Committee's Meeting

3.1. Materials on the Agenda issues must include:

- draft resolutions of the Committee on the issues included into the Agenda;
- explanatory notes to the materials and draft resolutions of the Committee on the issues included into the Agenda;
- materials supporting and confirming details specified in the draft resolutions and explanatory notes;
- the expert opinion on the issues included into the agenda of the □ Committee's meeting;
- other information on the Agenda issues.

3.2. The materials on the Agenda issues, explanatory notes and draft resolutions attached to them (signed by the Deputy General Director of the Company or a supervisory official directly subordinate to the General Director of the Company) shall be prepared by the business subdivisions responsible for preparation of issues within the framework of the approved Activity Plan as well as originators of inclusion into the Agenda of additional issues listed in clause 2.4 hereof.

3.3. In case issues related to the sphere of competence of several business subdivisions/lines of business of the Company are raised, the responsible subdivision shall ensure preliminary approval of materials in accordance with the requirements of the Company's document control.

3.4. A set of documents prepared in accordance with the requirements hereof shall be sent by the Secretary of the Committee to the Expert of the Committee at least 8 (eight) business days prior to the date of meeting.

4. Procedure for Preparation of Expert Opinion on Agenda Issues of the Committee's Meeting

4.1. The Expert of the Committee shall consider the received materials on the Agenda within 4 (four) business days and 3 (three) business days prior to the date of the meeting of the Committee it shall send the Expert Opinion on the items on the agenda of the Committee's meeting (hereinafter referred to as "the Expert Opinion") to the Secretary of the Committee (Appendix 8 to the Regulations).

4.2. The Expert of the Committee shall analyze the submitted materials for completeness, reliability and relevancy of the furnished information for adoption of a resolution. The Expert of the Committee acting through the Secretary of the Committee shall be entitled to request required additional materials and explanations on the Agenda issues. Responsible officials shall ensure immediate submission of materials requested by the Expert of the Committee.

4.3. Following the results of consideration of furnished materials, the Expert of the Committee shall prepare the Expert Opinion.

4.4. The Expert Opinion shall include description of items on the Agenda, information section including main conclusions made by the Expert of the Committee upon consideration of materials on the items and specification of confirming facts, and suggested draft resolutions of the Committee.

4.5. In case of untimely submission of materials on the Agenda issues, the Expert shall be entitled to give an opinion on consideration of the affected issue at the next meeting including reasons for rescheduling.

4.6. The Secretary of the Committee shall prepare summary drafts of the Committee's resolutions on the Agenda issues on the basis of the draft resolutions proposed by the Expert of the Committee.

Appendix to
the Regulations for preparing agenda items for the meeting of the Audit Committee attached to
the Board of Directors

**Explanatory Note to the issue “Consideration of the Interim Accounting (Financial)
Statements Kubanenergo PJSC, for ___ months of 20__ prepared according to the RAS”**

According to clause __, article __ of the Regulations for the Audit Committee attached to the Board of Directors of Kubanenergo PJSC (hereinafter – the Committee) approved by the Board of Directors of Kubanenergo PJSC (hereinafter – the Company) on __.__.20__ (Minutes No. ____), consideration and analysis of the interim accounting (financial) statements prepared according to the RAS prior to disclosure thereof to determine its objectiveness, clarity of the Company's performance indicators and evaluation of completeness of provided information on the Company's activity shall be referred to the competence of the Committee.

In the course of analysis of indicators of the accounting (financial) statements of the Company prepared according to the RAS for __ months of 20__, the following basic trends in changes in the financial situation of the Company were identified:

1. Total assets and liabilities of the Company increased (decreased) by ___ million rubles or by __%, and as of _____ __, 20__, they amounted to ___ million rubles.

2. Key factors of changes in the Company's assets are as follows:

–increase/growth of (name of the item) by ___ million rubles or by ___% (___% of the total growth of the total assets);

–decrease/reduction of (name of the item) by ___ million rubles or by ___% (___% of the total growth of the total assets)...

3. Key factors of changes in the Company's capital and liabilities are as follows:

increase/growth of (name of the item) by ___ million rubles or by ___% (___% of the total growth of gross change in capital and liabilities);

decrease/reduction of (name of the item) by ___ million rub. or by ___% (___% of the total growth of gross change in capital and liabilities)...

4. Revenue of the Company for ___ months of 20__ increased by ___ million rub. or by ___% as compared to the similar period of 20__, and it amounted to ___ million rubles.

Key factors of changes in the Company's revenue are as follows:

growth/reduction of proceeds from the services related to power transmission by ___ million rubles or by ___%;

growth/reduction of proceeds from resale of electricity (capacity) by ___ million rubles or by ___% which is related to (reasons).

5. Cost of sales of the Company for ___ months of 20__ increased by ___ million rubles or by ___% as compared to the similar period of 20__. Expenses of the Company (including business and administrative expenses) for ___ months of 20__ increased/decreased by ___ million rubles or by ___%, and they amount to ___ million rubles and do not exceed rate of growth of the revenue (exceed rate of growth of the revenue by ___%).

6. The Company's profit on sales for ___ months of 20__ amounted to ___ million rubles which by ___% exceeds the indicator for the similar period of 20__ (___ million rubles);

7. Other income of the Company for ___ months of 20__ amounted to ___ million rub or is ___% above/below the indicator for the similar period of 20__ which primarily relates to (reasons).

8. Other costs of the Company for ___ months of 20__ amounted to ___ million rub which is ___% above/below the indicator for the similar period of 20__ which primarily relates to (explanation of reasons for changes).

The Company's net profit/loss for ___ months of 20__ amounted to ___ million rub (net profit/loss for the similar period of 20__ is ___ million rubles).

List of mandatory appendices to the explanatory note:

1) Balance list for the reporting period.

- 2) Analysis of accounts receivables as of the beginning and the end of the reporting period (including the debt for which a reserve was created, the amount of overdue debt, major debtors and breakdown of changes in their debts).
- 3) Breakdown of other income and costs.
- 4) Explanation of reasons for sizeable fluctuations as per items of the statements, performance results, uncommon/non-standard changes in indicators/trends.

Appendix 4
to the Regulations

Meeting Notification Format

Audit Committee attached to the Board of Directors of Kubanenergo

To members of the Audit Committee
under the Board of Directors of Kubanenergo PJSC

DEAR MEMBERS OF THE AUDIT COMMITTEE!

This is to inform of holding of a meeting of the Audit Committee of Kubanenergo PJSC on _____, 201__, on the following items on the

AGENDA:

#	Item	Responsible for preparation of materials on the issue on the agenda
1		
2		
.....		
i		

Meeting of the Audit Committee shall be held _____.
in person (attendance in person)/in absentia (by ballot)

Venue and time of meeting / End date and time for acceptance of ballots for voting
_____.

- Appendices:
- 1. Agenda, _____ sheets;
 - 2. Materials on the items on the agenda, _____ sheets;
 - 3. Ballots for voting, _____ sheets (for the meetings held in absentia (by ballot)).

Chairperson of the Audit Committee

under the Board of Kubanenergo PJSC

(_____)

Appendix 5.1
to the Regulations

**Sample of voting ballot for voting on agenda items
of the in-person meeting of the Audit Committee under the Board of Directors of
Kubanenergo PJSC**

Audit Committee under the Board of Directors of Kubanenergo PJSC

BALLOT

for voting agenda items of the absentee meeting of the Audit Committee attached to the Board of
Directors of Kubanenergo PJSC,
held on ____ _____ 201__

Item:

1. _____

Resolution:

1. _____

FOR

AGAINST

ABSTAINED

(leave your variant uncrossed)

Item:

2. _____

Resolution:

2. _____

FOR

AGAINST

ABSTAINED

(leave your variant uncrossed)

Item i:

i. _____

Resolution:

i. _____

FOR

AGAINST

ABSTAINED

(leave your variant uncrossed)

The filled in and signed ballot shall be sent by fax _____, or by e-mail _____,
or its original shall be delivered to the Secretary of the Audit Committee by _____.
/date, time/

The ballot received upon expiry of the above term shall be declared invalid; it shall not be
taken into account upon determination whether the quorum is present and upon counting

the votes.

Please send the original ballot to the following address: _____

**Member of the Audit Committee
under the Board of Directors of Kubanenergo PJSC**

_____/_____/_____
(signature) (name)

**THE BALLOT SHALL NOT BE VALID WITHOUT SIGNATURE OF THE MEMBER
OF THE AUDIT COMMITTEE ATTACHED TO THE BOARD OF DIRECTORS**

Appendix 5.2
to the Regulations

**Sample of voting ballot for voting on agenda items
of the meeting in absentia of the Audit Committee under the Board of Directors of
Kubanenergo PJSC
Audit Committee under the Board of Directors of Kubanenergo PJSC**

BALLOT

for voting agenda items of the absentee meeting of the Audit Committee attached to the Board of
Directors of Kubanenergo PJSC,
held on ____ _____ 201__

Item:

1. _____

Resolution:

1. _____

FOR

AGAINST

ABSTAINED

(leave your variant uncrossed)

Item:

2. _____

Resolution:

2. _____

FOR

AGAINST

ABSTAINED

(leave your variant uncrossed)

Item i:

i. _____

Resolution:

i. _____

FOR

AGAINST

ABSTAINED

(leave your variant uncrossed)

The filled in and signed ballot shall be sent by fax _____, or by e-mail _____, or its original shall be delivered to the Secretary of the Audit Committee by _____. /date, time/

The ballot received upon expiry of the above term shall be declared invalid; it shall not be taken into account upon determination whether the quorum is present and upon counting the votes.

Please send the original ballot to the following address: _____

**Member of the Audit Committee
under the Board of Directors of Kubanenergo PJSC**

_____/_____/_____
(signature) (name)

**THE BALLOT SHALL NOT BE VALID WITHOUT SIGNATURE OF THE MEMBER
OF THE AUDIT COMMITTEE ATTACHED TO THE BOARD OF DIRECTORS**

Appendix 6
to the Regulations

**Sample of minutes of meeting of the Audit Committee under the Board of Directors of
Kubanenergo PJSC
Audit Committee under the Board of Directors of Kubanenergo PJSC**

**MINUTES
OF THE MEETING OF THE AUDIT COMMITTEE
VOTING IN PERSON/ABSENTEE VOTING
UNDER THE BOARD OF DIRECTORS OF KUBANENERGO PJSC**

place _____ 201__

Form of the meeting: _____
voting in person (personal presence)/absentee voting (by ballot)

Date, venue, time of meeting / End date and time for acceptance of questionnaires:

Members of the Committee present at the meeting / participating in absentee voting, voting held in the form of joint presence and in absentia:

Invited persons (for the meetings held in in the form of joint presence):

_____;

Quorum is present.

Agenda:

1. _____;
2. _____;
- ... _____;
- i. _____.

Item 1: _____.

Resolution:

1.1. _____

Voting results: _____.

Item 2: _____.

Resolution:

2.1 _____

Voting results: _____.

Item i: _____.

Resolution:

i.1 _____

Voting results:

_____.

Special opinions of members of the Audit Committee _____ (full name of the member of the Committee) are attached/missing.

Ballots are attached.
(for meeting held in absentia)

Chairperson of the Audit Committee _____ (_____)

Secretary of the Audit Committee _____ (_____)

Appendix 7
to the Regulations

**The sample of confidentiality agreement of the Audit Committee under the Board of
Directors of Kubanenergo PJSC
Confidentiality Agreement**

Public joint stock company of Interregional distribution grid company of the South (hereinafter - Kubanenergo PJSC) represented by _____, acting on the basis of _____ on the one part, and _____ elected member of the Audit Committee attached to the Board of Directors of Kubanenergo PJSC by the resolution of the Board of Directors dated ____ 201__ (minutes of meeting No. _____ dated _____) on the other part, hereinafter referred to as "the Recipient", hereinafter jointly referred to as the Parties, have concluded this Agreement on the following.

In order to provide assistance to the Board of Directors of Kubanenergo PJSC in the performance of its duties, in the Board of Directors of Kubanenergo PJSC the Audit Committee is established as the advisory body, acting in accordance with the Regulations on the Audit Committee of the Board of Directors of Kubanenergo PJSC.

In connection with the exercise of the rights and the duties the Counterparty is granted an access to confidential information. In the framework of the Agreement, the Parties shall agree on the conditions relating to restrictions on the use and further disclosure of such information.

Confidentiality and limited use

1. In the purposes of the confidentiality agreement the term "Confidential Information" in general and in particular means the whole or any information of any kind, either in oral written form or in electronic form, related to Kubanenergo PJSC (which is hereinafter referred to as "Notifying Party"), concerning its economic and commercial activities, technologies, customers and/or suppliers that has actual or potential commercial value as it is unknown to third parties, and proved by Notifying Party to the Recipient in accordance with the Agreement, together with all the archived records or copies of the information or excerpts of such information contained on storage devices of any kind.

The Recipient shall keep the Confidential Information using the same level of scrutiny, which it uses to store its own confidential information, which is his property, and such Confidential Information shall not be used or reproduced, and it should not be referenced by the Recipient for any purpose. Confidential information must not be disclosed to any third party by the Recipient, both natural and legal persons.

2. The Recipient is not entitled to provide confidential information to other persons that use or might use it for the purpose that has led or likely could lead to the disclosure of the information or any other illegal or prohibited by the law and the Agreement use, including the use of such information for personal gain or enrichment of other persons, regardless of whether such person is affiliated or not.

The Recipient shall notify the Committee on any planned and/or committed transactions with securities of Kubanenergo PJSC and its subsidiaries and dependent companies.

3. The Recipient is responsible under the law for the actions of its affiliates, including, but not limited to, the wife (husband), parents, children, full and half siblings, adoptive parents and adopted children and other persons who are recognized as affiliated in respect of Counterparty that received the Confidential Information leading or likely could lead to the disclosure of it or any other unauthorized use, including the use of such information for personal gain or enrichment of other persons or resulting in losses for Kubanenergo PJSC.

4. The Agreement on Observance of Confidentiality should not be regarded as a document providing to the Recipient any license rights or any other rights in respect of the Confidential Information and to its further use.

Return of Confidential Information

5. In accordance with the requirement of the Notifying Party or on the sole discretion of the Notifying Party all and any Confidential Information in any manner in which the Recipient has received or acquired from the Notifying Party or of the Notifying Party, shall be returned or, if not possible, destroyed within 7 (seven) days from the date of receipt of the request, and no copies of such information or data relating to such information, or extracts from it (in any form), must not remain at the Counterparty and the Counterparty shall not thereafter use or reproduce such information in whole or in part in any other purpose.

Term and Termination of Agreement

6. The Agreement shall come into force upon signing, and it shall remain valid within the period of fulfillment of obligations of the person acting as (that was) a member of the Audit Committee, the Secretary of the Audit Committee and third parties engaged in activities of the Audit Committee, and within three years after termination of powers in the Audit Committee and third parties engaged in activities of the Audit Committee.

Governing Law

7. The Confidentiality Agreement is regulated in accordance with the legislation of the Russian Federation.

Any claims and disputes arising out of this Agreement or in connection with this Agreement or relating to this Agreement or the legal relationships established by this Agreement, the Parties shall be transmitted to the appropriate court at the location of Kubanenergo PJSC.

Other terms and conditions

8. Upon signature this confidentiality agreement will represent the entire agreement between the Parties in respect of the subject matter in it and after its execution will substitute and cancel any

and all prior agreements, documents, records and contacts, both in oral and written form, between the parties regarding the subject matter of the Agreement.

Any changes and/or additions to this confidentiality agreement will be effective only if they are made in written form and signed by both Parties.

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

Legal Addresses and Details of Parties:

The Providing Party

The Recipient

Kubanenergo PJSC

Member of the Audit Committee

under the Board of Directors

_____ (_____) _____ (_____)

Appendix 8
to the Regulations

**EXPERT OPINION on the issues on the agenda of the meeting
of the Audit Committee attached to the Board of Directors
of Kubanenergo PJSC, scheduled for __.__.20__**

To the members of the Audit Committee
under the Board of Directors of Kubanenergo PJSC

I recommend to vote "FOR" adoption of the following resolutions on the issues on the agenda of the meeting of the Audit Committee attached to the Board of Directors of Kubanenergo PJSC, scheduled for __.__.20__:

Item # 1: (agenda item).

INFORMATION:

It includes main conclusions made by the Expert of the Committee upon consideration of the materials including confirming facts.

DRAFT RESOLUTION:

Item #2:

INFORMATION:

DRAFT RESOLUTION:

Item #i:

INFORMATION:

DRAFT RESOLUTION:

Expert of the Audit Committee attached to the Board of Directors of Kubanenergo PJSC

_____ (name)

(signature)

Appendix 9
to the Regulations

Sample of report on the level of efficiency and quality of the external audit process

Report of the Audit Committee under the Board of Directors of Kubanenergo PJSC on the level of efficiency and quality of the external audit process

In accordance with paragraphs 294.2 and 294.3 of the Corporate Governance Code, approved by the Board of Directors of the Bank of Russia on 21.03.2014, the Audit Committee of the Board of Directors of Kubanenergo PJSC (hereinafter - the Company) the effectiveness of the external audit of accounting (financial) statements of the Company for 201__, prepared under RAS, and evaluation of the Audit report issued by the results of the audit, was evaluated.

By the results of the public competitive negotiations without prequalification of bidders¹ for the right to enter into a service contract __², the winner is “_____”³ (Minutes of meeting of the Tender Commission dated __.__.20__ No. ____).

On the basis of decisions of the Annual General Meeting of Shareholders (Minutes of meeting dated __.__.20__ No. ____), of the Company’s Board of Directors (Minutes of meeting dated __.__.20__ No.__), with “_____”⁴ (hereinafter - the External Auditor) the Company concluded an Agreement dated __.__.20__ No._____.

Registered address of the External Auditor: Russia, (index), (city), (street, house).

“_____”⁵ has been a member of the self-regulating organization of auditors __⁶, included in the state register of self-regulating organizations of auditors __.__.20__, registry No._____ and located at: _____ (Certificate of membership No. ____).

¹ the form of the purchase needs to be specified

² the name of the procurement procedure needs to be specified

³ the name of the Counterparty

⁴ the name of the Counterparty - winner

⁵ the name of the Counterparty - winner

⁶ the name of the self-regulating organization

Independence and fairness of the External Auditor is confirmed by the following information provided by “_____”⁷:

- “_____” implemented performance standards, in accordance with which the company strives to be an independent auditor and to have a reputation of an independent auditor;
- in accordance with the provisions for ethics and independence “_____”, all partners and staff of “_____” annually confirm compliance with these provisions, including the absence of prohibited investments in its investment portfolio.

In addition, it should be noted that the independence of the external auditor is confirmed by the absence of “_____” extended period of rendering services to the Company for external audit. “_____” carried out audit of accounting (financial) statements of the Company for 20___. “_____” did not render any other services to the Company in 20__.

The External Auditor prepared and submitted the following documents:

Management and governance letter (report) based on the results of the interim audit of accounting (financial) statements prepared in accordance with the Russian accounting standards for ___ months ended __.__.20__ on _____ pages;

Management and governance letter (report) by the results of the audit of accounting (financial) statements prepared in accordance with Russian accounting standards for the year ended __.__.20__ on _____ pages;

Auditor’s Opinion on the accounting (financial) statements of the Company for 20__ on ___ pages;

The Audit Committee of the Board of Directors at its meetings reviewed the above-mentioned documents prepared by “_____”, discussed with the External Auditor and the Company’s management the main problems of the accounting (financial) statements of the Company prepared in accordance with Russian Accounting Standards (hereinafter-RAS) (Minutes of meeting dated __.__.20__ No. __ and dated __.__.20__ No. __).

The content of the Management and governance letter (report) prepared by “_____”, corresponds / does not correspond⁸ the requirements of paragraph 10 of the Rules (the Standard) No.22 “Provision of information that was obtained as a result of the audit, to the management of the audited entity and representatives of its owner”.

The procedures performed by “_____” in the course of the external audit of accounting (financial) statements of the Company for 20___, prepared in accordance with RAS, meet /do

⁷ the name of the Counterparty - winner

⁸ Choose the applicable

not meet⁹ the terms of the contract and the requirements of Federal Law “On audit activity” No. 307-FZ dated 30.12.2008.

The submitted Auditor’s report meets /does not meet¹⁰ the requirements of Federal Law “On audit activity” No. 307-FZ dated 30.12.2008, the federal rules (standards) of audit activity approved by the RF Government Resolution No. 696 dated 02.09.2002.

Appendix 10

**Sample of Activity Report of the Audit Committee attached to the Board of Directors of
Kubanenergo PJSC for 20__-20__ corporate year**

The Audit Committee attached to the Board of Directors of the Company (hereinafter – the Committee) was established in accordance with the resolution of the Board of Directors dated __.__. 20__ (minutes of meeting No. __).

Activity of the Audit Committee is regulated by the Audit Committee Regulations under the Board of Directors of Kubanenergo PJSC approved by the resolution of the Board of Directors dated __. __. 20__ (minutes of meeting No. __) (hereinafter referred to as the Committee Regulations).

Activity of the Audit Committee during the reporting period was performed in accordance with the Activity Plan of the Committee for 20__-20__ approved by the Company’s Audit Committee on __. __, 20__ (minutes of meeting No. __).

Membership of Audit Committee and Participation of Committees Members in Meetings

The current composition of the Audit Committee was elected by the resolution of the Board of Directors dated _____, 20__ (minutes of meeting No. __):

#	Name	Position as of the date of election
1	_____ Chairperson of the Audit Committee	
2		
3		
4		
5		
6		
7		

Name was elected for the position of Deputy Chairperson of the Committee, and name was elected for the position of Secretary of the Committee (position as of the date of election) (minutes No. __ of the Committee’s meeting dated _____).

⁹ Choose the applicable

¹⁰ Choose the applicable

According to the clause 9, section 4 of the Audit Committee Regulations, the Audit Committee shall be entitled to engage experts (consultants) to perform imposed functions and adopt considered decisions. At the meeting of the Audit Committee dated _____, 20__ (minutes of meeting No. __) it was resolved to engage _____¹¹ as the expert in the activities of the Audit Committee attached to the Board of Directors of Kubanenergo PJSC.

Extent of involvement of members of the Committee at meetings of the Committee is specified in the Table:

Name	Total number of meetings / number of meetings in which the member of the Committee participated	% of involvement
_____ Chairperson of the Committee	11 / 10	90,9%
_____ Deputy Chairperson of the Committee		

In the Activity Plan of the Committee it was planned that __ meetings of the Committee with agendas including __ issues would be held. In fact, in 20__-20__ corporate year, __¹² meetings of the Audit Committee were held, and __ issues were considered. Issues included into the Activity Plan were considered by the Audit Committee in full/not in full¹³.

Discrepancies in number of planned and actual meetings of the Audit Committee relate to the following factors:

Budget of the Audit Committee and Remuneration for Participation in Meetings of the Audit Committee

Types, amounts and procedure for payment of remunerations and compensations payable to the members of the Committee shall be regulated by _____¹⁴ approved by the Board of Directors of the Company as of _____, 20__ (minutes of meeting No. __) as well as the Regulations for payment of remunerations and compensations to members of the Board of Directors of _____ approved by the resolution of the Annual General Meeting of Shareholders of the Company from __. __. 20 __ (Minutes of meeting No __).

The budget of the Committee for the first half of 20__ and the second half of 20__ is approved at the meeting of the Committee (minutes of meeting No. __ dated _____, 20__, minutes of meeting No. __ dated _____, 20__). The budget of the Committee is approved by the

¹¹ Specify full name and position of the Expert at the moment of attraction

¹² Data is presented taking into account meeting of the Audit Committee at which the given report was discussed

¹³ Choose the applicable

¹⁴ Specify the internal document of the Company

Board of Directors of _____ (minutes of meeting No. ___ dated _____ minutes of meeting No. ___ dated _____) as follows:

Period of planning	Meeting	Budget, thousand rubles
the second half of 20__	Minutes of meeting No. ___ dated _____	_____
the first half of 20__	Minutes of meeting No. ___ dated _____	_____

Results of implementation of the Committee's budget in 20__-20__ are given in the Table:

Period of planning	Budget, thousand rubles		
	Planned	Actual	Saving (+) / overspending (-)
the second half of 20__	_____	_____	_____
the first half of 20__	_____	_____	_____

The Committee's budget was/was not¹⁵ implemented in full.

1. Saving/overspending ¹⁶of the budget for the ___ half of 20__ is subject to the following factors:

- holding of less/more meetings of the Committee than it was planned;
- holding of less/more meetings of the Committee held in presentia than it was planned;
- etc.
- Saving/overspending¹⁷ of the budget for the ___ half of 20__ is subject to the following factors:
 - holding of less/more meetings of the Committee than it was planned;
 - holding of less/more meetings of the Committee held in presentia than it was planned;
 - etc.

Major Activities of the Audit Committee

In 20__-20__ corporate year, the Committee held ___ meetings (it was planned to hold ___ meetings) and considered ___ issues.

Calendar of the Committee's meetings in 2013-2014:

	July	August	September	October	November	December	January	February	March	April	May	June
Meetings of the Committee												

The Committee gave recommendations to the Board of Directors on a range of spheres:

1. In relation to

—
—

¹⁵ Choose the applicable

¹⁶ Choose the applicable

¹⁷ Choose the applicable

2. In relation to

—

—

3. In relation to ...