

APPROVED
by the Resolution of the Board of
Directors
of IDGC of Volga, JSC dated March
13, 2015
(Minutes No. 17 dated March 16,
2015)

REGULATIONS
FOR AUDIT COMMITTEE
UNDER BOARD OF DIRECTORS OF IDGC OF VOLGA,
JSC
(new version)

Saratov

2015

Contents

Contents	2
1. Definitions and abbreviations used in the Regulations	3
2. General	4
3. Committee's Objectives and Key Tasks	6
4. Committee's Scope of Competence	6
5. Committee Membership and Formation Procedure	12
6. Rights and Responsibilities of Audit Committee and Committee Members	14
7. Committee Chairperson (Election Procedure, Rights and Responsibilities)	16
8. Committee Secretary	17
9. Involvement of Experts in Committee's Operations	18
10. Operating Procedure of Committee	19
11. Interaction with Company's Bodies and Other Persons	22
12. Financing of Committee's Activities	25
13. Confidentiality	25
14. Reports and Assessment of Committee's Activity	26
15. Final Provisions	26
Appendix No. 1	28
Appendix No. 2	29
Appendix No. 3	33
Appendix No. 4	36
Appendix No. 5	37
Appendix No. 6	39
Appendix No. 7	41
Appendix No. 8	44
Appendix No. 9	45
Appendix No. 10	47
Appendix No. 11	50

1. Definitions and abbreviations used in the Regulations

Company SD	- IDGC of Volga, JSC - Subsidiaries of IDGC of Volga, JSC
Board of Directors of the Company	- Board of Directors of IDGC of Volga, JSC
Regulations for the Board of Directors of the Company	- Regulations for convening and holding meetings of the Board of Directors of IDGC of Volga, JSC
Audit Committee Regulations, Regulations	- Regulations for the Audit Committee under the Board of Directors of IDGC of Volga, JSC
Audit Committee, Committee	- Audit Committee under the Board of Directors of IDGC of Volga, JSC
Audit Committee Chairperson, Committee Chairperson	- Chairperson of the Audit Committee under the Board of Directors of IDGC of Volga, JSC
Audit Committee Deputy Chairperson, Committee Deputy Chairperson	- Deputy Chairperson of the Audit Committee under the Board of Directors of IDGC of Volga, JSC
Committee Secretary	- Secretary of the Audit Committee under the Board of Directors of IDGC of Volga, JSC
Audit Committee Member	- Member of the Audit Committee under the Board of Directors of IDGC of Volga, JSC
Audit Committee Expert, Committee Expert	- Expert of the Audit Committee under the Board of Directors of IDGC of Volga, JSC
Executive Body of the Company	- Collegial executive body - Management Board, Sole Executive Body - General Director of the Company, managing company or manager - are responsible for managing the Company's day-to-day operations and reporting its activities to the Board of Directors of the Company.
Top Managers	- Company's executives classified as the Company's Top Managers as per the Company's internal document (local regulatory document) outlining financial incentive principles applicable to the

Internal Audit	<p>Company's Top Managers / or in accordance with a resolution of the Board of Directors of the Company.</p> <ul style="list-style-type: none"> - Operations aiming to provide fair and independent guarantees and consultations for making improvements to the Company's activities. The Internal Audit will provide the most efficient and economically feasible opportunities for achieving the Company's goals relying upon systematic and consistent approach to evaluating and raising efficiency of risk management, internal control and corporate governance systems. <p>In these Regulations, "Internal Audit" also means a function of a structural subdivision or third party company involved by the Company in the internal audit operations.</p>
Scope of Competence	<ul style="list-style-type: none"> - Scope of powers, functions, rights and responsibilities legally provided to a body or executive officer.
External Auditor, Auditor	<ul style="list-style-type: none"> - Member-organization 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 the above statements.
IFRS	<ul style="list-style-type: none"> - International Financial Reporting Standards
RAS	<ul style="list-style-type: none"> - Russian Accounting Standards

2. General

2.1. These Regulations for the Audit Committee under the Board of Directors of IDGC of Volga, JSC is an internal document of the Company outlining 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 IDGC of Volga, JSC.

2.2. The Audit Committee Regulations were prepared in line with the law of the Russian Federation, Articles of Association 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. Reference documents:

- 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;
- Order of the Federal Financial Markets Service of Russia No. 10-78/ПЗ-Н "On Approval of Regulations for Organizing Trading on Securities Market" dated December 28, 2010;
- Order of the Federal Financial Markets Service of Russia No. 13-62/ПЗ-Н "On Admission of Securities to Organized Trading" dated July 30, 2013;
- 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 Directors 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. As for issues delegated by the Board of Directors of the Company, the Committee may take final decisions (further consideration by the Board of Directors is not required) and give recommendations to Company's executive bodies and Internal Audit. Reporting directly to the Board of Directors of the Company, the Audit Committee acts independently of Company's executive bodies.

2.6. The Committee is a subsidiary 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, Articles of Association of the Company, Company's internal documents, resolutions of the Board of Directors of the Company and these Regulations.

3. Committee's Objectives and Key Tasks

3.1. The Committee is responsible for preliminary investigation of issues related to control of the Company's financial and business activities in order to contribute to effective discharge of duties of the Board of Directors of the Company.

3.2. Key tasks 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 will not guarantee reliability of the Company's statements, high performance of risk management, internal control and corporate governance systems, and compliance with the applicable law. The Committee is responsible for overseeing performance of the Company's executive bodies related to reliability of the Company's statements, reliable and effective systems for risk management, internal control and corporate governance, and compliance with the applicable law and internal documents of the Company.

Many duties of the Committee set forth herein imply "supervision", "control", "assessment", "analysis", "organization" and "development" relating to a number 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 report this to other members of the Board of Directors of the Company.

4. Committee's Scope of Competence

4.1. The scope of competence of the Committee include:

4.1.1. Accounting (financial) statements of the Company:

4.1.1.1. Monitoring (supervision) of efforts aiming to ensure completeness, accuracy and reliability of annual and intermediate accounting (financial) statements:

- a) analyzing Company-specific process of preparation of accounting (financial) statements and material modifications made in principles and procedures of preparation of the above statements;
- b) analyzing compliance of accounting (financial) statements with applicable laws and regulations governing disclosure of the financial information;

c) assessing 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 (jointly with the Company's executive body and external auditor) 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) discussing (jointly with the external auditor and Internal Audit) 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) analyzing 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) analyzing 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. Analyzing essential aspects of the Company's accounting policy:

a) checking 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) analyzing 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 on material issues and judgments relating to the Company's accounting (financial) statements:

a) analyzing 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 (jointly with the executive body and external auditor) 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 (jointly with the executive body and external auditor) issues of using 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. Analyzing the Company's financial press releases, 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. Considering other issues which may, in the Committee's opinion, have effect on completeness and reliability of the Company's accounting (financial) statements.

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

4.1.2.1. Monitoring reliability and efficiency of the Company's risk management and internal control systems and corporate governance practices:

a) reviewing (at least once per year) results of evaluation of efficiency of risk management and internal control systems and corporate governance practices basing upon the reports on risk management and Internal Audit, efficiency of the risk management and internal control systems and corporate governance practices prepared by the Company's executive body, findings of the Internal Audit, opinions of the Company's external auditor, as well as basing upon finding of external independent audits; preparing proposals on improvement of the risk management and internal control systems and corporate governance practices;

b) holding (at least once per quarter) meetings with the Company's executive body to discuss availability/establishing proper control environment in the Company and efficiency of performance of the internal control and risk management procedures by the executive body, and to analyze significant weaknesses of the internal control system and remedial action plans;

c) analyzing (at least once per year) 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;

d) reviewing and discussing 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.

4.1.2.2. Reviewing approaches to organizing risk management and internal control systems, analysis and assessment of implementation of the Company's policy for risk management, internal control and corporate governance before the Board of Directors of the Company makes any decision:

a) reviewing the Company's internal documents describing strategy, setup and development of risk management and internal control systems and corporate governance practices, and further amendments thereto before the Board of Directors approves the above documents;

b) analyzing the level of risk appetite and risk tolerance calculated by the Company's executive body before these calculations are submitted to the Board of Directors of the Company for approval;

c) analyzing the list and structure of the Company's risks (risk registers); monitoring allocation (assignment) of risk owners in the Company; discussing

(jointly with the executive body) substantial (key) risks of the Company and risk indicators, as well as measures developed by the executive body to manage substantial (key) risks of the Company;

d) reviewing (at least twice per year basing upon the results of a six-month period and one year period) risk management reports prepared by the executive body, results of investigations carried out in the Company and statistical data on risk materialization;

e) discussing (jointly with the executive body and Internal Audit) implementation of the Company's policies for risk management, internal control and corporate governance practices.

4.1.2.3. Monitoring compliance with regulatory requirements applicable to the Company:

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

b) analyzing response measures as set forth in the internal audit report on implementation of measures developed by the executive body of the Company in response to inspections carried out by the regulatory bodies;

4.1.3. Supervision of the external audit and auditor selection process, and ensuring impartiality and fairness of the external auditing:

4.1.3.1. Reviewing and preparing recommendations on appointment, re-election and dismissal of the external auditor for the Board of Directors of the Company that shall be submitted to the shareholders for approval at the annual General Meeting of Shareholders of the Company.

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

4.1.3.3. Supervising auditor selection process:

a) participating 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 compliance of the auditor selection procedure with the law and internal documents of the Company (Audit Committee's representative will be involved in the process of selection of the external auditor as a member of the procurement commission or an independent supervisor);

c) assessing 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) preparing recommendations on nominees for the position of the Company's external auditor and draft contract to be signed with the auditor for the Board of Directors, including recommended remuneration for audit services and auditor's scope of work.

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

c) discussing (jointly with the executive body and external auditor) 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 (jointly with the external auditor) any serious difficulties which 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 per year) the efficiency of the external audit process, including:

– analysis of fulfillment of the external audit 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;

– identifying services subject to preliminary review and approval by the Audit Committee.

4.1.3.7. Ensuring effective interoperation 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 / cosourcing) 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 executive body of the Company approves these 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 signed with the Head of Internal Audit Subdivision;

b) in case of involvement 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) analyzing (at least once per year) structure and headcount of the Internal Audit Subdivision of the Company, preliminary assessment and approval of changes to structure and headcount of the above subdivision;

d) reviewing the annual action plan of the Internal Audit and amendments thereto before the Board of Directors of the Company approves this 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 per year) 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 approving 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 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) 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) assessing (at least once per year) results of self-evaluation of internal audit quality performed as per 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;

c) organizing (at least once per five years) 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. Monitoring the performance of the alert system used to warn of potential unfair acts of the Company's employees (including abuse of insider or confidential information) and third parties, and other violations in the Company.

4.1.5.2. Monitoring the implementation of measures introduced by the executive body of the Company as response to potential unfair acts of employees, detected violations and results of investigations.

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

5. Committee Membership and Formation Procedure

5.1. The Committee headcount shall be at least three (3) 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 forty-five (45) 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, Tier 2, 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, Tier 1, 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;
- contact details (including preferred methods of communication with the nominee).

5.8. The 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 in his/her status within three (3) business days from the moment he/she 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 terminated if:

5.10.1. The Committee member sent an application on voluntary termination of his/her powers to the Chairperson of the Board of Directors of the Company.

5.10.2. The Committee member terminated his/her activity as a member of the Board of Directors.

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

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 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 Audit Committee and Committee Members

6.1. To discharge its duties, the Audit Committee may:

6.1.1. Monitor, upon request of the Board of Directors, 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 five (5) 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, to 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. If necessary, 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 responsible for:

6.2.1. Performing its duties in line with the law of the Russian Federation, Articles of Association of the Company, these Regulations, other Company's internal documents, local regulatory documents of the Company and resolutions of the Board of Directors of the Company.

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

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

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

6.3. The Committee members may:

6.3.1. Collect 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. Issue written request for convening a meeting of the Committee.

6.3.3. Provide proposals on the Committee's Activity Plan and issues of the Committee's agenda out of the scope of the annual Activity Plan of the Committee; discuss and vote on the Committee's agenda issues.

6.3.4. Provide 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. Perform 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 responsible for:

6.4.1. 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. Taking an active part in the Committee's meetings.

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

6.4.4. Avoiding 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. Performing their duties in compliance with the requirements of the applicable law of the Russian Federation, Articles of Association of the Company, Regulations for Convening and Holding Meetings of the Board of Directors of the Company, these Regulations and other internal documents of the Company.

6.4.6. Avoiding 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. Committee Chairperson (Election Procedure, Rights and Responsibilities)

7.1. The Committee Chairperson elected by the Board of Directors of the Company among re-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 Committee Chairperson 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 thirty (30) calendar days from the date of election of the Committee members and Chairperson by the Board of Directors of the Company.

7.4. The Audit Committee Chairperson is responsible for:

7.4.1. Identifying priority activities of the Committee; preparing the Activity Plan of the Committee based on the activity plan and instructions of the Board of Directors, and submitting the above Activity Plan to the Committee members for approval; and monitoring implementation of the Activity Plan and resolutions of the Committee.

7.4.2. Convening and presiding over meetings of the Committee.

7.4.3. Fixing date, time, place and form of the meeting, and approving agenda of the meetings of the Committee.

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

7.4.5. Organizing 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. Maintaining 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. Representing the Audit Committee before the above bodies and executives and other bodies and persons.

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

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

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

7.4.10. Ensuring compliance of the Committee's activities with the requirements of the law of the Russian Federation, Articles of Association of the Company, these Regulations and other internal documents of the Company.

7.4.11. Performing other duties as prescribed by the law of the Russian Federation, Articles of Association of the Company, these Regulations and other internal documents of the Company.

8. Committee Secretary

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. The activities of the Committee Secretary shall be governed by these Regulations.

8.4. The Committee Secretary is responsible for:

8.4.1. Preparing and holding meetings of the Committee;

- 8.4.2. Collecting and organizing materials for the meetings of the Committee;
- 8.4.3. Interacting 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. Giving 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. Delivering organizational and technical support of voting at the meeting of the Committee;
- 8.4.6. Ensuring interoperation 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. Keeping the minutes of the meetings, organizing preparation of draft resolutions of the Committee;
- 8.4.8. Sending requests, information and materials under instructions of the Committee;
- 8.4.9. Recording 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. Retaining 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. Supervising implementation of the Committee's resolutions;
- 8.4.12. Executing orders of the Committee Chairperson within the scope of duties of the Committee Chairperson;
- 8.4.13. Performing other duties as set forth herein.
- 8.5. The Committee Secretary may request and collect information required for the Committee (including information requested by the Committee members) from the Company's subdivisions.
- 8.6. The Committee Secretary is responsible for:
- timely mailing of notices of 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 to the Committee members and executive body of the Company.

9. Involvement of Experts in Committee's Operations

9.1. If necessary, the Audit Committee may involve external Expert(s) in the Committee's work 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. Recommended number of Experts: maximum two (2) 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. Any 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.

The Committee Expert is not a member of the Audit Committee. The activities of the Committee Expert shall be governed by these Regulations.

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

10. Operating Procedure of Committee

10.1. Development of the Activity Plan of the Committee

10.1.1. The draft Activity Plan covering the term of powers of the Committee will be developed by the Committee Chairperson in line with objectives, tasks and scope of competence of the Committee using the template 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 will be developed using Standard Check List with account of recommended schedule of meetings as per Appendix 2 hereto.

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

10.2.1. Each first meeting of the re-elected Committee shall take place within thirty (30) 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 per quarter and upon request of persons listed in clause 10.3.1. hereof.

10.2.3. Basing upon the Committee's Activity Plan, the Committee Chairperson will decide on date, time, place, agenda and invited participants of the scheduled meeting of the Audit Committee.

10.2.4. Upon 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. Pursuant to the Regulations for preparing agenda issues for a meeting (Appendix No. 3 hereto), the Committee Secretary will give a notice of 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 of the meeting may 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 is responsible for preparing the meeting of the Committee according to the instructions of 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 five (5) 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 two (2) business days from the date of negative decision made by the Committee Chairperson.

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

- proposed agenda issue(s) for the extraordinary meeting of the Committee are out of the scope of the Committee's competence;
- 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 above request/application or in line with the adopted Activity Plan of the Committee;

– applicant failed to give the request/application for convening an extraordinary meeting in line with the procedure specified herein.

10.3.4. Upon request of the Board of Directors of the Company, the Committee Chairperson will convene an extraordinary meeting within five (5) business days.

10.4. Procedure for holding meetings of the Committee

10.4.1. The Committee Chairperson will preside over the meetings of the Committee. In the absence of the Committee Chairperson, the Deputy Committee Chairperson will preside over the meeting.

10.4.2. The quorum required for the meeting of the Committee to be valid is at least half of the Committee members, but no less than two (2) Committee members. In the beginning of the meeting, the Committee Chairperson will define whether the quorum is present. In the absence of a quorum, the Committee will reconvene the meeting with the same agenda within five (5) business days.

10.4.3. If necessary, the Committee may conduct physical meetings or absentee voting according to the procedure set forth in the Regulations for the Board of Directors of the Company.

10.4.4. To define whether a quorum is present at the physical meeting of the Committee and to calculate voting results, a written opinion of an absent member on agenda issues will be taken into account. Issued using a template shown in Appendix 5 hereto, a written opinion of a Committee member shall be submitted in a proper manner as set forth in the Regulations for the Board of Directors of the Company.

10.4.5. A meeting in absentia of the Committee will be valid, if at least half of the Audit Committee members (but no less than two (2) members) provide their written opinions (ballots) on agenda issues before the meeting begins.

10.4.6. A Committee member may take part in the physical meeting of the Committee via phone or video conferencing which is considered as personal presence at the meeting.

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

10.5. Decision making procedure of the Committee

10.5.1. To make decisions on agenda issues, each Committee member shall have one vote.

10.5.2. The Committee members may not 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 the meeting of the Committee

10.6.1. Resolutions of the Committee shall be recorded in the Minutes of the meeting of the Committee (the "Minutes") according to the template shown in Appendix 6 hereto. The Minutes shall be signed by the Committee Chairperson and the Committee Secretary within two (2) business days from the date of the meeting. 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 out in case of holding meetings via telecommunication.

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

10.6.3. The Committee Secretary will, within one (1) 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.

11. Interaction with Company's Bodies and Other Persons

11.1. Interaction with the Board of Directors of the Company takes place in the following cases:

11.1.1. Preparing the Committee's opinion on certain issues upon request of the Board of Directors. In its request, the Board of Directors shall specify reasonable deadlines;

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

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

11.1.4. Providing the Committee's report on activities performed during the reporting corporate year to the Board of Directors at least once per year forty-five (45) calendar days before the annual General Meeting of Shareholders;

11.1.5. Providing the Committee's 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 will set deadlines to prepare and submit the above report;

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

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 in the following cases:

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 for preparing agenda issues for the meetings of the Audit Committee under the Board of Directors of the Company (Appendix No. 3 hereto);

11.2.2. Upon the Committee's request for work teams 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's consultations on issues 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 sole executive body for additional information on issues being reviewed.

11.3. The interaction with the Committee Expert takes place in the following cases:

11.3.1. Admitting the Committee Expert to participating 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 3 hereto).

11.4. The interaction with the Internal Audit takes place in the following cases:

11.4.1. Assessing quality 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;
- internal audit results;
- most significant violations resulting in the Company's substantial risks;
- significant weaknesses of the internal control and risk management system;
- unreasonable limitations of the Internal Audit operations.

11.4.2. Assessing compliance of the Internal Audit operations with the Definition of Internal Auditing, International Standards for the Professional Practice of Internal Auditing and Internal Auditor Code of Ethics (Internal Audit Quality Assurance and Improvement Program) and Internal Audit results basing upon the quarterly report on the Internal Audit performance reviewed by the Committee. The Committee will define intervals for reporting results of the above assessment as follows:

- upon completion of external and regular internal assessments covered by the quarterly report of the Internal Audit;
- at least once per year for current monitoring purposes.

11.4.3. 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;

11.4.4. Involving the Internal Audit in physical meetings of the Committee;

11.4.5. 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;

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

11.4.7. 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 in the following cases:

11.5.1. Discussing scope and time frame of the audit of the Company with the Company's auditor;

11.5.2. Pre-reviewing and approving acceptable type, scope and remuneration for non-audit services delivered by the Company's auditor;

11.5.3. Holding meetings with the auditor and executive bodies of the Company to:

- discuss issues related to preparation of the accounting (financial) statements and monitoring clarity and completeness of information disclosure in accounting (financial) statements;

- discussing essential aspects of accounting policy and methods used for recording substantial or extraordinary transactions in cases where several approaches are acceptable.

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

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

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

11.5.7. 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 in the following cases:

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 certain issues of the Company's financial and business activities;

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. Discussing issues of efficiency of the Company's financial and business control system with members of the Internal Audit Commission;

11.6.5. 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 above requests.

12. Financing of Committee's Activities

12.1. To finance the Committee's activities, the Committee Budget will be set. 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 jointly with the Committee Secretary will 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 will be submitted to the Board of Directors of the Company for approval.

12.3. Results of execution of the Committee's annual Budget will 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 compensations for membership of the Committee will be paid to the Committee members, Committee Chairperson and Deputy Committee Chairperson as per the Regulations for remunerations and compensations payable to the members of the Audit Committee under the Board of Directors of IDGC of Volga, JSC approved by resolution of the Board of Directors of the Company.

12.5. Remuneration will be paid to the Committee Secretary as per the Regulations for remunerations and compensations payable to members of the Audit Committee of the Company. The Committee Secretary will be compensated for expenses associated with participation in the meeting of the Committee at the travel expense reimbursement rates fixed by the Company as of the date of the meeting.

12.6. The Company will provide a meeting room with unrestricted access for the Committee members and invited persons and take other measures to organize 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 three (3) years after expiration of the term of office. The authorized body of the Company shall issue the list of proprietary and insider information 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 above documents.

14. Reports and Assessment of Committee's Activity

14.1. The Committee Chairperson shall submit the annual Committee Progress Report 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 may request the Committee's Progress Report at any time. The Board of Directors of the Company will set deadlines to prepare and submit the above report.

14.4. The Board of Directors of the Company will initiate 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 per annum.

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

- knowledge and skills in the areas within the scope of competence of the Audit Committee;
- knowledge of the sector and Company-specific principles of business practice;
- ability to allocate 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;
- ability to apply positive approach and orientation to seeking solutions.

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

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

15. Final Provisions

15.1. These Regulations, additions and amendments hereto shall be approved by the Board of Directors of the Company.

15.2. All situations uncovered by these Regulations shall be governed by the Articles of Association 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 these Regulations come into conflict with amended laws and regulations, such clauses (Articles) shall cease to be in force and, until these Regulations are not appropriately amended, the Company shall follow the requirements of the relevant laws and regulations of the Russian Federation.

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

APPROVED BY
 Audit Committee under the Board of Directors
 of IDGC of Volga, JSC,
 of _____, 20__ (minutes No. __)

**Activity Plan of the Audit Committee under the Board of Directors of IDGC of Volga, JSC
 for 20__-20__ corporate year**

Expected date of the meeting	Form of the meeting	Issues on the agenda of the Committee meeting	Responsible	Business subdivision responsible for preparation of the issue
<i>Quarter _ of 20 __</i>				
	Absentee voting (by ballot) / voting in person (joint presence)	1.		
		2.		
		3.		
		4.		
		1.		
		2.		
		3.		
		4.		

**Activity Plan of the Audit Committee under the Board of Directors of IDGC of Volga, JSC
in 20__-20__ corporate year**

Item No.	Issues on the agenda of the Audit Committee meeting	Recommended term for holding the meeting of the Audit Committee
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	within 30 days since the date of approval by the Board of Directors of members of the Audit Committee and its Chairperson
3	Involvement of an expert into the activities 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
4	Approval of the Activity Plan of the Audit Committee for 20__-20__ corporate year	within 30 days since the date of approval by the Board of Directors of members of the Audit Committee and its Chairperson
5	Consideration of the Budget of the Audit Committee for the second half of 20__ and the first half of 20__	within 30 days since the date of approval by the Board of Directors of members of the Audit Committee and its Chairperson
6	Consideration of the terms and conditions of the agreement with the external auditor performing audit of the accounting (financial) statements for 20__ prepared according to the RAS, and relating to the audit of the consolidated financial statements for 20__ prepared according to the IFRS	prior to conclusion of the Agreement with the external auditor
7	Consideration of the interim accounting (financial) statements of the Company for 6 months of 20__ prepared according to the RAS	within 60 days after expiry of the reporting period
8	Results of implementing the activities aimed to ensure compliance with the law requirements pertaining to the control of the insider information in the Company in Q2 of 20__	within 60 days after expiry of the reporting period

9	Consideration of the interim consolidated financial statements of the Company for 6 months of 20__ prepared according to the IFRS	within 60 days after expiry of the reporting period
10	Review of the Written Information submitted by the external auditor on the key issues of the accounting (financial) statements of the Company for the interim period (6 months or 9 months) of 20__ prepared according to the RAS	pursuant to the terms and conditions of the Agreement with the external auditor; however, within 15 days after the deadline for preparation of the Written information
11	Review of the Written Information submitted by the external auditor on the key issues of the consolidated financial statements of the Company for the interim period of 6 months of 20__ prepared according to the IFRS	pursuant to the terms and conditions of the Agreement with the external auditor; however, within 15 days after the deadline for preparation of the Written information
12	Consideration of the Report of the Business Subdivision performing internal audit and control on implementing the Activity Plan for Q2 of 20__ and results of the internal audit	within 60 days after expiry of the reporting period
13	Consideration of the Report of the Sole Executive Body on the Company's risks for the first half of 20__	within 75 days after expiry of the reporting period
14	Approval of the redrafted Regulations on the business subdivision performing internal audit of the Company	as and when necessary
15	Review and coordination of organizational structure and budget of the business subdivision performing internal audit and control of the Company	as and when necessary
16	Results of implementing the activities aimed to ensure compliance with the law requirements pertaining to the control of the insider information in the Company in Q3 of 20__	within 60 days after expiry of the reporting period
17	Consideration of the Report of the business subdivision performing internal audit and control on implementing the Activity Plan for Q3 of 20__ and results of the internal audit	within 60 days after expiry of the reporting period
18	Consideration of the accounting (financial) statements of the Company for 9 months of 20__ prepared according to the RAS	within 60 days after expiry of the reporting period
19	Preliminary consideration of the Activity Plan of the business subdivision performing internal audit for 20__	by November 30 of the year preceding the planned one
20	Consideration of material aspects of the accounting policy of the Company and the planned changes for the forthcoming year	by December 25 of the year preceding the planned one
21	Approval of documents for procurement procedures for selection of the external auditor for the right to conclude the Audit Services Agreement	by December 25 of the year preceding the planned one

22	Review of the Report of the Company management on implementation of the Remedial Action Plans to eliminate deficiencies revealed by the Internal Audit Commission of the Company, the Internal Audit of the Company	within two months after expiry of the reporting period
23	Consideration of the information of the Company management on non-standard operations and events, as well as on the bad debt and estimated liabilities reserve formation	by February 28 of the year following the reporting one
24	Review of the Report of the Internal Audit of the Company on evaluation of the internal audit and risk management system for 20__	by February 28 of the year following the reporting one
25	Consideration of the Report of the business subdivision performing internal audit and control on implementing the Activity Plan for Q4 of 20__ and results of the internal audit	within 90 days after expiry of the reporting period
26	Review of the report of the Sole Executive Body on management of key operational risks of the Company for 20__	within 90 days after expiry of the reporting period
27	Consideration and approval of content of “Internal Audit and Risk Management” section of the Company’s annual report	within 120 days after expiry of the reporting period
28	Consideration of the accounting (financial) statements of the Company for 20__ prepared according to the RAS	within 120 days after the expiry of the reporting period (prior to submission for consideration by the Board of Directors)
29	Consideration of the Written Information submitted by the external auditor on the key issues of the accounting (financial) statements of the Company for 20__ prepared according to the RAS, and information of the Company’s management on significant adjustments introduced following the results of the performed external audit of the accounting (financial) statements	pursuant to the terms and conditions of the Agreement with the external auditor; however, within 15 days after the deadline for preparation of the written information
30	Results of implementing the activities aimed to ensure compliance with the law requirements pertaining to the control of the insider information in the Company for 20__	within 60 days after expiry of the reporting period
31	Consideration of the Report of the business subdivision performing internal audit and control on implementing the Activity Plan in Q1 of 20__ and results of the internal audit	within 60 days after expiry of the reporting period
32	On consideration of the nominee external auditor of the Company selected for auditing the accounting statements of the Company for 20__ prepared according to the RAS and for auditing the consolidated financial statements for the year ending on December 31, 20__, prepared according to the IFRS	within 120 days after the commencement of the reporting period (following the results of the completed procurement procedure)

33	Consideration of the accounting (financial) statements of the Company for Q1 of 20__ prepared according to the RAS prior to disclosure thereof	within 60 days after expiry of the reporting period
34	Results of implementing the activities aimed to ensure compliance with the law requirements pertaining to the control of the insider information in the Company in Q1 of 20__	within 60 days after expiry of the reporting period
35	Draft of the financial (accounting) statements of the Company for 20__ prepared according to the IFRS	within 120 days after the commencement of the reporting period (prior to submission for consideration by the Board of Directors)
36	Evaluation of quality of work performed by the external auditor including evaluation of the Auditor's Report on the accounting (financial) statements of the Company for 20__ prepared according to the RAS	April-May of 20__ (prior to submission for consideration by the Board of Directors)
37	Consideration of the Written Information submitted by the external auditor on the key issues of the consolidated financial statements of the Company for 20__ prepared according to the IFRS, and information of the Company's management on significant adjustments introduced following the results of the performed external audit of the consolidated financial statements	pursuant to the terms and conditions of the Agreement with the external auditor; however, within 15 days after the deadline for preparation of the written information
38	Recommendations for the Board of Directors of the Company related to the amount of fee payable for the services of an external auditor for the audit of the accounting (financial) statements for 20__ prepared according to the RAS, and the audit of the consolidated financial statements for 20__ prepared according to the IFRS	by June 30, 20__
39	Progress Report of the Audit Committee under the Board of Directors of the Company	by June 30 of the reporting corporate year

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.

**Regulations
for preparing agenda issues for the meeting
of the Audit Committee under the Board of Directors of IDGC of Volga, JSC**

1. General Provisions

1.1. The Regulations for preparing agenda issues for the meeting of the Audit Committee under the Board of Directors of IDGC of Volga, JSC (hereinafter referred to as “the Regulations”) have been developed in accordance with the Audit Committee Regulations under the Board of Directors of IDGC of Volga, JSC (hereinafter referred to as “the Company”).

1.2. These Regulations shall establish a procedure for preparation of agenda issues 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 form 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. Upon formation of 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 communicated to the Head of the business 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 Originator 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 eight (8) 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 over 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 2.6 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 twelve (12) business days prior to the meeting for approval of the list of issues. The Expert of the Committee shall consider the Draft Agenda within one (1) 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 ten (10) 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 seven (7) 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 three (3) 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 sent 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 materials 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 2.5 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 package 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 eight (8) business days prior to the date of meeting.

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

4.1. The Expert of the Committee shall consider the received materials on the Agenda within four (4) business days and three (3) 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 No. 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 grounds of draft resolutions proposed by the Expert of the Committee.

**Audit Committee
under the Board of Directors of IDGC of Volga, JSC**

For the attention of members of the Audit
Committee
under the Board of Directors
of IDGC of Volga, JSC

DEAR MEMBERS OF THE AUDIT COMMITTEE,

This is to inform of holding of a meeting of the Audit Committee of IDGC of Volga, JSC on _____, 20__, on the following items on the **AGENDA:**

<i>Issue No.</i>	<i>Issue description</i>	<i>Responsible for preparation of materials on the issue on the agenda</i>
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 Directors
of _____, JSC

(_____)

**Audit Committee
under the Board of Directors of IDGC of Volga, JSC**

BALLOT

for voting on the issues on the agenda of the absentee meeting
of the Audit Committee under the Board of Directors of IDGC of Volga, JSC,
held on _____, 20__

Issue:

1. _____

Resolution:

1. _____

FOR

AGAINST

ABSTAINED

(leave your variant non-crossed out)

Issue:

2. _____

Resolution:

2. _____

FOR

AGAINST

ABSTAINED

(leave your variant non-crossed out)

Issue i:

i. _____

Resolution:

i. _____

FOR

AGAINST

ABSTAINED

(leave your variant non-crossed out)

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 IDGC of Volga, JSC**

_____/_____/

(signature)

(Full name)

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

**Audit Committee
under the Board of Directors of IDGC of Volga, JSC**

**MINUTES
OF THE MEETING OF THE AUDIT COMMITTEE
VOTING IN PERSON/ABSENTEE VOTING
UNDER THE BOARD OF DIRECTORS OF IDGC OF VOLGA, JSC**

The city of _____, 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 presentio and in absentia:

_____;
_____;
_____;
_____.

Invited persons (for the meetings held in presentio):

_____;
_____;
_____.

Therefore, the quorum for the meeting to be valid is present.

Agenda:

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

Issue No. 1: _____.

RESOLUTION:

1.1. _____

Voting results: _____.

Issue No. 2: _____.

RESOLUTION:

2.1 _____

Voting results: _____.

Issue No. i: _____.

RESOLUTION:

i.1 _____

Voting results: _____.

Individual 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 _____ (_____)

CONFIDENTIALITY AGREEMENT

The city of _____, _____, 20__

Open Joint-Stock Company Interregional Distribution Grid Company of Volga (hereinafter referred to as IDGC of Volga, JSC) duly represented by _____, acting on the grounds of _____, of the one part, and _____, elected member of the Audit Committee under the Board of Directors of IDGC of Volga, JSC by the resolution of the Board of Directors of _____, 201_____ (minutes No. _____ of _____), of the other part, hereinafter referred to as “the Recipient”, hereinafter jointly referred to as the Parties, have concluded this Agreement on the following.

To ensure assistance to the Board of Directors of IDGC of Volga, JSC in fulfillment of its obligations, the Audit Committee is formed under the Board of Directors of IDGC of Volga, JSC, as a consultative body acting in accordance with the Audit Committee Regulations under the Board of Directors of IDGC of Volga, JSC.

While exercising its rights and fulfilling its obligations, the Recipient acquires access to confidential information which is delivered to the Recipient classified and marked as “commercial secret”. Within the framework of this Confidentiality Agreement (hereinafter referred to as “the Agreement”) the Parties shall agree on the terms and conditions relating to limited use and further disclosure of this information.

Confidentiality and Limited Use

1. For the purposes hereof, “the Confidential Information”, as a whole and in particular, shall mean all or any information of any kind, in oral, written or electronic form, relating to IDGC of Volga, JSC (hereinafter referred to as “the Informing Party”) and concerning its activity which has actual or potential commercial value due to the fact that it is not known to third parties, and which is communicated by the Informing Party to the Recipient pursuant to this Agreement together with all archived records or copies of this information or extract from the same on any media of any kind.

The Recipient shall keep the Confidential Information using the same degree of care as it uses with regard to keeping its own proprietary confidential information, and this Confidential Information shall not be used or reproduced as well as referred to by the Recipient for any purposes. The Confidential Information shall not be disclosed by the Recipient to any third party, whether represented by an individual or a legal entity.

2. The Recipient may not deliver the Confidential Information to other persons using or being capable of using it for the purposes that led or being likely to lead to its disclosure or other unlawful or prohibited by the law and this Agreement use including use of this information for the purpose of personal enrichment or contribution to enrichment of other persons whether this person is affiliated or not.

The Recipient shall notify the Committee of all planned and/or settled transactions involving securities of IDGC of Volga, JSC and subsidiaries of IDGC of Volga, JSC.

3. The Recipient shall be liable under the laws of the Russian Federation for the actions of its affiliates including but not limited to the wife (husband), parents, children, blood or non-blood brothers and sisters, adoptive parents and adoptees, and other persons who are recognized as an affiliate by the applicable law with regard to the Confidential Information received from the Recipient that resulted or are likely to result in its disclosure or other unlawful use including use of this information for the purpose of personal enrichment or contribution to enrichment of other persons or caused infliction of losses on IDGC of Volga, JSC.

4. This Agreement shall not be deemed a document granting to the Recipient any licensed rights or any other rights with regard to the Confidential Information and its further use.

Return of the Confidential Information

5. In accordance with the requirement of the Informing Party, or at the sole discretion of the Informing Party, all and any Confidential Information in any form that the Recipient has received or acquired from or for the Informing Party shall be returned or, if it is not possible, it shall be destroyed within seven (7) days upon receipt of this requirement, and no copies of this information or data related to this information, or extracts from it (in any form) shall be retained by the Recipient and thereafter the Recipient shall not use or reproduce this information, in whole or in part, for any purpose whatsoever.

Period of Validity and Termination of the Agreement

6. This 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. This Agreement is governed by the law of the Russian Federation.

Any claims and disagreements arising out of or in connection with this Agreement or relating to this Agreement or legal relations established hereby shall be submitted by the Parties for consideration to the appropriate court at the location of IDGC of Volga, JSC.

Other Terms and Conditions

8. As from the date of signing, this Agreement shall be deemed an entire agreement between the Parties with regard to its subject, and after its execution it will supersede and cancel any preceding agreements, documents, minutes and contracts, oral and written, between the Parties relating to the subject hereof.

Any amendments and/or addenda hereto shall not be valid unless they are executed in writing and signed by both Parties.

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

Legal Addresses and Details of Parties:

The Providing Party
IDGC of Volga, JSC

The Recipient

IDGC of Volga, JSC

Member of the Audit Committee
under the Board of Directors of
IDGC of Volga, JSC

_____ () _____ ()

EXPERT OPINION
on the issues on the agenda of the meeting
of the Audit Committee under the Board of Directors of IDGC of Volga, JSC,
scheduled for _____, 20__

For the attention of members of
the Audit Committee
under the Board of Directors
of IDGC of Volga, JSC

I recommend to vote “FOR” adoption of the following resolutions on the issues on the agenda of the meeting of the Audit Committee under the Board of Directors of IDGC of Volga, JSC, scheduled for _____, 20__:

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

INFORMATION:

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

DRAFT RESOLUTION:

Issue No. 2:

INFORMATION:

DRAFT RESOLUTION:

Issue No. i:

INFORMATION:

DRAFT RESOLUTION:

Expert of the Audit Committee
under the Board of Directors of IDGC of Volga, JSC _____ (full name)
(signature)

Evaluation of Performance of the External Auditor

1. IDGC of Volga, JSC (hereinafter referred to as “the Company”) has concluded agreement No. _____ dated _____, 20__, with (name of the Auditor) for services relating to audit of the accounting (financial) statements for 20__ prepared according to the RAS (hereinafter referred to as “the Agreement”) pursuant to which the Company shall act as “the Customer” and (name of the Auditor) as “the Contractor”.

Pursuant to clause __ of the Agreement, the Auditor’s Opinion shall be delivered by _____, 20__. The Auditor’s Opinion was actually delivered on _____, 20__, which complies/does not comply with the terms and conditions of the Agreement.

Pursuant to clause __ of the Agreement, in addition to the Auditor’s Opinion, the Contractor shall provide the Customer with the Written Information (the Auditor’s Report) on key issues of accounting and reporting related to any material weaknesses of accounting and reporting, in the internal audit system and deviations in the procedure for settlement of financial and business transactions from the requirements of the laws of the Russian Federation identified by the Contractor. Terms for delivery by the Contractor to the Customer of the Written Information (the Auditor’s Report) on key issues of accounting and reporting are specified in clause __ of the Agreement:

- as per the first stage – by _____, 20__;
- as per the second stage – by _____, 20__;
- as per the third stage – by _____, 20__.

Preliminary revision of the Written Information (the Auditor’s Report) on the key issues of accounting and reporting shall be delivered by the Contractor to the Customer at least 10 business days prior to the deadline specified in clause __ of the Agreement.

The Written Information (the Auditor’s Report) was actually delivered within the following terms:

- as per the first stage – _____, 20__;
- as per the second stage – _____, 20__;
- as per the third stage – _____, 20__.

Delivery by the Auditor of the Written Information complies/does not comply with the terms and conditions of the Agreement.

2. Independence and objectivity of the Auditor are confirmed by the following information submitted by (name of the Auditor):

- Standards of performance according to which this company strives to be an independent auditor and have reputation of the independent auditor have been implemented in (name of the Auditor);

- In accordance with the provisions on ethics and independence of (name of the Auditor), all partners and employees of (name of the Auditor) shall annually

confirm compliance with these provisions including the absence of prohibited investments in their investment portfolio.

Moreover, it shall be noted that independence of the external auditor is confirmed by short period of provision services for external audit of the Company by (name of the Auditor). (name of the Auditor) audited accounting (financial) statements of the Company for 20__ year/years. (name of the Auditor) rendered/did not render other services to the Company in 20__.

3. The Auditor's information on presence/absence of any difficulties in the course of cooperation with the management of the Company during the audit was disclosed, and no disagreements with the management of the Company relating to the accounting and reporting issues have arisen.

4. All necessary information in accordance with the requirements of clause 10 of Rule (Standard) No. 22 "Communication of information obtained as a result of the audit to the management of the audited entity and representatives of its owner" is reflected in the Written Information (Auditor's Report) of the external auditor on the results of the audit of the accounting (financial) statements of the Company.

5. According to the Auditor's Opinion, (name of the Auditor) came to the conclusion that the accounting (financial) statements give a true and fair view of the financial situation of the Company and the results of its financial and business activities, without reservations/subject to reservation (specify if any).

Based on the above, it is recommended for the Audit Committee under the Board of Directors of IDGC of Volga, JSC:

1. To admit that the auditor's opinion and procedures used by (name of the Auditor) in the course of auditing of the accounting (financial) statements of the Company for 20__ comply with the terms and conditions of the Agreement and the requirements of the laws of the Russian Federation.

2. To approve the Evaluation of the Auditor's Opinion issued by (name of the Auditor) on the accounting (financial) statements of the Company for 20__ prepared according to the Russian Accounting Standards in compliance with Appendix __ hereto.

**Progress Report of the Audit Committee under the Board of Directors of IDGC
of Volga, JSC
for 20__-20__ corporate year**

The Audit Committee under the Board of Directors of the Company (hereinafter referred to as “the Committee”) was established in accordance with the resolution of the Board of Directors dated _____, 20__ (minutes No. __).

Activity of the Audit Committee is regulated by the Audit Committee Regulations under the Board of Directors of IDGC of Volga, JSC, 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 No. __).

Number of members and persons to be elected members of each Committee shall be determined by resolution of the Board of Directors of the Company.

To adopt more informed and reasonable resolutions in the field of internal audit and risk management, the Committee shall be entitled to engage experts (consultants).

**Membership of Audit Committee
and Participation of Committees Members in Meetings**

Current members of the Audit Committee were elected by the resolution of the Board of Directors dated _____, 20__ (minutes of meeting No. __):

No.	Full name	Position as of the date of election
1	_____ Chairperson of the Audit Committee	
2		
3		
4		
5		
6		
7		

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

Pursuant to 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 full

name (position as of the date of engagement) as the expert in the activities of the Audit Committee under the Board of Directors of IDGC of Volga, JSC.

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

Full 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		

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, __ 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 full.

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

Remuneration for Participation in Meetings of Audit Committee

Types, amounts and procedure for payment of remunerations and compensations payable to the members of the Committee shall be regulated by the Regulations for remunerations and compensations payable to the members of the Audit Committee under the Board of Directors of IDGC of Volga, JSC approved by the Board of Directors of the Company as of _____, 20__ (minutes No. __).

In accordance with Article 7 of the Committee Regulations, to ensure activity of the Committee, 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 No. __ dated _____, 20__, minutes No. __ dated _____, 20__). The budget of the Committee is approved by the Board of Directors of IDGC of Volga, JSC (minutes No. __ dated _____, 20__, minutes No. __ dated _____, 20__) as follows:

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

* to calculate the remuneration for participation in meetings of the Committee, a minimum monthly rate was applied since _____, 20__ - __ rub., since _____, 20__ - __ rub.

Results of execution of the Committee's budget in 20__-20__ corporate year are given in the Table:

Period of planning	Budget, thousand rubles		
	Planned	Actual	Saving (+) / overspending (-)
the second half of 2013	_____	_____	_____
the first half of 2014	_____	_____	_____

The Committee's budget was executed in full.

1. Saving/overspending 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 presentio than it was planned;
- etc.

2. Saving/overspending 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 presentio 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 corporate year:

	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 number of areas:

1. As related to

–

–

2. As related to

–

–

3. As related to

–

–

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

According to clause __, Article __ of the Regulations for the Audit Committee under the Board of Directors of IDGC of Volga, JSC (hereinafter referred to as “the Committee”) approved by the Board of Directors of IDGC of Volga, JSC (hereinafter referred to as “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 rub. 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 rub. or by __% (__% of the total growth of the total assets);
 - decrease/reduction of (name of the item) by ___ million rub. 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 rub. 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 rub. or by __%;
 - growth/reduction of proceeds from resale of electricity (capacity) by ___ million rub. or by __% which is related to (reasons).
5. Cost of sales of the Company for __ months of 20__ increased by ___ million rub. 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 rub. or by __%, and they amount to

___ million rub. 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 rub. which by ___% exceeds the indicator for the similar period of 20__ (___ million rub.);

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 rub.).

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.