

APPROVED
by the decision of the Board of Directors
of PJSC ROSSETI
of December 25, 2015
(Minutes No. 217 of December 28, 2015)

**REGULATIONS FOR THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF PUBLIC JOINT STOCK COMPANY
ROSSETI
(restated version)**

Moscow

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Principal Terms, Definitions, and Abbreviations

Company	Public Joint Stock Company ROSSETI (PJSC ROSSETI)
Board of Directors	Board of Directors of PJSC ROSSETI
Regulations for the Audit Committee/Regulations	Regulations for the Audit Committee of the Board of Directors of PJSC ROSSETI
Audit Committee/Committee	Audit Committee of the Board of Directors of PJSC ROSSETI
Chairman of the Audit Committee/Chairman of the Committee	Chairman of the Audit Committee of the Board of Directors of PJSC ROSSETI
Deputy Chairman of the Committee	Deputy Chairman of the Audit Committee of the Board of Directors of PJSC ROSSETI
Secretary of the Committee	Secretary of the Audit Committee of the Board of Directors of PJSC ROSSETI
Member of the Committee	Member of the Audit Committee of the Board of Directors of PJSC ROSSETI
SDCs	Subsidiaries and dependent companies of PJSC ROSSETI
ROSSETI Group	PJSC ROSSETI and subsidiaries and dependent companies of PJSC ROSSETI
IFRS	International Financial Reporting Standards
RAS	Russian Accounting Standards

1. General

1.1. The Regulations for the Audit Committee shall be the Company's internal regulatory document governing the activities of the Audit Committee and setting out its goals and objectives, its competence, its functions, the procedure for its appointment and operation, the rights and duties of the members of the Committee, the procedure for the Committee's interaction with the management and control bodies of PJSC ROSSETI, and other aspects of the Committee's activities.

1.2. These Regulations are formulated in accordance with the laws of the Russian Federation, the Articles of Association of the Company, its internal documents and in accordance with the requirements of the stock exchange on which the Company's securities are traded. The preparation of these Regulations by the Company is governed by the following principal documents:

- Federal Law of the Russian Federation No. 208-FZ of December 26, 1995, "On Joint-Stock Companies";
- Federal Law of the Russian Federation No. 402-FZ of December 6, 2011 "On Accounting";
- Federal Law of the Russian Federation No. 307-FZ of December 30, 2008, "On Auditing";
- Corporate Governance Code recommended by Letter of the Bank of Russia No. 06-52/2463 of April 10, 2014, "On the Corporate Governance Code";
- Recommended Guidelines for Organizing the Activities of the Boards of Directors in Joint-Stock Companies approved by Order of the Federal Agency for State Property Management of the Russian Federation No. 357 of November 21, 2013;
- Recommended Guidelines for Organizing the Activities of the Audit Committees of the Boards of Directors in Russian Government-Linked Joint-Stock Companies approved by Order of the Federal Agency for State Property Management of the Russian Federation No. 86 of March 20, 2014;
- Order of the Federal Financial Markets Service of the Russian Federation No. 13-62/pz-n of July 30, 2013, "On the Procedure for Admitting Securities to Regulated Trading";
- Recommended Guidelines for Organizing Internal Audit in Russian Government-Linked Joint-Stock Companies approved by Order of the Federal Agency for State Property Management of the Russian Federation No. 249 of July 4, 2014;
- Recommended Guidelines for Setting up the Internal Audit Function in Russian Government-Linked Holding Companies approved by Order of the Federal Agency for State Property Management of the Russian Federation No. 330 of September 3, 2014;
- Listing Rules approved by the management bodies of the stock exchange and duly registered by the Bank of Russia.

1.3. The Audit Committee shall be established pursuant to the decision adopted by the Board of Directors of the Company and is an advisory and deliberative body. The decisions adopted by the Audit Committee shall be advisory to the Board of Directors of the Company. The Committee shall not be a management and control body of the Company.

1.4. The activities of the Committee shall be governed by the laws of the Russian Federation, the Articles of Association of the Company, decisions of the Board of Directors, these Regulations, and other internal documents of the Company.

2. Goals and Principal Objectives of the Committee

2.1. The goal of the Audit Committee shall be to assist the Board of Directors in effectively performing its functions with respect to the preliminary consideration of issues related to control over the Company's financial and economic activities.

2.2. The principal objectives of the Audit Committee shall be as follows:

2.2.1. Supervise the preparation of the Company's accounting (financial) statements;

2.2.2. Control the operating reliability and effectiveness of the internal control, risk management, and corporate governance systems;

2.2.3. Ensure the independence and objectivity of the internal audit function;

2.2.4. Supervise external audit and the selection of the external auditor;

2.2.5. Control the operating effectiveness of the system of combating misconduct on the part of the Company's employees and third parties.

3. Competence of the Committee

3.1. The competence of the Audit Committee shall include the consideration of issues related to supervision over the reliability of the Company's accounting (financial) statements; control over the reliability and effectiveness of the internal control, risk management, and corporate governance systems; supervision over ensuring compliance with legal requirements and informing executive bodies about nonconformities; and the coordination of interaction between the external and internal auditors and other issues as instructed by the Board of Directors. Within its competence, the Audit Committee shall perform the following functions:

3.2. In the area of supervising the preparation of the Company's accounting (financial) statements:

3.2.1. exercise control over ensuring the completeness, accuracy, and reliability of the Company's accounting (financial) statements;

3.2.2. analyze the material aspects of the Company's accounting policy;

3.2.3. take part in considering material issues and judgements in relation to the Company's accounting (financial) statements.

3.3. In the area of controlling the operating reliability and effectiveness of the internal control, risk management, and corporate governance systems:

3.3.1. review the Company's internal documents defining the organization and strategy of developing and improving the Company's internal control and risk management systems and internal control and risk management policies and initiate amendments thereto;

3.3.2. evaluate the effectiveness of the internal control, risk management, and corporate governance systems and prepare proposals for their improvement, including evaluating the effectiveness of the Company's risk management and internal control procedures and corporate governance practices, including:

- reviewing reports of the Company's executive bodies on the organization, functioning, and effectiveness of the internal control and risk management systems;

- analyzing the list and structure of the Company's risks;

- discussing material risks and their key indicators with the Company's executive bodies;

- analyzing measures to manage material risks and improve the internal control, risk management, and corporate governance systems;

3.3.3. consider and issue opinions concerning the preferred risk level (risk appetite);

3.3.4. analyze and assess the implementation of the internal control and risk management policies;

3.3.5. control the procedures ensuring that the Company complies with legal requirements, ethical standards, the Company's rules and procedures, and the requirements established by exchanges;

3.3.6. analyze and assess the implementation of the conflict of interest management policy.

3.4. In the area of ensuring the independence and objectivity of the internal audit function:

3.4.1. review the internal audit policy;

3.4.2. initiate amendments to the Company's internal audit policy;

3.4.3. consider issues related to the reorganization and closing of the internal audit division;

3.4.4. consider issues related to giving consent to the appointment and dismissal of the chief internal audit executive and determining his/her remuneration;

3.4.5. review the internal audit action plan and the budget of the internal audit division;

3.4.6. examine substantial constraints on the powers or the budget of the internal audit function that can adversely affect the effective performance of the internal audit function;

3.4.7. approve annual performance reports of internal audit (including reports that contain information on the results of specific audits; identified material risks; deficiencies; the results and effectiveness of measures taken to correct discovered deficiencies; the results of implementing the internal audit action plan; the results of evaluating the actual condition, reliability, and effectiveness of the internal control, risk management, and corporate governance systems);

3.4.8. organize the evaluation of internal audit function effectiveness, including the independent evaluation of internal audit function quality at least every five years (giving approval to the terms of reference, the material terms and conditions of a contract, and nominees for evaluators);

3.4.9. consider the results of internal and external evaluations of internal audit quality;

3.4.10. perform other functions of the Committee in the area of ensuring the independence and objectivity of the internal audit function as described in paragraph 9.3 of these Regulations.

3.5. In the area of supervising external audit and the selection of the external auditor:

3.5.1. assess the independence, objectivity, and absence of conflicts of interest of the Company's external auditors, including assessing nominees for the Company's auditors and preparing proposals for the nomination, reelection, and dismissal of the Company's external auditors, for payment for their services, and for the terms and conditions of their engagement;

3.5.2. evaluate the quality of conducted audits and audit opinions;

3.5.3. ensure effective interaction between the Company's internal audit division and external auditors.

3.6. In the area of controlling the operating effectiveness of the system of combating misconduct on the part of the Company's employees and third parties:

3.6.1. control the operating effectiveness of the warning system dealing with potential misconduct on the part of the Company's employees and third parties and with other nonconformities within the Company;

3.6.2. supervise special investigations into potential fraud and the misuse of insider or confidential information;

3.6.3. monitor the implementation of measures prescribed by the Company's executive managers with respect to providing information on potential misconduct on the part of employees and other nonconformities.

3.7. Other functions aimed at achieving the goals and objectives specified in these Regulations.

4. Rights of the Committee

4.1. In order to achieve the goals and objectives specified in these Regulations, the Committee shall have the following rights:

4.1.1. give recommendations to the Board of Directors within its competence;

4.1.2. conduct studies on the issues falling within the competence of the Committee;

4.1.3. request and receive documents, reports, and other information from the sole executive body of the Company on the issues included on the agendas of meetings of the Committee;

4.1.4. invite to its meetings the Company's officers and employees, members of other committees of the Board of Directors, the chief internal audit executive and representatives of the external auditors of the Company to discuss the issues falling within the competence of the Audit Committee and included on the agendas of meetings of the Committee (without the voting right);

4.1.5. hold meetings with the external auditor(s) and the chief internal audit executive of the Company;

4.1.6. engage independent consultants (experts) in accordance with the procedure specified by the Company within the Committee's budget (if any consultation is needed with respect to the issues that require expertise).

5. Duties of the Committee

5.1. The Committee shall have the following duties:

5.1.1. act in accordance with the requirements set forth in the laws of the Russian Federation, the Articles of Association of the Company, decisions of the Board of Directors, these Regulations, and other internal documents of the Company.

5.1.2. provide the Board of Directors with cost-effective and legally sound recommendations (opinions) within the competence of the Committee;

5.1.3. provide the Board of Directors with timely information on material risks affecting the activities of the Company (within the competence of the Committee);

5.1.4. comply with the confidentiality requirements and keep confidential proprietary information and/or insider information of the Company.

6. Composition of the Committee and Appointment Procedure. Rights and Duties of the Members of the Committee

6.1. The Audit Committee shall be composed of at least three (3) members. The members of the Committee shall be approved by the Board of Directors from among the nominees proposed by members of the Board of Directors of the Company. Each member of the Board of Directors shall have the right to propose at most one (1) nominee for election to the Committee.

6.2. Members of the Committee may be elected to the Committee without limitation on the number of terms they may serve. The powers of any member of the Audit Committee may be terminated earlier pursuant to a decision of the Board of Directors. Only individuals may be members of the Committee.

6.3. Members of the Board of Directors shall submit to the Chairman of the Board of Directors their proposals for nominees for election to the Committee in writing at least ten (10) days prior to the date of the meeting of the Board of Directors (the deadline date for receipt of

completed ballots for voting in absentia) with the agenda containing the issue of electing the Committee's members.

Any proposal for a nominee for the Committee shall contain the following nominee information:

- full name of the nominee;
- place of employment and position of the nominee as of the time of the proposal;
- professional experience (qualifications) over the past 5 years;
- the nominee's consent to nomination for election to the Audit Committee;
- information confirming that the nominee meets the criteria for determining the independence of members of the Board of Directors as provided for in the Listing Rules of the stock exchange;
- contact information.

Any proposal for a nominee for the Committee shall be signed by the proposing member of the Board of Directors.

6.4. The Audit Committee shall be composed only of independent directors, or, if this is not possible for objective reasons, the majority of the members of the Committee shall be independent directors and the other members of the Committee may be members of the Board of Directors who are not the sole executive body and/or members of the collegial executive body (Management Board) of the Company. The independence of members of the Board of Directors of the Company (including the criteria of affiliation and their significance) shall be determined in accordance with the criteria for determining the independence of members of the Board of Directors as provided for in the Listing Rules of the stock exchange in effect as of the time of determining the independence of members.

6.5. At least one of the independent directors that are members of the Committee shall have experience and knowledge in the preparation, analysis, evaluation, and audit of accounting (financial) statements. The Company shall publicly disclose information that the Audit Committee includes an independent director with experience and knowledge in the preparation, analysis, evaluation, and audit of accounting (financial) statements. The Chairman of the Committee shall be an independent director. The Chairman of the Committee shall be elected by a majority of votes of all members of the Board of Directors.

6.6. The election of the Chairman of the Committee shall give due consideration to education, professional qualifications, professional experience in the field of the Committee's activities, and other expertise necessary for the exercise of the Chairman's authority.

6.7. The Chairman of the Committee shall organize the work of the Committee, formulate the action plan of the Committee, convene and chair its meetings, arrange for minutes of meetings to be kept, report to the Board of Directors on the activities of the Committee, represent the Committee in its relationship with officers of the Company, the Internal Audit Commission of the Company, the external auditor of the Company, and other persons and entities engaged by the Committee or by the Company on the issues falling within the competence of the Committee.

6.8. In the absence of the Chairman of the Committee at and between its meetings or if the Chairman is unable to perform his/her functions, his/her duties shall be performed by the Deputy Chairman of the Committee. The Deputy Chairman of the Committee shall be elected by a simple majority of votes from among members of the Committee.

6.9. The term of office of members of the Committee shall continue until the election of the next membership of the Committee. The powers of any or all members of the Committee may be terminated earlier pursuant to a decision of the Company's Board of Directors.

6.10. The Chairman of the Committee, the Deputy Chairman of the Committee, and members of the Committee may divest themselves of their authority upon at least thirty (30) business days' prior notice thereof to the Chairman of the Board of Directors of the Company.

- 6.11. Within the competence of the Committee, the members of the Committee may:
- 6.11.1. acquaint themselves with information and documents received from the sole executive body of the Company and necessary to consider the issues included on the agenda of a meeting of the Committee;
 - 6.11.2. request in writing that a meeting of the Committee be convened;
 - 6.11.3. submit proposals for formulating the action plan of the Committee and for submitting to a meeting of the Committee any issues that are not included in the action plan of the Committee (provided that the proposing member of the Committee shall propose the draft decision and the explanatory note for the proposed issue), and discuss and vote on items on the agenda of a meeting of the Committee;
 - 6.11.4. express their opinions in writing, including disagreements over decisions of the Committee, and inform the Chairman of the Committee thereof;
 - 6.11.5. exercise other powers defined by the Board of Directors within their competence and in accordance with the procedure provided for in these Regulations.
- 6.12. The members of the Committee shall:
- 6.12.1. act to the benefit of the Company in performing their duties and exercise their rights and perform their duties in relation to of the Company in good faith and reasonably;
 - 6.12.2. take an active part in meetings of the Committee;
 - 6.12.3. inform the other members of the Committee of any conflict of interest with respect to any item on the agenda;
 - 6.12.4. not use or disclose to any other persons any information, including confidential information, that becomes known to them about the Company's activities if such information may, when received by third parties, materially affect the Company and its business reputation;
 - 6.12.5. in the course of performing their duties, comply with the requirements set forth in the applicable laws of the Russian Federation, the Articles of Association of the Company, the Regulations for the Board of Directors of the Company, the Regulations for Remuneration and Compensation for Members of the Board of Directors of the Company, these Regulations, and other internal documents of the Company;
 - 6.12.6. not do any acts that may result in a conflict of interest between a member of the Committee and the Company.
- 6.13. The Secretary of the Committee shall be elected to provide organizational, information, and document support for the activities of the Committee both in connection with preparations for and the holding of the Committee's meetings and between its meetings.
- 6.13.1. The Secretary of the Committee shall be an employee of the Company and shall be elected by a majority of votes of the participating members of the Committee. Members of the Board of Directors and/or the executive body of the Company may submit their proposals for a nominee for election as the Secretary of the Committee in writing.
 - 6.13.2. The Secretary of the Committee shall ensure preparations for and the holding of meetings of the Committee, collect and systematize materials for meetings, determine whether meetings of the Committee have a quorum, keep minutes of meetings, ensure the storage of the Committee's archived documents, and perform other functions in accordance with these Regulations.
 - 6.13.3. The Secretary of the Committee shall not be a member of the Committee and shall act in accordance with these Regulations.

7. Operating Procedure of the Committee

Action Plan of the Committee

7.1. The Chairman of the Committee shall formulate the action plan of the Committee in accordance with the goals, objectives, and competence of the Audit Committee. The action

plan shall cover six (6) months or a year subject to the approved action plan of the Board of Directors, decisions adopted by the Board of Directors and the Audit Committee, and proposals submitted by members of the Committee, internal audit, and the sole executive body of the Company. The action plan shall be subject to approval by a meeting of the Committee.

The action plan shall contain:

- the schedule of meetings of the Committee;
- the issues that shall be considered at meetings of the Committee;
- the list of the persons responsible for the preparation of issues and materials for meetings of the Committee;
- information concerning the form of a meeting of the Committee: an in-person meeting (with voting in person) or an absentee meeting with voting by ballot (with voting in absentia).

7.2. Meetings of the Committee shall be held under the plan approved by the Committee, but at least once a quarter (ordinary meetings) and otherwise as provided for in these Regulations (extraordinary meetings).

7.3. Any decision to convene an ordinary/extraordinary meeting of the Audit Committee (including the date, time, and place of a meeting, the items on the agenda, and the list of the persons invited to a meeting) shall be made by the Chairman of the Committee.

7.4. The agenda of an ordinary meeting shall be formulated by the Chairman of the Committee in accordance with the approved action plan of the Committee, proposals submitted by members of the Committee, decisions adopted by the Board of Directors, and proposals made by the Chairman of the Committee.

7.5. The Chairman of the Committee shall have the right to include received proposals on the agenda of an ordinary meeting or convene an extraordinary meeting of the Committee.

7.6. The Chairman of the Committee may include issues contained in a request to convene an extraordinary meeting of the Committee on the agenda of the next ordinary meeting of the Committee.

Meetings of the Committee

7.7. Any notice of a meeting of the Committee shall contain the agenda of a meeting, the form of a meeting, and the date, time, and place of a meeting (the deadline date and time for receipt of completed ballots with respect to the items on the agenda of a meeting). The notice of a meeting in accordance with the form contained in Annex 1 to these Regulations shall be issued by the Secretary of the Committee and signed by the Chairman of the Committee or by the Deputy Chairman of the Committee (where provided for in these Regulations).

7.8. Any notice of a meeting shall be sent to the members of the Committee and the persons invited to an in-person meeting of the Committee at least five (5) business days prior to the date of the meeting of the Committee (the deadline date for receipt of completed ballots in the case of an absentee meeting). The materials and information related to the items on the agenda shall be sent to the members of the Committee and the persons invited to an in-person meeting of the Committee at least five (5) business days prior to the date of the meeting (the deadline date for receipt of completed ballots in the case of an absentee meeting).

7.9. The materials related to the items on the agenda of a meeting of the Committee shall include the draft decisions, explanatory notes, and, if necessary, informational and background documents with respect to the items included on the agenda. The Company's division authorized to deal with the issue(s) included on the agenda of a meeting of the Committee shall ensure the preparation and formulation of the materials related to the items on the agenda of the meeting of the Committee. The formulation (preparation) of the draft decisions shall be organized by the Chairman of the Committee, except where otherwise specified in these Regulations.

7.10. The persons invited to an in-person meeting of the Committee shall be provided with the materials related to such items on the agenda of the meeting of the Committee as they are expected to discuss.

7.11. Any notice of a meeting of the Committee and the materials (information) related to the items on the agenda may be provided (sent) to the members of the Committee and the persons invited to an in-person meeting of the Committee by personal delivery, by facsimile transmission, or by electronic mail.

7.12. If any issues submitted to an extraordinary meeting of the Committee are urgent, the extraordinary meeting may be convened and the materials related to the items on the agenda of the meeting may be sent within a shorter period as decided by the Chairman of the Committee.

7.13. Upon receiving from the Corporate Secretary of the Company a notice of a meeting the Board of Directors the agenda of which includes the issues that, under these Regulations, fall within the competence of the Committee, the Chairman of the Committee shall take all measures to ensure that meetings of the Committee are held in a timely manner to formulate recommendations (decisions) on such issues on the agenda of the meeting the Board of Directors and that they are sent to the Board of Directors.

Extraordinary Meetings of the Committee

7.14. Extraordinary meetings of the Committee shall be held:

- upon receiving from the Corporate Secretary of the Company a notice of a meeting the Board of Directors the agenda of which includes the issue(s) that, under these Regulations, fall within the competence of the Committee;
 - as decided by the Chairman of the Committee;
 - as decided by the Board of Directors of the Company or as decided by the Committee;
 - as requested by a member of the Committee, the sole executive body of the Company, or the chief internal audit executive;
 - as decided by the sole executive body of the Company, the chief internal audit executive, or the external auditor (upon request in writing).

7.15. Any request to hold an extraordinary meeting of the Committee shall be sent to the Chairman of the Committee in writing and shall contain the wording of the issue, the rationale for the need to consider the issue at the meeting, the draft decision of the Committee, and the supporting materials and information.

7.16. Any request to hold a meeting of the Committee shall be signed by the requesting person. A copy of the request to hold a meeting of the Committee with all appendices thereto shall also be sent to the Secretary of the Committee.

7.17. Within one (1) business day after the date of the request to convene an extraordinary meeting, the Chairman of the Committee shall decide to hold the extraordinary meeting of the Committee, determine the date, time, and place of the meeting of the Committee (the deadline date and time for receipt of completed ballots in the case of voting in absentia), or decide to refuse to convene the extraordinary meeting of the Committee. The reason for the refusal to convene the extraordinary meeting of the Committee shall be sent to the person or the Company's body requesting that the meeting be convened not later than the day immediately following the date when the Chairman of the Committee decides to refuse to convene the meeting.

7.18. The Chairman of the Committee may decide to refuse to convene an extraordinary meeting of the Committee if:

- any item(s) proposed for inclusion on the agenda of a meeting of the Committee do not fall within the competence of the Committee under these Regulations;

- any item on the agenda contained in the request to convene an extraordinary meeting of the Committee has already been included on the agenda of the next meeting convened pursuant to a decision made by the Chairman of the Committee before the receipt of such request;
- the form, procedure, and period specified in these Regulations in relation to convening a meeting are not complied with.

8. Procedure for Holding Meetings of the Committee

8.1. Meetings of the Committee may be held in the form of an in-person meeting of members of the Committee (with voting in person) or in the form of an absentee meeting (with voting in absentia on the items on the agenda).

In-person Meeting of the Committee

8.2. Any in-person meeting of the Committee shall be declared open by the Presiding Officer of the meeting, namely the Chairman of the Committee or, in his/her absence, the Deputy Chairman of the Committee.

8.3. An in-person meeting of the Committee shall be attended by members of the Committee and by invitees.

8.4. The Secretary of the Committee shall determine whether an in-person meeting of the Committee has a quorum.

8.5. The Presiding Officer of an in-person meeting informs the attendees whether the meeting of the Committee has a quorum and announces the agenda of the meeting.

8.6. If a quorum is not present, the meeting shall be declared legally unqualified. In this event, the Presiding Officer shall make one of the following decisions:

- postpone the meeting in consultation with the attendees;
- determine the date of another meeting with the same agenda;
- include the issues that shall be considered at the abortive meeting of the Committee on the agenda of the next planned meeting of the Committee.

8.7. Any in-person meeting of the Committee shall be legally qualified (shall have a quorum) if attended by at least half of the elected members of the Committee.

8.8. For the purposes of tallying the votes with respect to the items included on the agenda of any in-person meeting the Committee, written opinions of the members of the Committee who are not present at the meeting shall be taken into account, provided that such opinions are in the form and received in accordance with the procedure set forth in these Regulations.

8.9. Written opinions of the members of the Committee who are not present at the in-person meeting of the Committee shall be only in the form of completed ballots for voting on the agenda items (Annex 2 to these Regulations).

8.10. On the day of any in-person meeting of the Committee, the Secretary of the Committee shall draw up a ballot based on the results of discussion of the agenda items and on the results of voting by the members of the Committee who are present at such meeting, to be signed by the Chairman of the Committee, and shall deliver its original or send its copy by electronic mail or by facsimile transmission to the members of the Committee who were not present at the meeting but sent written opinions prior to the in-person meeting.

8.11. In completing his/her ballot, a member of the Committee shall leave uncrossed only one of the available variants of voting (“for,” “against,” or “abstained”) for each item put to a vote. Any completed ballot shall be signed by a member of the Committee, specifying his/her initials and family name.

8.12. A member of the Committee shall deliver the original of his/her completed and

signed ballot to the Secretary of the Committee within two days after the meeting or its copy by electronic mail or by facsimile transmission to be followed by the delivery of the original to the address specified in the ballot.

8.13. Any unsigned ballot or any ballot received after the deadline specified in paragraph 8.12 of these Regulations shall be deemed invalid and shall not be taken into account for the purposes of tallying the votes.

8.14. The votes on the items on the agenda of any in-person meeting of the Committee shall be tallied (counted) in accordance with the votes cast by the members of the Committee who are present at the in-person meeting and the ballots completed and signed by members of the Committee and received by the Secretary of the Committee within the prescribed period. The votes shall be tallied after the deadline for receipt of completed ballots.

Absentee Meeting of the Committee

8.15. The Committee shall hold a meeting with voting in absentia as decided by the Chairman of the Committee.

In the case of any absentee meeting of the Committee, the materials (information) sent to the members of the Committee with respect to the items on the agenda of the absentee meeting shall be accompanied by ballots for voting on the items on the agenda of the meeting in accordance with the form contained in Annex 3 to these Regulations.

8.16. In completing his/her ballot, a member of the Committee shall leave uncrossed only one of the available variants of voting (“for,” “against,” or “abstained”) for each item put to a vote. Any completed ballot shall be signed by a member of the Committee, specifying his/her initials and family name.

8.17. A member of the Committee shall deliver the original of his/her completed and signed ballot to the Secretary of the Committee on or prior to the deadline date and time for receipt of completed ballots or its copy by electronic mail or by facsimile transmission to be followed by the delivery of the original to the address specified in the ballot.

8.18. Any unsigned ballot or any ballot received after the deadline specified in paragraph 8.17 of these Regulations shall be deemed invalid, shall not be taken into account for the purposes of determining whether the meeting has a quorum for voting in absentia, and shall not be taken into account for the purposes of counting the votes and registering the voting results.

8.19. Any absentee meeting of the Committee shall be legally qualified (shall have a quorum) if attended by at least half of the elected members of the Committee.

8.20. The members of the Committee whose ballots are received by the Secretary of the Committee on or prior to the deadline date and time for receipt of completed ballots shall be deemed to have participated in an absentee meeting.

Documenting the Decisions Adopted by Meetings of the Committee

8.21. Decisions at meetings of the Committee shall be adopted by a majority of votes of the participating members of the Committee. For the purposes of deciding on issues at meetings, each member of the Committee shall have one vote. In the event of any equality of votes, the Chairman of the Committee shall have a casting vote. No member of the Committee may appoint any other member of the Committee or any other person to vote on his/her behalf.

8.22. The Secretary of the Committee shall, within three business days after any meeting of the Committee, draw up the minutes of the meeting in accordance with the form contained in Annex 4 to these Regulations.

8.23. The minutes of any meeting of the Committee shall be signed by the Presiding Officer of the meeting and by the Secretary of the Committee. The meeting minutes shall be made in two original copies, one of which shall be sent by the Secretary of the Committee within

one business day after its signature to the Board of Directors with the related materials and recommendations, and the other shall be held in the Committee's archives. All members of the Committee shall be provided with copies of the meeting minutes with the appendices thereto.

8.24. The Presiding Officer and the Secretary of the Committee shall be responsible for accurately keeping the meeting minutes. The Secretary of the Committee shall be responsible for storing the meeting minutes, ballots, materials, and recommendations of the Committee.

8.25. The minutes of any meeting of the Committee shall specify:

- the form of the meeting;
- the date, time, and place of the meeting (the deadline date and time for receipt of completed ballots);
- the list of the members of the Committee who participate in considering the items on the agenda, specifying the form of voting (in person or by ballot), and the list of other persons present at the in-person meeting;
- the agenda;
- proposals submitted by members of the Committee with respect to the items on the agenda;
- the issues put to a vote and the related voting results, specifying the votes cast by each member of the Committee;
- the adopted decisions.

8.26. If so wished by any member of the Committee, the minutes of any meeting of the Committee may be accompanied by a summary of his/her opinion on the items on the agenda of the meeting of the Committee. Any such opinion shall be prepared by a member of the Committee, delivered to the Secretary of the Committee not later than the day immediately following the date of a meeting of the Committee, and attached as an appendix to the minutes of the relevant meeting of the Committee.

9. Interaction with the Company's Bodies and Other Persons

9.1. In its activities, the Audit Committee shall interact with the management bodies, control bodies, and divisions of the Company, with the other committees of the Board of Directors, and with other organizations and persons (with respect to the issues falling within the competence of the Audit Committee).

9.2. The interaction with the Board of Directors is effected:

9.2.1. through the implementation by the Committee of the instructions of the Board of Directors to provide opinions on specific issues falling within the competence of the Committee;

9.2.2. through the recommendations given by the Committee to the Board of Directors with respect to any issue within the scope of the Audit Committee's activities;

9.2.3. through the submission of the Committee's performance report to the Board of Directors for the reporting corporate year at least once a year prior to the Annual General Meeting of Shareholders;

9.2.4. through the submission of the Committee's progress report to the Board of Directors at any time during the year as decided by the Board of Directors;

9.2.5. through dealing with other issues falling within the competence of the Committee.

9.3. The interaction with the internal audit of the Company is effected:

9.3.1. through the review by the Audit Committee of the action plan of the internal audit and the budget of the internal audit division, and of the internal audit policy/amendments to the internal audit policy of the Company;

9.3.2. through the inspections initiated by the Committee and other assignments (within the competence of the internal audit);

9.3.3. through the exercise by the chief internal audit executive of his/her right to participate in meetings of the Committee with respect to internal audit, internal control, risk management, and corporate governance and his/her right of direct access to the Committee;

9.3.4. through the consideration by the Committee of information about progress in implementing the action plan of the internal audit;

9.3.5. through the consideration by the Audit Committee of the results of the annual evaluation of the status and effectiveness of the Company's and SDCs' internal control, risk management, and corporate governance systems; the principal trends found by audits in the Company's and SDCs' activities; the practices of implementing the Company's internal audit function, including information on whether there are any constraints on the activities, whether the internal audit is independent, and whether there sufficient resources;

9.3.6. through the meeting held at least once a quarter between the chief internal audit executive and the Audit Committee or its Chairman to discuss the issues falling within the competence of the internal audit division;

9.3.7. through the effective interaction ensured by the Committee between the internal and external auditors of the Company.

9.4. The interaction with the Internal Audit Commission of the Company is effected:

9.4.1. through the consideration of the information provided by the Internal Audit Commission of the Company about the financial and economic activities of the Company;

9.4.2. through the consideration of the information provided by the Internal Audit Commission about all cases of failure by the Company's employees, including managers, to comply with the requirements of the Internal Audit Commission in relation to providing the necessary documents and about the refusal to give any explanations required by the Internal Audit Commission.

9.5. The interaction with the external auditor(s) of the Company is effected:

9.5.1. through the review of the Company's accounting (financial) statements prepared in accordance with RAS, the ROSSETI Group's consolidated financial statements prepared in accordance with IFRS, and the annual formal written report (written information) of the Company's auditor; through the comments received from the external auditor in relation to the principal aspects/problems of reporting;

9.5.2. through the review of the auditors' reports on the reliability of the Company's annual accounting (financial) statements prepared in accordance with RAS and the ROSSETI Group's consolidated financial statements prepared in accordance with IFRS;

9.5.3. through the assessment by the Committee of the auditors' reports on the Company's annual accounting (financial) statements prepared in accordance with RAS. Information concerning the Audit Committee's assessment of the external auditors' reports shall be publicly disclosed by the Company.

9.6. The interaction with the executive bodies of the Company (the sole executive body/Management Board) and the divisions/working groups of the Company is effected through the provision of information and materials necessary for members of the Committee to decide on the issues falling within the competence of the Committee.

10. Confidentiality

10.1. For the duration of their duties and for a period of three (3) years after the completed performance of their duties on the Committee, the current (former) members of the Committee, the Secretary of the Committee, and any third parties engaged to serve on the Committee shall keep confidential the Company's proprietary information and the Company's insider information received in relation to their activities on the Committee. The scope of the

Company's proprietary information and the Company's insider information shall be determined by the authorized body of the Company.

10.2. Members of the Committee, the Secretary of the Committee, and any third parties engaged to serve on the Committee shall be entitled to receive the information specified in paragraph 10.1 of these Regulations provided that they enter into the Confidentiality Agreement with the Company (Annex 5 to these Regulations).

10.3. Any documents related to the activities of the Committee shall be stored at the Company's office in accordance with the document storage procedure of the Company. The Secretary of the Committee shall be responsible for storing the above-mentioned documents.

11. Support for the Committee's Activities

11.1. A separate financing item (the budget of the Committee) shall be used to support the Committee's activities. As part of the Company's budget, the budget of the Committee shall ensure that the Committee's activities are adequately financed.

11.2. The Chairman of the Committee shall, jointly with the Secretary of the Committee, prepare proposals concerning the total amount of the budget (with itemized information) for consideration by members of the Committee at the first meeting of the Committee after their election. The proposals (adjustments) approved by the Committee with respect to the total amount of the budget shall be submitted for approval by the Board of Directors of the Company.

11.3. The results of implementing the annual budget of the Committee shall be discussed by members of the Committee and submitted to the Board of Directors of the Company as part of the annual performance report of the Committee.

11.4. Remuneration and compensation for serving on the Committee shall be paid to the Chairman of the Committee, the Deputy Chairman of the Committee, and the members of the Committee in accordance with the Regulations for Remuneration and Compensation for Members of the Board of Directors approved by the decision adopted by the Annual General Meeting of Shareholders of the Company as part of the total budget of the Board of Directors.

11.5. The Company shall provide a room for meetings and sessions of the Committee, shall provide members of the Committee and invitees with unhampered access thereto, and shall take other measures to hold meetings and/or sessions of the Committee.

12. Reports of the Committee

12.1. The Chairman of the Committee shall submit to the Board of Directors the Committee's performance reports on an annual basis, stating the following information:

- the number of the meetings held;
- the issues considered and the recommendations formulated, including the most significant circumstances of preparing the accounting (financial) statements, evaluating the effectiveness of external audit, and electing and reelecting the external auditor;
- the results of the Committee's budget implementation;
- the results of the performance evaluation of the members of the Committee of the Committee as a whole;
- other material facts at the discretion of the Committee.

12.2. The Chairman of the Committee may submit to the Board of Directors separate reports on inquiries into the issues falling within the competence of the Committee.

12.3. The Board of Directors shall be entitled to request at any time that the Committee submit a report on the current activities of the Committee. Any such report shall be prepared and submitted within the period determined by the Board of Directors.

13. Final Provisions

13.1. These Regulations and any amendments and supplements hereto shall be approved by the Board of Directors.

13.2. Any matters not covered by these Regulations shall be governed by the applicable laws of the Russian Federation, the Articles of Association of the Company, the Regulations for the Board of Directors, other internal documents of the Company, and decisions of the Board of Directors.

13.3. If, as a result of any change in the laws or legal regulations of the Russian Federation, any paragraphs (provisions) of these Regulations come into conflict therewith, such paragraphs (provisions) shall become null and void, and the activities of the members of the Committee shall, until these Regulations are amended, be governed by the laws of the Russian Federation.

13.4. These Regulations and information about the members of the Committee and, if necessary, certain decisions of the Committee shall be posted on the Company's website. The Secretary of the Committee shall be responsible for posting the information specified in this paragraph.



**AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF PJSC ROSSETI**

**To the Members of the
Audit Committee
of the Board of Directors
of PJSC ROSSETI**

**NOTICE
of the Meeting of the Audit Committee
of the Board of Directors of PJSC ROSSETI**

Dear Members of the Committee:

Please be hereby advised that the Audit Committee of the Board of Directors of PJSC ROSSETI will hold a meeting with voting in absentia on _____, 20__.

Agenda of the meeting of the Audit Committee:

1. _____:
2. _____:

Chairman of the Audit Committee
of the Board of Directors
of PJSC ROSSETI

(_____)



**AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF PJSC ROSSETI**

BALLOT

**for Voting on the Items on the Agenda of the In-person Meeting
of the Audit Committee of the Board of Directors of PJSC ROSSETI**

_____, 20__

Agenda item:

1. _____

Decision (as resolved by the meeting):

1. _____

FOR

AGAINST

ABSTAINED

(please leave uncrossed your variant of voting)

Agenda item:

2. _____

Decision (as resolved by the meeting):

2. _____

FOR

AGAINST

ABSTAINED

(please leave uncrossed your variant of voting)

Agenda item:

i. _____

Decision (as resolved by the meeting):

i. _____

FOR

AGAINST

ABSTAINED

(please leave uncrossed your variant of voting)

The completed and signed ballot shall be sent by facsimile at _____ or by electronic mail at _____ or shall be delivered to the Secretary of the Audit Committee prior to or on _____.
/date, time/

Any ballot received after the deadline specified above will be held invalid and will not be taken into account for the purposes of establishing whether the meeting has a quorum or for the purposes of tallying the votes.

Please send the original of your ballot to: _____.

Member of the Audit Committee
of the Board of Directors of PJSC ROSSETI _____ / _____ /
(signature) (name)

Chairman of the Audit Committee
of the Board of Directors of PJSC ROSSETI _____ / _____ /
(signature) (name)

**NOT VALID UNLESS SIGNED BY THE CHAIRMAN AND THE MEMBER
OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**



**AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF PJSC ROSSETI**

BALLOT

**for Voting on the Items on the Agenda of the Absentee Meeting
of the Audit Committee of the Board of Directors of PJSC ROSSETI**

_____, 20__

Agenda item:

1. _____

Decision:

1. _____

FOR

AGAINST

ABSTAINED

(please leave uncrossed your variant of voting)

Agenda item:

2. _____

Decision:

2. _____

FOR

AGAINST

ABSTAINED

(please leave uncrossed your variant of voting)

Agenda item:

i. _____

Decision:

i. _____

FOR

AGAINST

ABSTAINED

(please leave uncrossed your variant of voting)

The completed and signed ballot shall be sent by facsimile at _____ or by electronic mail at _____ or shall be delivered to the Secretary of the Audit Committee prior to or on _____.

/date, time/

Any ballot received after the deadline specified above will be held invalid and will not be taken into account for the purposes of establishing whether the meeting has a quorum or for the purposes of tallying the votes.

Please send the original of your ballot to: _____.

Member of the Audit Committee
of the Board of Directors of PJSC ROSSETI _____ / _____ /
(signature) (name)

**NOT VALID UNLESS SIGNED BY THE MEMBER
OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**



**PUBLIC JOINT STOCK COMPANY
ROSSETI**

**MINUTES
of the Meeting of the Audit Committee of the Board of Directors
of PJSC ROSSETI**

[place] _____, 20__

Form of the meeting: _____
in-person meeting (with voting in person)/absentee meeting (with voting in absentia)

Date, time, and place of the meeting/Deadline date and time for receipt of completed ballots:

Committee members present at the meeting/participating in the absentee meeting:

Invitees (in the case of in-person meetings):

The meeting had a quorum.

Agenda:
1. _____
2. _____
... _____
i. _____

Concerning Item 1: _____

DECISION:

1.1. _____

Voting results: _____.

Concerning Item 2: _____.

DECISION:

2.1 _____

Voting results: _____.

Concerning Item i: _____.

DECISION:

i.1 _____

Voting results: _____.

Dissenting opinions by members of the Audit Committee _____
(Committee member names)

are attached hereto/none.

Ballots attached.

(in the case of absentee meetings)

Chairman the Audit Committee _____ (_____)

Secretary the Audit Committee _____ (_____)

CONFIDENTIALITY AGREEMENT

Moscow _____, 20__

Public Joint Stock Company ROSSETI (hereinafter, "PJSC ROSSETI"), represented by _____, acting under _____, on the one part, and _____, elected to the Audit Committee of the Board of Directors of PJSC ROSSETI by the decision of the Board of Directors of _____, 201__, (Minutes No. ___ of _____) (hereinafter, the "Recipient"), on the other part, hereinafter collectively referred to as the "Parties," enter into this Agreement whereby it is agreed as follows:

In order to provide support for the Board of Directors of PJSC ROSSETI in the performance of its functions, the Board of Directors of PJSC ROSSETI establishes the Audit Committee as an advisory and deliberative body acting in accordance with the Regulations for the Audit Committee of the Board of Directors of PJSC ROSSETI.

In connection with the exercise of his/her rights and the performance of his/her duties, the Recipient is provided with access to confidential information that is disclosed to the Recipient and marked as "proprietary information." Within the scope of this Confidentiality Agreement (hereinafter, the "Agreement"), the Parties agree upon the terms and conditions relating to restrictions on the use of such information and the subsequent disclosure thereof.

Confidentiality and Restricted Use

1. For the purposes of this Agreement, the term "Confidential Information" shall, in whole or in part, mean any or all information of any kind, whether oral, written, or electronic, that concerns PJSC ROSSETI (hereinafter, the "Disclosing Party"), pertains to its activities, is of actual or potential commercial value because it is unknown to third parties, and is disclosed by the Disclosing Party to the Recipient in accordance with this Agreement, together with all archived records or copies of such information or extracts therefrom contained in data media of any kind.

The Recipient shall protect the Confidential Information with the same degree of care as he/she applies to protect his/her own proprietary confidential information, and such Confidential Information shall not be used, reproduced, or referred to by the Recipient for any purposes. The Confidential Information shall not be disclosed by the Recipient to any third party, whether an individual or a corporate entity.

2. The Recipient may not provide the Confidential Information for any other persons using or able to use it for the purposes that have led or might lead to its disclosure or any other misuse or use prohibited under law and this Agreement, including its use for the purposes of personal enrichment or assistance with enrichment of other persons, whether affiliated to them or not.

The Recipient shall notify the Committee of all of his/her planned and/or completed transactions involving securities of PJSC ROSSETI and subsidiaries and dependent companies of PJSC ROSSETI.

3. The Recipient shall be liable in accordance with the laws of the Russian Federation with respect to acts of his/her affiliates, including, but not limited to, his/her spouse, parents, children, brothers and sisters of the whole blood and of the half blood, adoptive parents and adoptees, and other persons deemed to be affiliates under law, in relation to the Confidential Information received from the Recipient if such acts have led or might lead to its disclosure or any other misuse, including its use for the purposes of personal enrichment or assistance with enrichment of other persons, or have caused losses to PJSC ROSSETI.

4. This Agreement shall not be construed as granting the Recipient any licenses or any other rights in relation to the Confidential Information or its subsequent use.

Return of the Confidential Information

5. At the Disclosing Party's request or at the Disclosing Party's sole discretion, any and all Confidential Information in any form that the Recipient receives or acquires from the Disclosing Party or for the Disclosing Party shall be returned or, if this is not possible, shall be destroyed within seven (7) days after the receipt of such request, and no copies of such information or data pertaining to such information or extracts therefrom (in any form) shall remain with the Recipient, and the Recipient shall not use or reproduce such information thereafter, in whole or in part, for any purposes whatsoever.

Term and Termination of the Agreement

6. This Agreement shall become effective as of its execution and shall remain in full force and effect for the duration of the duties performed by any persons as the current (former) members of the Audit Committee, the Secretary of the Audit Committee, and third parties engaged to serve on the Audit Committee and for a period of three years after the completed performance of the duties on the Audit Committee and the duties of third parties engaged to serve on the Audit Committee.

Governing Law

7. This Agreement shall be governed by the laws of the Russian Federation.

Any claim or controversy which may arise out of or in connection with this Agreement or relating to this Agreement or the legal relationship established by this Agreement shall be referred by the Parties to the competent court having jurisdiction over the domicile of PJSC ROSSETI.

Miscellaneous

8. As of the date of its signing, this Agreement shall constitute the entire agreement between the Parties with respect to the subject matter hereof and, upon its execution, shall supersede and replace any previous arrangements, documents, memorandums, and communications, whether oral or written, between the Parties with respect to the subject matter of this Agreement.

No amendment and/or supplement to this Agreement shall be effective except in writing and signed by both Parties.

This Agreement is made in two identical copies, one copy for each of the Parties.

Legal Addresses and Particulars of the Parties:

Disclosing Party

Recipient

PJSC ROSSETI

Member of the Audit Committee
of the Board of Directors of PJSC ROSSETI

_____ (_____)

_____ (_____)