

APPROVED
by the decision of the Annual General Meeting of
Shareholders of JSC ROSSETI
June 30, 2014

REGULATIONS
FOR THE INTERNAL AUDIT COMMISSION
OF JSC ROSSETI
(restated version)

Moscow
2014

1. General

1.1. These Regulations for the Internal Audit Commission of JSC ROSSETI (hereinafter, the "Company") are formulated in accordance with the Federal Law "On Joint-Stock Companies" and the Articles of Association of the Company, define the objectives and operating procedures of the Internal Audit Commission, and govern the issues relating to the interaction with the Company's management bodies and divisions.

1.2. The Internal Audit Commission shall be composed of 5 members elected by the General Meeting of Shareholders in accordance with the procedure set forth in the Articles of Association of the Company and these Regulations.

1.3. The Internal Audit Commission is a standing body responsible for internal control within the Company and conducting regular audits of the financial and economic activities of the Company, its separate divisions, officers of the Company's management bodies and the divisions of the Company's executive arm for their compliance with the laws of the Russian Federation, the Articles of Association of the Company, and internal documents of the Company.

1.4. The Internal Audit Commission shall act to the benefit of the Company's shareholders Company and shall be accountable to the General Meeting of Shareholders of the Company.

1.5. The activities of the Internal Audit Commission shall be independent of officers of the Company's management bodies and the heads of divisions of the Company's executive arm.

1.6. The activities of the Internal Audit Commission shall be governed by the laws of the Russian Federation, the Articles of Association of the Company, these Regulations, and other internal documents of the Company approved by the General Meeting of Shareholders of the Company.

2. Objectives of the Internal Audit Commission of the Company

2.1. The principal objectives of the Internal Audit Commission of the Company are as follows:

- a) conduct audits of the financial and economic activities of the Company;
- b) ensure supervision of the compliance of the Company's financial and economic transactions with the laws of the Russian Federation and the Articles of Association of the Company;
- c) make an independent assessment of information about the Company's financial standing.

3. Chairman and Secretary of the Internal Audit Commission

3.1. The Chairman of the Internal Audit Commission shall be a member of the Internal Audit Commission of the Company who is elected by a majority of votes of all elected members of the Internal Audit Commission of the Company. The members of the Internal Audit Commission of the Company may at any time reelect the Chairman of the Internal Audit Commission by a majority of votes of all elected members of the Internal Audit Commission of the Company.

3.2. The Secretary of the Internal Audit Commission of the Company shall be a member of the Internal Audit Commission of the Company who is elected by a majority of votes of all elected members of the Internal Audit Commission of the Company. The members of the Internal Audit Commission of the Company may at any time reelect the Secretary of the Internal Audit Commission by a majority of votes of all elected members of the Internal Audit Commission of the Company.

3.3. The Chairman and the Secretary of the Internal Audit Commission of the Company shall be elected not later than fifteen (15) business days after the election of new members of

the Internal Audit Commission of the Company.

4. Rights and Obligations of the Internal Audit Commission

4.1. The exercise by the Company's Internal Audit Commission of its powers shall be governed only by the requirements set forth in the laws of the Russian Federation, the Articles of Association of the Company, and decisions of the General Meeting of Shareholders of the Company.

4.2. The powers of the Internal Audit Commission of the Company are as follows:

1) have free access to all office premises of the Company;

2) seal safety vaults, stockrooms, archives, and other office premises of the Company for a period during which the valuables and documents contained therein are checked for availability;

3) seize separate filed documents (with a statement of seizure and copies of seized documents to be left in files) if any audit reveals forgeries, falsifications, or any other wrongdoings;

4) obtain from officers of the Company's management bodies and from the heads and employees of divisions of the Company's executive arm written explanations regarding issues arising during audits;

5) issue instructions to officers of the Company's management bodies and to the heads of divisions of the Company's executive arm, stating that they should take immediate measures in connection with any revealed nonconformance if failure to take such measures may lead to the loss of valuables or documents or may encourage further misconduct;

6) request the convocation of the Extraordinary General Meeting of Shareholders of the Company and a meeting of the Board of Directors of the Company in accordance with the procedure set forth in the laws of the Russian Federation, the Articles of Association of the Company, and these Regulations;

7) request that officers of the Company's management bodies, the heads of the Company's separate divisions, and the heads of divisions of the Company's executive arm provide the documents and materials necessary for the Internal Audit Commission to carry out audits of the Company's financial and economic activities;

8) submit for review by officers of the Company's management bodies an issue with respect to holding the Company's employees, including officers of the Company's management bodies, disciplinarily and financially liable if they are in breach of the Articles of Association of the Company and internal documents of the Company;

4.3. The Chairman of the Internal Audit Commission of the Company shall:

1) convene and hold meetings of the Internal Audit Commission of the Company;

2) approve the agenda of any meeting of the Internal Audit Commission of the Company and resolve all necessary issues in connection with preparing and holding the meeting of the Internal Audit Commission of the Company;

3) organize the day-to-day activities of the Internal Audit Commission of the Company;

4) represents the Internal Audit Commission at the General Meeting of Shareholders of the Company and meetings of the Board of Directors of the Company;

5) sign the minutes of any meeting of the Internal Audit Commission and other documents prepared in the name of the Internal Audit Commission of the Company.

4.4. The Secretary of the Internal Audit Commission of the Company shall:

1) arrange for taking the minutes of meetings of the Internal Audit Commission;

2) ensure that the Company's management bodies are promptly informed of the audit results and distribute copies of reports made by the Internal Audit Commission of the Company;

3) prepare and sign the minutes of meetings of the Internal Audit Commission of the Company;

4) arrange for office administration, document management, and document storage for the Internal Audit Commission of the Company;

5) ensure that the members of the Internal Audit Commission of the Company are

notified of meetings of the Internal Audit Commission, scheduled and unscheduled audits of the Company's activities;

6) perform other functions provided for in these Regulations.

4.5. The members of the Internal Audit Commission of the Company shall have the following obligations:

1) participate personally in meetings of the Internal Audit Commission and in audits of the Company's financial and economic activities;

2) ensure that any received information is kept confidential and prevent any unauthorized disclosure of information acquired during audits;

3) in accordance with the procedure set forth in the Articles of Association of the Company, request the convocation of the Extraordinary General Meeting of Shareholders of the Company if there is a real threat to the Company's interests;

4) report to the General Meeting of Shareholders of the Company on the results of scheduled and unscheduled audits of the Company's financial and economic activities, on any failure by members of the Board of Directors, the Director General, and other officers of the Company's management bodies to comply with the laws of the Russian Federation, the Articles of Association of the Company and internal documents of the Company;

5) at least forty-five (45) days prior to the date of the Annual General Meeting of Shareholders of the Company, submit to the Board of Directors of the Company a report on the results of an annual audit of the Company's activities, including an evaluation of the Company's annual report.

4.6. The members of the Internal Audit Commission who take part in any meeting and have an opinion different from the opinion reached by the meeting discussing the audit results may give a dissenting opinion. A dissenting opinion shall be an integral part of the minutes of the meeting of the Internal Audit Commission.

4.7. The members of the Internal Audit Commission of the Company may not simultaneously be members of the Board of Directors of the Company or hold any other office in the Company's management bodies or be members of the Counting Commission of the General Meeting of Shareholders of the Company.

4.8. The shares owned by the members of the Board of Directors of the Company or the persons who hold office in the Company's management bodies may not participate in voting on the election of the members of the Internal Audit Commission.

4.9. Pursuant to the decision to carry out an audit (inspection), the Internal Audit Commission may engage specialists in the relevant fields (law, economics, finance, business accounting, management, economic security, etc.), including specialist organizations, to carry out such audit (inspection).

5. Organization of the Work of the Internal Audit Commission of the Company

5.1. The meetings of the Internal Audit Commission of the Company shall be held and the audits of the Company's activities shall be conducted in accordance with the approved Action Plan for the Internal Audit Commission of the Company unless otherwise provided for in these Regulations.

5.2. The Action Plan for the Internal Audit Commission of the Company shall be approved by the Internal Audit Commission not later than forty-five (45) days after new members of the Internal Audit Commission are elected at the General Meeting of Shareholders. The Chairman shall prepare and submit for review by the Internal Audit Commission the draft of the Action Plan for the Internal Audit Commission of the Company.

5.3. The Action Plan for the Internal Audit Commission of the Company shall include:

1) auditees (types of the Company's financial and economic activities, specific areas of the Company's activities);

2) audit form for each auditee (desk audit, field audit (at the place of the auditee));

3) audit schedule for the Company's activities, approximate audit dates (annual,

quarterly);

4) schedule for meetings of the Internal Audit Commission to discuss the preparation and conducting of audits of the Company's activities;

5) a list of the financial and/or economic documents necessary to carry out an audit of each auditee;

6) the members of the Company's Internal Audit Commission responsible for making preparations for audits, collecting information and necessary documents and materials;

7) other issues connected with making arrangements for meetings of the Company's Internal Audit Commission and its audits.

6. Meetings of the Internal Audit Commission of the Company

6.1. The meetings of the Internal Audit Commission of the Company shall be held to resolve any organizational issues related to the activities of the Internal Audit Commission and discuss each audit before and after such audit.

6.2. The meeting of the Internal Audit Commission of the Company held before each audit shall consider the following issues related to preparing and carrying out the forthcoming audit:

1) determine the auditee (accounting and statistical statements, etc.);

2) define the procedure, dates, and scope of the audit;

3) make a list of the information and materials necessary for the audit and determine the sources of them;

4) make a list of the persons who should be involved in the audit (for explanations, for clarification of specific issues);

5) set the date for the meeting of the Internal Audit Commission to discuss the audit results;

6) appoint a member of the Internal Audit Commission to prepare the draft of the report of the Internal Audit Commission for the meeting of the Internal Audit Commission discussing the audit results;

7) resolve other issues.

The meeting of the Internal Audit Commission to discuss the issues related to preparing and carrying out the audit may be held without voting in person through voting in absentia (by ballot).

6.3. The meeting of the Internal Audit Commission of the Company held to discuss the results of each audit shall consider the following issues:

1) discuss the information acquired during the audit and discuss the sources of such information;

2) tabulate the audit results;

3) consolidate the conclusions and formulate proposals based of the audit results;

4) approve and sign the report of the Internal Audit Commission;

5) establish and analyze the causes of noncompliance with the laws of the Russian Federation and the Articles of Association of the Company and discuss possible ways to remedy and prevent it in the future;

6) decide to approach the Company's management bodies, their officers, and the heads of divisions of the Company's executive arm about remedying any nonconformance revealed by the audit and holding liable the persons committing such nonconformance;

7) resolve other issues connected with the audit results.

6.4. The regular meetings of the Internal Audit Commission of the Company shall be held as scheduled by the Action Plan for the Internal Audit Commission of the Company.

6.5. The extraordinary meetings of the Internal Audit Commission of the Company shall be convened by the Chairman of the Internal Audit Commission at his/her own discretion or on the initiative of a member of the Internal Audit Commission and pursuant to the decision of the General Meeting of Shareholders of the Company or the Board of Directors of the Company or at the request of the Company's shareholders (holding at least 10 percent of the Company's

voting shares) to carry out an audit of the Company's financial and economic activities.

6.6. While making preparations for any meeting of the Internal Audit Commission, the Chairman of the Internal Audit Commission of the Company shall:

- 1) set the date, time, and place of the meeting (tabulation of the absentee voting results);
- 2) determine the form of the meeting (with voting in person or in absentia);
- 3) approve the agenda of the meeting;
- 4) make a list of the materials and documents (information) necessary to review the items on the agenda of the meeting of the Internal Audit Commission;
- 5) make a list of the persons invited to attend the meeting of the Internal Audit Commission (in the case of an in-person meeting);
- 6) resolve other issues connected with preparing and holding the meeting of the Internal Audit Commission of the Company.

6.7. Notice of the meeting of the Internal Audit Commission of the Company shall be given to the members of the Internal Audit Commission at least ten (10) days prior to the date of the meeting.

In the case of voting in absentia where provided for in these Regulations, notice of the meeting with voting in absentia shall be accompanied by the materials related to the agenda and a ballot to be sent at least ten (10) days prior to the date when the voting results will be tabulated.

6.8. If any noncompliance of the Company's activities with the laws of the Russian Federation, the Articles of Association of the Company, and other internal documents of the Company is found, the Chairman of the Internal Audit Commission shall convene a special meeting of the Internal Audit Commission to decide on an unscheduled audit.

6.9. If the noncompliance specified in paragraph 6.8 of these Regulations is found, the member of the Internal Audit Commission shall, not later than three (3) business days after the time when such noncompliance is found, send to the Chairman of the Internal Audit Commission a written statement describing the nature of such noncompliance and specifying the persons committing it.

6.10. If the circumstances specified in paragraphs 6.8 and 6.9 of these Regulations occur, the Chairman of the Internal Audit Commission shall, within ten (10) days after receipt of information about such noncompliance, convene a special meeting of the Internal Audit Commission to be held as an in-person meeting.

6.11. Any meeting of the Internal Audit Commission with voting in person shall be held in the following order:

- 1) the Chairman of the Internal Audit Commission declares the meeting open;
- 2) it is determined whether the meeting of the Internal Audit Commission has a quorum;
- 3) the items of the agenda are announced;
- 4) reports, statements, and accounts are presented and discussed in relation to the items on the agenda;
- 5) the Chairman of the Internal Audit Commission formulates the draft of the decision in relation to the items on the agenda;
- 6) the participants vote on the items on the agenda;
- 7) the voting results are tabulated;
- 8) the decisions adopted by the Internal Audit Commission in relation to the items on the agenda are announced.

6.12. Any meeting of the Internal Audit Commission of the Company with voting by ballot shall be held in the following order:

- 1) the ballots received from members of the Internal Audit Commission by the deadline specified in the ballots are accepted and counted;
- 2) it is determined whether the meeting of the Internal Audit Commission has a quorum;
- 3) the votes represented by the ballots are counted, and the voting results are tabulated;
- 4) the minutes of the meeting of the Internal Audit Commission are prepared.

6.13. Any meeting of the Internal Audit Commission of the Company shall be legally qualified (shall have a quorum) if attended by more than half of the members of the Internal Audit Commission of the Company. If the meeting of the Internal Audit Commission does not have a quorum, it shall be postponed, but not more than for a period of ten (10) days.

6.14. Any decision regarding the items on the agenda of the meeting of the Internal Audit Commission shall be adopted by a majority of votes of the members of the Internal Audit Commission of the Company.

For the purposes of deciding on any issue at meetings of the Internal Audit Commission, each member of the Internal Audit Commission shall have one vote.

In the event of any equality of votes of members of the Internal Audit Commission, the Chairman of the Internal Audit Commission shall have a casting vote.

6.15. The Secretary of the Internal Audit Commission shall take the minutes of the meeting of the Internal Audit Commission.

6.16. The minutes of the meeting of the Internal Audit Commission of the Company shall contain:

- 1) the date, time, and place of the meeting (tabulation of the voting results);
- 2) a list of the members of the Internal Audit Commission and the persons present at the meeting;
- 3) information about whether the meeting has a quorum;
- 4) the issues included on the agenda of the meeting;
- 5) key points of the reports, statements, and accounts in relation to the items on the agenda (only in the case of an in-person meeting);
- 6) the voting results;
- 7) the decisions adopted by the Internal Audit Commission.

6.17. The minutes of the meeting of the Internal Audit Commission of the Company shall be made in two copies within 5 days from the date of the meeting (tabulation of the voting results) and shall be signed by the Chairman and the Secretary of the Internal Audit Commission of the Company.

6.18. The Company shall store the minutes of meetings of the Internal Audit Commission and make them available to the Company's shareholders at their request.

7. Audit Procedure

7.1. Any scheduled audit of the Company's financial and economic activities shall be conducted in accordance with the approved annual Action Plan for the Internal Audit Commission of the Company.

7.2. Any unscheduled audit of the Company's financial and economic activities shall be conducted:

- 1) pursuant to the decision of the Internal Audit Commission of the Company;
- 2) pursuant to the decision of the General Meeting of Shareholders and the Board of Directors of the Company;
- 3) at the request of the Company's shareholder(s) holding an aggregate of at least ten (10) percent of the Company's voting shares.

7.3. Unless otherwise provided for in the decision of the Internal Audit Commission, the General Meeting of Shareholders, or the Board of Directors of the Company regarding an unscheduled audit, the meeting of the Internal Audit Commission of the Company that shall be held in accordance with paragraph 7.2 of these Regulations shall take place not later than fifteen (15) business days after:

- 1) the Internal Audit Commission decides on carrying out an unscheduled audit;
- 2) the Chairman of the Internal Audit Commission receives the decision of the General Meeting of Shareholders or the Board of Directors of the Company regarding an unscheduled audit.

The meeting of the Internal Audit Commission of the Company that shall be held in accordance with paragraph 7.2 of these Regulations at the request of the Company's

shareholder(s) holding an aggregate of at least ten (10) percent of the Company's voting shares regarding an unscheduled audit shall take place not later than fifteen (15) business days after receipt of such request from the Company's shareholder(s).

7.4. Any audit of the financial and economic activities of the Company shall include as follows:

1) define the regulatory and legal framework governing the audited area of the Company's activities;

2) collect and analyze financial and economic documents of the Company, indicators of accounting and statistical statements and other documents of the Company, obtain written and oral explanations with respect to the auditee;

3) inspect storehouses, archives, and other office premises of the Company;

4) identify the signs of noncompliance of the Company's financial and economic activities with the laws in force in the Russian Federation, misstated and unreliable information about the Company's activities in accounting, statistical, and other statements and documents of the Company;

5) do any other acts to ensure a comprehensive and unbiased audit of the Company's financial and economic activities within the limits of the Internal Audit Commission's powers specified by these Regulations.

7.5. While carrying out an audit, members of the Internal Audit Commission of the Company request that the Company's management bodies, the heads of the Company's separate divisions, the heads of divisions of the Company's executive arm, and other persons who have any necessary documents and materials provide the Internal Audit Commission with such documents and materials.

Any requested documents and materials shall be made available to members of the Internal Audit Commission of the Company within two (2) business days after receipt of the request.

7.6. A member of the Internal Audit Commission of the Company shall be provided with access to books, records, business correspondence, and other information relating to the relevant auditee.

7.7. For the purposes of audits, members of the Internal Audit Commission of the Company shall properly examine all of the received documents and materials relating to the auditee.

7.8. Officers of the Company's management bodies, the heads of the Company's separate divisions, and the heads of divisions of the Company's executive arm shall:

1) create for auditors the conditions ensuring that the audit is conducted efficiently, provide members of the Internal Audit Commission with all necessary information and documents, and give oral and written clarifications and explanations at their oral or written request;

2) promptly remedy any nonconformance revealed by the Internal Audit Commission, including with respect to business accounting and the preparation of accounting and other financial statements;

3) during an audit, do no acts aiming to limit the scope of issues that shall be clarified during an audit.

8. Report of the Internal Audit Commission of the Company

8.1. Based on the results of an audit of the Company's financial and economic activities, the Internal Audit Commission shall make a report, which is an internal control document of the Company.

8.2. Any report of the Internal Audit Commission shall consist of three parts: introductory, analytical, and concluding.

8.3. The introductory part of the report of the Internal Audit Commission shall include:

- 1) the full name of the document: "Report of the Internal Audit Commission of JSC ROSSETI";
- 2) the date and place of preparing the report;
- 3) the date (period) and place of the audit;
- 4) grounds for the audit (decision of the Company's Internal Audit Commission, General Meeting of Shareholders, Board of Directors, shareholder(s));
- 5) the purpose of the audit (determining whether the Company's activities are lawful, whether its accounting and other documents are reliable and comply with the laws of the Russian Federation, etc.);
- 6) the auditee (the Company's specific activities, financial and economic documents, including accounting and statistical statements, etc.);
- 7) a list of the regulatory and other documents governing the Company's activities, which documents are used for the audit.

8.4. The analytical part shall contain an unbiased assessment of the auditee's state and shall include:

- 1) the general results of inspecting the Company's records and accounts and other documents relating to the financial and economic activities of the Company;
- 2) the general results of inspecting the compliance of financial and economic activities with the laws of the Russian Federation.

8.5. The concluding part of the report of the Company's Internal Audit Commission is the substantiated conclusions of the Internal Audit Commission and shall contain:

- 1) confirmation that the data contained in statements and other financial documents of the Company are reliable;
- 2) information about any noncompliance of the Company's financial and economic activities with the accounting and financial reporting procedure prescribed by the laws of the Russian Federation and with legal regulations of the Russian Federation;
- 3) recommendations and suggestions to correct the causes and effects of noncompliance with the laws of the Russian Federation, the Articles of Association, and internal documents of the Company.

8.6. Any report of the Internal Audit Commission of the Company shall be made in three (3) copies not later than ten (10) days after the audit and shall be signed by all members of the Internal Audit Commission and the specialists and experts engaged to carry out the audit at the meeting of the Internal Audit Commission held to discuss the audit results. The report shall state that it has been read by the Director General and the Chief Accountant of the Company.

In the event of any disagreement among members of the Internal Audit Commission over some issue or other, the signed report of the Internal Audit Commission shall be accompanied by a memorandum of disagreement. The report of the Internal Audit Commission shall be accompanied by a document stating a dissenting opinion and signed by a member of the Internal Audit Commission or a specialist or expert.

One copy of the report shall be kept by the Internal Audit Commission, and the two remaining copies shall be delivered to the Board of Directors and the Director General of the Company.

8.7. The Company shall store the reports of the Internal Audit Commission and make them available to the Company's shareholders at their request.