

**APPROVED**

by resolution of the annual General Meeting of  
Shareholders of IDGC of Volga, PJSC dated June  
16, 2015

Minutes No. 9/2015 dated June 18, 2015

**R E G U L A T I O N S**  
**on the Internal Audit Commission**  
**of IDGC of Volga, PJSC**  
(new version)

Saratov  
2015

## **1. General**

1.1. These Regulations on the Internal Audit Commission of Public Joint Stock Company “Interregional Distribution Grid Company of Volga” (the “Regulations”) constitute an internal document of IDGC of Volga, PJSC (the “Company”) prepared 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 management bodies and heads of its standalone subdivisions and business units of the Company.

1.2. The Internal Audit Commission of the Company is an elected standing acting body responsible for internal control within the Company and conducting regular audits of the financial and economic activities of the Company, its standalone subdivisions, officials of management bodies and structural subdivisions of the Executive Board of the Company by means of conducting desk and field audits of:

1) legality, economic feasibility and effectiveness (practicability) of business transactions and financial operations conducted by the Company during the period under review;

2) completeness and accuracy of recording of business and financial operations in the documents of the Company.

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

1.4. The Internal Audit Commission functions independently of the officials of the management bodies of the Company.

1.5. The Internal Audit Commission bears responsibility to the General Meeting of Shareholders for fair and accurate representation of results of completed inspections.

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**

2.1. The Internal Audit Commission has the following objectives:

- 1) exercise control over financial and business activities of the Company;
- 2) make an independent assessment of reliability of the information contained in the annual report and the annual financial statements of the Company.

### **3. Election, composition and term of powers of the Internal Audit Commission**

3.1. The Internal Audit Commission shall be elected at the General Meeting of Shareholders for the term till the next annual General Meeting of Shareholders in accordance with the procedure set forth in the Federal Law “On Joint-Stock Companies” and the Articles of Association of the Company.

If the Internal Audit Commission of the Company is elected at the extraordinary General Meeting of Shareholders, members of the Internal Audit Commission of the Company are considered to have been elected for a period until the date of the annual General Meeting of Shareholders.

3.2. According to the Articles of Association of the Company the Internal Audit Commission of the Company includes five (5) persons (members of the Internal Audit Commission).

3.3. When preparing proposals on nomination of candidates for the election to the Internal Audit Commission, shareholders of the Company should take into consideration that proposed candidates can be elected for not more than three (3) consecutive terms, unless otherwise provided by the laws of the Russian Federation, the Articles of Association of the Company and these Regulations.

3.4. A member of the Internal Audit Commission may withdraw from membership at any time by giving a written notice to the Chairperson of the Internal Audit Commission.

3.5. The General Meeting of Shareholders may vote for early termination of powers of all and individual members of the Internal Audit Commission of the Company.

3.6. The Chairperson of the Internal Audit Commission must initiate the termination of powers of any member of the Internal Audit Commission of the Company if such member acts in bad faith or inflicts damage on the Company, including:

- 1) destruction, intentional impairment or falsification of documents and materials;
- 2) hiding of information about revealed corrupt practices involving officials or other employees of the Company;
- 3) fraudulent misinterpretation affecting officials, other employees of the Company or its shareholders on the issues related to activities of the Company;
- 4) disclosure of state secrets and confidential information related to operations of the Company;
- 5) any other acts that inflict damage on the Company.

3.7. In case of early termination of powers of any member of the Internal Audit Commission of the Company, powers of other members of the Internal Audit Commission of the Company shall continue.

3.8. If a number of members of the Internal Audit Commission of the Company falls below the number required by the Articles of Association, the Chairperson of the Internal Audit Commission of the Company may request the Board of Directors of the Company to convene the extraordinary General Meeting of Shareholders by the relevant resolution of the Board of Directors in order to elect members of the Internal Audit Commission of the Company.

3.9. The following requirements to job-related expertise of the candidates should apply when nominating candidates to the Internal Audit Commission of the Company:

- 1) university degree in economics, finances or laws;
- 2) experience in working at the internal audit subdivision and auditing bodies;
- 3) professional expertise in economics, finances, accounting, economic law, and company-specific operations.

3.10. When preparing their proposals on nomination of candidates for the election to the Internal Audit Commission, shareholders of the Company should take into consideration that a candidate must meet the following eligibility requirements:

- 1) Persons whose powers as members of the Internal Audit Commission of the Company or other legal entities were terminated before the expiry of the established term of powers on the grounds specified in paragraph 3.6 of these Regulations are not entitled to be included in the list of candidates;

- 2) Persons who are employed by the Company are not entitled to be included in the list of candidates.

3.11. Candidates for the election to the Internal Audit Commission of the Company should confirm their consent to be elected to the Internal Audit Commission of the Company in writing.

3.12. Members of the Internal Audit Commission of the Company may not concurrently be members of the Board of Directors or hold any other office in the management bodies of the Company.

#### **4. The Chairperson and the Secretary of the Internal Audit Commission of the Company**

4.1. The Chairperson 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. Members of the Internal Audit Commission of the Company may at any time reelect the Chairperson of the Internal Audit Commission by a majority of votes of all elected members of the Internal Audit Commission of the Company.

4.2. The Secretary 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. 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.

4.3. The Chairperson 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.

4.4. The Chairperson 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) represent 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 on behalf of the Internal Audit Commission of the Company.

4.5. 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 management bodies of the Company are promptly informed of the audit results and distribute copies of the audit report and the audit opinion 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 activities of the Company;

6) perform other functions stipulated in these Regulations.

## **5. Rights and obligations of the Internal Audit Commission of the Company**

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

1) define methods and forms of inspections as they see fit and in compliance with the applicable laws of the Russian Federation and these Regulations;

2) conduct full-scale audits of documents related to financial and economic activities of the Company, availability of cash assets and securities of the Company;

3) have free access to all office premises of the Company for the purposes of such audits;

4) request, within their competence, that officers of the management bodies, the heads of standalone subdivisions and business units of the Company provide information (documents and materials) necessary for the Internal Audit Commission to conduct audits of the financial and economic activities of the Company;

5) at a written request, obtain necessary information from third persons, including cases when such information is obtained with assistance of the management bodies and shareholders of the Company initiating such audits;

6) obtain from officers of the management bodies, heads and employees of standalone subdivisions and business units of the Company written explanations regarding issues arising during audits;

7) 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;

8) make copies of filed documents if any audit reveals forgeries, falsifications,

or any other wrongdoings, or if a reasonable doubt arises as to authenticity of such documents, to conduct thorough examination and analysis, and request that officials of the Company prove authenticity of copies by affixing the signature of the relevant official and the Company's seal;

9) issue instructions to the sole (single member) executive body of the Company stating that immediate measures must be taken 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;

10) 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 by the applicable laws of the Russian Federation, the Articles of Association of the Company, and these Regulations;

11) apply to the competent authorities with proposals to apply penalties as provided by the applicable laws of the Russian Federation for any violations of laws of the Russian Federation and the internal documents of the Company revealed by the Internal Audit Commission;

12) if necessary, engage the relevant domain specialists and experts (in law, economics, finances, financial accounting, management, economic security and other subject areas) who do not hold any positions in the Company, as well as specialist organizations, and make a motion to the Company for entering into civil law contracts with such specialists and organizations.

5.2. The Internal Audit Commission shall:

1) conduct audits of the financial and economic activities of the Company on an annual basis, following the annual operational results, or at any time as the Internal Audit Commission see fit, or by resolution of the General Meeting of the Company, the Board of Directors of the Company, or at the request of any shareholder (shareholders) of the Company holding an aggregate of at least ten (10) percent of the voting shares;

2) provide advance audit notice to the sole (single member) executive body of the Company;

3) inform the management bodies of the audit results in a timely manner;

4) 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;

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

5.3. If invited by the General Meeting of Shareholders of the Company or the Board of Directors of the Company, the Chairperson of the Internal Audit Commission of the Company, together with any member (members) of the Internal Audit Commission of the Company, shall attend the General Meeting of Shareholders of the Company and meetings of the Board of Directors of the Company held to review the results of auditing of the Company's activities.

5.4. Members of the Internal Audit Commission may not delegate their powers to

other persons, including delegation of powers under a power of attorney.

5.5. Members of the Internal Audit Commission of the Company shall have the following obligations:

- 1) participate personally in the meetings of the Internal Audit Commission of the Company and in audits of the financial and economic activities of the Company;
- 2) ensure that any received information is kept confidential; and prevent any unauthorized disclosure of information acquired during audits.

5.6. In compliance with the applicable laws of the Russian Federation, members of the Internal Audit Commission of the Company shall be held liable for:

- 1) non-fulfillment or improper fulfillment of their obligations;
- 2) failure to ensure confidentiality of information obtained in performing their duties and constituting state, official and (or) commercial secrets, personal data, other confidential or proprietary information as defined by the applicable laws of the Russian Federation;
- 3) in other cases provided by the applicable laws of the Russian Federation and these Regulations.

## **6. Rights and obligations of the Company**

6.1. Within their competence, the employees of the Company shall:

- 1) ensure that members of the Internal Audit Commission of the Company and any engaged specialists (experts) have any necessary conditions to effectively conduct audits; provide any necessary information and documents, and provide any requested oral or written explanations and comments. The requested documents and materials shall be furnished to the members of the Internal Audit Commission of the Company within two (2) business days from the date of the request.
- 2) in a timely manner, remedy any deficiencies and irregularities revealed by Internal Audit Commission of the Company, including those related to maintenance of accounting records and preparation of accounting and other financial reporting;
- 3) during audits, ensure that no actions that might restrict the number of issues to be resolved during audits are taken;
- 4) promote observance of the rights of the Internal Audit Commission of the Company.

6.2. The sole (single member) executive body of the Company may:

- 1) obtain advance audit notices;
- 2) become familiar with the results of audits conducted by the Internal Audit Commission of the Company;
- 3) become familiar with the resolutions passed by the Internal Audit Commission of the Company.

## **7. Organization of the Work of the Internal Audit Commission of the Company**

7.1. The Internal Audit Commission of the Company transacts business at its

meetings.

7.2. The first meeting of the Internal Audit Commission of the Company after its election shall take place not later than 15 business days after the date of passing the relevant resolution by the General Meeting of Shareholders of the Company on the initiative of any member of the Internal Audit Commission of the Company. At its first meeting, the Internal Audit Commission of the Company shall address issues on election of the Chairperson and the Secretary of the Internal Audit Commission of the Company.

7.3. 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.

7.4. Subsequently, regular meetings of the Internal Audit Commission of the Company shall be held and the audits of activities of the Company shall be conducted in accordance with the approved Action Plan for the Internal Audit Commission of the Company.

7.5. 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 address the issues on preparing and conducting audits of the Company's activities;
- 5) the list of the financial and/or economic documents necessary to conduct an audit of each auditee;
- 6) the list of 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 Internal Audit Commission of the Company and its audits.

7.6. Unscheduled meetings of the Internal Audit Commission of the Company may be held on the initiative of the Chairperson of the Internal Audit Commission of the Company or at the request of its members. Such unscheduled meetings shall be convened by the Chairperson of the Internal Audit Commission.

## **8. Meetings of the Internal Audit Commission of the Company**

8.1. 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.

8.2. The meetings of the Internal Audit Commission of the Company shall be convened by the Chairperson 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



resolution of the General Meeting of Shareholders of the Company or the Board of Directors of the Company or at the request of the shareholders of the Company (holding at least ten (10) percent of the Company's voting shares) to conduct an audit of the Company's financial and economic activities.

8.3. While making preparations for any meeting of the Internal Audit Commission, the Chairperson 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 (in-person meeting, voting in absentia);
- 3) approve (sign) the agenda of the meeting;
- 4) make the list of the materials and documents (information) necessary to address items on the agenda of the meeting of the Internal Audit Commission of the Company;
- 5) make the 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.

8.4. 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) business 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 fifteen (15) days prior to the date when the voting results will be tabulated.

8.5. A notice of the meeting of the Internal Audit Commission of the Company shall be delivered to the members of the Internal Audit Commission at the address specified by each member of the Internal Audit Commission for this purpose, including email address.

8.6. A notice call shall be deemed to have been made at the time when such notice is delivered to the address as specified in paragraph 8.5 of these Regulations.

8.7. Members of the Internal Audit Commission of the Company may decide to invite any third persons or engaged specialists (experts) to participate in the meetings of the Internal Audit Commission of the Company.

8.8. Any meeting of the Internal Audit Commission of the Company shall be legally qualified (shall have a quorum) if attended by at least half of the members of the Internal Audit Commission of the Company, or if at least half of the members of the Internal Audit Commission of the Company submit their written opinions on the agenda items before the meeting starts.

8.9. To speed up the decision-making process, any draft resolution of the Internal Audit Commission of the Company may be consented to before the meeting of the Internal Audit Commission of the Company through exchange of opinions and information by facsimile, email or any other electronic communication as may be agreed upon by members of the Internal Audit Commission of the Company.

8.10. Resolutions on issues on the agenda of the meeting of the Company's

Internal Audit Commission shall be passed by a majority vote of the members of the Company's Internal Audit Commission.

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 case of an equality of votes, the Chairperson of the Internal Audit Commission shall have a casting vote.

8.11. Meetings of the Internal Audit Commission of the Company shall be held in the form of an in-person meeting (meetings with voting in person). Meetings may also be held by voting in absentia.

8.12. If a member of the Internal Audit Commission of the Company can not participate in the meeting of the Internal Audit Commission of the Company in person, such member shall complete the ballot form on all agenda items and send it to the address of the Chairperson of the Internal Audit Commission of the Company. The completed ballots shall be delivered to the Chairperson of the Internal Audit Commission of the Company not later than one (1) business day prior to the meeting.

8.13. Opinions expressed by the absent members of the Internal Audit Commission of the Company by sending the completed ballot forms, shall be announced by the Chairperson of the Internal Audit Commission of the Company and registered in the minutes.

8.14. Any meeting of the Internal Audit Commission in the form of an in-person meeting (with voting in person) shall be held in the following order:

- 1) the Chairperson of the Internal Audit Commission declares the meeting open;
- 2) it is determined whether the meeting 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 Chairperson of the Internal Audit Commission formulates the draft of the resolution 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 resolutions passed by the Internal Audit Commission in relation to the items on the agenda are announced.

8.15. 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 of the Company are prepared.

8.16. The meeting of the Internal Audit Commission of the Company held before each audit shall address the following issues related to preparing and conducting the

forthcoming audit:

- 1) determine the auditees (accounting and statistical statements, etc.);
- 2) define the procedure, time frames and scope of the audit;
- 3) approve the audit program;
- 4) prepare the list of information and materials necessary to conduct the audit, sources and methods of their acquisition;
- 5) prepare the list of persons who should be involved in the audit (for explanations, for clarification of specific issues);
- 6) set the date of the meeting of the Internal Audit Commission of the Company to summarize the audit results;
- 7) appoint a member of the Internal Audit Commission to prepare the draft of the audit report and the audit opinion of the Internal Audit Commission for review at the meeting of the Internal Audit Commission convened to summarize the audit results;
- 8) resolve other issues.

The meeting of the Internal Audit Commission to address the issues related to preparing and conducting the audit may be held without in-person participation, through voting in absentia (by ballot).

8.17. The meeting of the Internal Audit Commission of the Company held to summarize the results of each audit shall address the following issues:

- 1) discuss the information acquired during the audit and discuss the sources of such information;
- 2) summarize the audit results;
- 3) consolidate the conclusions and formulate proposals based on the audit results;
- 4) approve and sign the audit report and the opinion of the Internal Audit Commission of the Company;
- 5) resolving the issue of giving the Instruction to the Internal Audit Commission;
- 6) establish and analyze the causes of non-compliances 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;
- 7) decide to approach the management bodies, their officers, and the heads of organization departments of the Company's executive body about remedying any nonconformance revealed by the audit, and give recommendations for holding liable the persons committing such nonconformance;
- 8) resolve other issues connected with the audit results.

8.18. Those members of the Internal Audit Commission of the Company 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 of the Company.

8.19. Any member of the Internal Audit Commission of the Company, when revealing any non-compliance with the laws of the Russian Federation, the Articles of Association and other internal documents of the Company, shall, not later than three (3) business days after the time when such non-compliance is revealed, send to the Chairperson of the Internal Audit Commission a written statement describing the nature

of such non-compliance and specifying the persons committing it.

In such a case, the Chairperson of the Internal Audit Commission of the Company shall, within ten (10) business days after receipt of information about such non-compliance, convene a special meeting of the Internal Audit Commission of the Company to be held as an in-person meeting.

8.20. The Secretary of the Internal Audit Commission of the Company shall take the minutes of any meeting of the Internal Audit Commission of the Company.

8.21. 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) the list of the members of the Internal Audit Commission of the Company and the persons present at the meeting;
- 3) the list of the members of the Internal Audit Commission of the Company who voted by ballot;
- 4) information on whether the meeting has a quorum;
- 5) the issues included on the agenda of the meeting;
- 6) 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);
- 7) information of the dissenting opinions of the members of the Internal Audit Commission of the Company;
- 8) the issues put to vote and the voting results;
- 9) resolutions passed by the Company's Internal Audit Commission.

8.22. The minutes of the meeting of the Internal Audit Commission of the Company shall be made in two copies not later than five (5) business days from the date of the meeting (tabulation of the voting results) and shall be signed by the Chairperson and the Secretary of the Internal Audit Commission of the Company.

8.23. The minutes shall be accompanied by any materials (opinions, reports, statements and other documents) that constituted the ground for decision-making.

8.24. If the issues were resolved by ballot, the minutes shall be accompanied by the ballots received from the members of the Internal Audit Commission of the Company.

8.25. Copies of the minutes of meetings of the Internal Audit Commission shall be made available (delivered) to all members of the Internal Audit Commission of the Company.

8.26. One copy of the minutes shall be kept by the Secretary of the Internal Audit Commission of the Company.

The second copy shall be delivered to the Company. The Company shall keep the audits reports of the Internal Audit Commission and make them available to the Company's shareholders at their request.

## **9. Audit Procedure**

9.1. Audits of the financial and economic activities of the Company shall be conducted on an annual basis, following the annual operational results, or at any time as

the Internal Audit Commission see fit, or upon resolution of the General Meeting of the Company, the Board of Directors of the Company, or at the request of any shareholder (shareholders) of the Company holding an aggregate of at least ten (10) percent of the voting shares.

9.2. 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.

9.3. Any unscheduled audit of the financial and economic activities of the Company shall be conducted:

- 1) pursuant to the resolution of the Internal Audit Commission of the Company;
- 2) pursuant to the resolution of the General Meeting of Shareholders, the Board of Directors;
- 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.

9.4. Unless otherwise provided for in the resolution of the Internal Audit Commission of the Company, 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 8.16 of these Regulations shall take place not later than thirty (30) business days after delivery of the relevant written request or resolution as specified in paragraph 9.3 of these Regulations.

9.5. Any audit of the financial and economic activities of the Company shall be conducted in compliance with the Audit Program and resolutions passed at the meetings of the Internal Audit Commission of the Company.

9.6. Any audit of the financial and economic activities of the Company shall include:

- 1) audit of financial, accounting, payment and settlement and other documentation of the Company associated with financial and economic activities of the Company for its compliance with the applicable laws of the Russian Federation, the Articles of Association, internal documents and other documents of the Company;
- 2) audit and analysis of the financial standing of the Company, its solvency, functioning of the internal control and risk management systems, liquidity of assets, debt to equity ratio, correctness and timeliness of accrual and payment of interest on bonds and debentures, and yield on securities;
- 3) control over spending of cash assets of the Company in compliance with the approved business plan and budget of the Company;
- 4) control over buildup of reserves and other special-purpose funds of the Company;
- 5) audit of timeliness and correctness of managing settlement operations related to contracting parties and settlement of budgetary payments, as well as settlement operations related to salaries and emoluments, distribution and payment of dividends, and other settlement operations;
- 6) control over compliance with the established procedure for managing bad debt expense;

- 7) audit of business transactions of the Company conducted under concluded contracts;
- 8) audit to verify whether material, manpower and financial resources necessary for conducting financial and economic activities are used in compliance with the terms and conditions of the ongoing contracts, applicable rules, regulations and standards, approved estimates and other documents that regulate the Company's activities;
- 9) control over safeguarding and usage of fixed assets (PPE);
- 10) audit of cash accounts and property of the Company, efficiency of use of assets and other resources of the Company, identifying reasons of non-productive losses and expenses, identifying reserves for improving financial standing of the Company;
- 11) checking for accomplishment of instructions on elimination of irregularities and non-compliances that have been revealed by the Internal Audit Commission of the Company earlier;
- 12) preparing recommendations for the management bodies of the Company;
- 13) other actions (measures) associated with the audit of financial and economic activities of the Company.

## **10. Engagement of Experts**

10.1. The Internal Audit Commission of the Company may engage, on a contract basis, specialists (experts) to participate in auditing activities. Terms of the contracts with specialists (experts) not being members of the Internal Audit Commission are approved by resolution of the Board of Directors of the Company.

10.2. Such specialists (experts) may include both physical persons (individuals) and legal entities (specialized organizations). Specialized organizations shall be engaged in accordance with the applicable laws and the internal documents of the Company that regulate its procurement activities.

10.3. The decision to engage specialists (experts) shall be made by the members of the Internal Audit Commission of the Company at the meetings of the Internal Audit Commission of the Company.

10.4. Such decisions shall be documented in the minutes of the meeting of the Internal Audit Commission of the Company and shall specify the reasons for engaging specialists (experts).

10.5. Based on the decision made by the members of the Internal Audit Commission of the Company, the Chairperson of the Internal Audit Commission of the Company shall ensure inclusion of the relevant item on the agenda of the meeting of the Board of Directors of the Company.

## **11. Documents based on the results of audits conducted by the Internal Audit Commission of the Company**

11.1. Based on the results of an audit of the financial and economic activities of the Company, the Internal Audit Commission shall make the Audit Report, the Audit Opinion and the Instruction of the Internal Audit Commission.

11.2. Based on the results of each audit of the financial and economic activities of the Company, the Internal Audit Commission shall make the Audit Report. Any Audit Report of the Internal Audit Commission shall consist of three parts: introductory, analytical, and concluding.

11.2.1 The introductory part of the Audit Report of the Internal Audit Commission of the Company shall include:

- 1) the full name of the document: “Audit Report of the Internal Audit Commission of Public Joint-Stock Company “Interregional Distribution Grid Company of Volga”;
- 2) the date and place of preparing the Audit Report;
- 3) the date (period) and place of the audit;
- 4) the grounds for the audit (resolution of the Internal Audit Commission, General Meeting of Shareholders, Board of Directors, shareholder(s) of the Company);
- 5) the purpose of the audit (determining whether the activities of the Company 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) the list of requirements related to furnishing the requested information communicated to the management bodies, heads of standalone subdivisions and business units, branches and representative offices of the Company during the audit;
- 8) obtained refusals to furnish the requested information and the relevant grounds for refusals;
- 9) details of the written explanations provided by the sole (single member) executive body, members of the Board of Directors and employees of the Company;
- 10) information about the engagement of experts who participated in the audit conducted by the Internal Audit Commission on specific issues of the financial and economic activities of the Company and who do not hold any positions in the Company, including details of contracts with such experts;
- 11) the list of regulatory and other documents governing the Company’s activities and used in conducting the audit.

11.2.2 The analytical part shall contain a fair assessment of the auditee’s state and shall include:

- 1) the general results of auditing records and accounts of the Company and other documents relating to the financial and economic activities of the Company;
- 2) details of non-compliances with the local regulatory documents, terms and conditions of concluded contracts and ongoing transactions, non-fulfillment of resolutions passed by the management bodies;
- 3) information about any non-compliance of the financial and economic activities of the Company with the established accounting and financial reporting procedures.

11.2.3 The concluding part of the Audit Report of the Internal Audit Commission of the Company constitutes the substantiated conclusions of the Internal Audit Commission.

11.3. Based on the results of assessing the reliability of data contained in the

Annual Report of the Company and accounting statements, the Internal Audit Commission shall make the Audit Opinion of the Internal Audit Commission of the Company consisting of two parts: introductory and concluding.

11.3.1. The introductory part of the Audit Opinion of the Internal Audit Commission of the Company shall include:

- 1) the full name of the document: “Audit Opinion of the Internal Audit Commission of Public Joint-Stock Company “Interregional Distribution Grid Company of Volga”;
- 2) the date and place of preparing the Audit Opinion;
- 3) the date (period) and place of the audit;
- 4) the grounds for the audit (resolution of the Internal Audit Commission);
- 5) the purpose of the audit (determining whether the accounting and other documents are reliable and comply with the laws of the Russian Federation, etc.);
- 6) the auditee (financial and economic documentation, including accounting and statistical statements, etc.);

11.3.2. The concluding part of the Audit Opinion of the Internal Audit Commission of the Company shall include:

- 1) confirmation that the data contained in the Annual report of the Company and its accounting (financial) statements are reliable;
- 2) information about any non-compliance of the accounting and financial reporting procedure as well as the financial and economic activities of the Company.

11.4. When revealing non-compliances and irregularities, the Internal Audit Commission of the Company shall issue the Instruction to the sole (single member) executive body of the Company that contains recommendations and proposals for correcting and eliminating the causes and effects of non-compliance with the applicable laws of the Russian Federation, the Articles of Association, the internal documents of the Company, the terms and conditions of concluded contracts and ongoing transactions, including economically infeasible and ineffective (unpractical) financial and economic operations, and non-fulfillment of resolutions passed by the management bodies of the Company.

11.5. The Audit Report and the Audit Opinion of the Internal Audit Commission of the Company shall be made in three (3) copies not later than ten (10) business days after the audit and shall be signed by all members of the Internal Audit Commission of the Company who participated in the audit at the meeting of the Internal Audit Commission held to summarize the audit results.

11.6. Specialists and experts engaged to conduct the audit shall not sign the Audit Report and the Audit Opinion; however, all materials provided by specialist and experts shall be attached to the Audit Report and the Audit Opinion.

11.7. One copy of the Audit Report and the Audit Opinion shall be kept by the Secretary of the Internal Audit Commission of the Company, the second copy shall be delivered to the Chairperson of the Board of Directors of the Company, and the third copy shall be delivered to the sole (single member) executive body of the Company.

11.8. The Instruction of the Internal Audit Commission of the Company shall be made in two (2) copies within the time frame as defined in the resolution of the Internal



Audit Commission passed at the meeting of the Internal Audit Commission of the Company held to summarize the audit results, and shall be signed by the Chairperson of the Internal Audit Commission.

11.9. One copy of the Instruction shall be kept by the Secretary of the Internal Audit Commission of the Company, and the second copy shall be delivered to the sole (single member) executive body of the Company.

11.10. The Company shall ensure the safekeeping of the audit reports, the audit opinions and the instruction of the Internal Audit Commission of the Company and make them available in accordance with the procedures prescribed by the law and the internal documents of the Company.