

(Translation from Russian)

APPROVED BY
The Resolution of the annual General
Meeting of Shareholders of PJSC RusHydro
(Minutes No. 18 dated July 02, 2019)

REGULATION
on the Internal Audit Commission
of Public Joint-Stock Company
Federal Hydro-Generating Company – RusHydro
(PJSC RusHydro)

1. General

1.1. This Regulation on the Internal Audit Commission of Public Joint-Stock Company Federal Hydro-Generating Company – RusHydro (hereinafter referred to as the "Regulation"), developed in accordance with the legislation of the Russian Federation and the Articles of Association of Public Joint-Stock Company Federal Hydro-Generating Company – RusHydro (hereinafter referred to as the "Company"), defines the procedure for the activity of the Internal Audit Commission and governs its interaction with the management bodies and business units of the Company.

1.2. The Internal Audit Commission is an elected body that oversees the financial and economic activities of the Company.

The competence of the Internal Audit Commission is described in the Company's Articles of Association.

1.3. In its activities, the Internal Audit Commission is guided by the legislation of the Russian Federation, the Company's Articles of Association, this Regulation and other bylaws of the Company governing the work of the Internal Audit Commission, as well as the decisions of the General Meeting of Shareholders of the Company.

1.4. The Internal Audit Commission is independent from the officials and management bodies of the Company and the heads of the Company's business units, and is accountable to the General Meeting of Shareholders of the Company.

1.5. By the decision of the General Meeting of Shareholders, members of the Internal Audit Commission, during the time of performance of their duties, may receive remunerations and/or compensation of their expenses associated with the performance of the functions of Internal Audit Commission members.

The amounts of such remunerations and compensations shall be determined in accordance with the Regulation on Remunerations and Compensations of Internal Audit Commission Members approved by the General Meeting of Shareholders of the Company.

2. Election of the Internal Audit Commission

2.1. The Internal Audit Commission, consisting of five (5) persons, is elected by the General Meeting of Shareholders until the next annual General Meeting of Shareholders in accordance with the procedure established by the legislation of the Russian Federation and the Company's Articles of Association.

2.2. Shares belonging to members of the Board of Directors or members of the Management Board cannot take part in voting on the election of the Internal Audit Commission members.

2.3. Members of the Internal Audit Commission may be re-elected any number of times.

2.4. Members of the Internal Audit Commission cannot be concurrently members of the Board of Directors or hold other positions in the management bodies of the Company.

2.5. The powers of individual members or the whole Internal Audit Commission may be terminated early by the decision of the General Meeting of Shareholders.

2.6. In the event of the early termination of powers of a member of the Internal Audit Commission or his/her withdrawal from the Internal Audit Commission, the powers of the other members of the Internal Audit Commission shall not be terminated.

2.7. Persons who have voluntarily relinquished their powers, have died, or are unable to perform their duties for any other reasons shall be considered members who have withdrawn from the Internal Audit Commission. A member of the Internal Audit Commission shall be considered to have withdrawn from it on the next day after the Internal Audit Commission receives his/her application, or from the day of his/her death, or from the day when the Company receives documents proving the inability of the Internal Audit Commission member to discharge his/her powers.

2.8. If the number of Internal Audit Commission members becomes less than five (5), the Board of Directors shall convene an extraordinary General Meeting of Shareholders to elect members of the Internal Audit Commission.

The remaining members of the Internal Audit Commission will perform their functions until a new composition of the Internal Audit Commission is elected.

3. Chairman and Secretary of the Internal Audit Commission

3.1. The Internal Audit Commission shall be chaired by the Chairman, who shall be elected with his/her consent by members of the Internal Audit Commission from among them by a majority vote of the total number of elected members of the Internal Audit Commission at the first meeting of the Internal Audit Commission.

3.2. The Chairman of the Internal Audit Commission shall:

- approve the agenda of meetings of the Internal Audit Commission;
- convene and hold meetings of the Internal Audit Commission;
- organize the daily work of the Internal Audit Commission;
- represent the Internal Audit Commission at the General Meeting of Shareholders, meetings of the Board of Directors, and in communications with the executive bodies of the Company;
- sign documents of the Internal Audit Commission.

3.3. The Secretary of the Internal Audit Commission of the Company shall be elected by the members of the Internal Audit Commission with his/her consent by a majority vote of the total number of elected members of the Internal Audit Commission at the first meeting of the Internal Audit Commission.

3.4. The Secretary of the Internal Audit Commission shall:

- organize the keeping of minutes of the meetings of the Internal Audit Commission;
- ensure the timely notification of the Company's management bodies about internal audit results and submit copies of the opinions of the Internal Audit Commission;
- prepare and sign the minutes of meetings of the Internal Audit Commission;
- organize records management, document flow and the storage of documents of the Internal Audit Commission;
- organize notification of the Internal Audit Commission members about the meetings of the Internal Audit Commission and scheduled and unscheduled internal audits of the Company;
- perform other functions set out herein.

3.5. The Internal Audit Commission may relieve the Chairman/Secretary of the Internal Audit Commission of their duties and elect new ones. Such a decision shall be taken by a majority vote of the Internal Audit Commission members who took part in the meeting.

3.6. The Chairman/Secretary of the Internal Audit Commission may voluntarily resign from office, remaining a member of the Internal Audit Commission, from the day when the Internal Audit Commission receives his/her application for resignation.

3.7. During the absence of the Chairman/Secretary of the Internal Audit Commission, a temporarily acting Chairman/Secretary of the Internal Audit Commission shall be elected by a majority vote of the Internal Audit Commission members who took part in the meeting.

4. Procedure for the Holding of Meetings and the Adoption of Resolutions by the Internal Audit Commission

4.1. Meetings of the Internal Audit Commission shall be held before the start of an audit (internal audit), based on the results thereof, or in other cases requiring a resolution of the Internal Audit Commission.

4.2. Meetings of the Internal Audit Commission of the Company shall be held in the form of joint attendance or absentee voting.

4.3. The Chairman of the Internal Audit Commission shall convene a meeting of the Internal Audit Commission at his/her own initiative or at the initiative of an Internal Audit Commission member, as well as upon the decision of the General Meeting of Shareholders, the Board of Directors of the Company, or upon the demand of the Company's shareholders (holding not less than ten (10) percent of voting shares of the Company) to audit the financial and economic activities of the Company.

4.4. The first meeting of the Internal Audit Commission shall be held not later than one (1) month after the General Meeting of Shareholders where the Internal Audit Commission members were elected. At the first meeting of the Internal Audit Commission, the Program of Works of the Internal Audit Commission, which must include the audit of the financial and economic activities of the Company based on its annual performance results, shall be approved.

4.5. Absentee meetings of the Internal Audit Commission may be held to resolve the following organizational matters: election of the Chairman or the Secretary of the Internal Audit Commission, approval of the Program of Works of the Internal Audit Commission, etc. In all other cases, meetings of the Internal Audit Commission shall be held in the form of joint attendance.

4.6. A notice of the meeting of the Internal Audit Commission shall be sent to each member of the commission in writing not later than ten (10) days before the date of the meeting. The notice shall specify:

- the form, time and place of the meeting;
- the matters to be discussed;
- the list of materials and documents (information) necessary for considering the items on the agenda;
- the list of persons invited to participate in the meeting (in the case of joint attendance).

All necessary materials related to the items on the agenda of the meeting shall be attached to the notice.

4.7. In the case of absentee voting, the notice of the holding of absentee voting shall be sent together with the agenda materials and the voting ballot not later than fifteen (15) days prior to the date of vote counting.

4.8. The quorum for holding meetings of the Internal Audit Commission shall constitute at least a half of all elected members of the Internal Audit Commission (not including withdrawn members). In the absence of a quorum, the meeting of the Internal Audit Commission shall be postponed to a later date, but not more than by ten (10) days.

4.9. Resolutions of the Internal Audit Commission shall be adopted and opinions and statements shall be approved by a majority vote of the Internal Audit Commission members present at the meeting.

When deciding matters at the meeting of the Internal Audit Commission, each member of the Internal Audit Commission is entitled to one vote.

It is not allowed to assign the voting right of an Internal Audit Commission member to a third party, including any other member of the Internal Audit Commission.

In the case of equal votes, the Chairman of the Internal Audit Commission (or the person temporarily performing his/her functions) shall have a casting vote.

4.10. When counting the quorum and the voting results, the written opinion on the agenda items of an Internal Audit Commission member absent at the meeting of the Internal Audit Commission for any valid reason (business trip, leave, sickness, etc.) shall be taken into account if such opinion has been received by the Internal Audit Commission before the start of its meeting.

In his/her written opinion, the Internal Audit Commission member shall explicitly state his/her position on the item by specifying in the written opinion that he/she is voting "for" or "against" the draft resolution or has "abstained" from making a decision.

4.11. Internal Audit Commission members may express their minority opinion on the agenda items and request that such minority opinion be reflected in the minutes of the meeting of the Internal Audit Commission and communicated to the management bodies of the Company.

4.12. The following persons who are not Internal Audit Commission members may be invited to a meeting of the Internal Audit Commission: members of the Board of Directors, representatives of Company's business units, representatives of the Company's auditor, experts and consultants, and other persons invited by the Chairman of the Internal Audit Commission.

4.13. Upon the request of the Internal Audit Commission, the Chairman of the Board of Directors shall invite a representative of the Internal Audit Commission to the in-person meetings of the Board of Directors on matters related to the competence of the Internal Audit Commission.

5. Documents of the Internal Audit Commission

5.1. The Secretary of the Internal Audit Commission shall keep the minutes at the meeting of the Internal Audit Commission.

5.2. The minutes of the Company's Internal Audit Commission meeting shall include:

- date, time and place of the meeting (vote counting);
- a list of persons present at the meeting (participating in the absentee voting);
- information on the quorum of the meeting;
- the agenda of the meeting;
- key points of speeches, statements and reports on the agenda issues (only for a meeting held in the form of joint attendance);
- voting results (indicating the number of "for," "against," and "abstained" votes);
- resolutions adopted.

The materials (opinions, audit reports, minority opinions of the Internal Audit Commission members, and other documents) underlying the resolutions adopted shall be attached to the minutes of the meeting.

5.3. The minutes of the Internal Audit Commission meeting shall be drawn up in two (2) counterparts within five (5) days from the date of the meeting (absentee vote counting) and signed by the Chairman and the Secretary of the Internal Audit Commission.

5.4. The audit report and the opinion of the Internal Audit Commission shall be drafted based on the audit (internal audit) results within ten (10) days after the audit (internal audit).

The audit report and the opinion of the Internal Audit Commission shall be signed by all members of the Internal Audit Commission who carried out the audit (internal audit) and the Chairman and the Secretary of the Internal Audit Commission.

5.5. The audit statement of the Internal Audit Commission shall specify:

- the place and time of the audit (internal audit);
- the members of the Internal Audit Commission who took part in conducting the audit (internal audit);
- the grounds for the audit (internal audit).

5.6. The audit report shall contain a brief opinion on the financial and operational performance of the Company, on the accuracy of the data included in the annual report and the annual accounting (financial) statements and the data contained in the report on related party transactions executed by the Company in the reporting year, on the safety of assets, and on the Company's compliance with applicable legislation, the bylaws of the Company and the requirements of the regulatory agencies, as well as a description of the key identified risks, violations and deficiencies in the Company's activities and an analysis of their causes, an assessment of the risk of occurrence of such violations in future, and recommendations on their mitigation / on the elimination of violations discovered.

5.7. The period of the Company's business reviewed in the audit report shall correspond to the reporting period for which the Internal Audit Commission drafts its opinion.

It is permissible to draft a report on the basis of data analysis for the first nine months of the reporting period, if the identified risks and the recommended measures for their elimination may be reasonably attributed to the entire reporting period.

5.8. An opinion of the Internal Audit Commission aimed at confirming the accuracy of the data of the annual report and annual accounting (financial) statements and data contained in the report on the related party transactions executed by the Company in the reporting year and other financial documents of the Company shall include:

- the composition and election date of the Internal Audit Commission and the regulatory grounds for its activities;
- the period of the audit;
- the place and date of the drafting of the opinion of the Internal Audit Commission;
- the audit (internal audit) findings;
- requests for information (documents and materials) referred to during the audit (internal audit);
- refusals to provide information (documents and materials), if any;

- information on the written explanations received from the members of the Board of Directors, officials and employees of the Company;
- information on the requests of the Internal Audit Commission to convene meetings of the Board of Directors or an extraordinary General Meeting of Shareholders.

5.9. Other documents of the Internal Audit Commission shall be drafted in any format and signed by the Chairman of the Internal Audit Commission.

5.10. The original minutes, reports and opinions of the Internal Audit Commission and audit materials shall be kept by the Chairman or the Secretary of the Internal Audit Commission.

No later than a month after the regular General Meeting of Shareholders, all documents of the Internal Audit Commission associated with the audits of the Company for the past financial year shall be transferred to the Company's responsible employee for safekeeping, regarding which a respective statement shall be drafted.

5.11. The Company shall provide shareholders with access to the opinions of the Internal Audit Commission in the manner and scope stipulated by the legislation of the Russian Federation.

5.12. Upon the written request of a shareholder, the Company shall provide copies of the opinions of the Internal Audit Commission to the shareholder for a fee.

The amount of the fee shall be established by the Company, and may not exceed the amount of expenses for making copies and sending them by post.

6. Procedure for the Conduct of Audits by the Internal Audit Commission

6.1. During the audit, the Internal Audit Commission may check the Company's compliance with legislative and other acts governing its activities, the lawfulness of transactions executed by the Company, the procedure for organizing the internal control system in the Company, and the Company's fulfillment of the orders of the President and the Government of the Russian Federation.

6.2. Upon the demand of the Internal Audit Commission, persons holding offices in the management bodies of the Company shall submit documents on the financial and economic activities of the Company. Upon the requests and demands of the Internal Audit Commission, the minutes of the meetings of the Company's management bodies, committees and commissions of the Company's Board of Directors shall be submitted to it.

6.3. The Internal Audit Commission of the Company shall work under a plan it has approved on its own, which shall provide for the procedure and periods of audits (internal audits) of the Company's financial and economic activities based on its annual performance results.

6.4. A request to the Company for information shall be drafted with due regard to proposals of the Internal Audit Commission members who take part in the audit. A request for information shall be signed by the Chairman of the Internal Audit Commission and sent to the Company officials.

6.5. The Internal Audit Commission shall submit an opinion to the Audit Committee and to the Board of Directors of the Company on the results of the scheduled audit of the Company's financial and economic activities for the year, inter alia, on the accuracy of data included in the Company's annual report and in the annual accounting statements of the Company, at least two (2) months before the date of the annual General Meeting of Shareholders.

6.6. The members of the Internal Audit Commission, if they do not agree with the opinion/report of the Internal Audit Commission, may prepare a minority opinion and request that it be attached to the opinion/report of the Internal Audit Commission.

6.7. For the purpose of supporting the activities of the Internal Audit Commission, the Company shall provide the Internal Audit Commission with the necessary premises and ensure access to such premises, equipment and materials.

6.8. An extraordinary (unscheduled) audit of the Company's financial and economic activities may be performed at any time:

- upon decision of the Company's Internal Audit Commission;
- upon the decision of the General Meeting of Shareholders or the Board of Directors of the Company;
- upon the demand of the Company's shareholders (shareholder) jointly holding not less than ten (10) percent of the Company's voting shares

within two (2) business days following the receipt of the respective request by the Chairman of the Internal Audit Commission:

- the General Meeting of Shareholders or the Board of Directors shall send a decision on the holding of an audit in the form of the minutes (an extract from the minutes) of the corresponding management body;

- the shareholders (shareholder) shall send a written demand on the holding of an audit, which shall contain:

- 1) the name or corporate name of the shareholder sending the demand;
- 2) information on the shares belonging to the shareholder (quantity, category, type);
- 3) the grounds for the need for an audit.

The demand shall be signed by the shareholder or its representative; in the latter case, a notarized copy of the power of attorney shall be attached.

If the initiative comes from shareholders that are legal entities, the signature of the person acting under the Articles of Association without a power of attorney shall be attested with the seal of this legal entity.

If the demand is signed by the representative of a legal entity acting under a power of attorney, a notarized copy of such power of attorney shall be attached to the demand.

6.9. The initiators of an extraordinary audit of the Company's financial and economic activities are entitled to cancel their demand at any time before the Internal Audit Commission makes a decision to conduct the audit by giving a written notice thereof to the Internal Audit Commission.

6.10. A refusal to conduct an audit of financial and economic activities may be given by the Internal Audit Commission in the following cases:

- the persons who demanded the audit are not entitled to initiate such audit;
- an audit on the facts serving as the grounds for the demand has been already conducted, and the Internal Audit Commission has approved the opinion on it;
- the demand does not comply with the legislation of the Russian Federation and this Regulation.

6.11. The Internal Audit Commission shall notify the shareholders (shareholder) who filed the demand about the refusal to conduct the audit within three (3) days from the date of such decision.

7. Powers, Rights and Obligations of the Internal Audit Commission

7.1. The object of an audit of the Internal Audit Commission shall be the Company's activities, including identification and assessment of risks arising as a result and in the course of its financial and economic activities.

7.2. The Internal Audit Commission, in accordance with its competence determined by the Articles of Association of the Company, shall have the right:

- to demand in the course of the audit that the management bodies and officials of the Company submit the necessary information, documents and materials for the audit;
- to demand that the members of the Board of Directors, officials and employees of the Company provide verbal and written explanations on issues arising in the course of audits;
- to inform the management bodies of the Company about all cases of the failure of Company officials and employees to fulfill the requirements of the Internal Audit Commission regarding the submission of the necessary documents and regarding their refusal to provide explanations for the questions of the Internal Audit Commission;
- to discuss with the management bodies of the Company the matter of holding Company officials and employees liable upon the discovery of their breach of the Articles of Association, internal documents of the Company, or job descriptions or any instances of abuse of power/fraud;
- to demand, in accordance with the procedure established by the legislation of the Russian Federation, the Articles of Association, and internal documents of the Company, that an extraordinary General Meeting of Shareholders or a meeting of the Board of Directors be convened;
- to discuss with the Board of Directors and the executive bodies of the Company the taking of measures and the period for the elimination of violations discovered by the Internal Audit Commission;

– to monitor the elimination of deficiencies and the fulfillment of recommendations set out in the audit (internal audit) reports.

7.3. The members of the Internal Audit Commission shall:

– participate in audits (internal audits) in strict compliance with the decisions of the Internal Audit Commission on the audit (internal audit) procedure;

– comply with requirements for the confidentiality of trade secrets and not disclose confidential information or insider information to which the Internal Audit Commission members have access during the performance of their functions;

– record any and all violations of regulatory legal acts, the Articles of Association, or the internal documents of the Company by Company officials and employees which have been discovered during the audit (internal audit) and reflect them objectively in the documents of the Internal Audit Commission;

– act fairly and reasonably when exercising their rights and performing their duties, to the benefit of the Company;

– promptly communicate the findings of the audits (internal audits) of the Company, the opinion of the Internal Audit Commission, proposals for the elimination of the causes and conditions of the breach of financial and economic discipline, and proposals (recommendations) for improving the risk management and internal control system and the Company's performance, inter alia, with regard to the management of its assets, to the Board of Directors and the executive bodies of the Company.

8. Conclusion of the Regulation

8.1. This Regulation shall come into force from the date of its approval by the General Meeting of Shareholders of the Company.

8.2. Should the legislation of the Russian Federation be amended, the rules of this Regulation which come into conflict with the legislation will lose their effect, and the activity of the Internal Audit Commission shall be governed by the applicable rules of the legislation of the Russian Federation and the Articles of Association of the Company.

8.3. In the event of any discrepancy between this Regulation and the Articles of Association of the Company, the latter shall prevail.