

Approved by the resolution of the Annual General Shareholders Meeting
of PJSC "RusHydro" (Minutes of June 29, 2016, №15)

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

1. General Provisions.

1.1. These Regulations on the Audit Commission of Public Joint-Stock Company Federal Hydro-Generating Company – RusHydro (hereinafter referred to as the “Regulations”) are 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 “Company”).

These Regulations define operating procedures of the Audit Commission and regulate its interaction with the governing bodies of the Company and its structural executive departments.

1.2. The Audit Commission is an elected body which controls financial and business activities of the Company.

The competence of the Audit Commission is determined by Articles of Association of the Company.

1.3. In its activities, the Audit Commission is guided by the legislation of the Russian Federation, the Company’s Articles of Association, and decisions of the General Shareholders’ Meeting of the Company.

1.4. The Audit Commission is independent from officials, the governing bodies, heads of structural divisions of the Company, and is accountable to the General Meeting of Shareholders.

1.5. Following the decision of General Meeting of Shareholders, members of the Audit Commission during the performance of their duties may be paid remuneration and (or) compensation of expenses related to the execution of the functions of Audit Commission’s members.

The amount of such remuneration and compensation shall be determined in accordance with approved by the General Shareholders' Meeting Regulations on remuneration and compensation to the members of the Audit Commission.

2. PROCEDURE FOR ELECTION OF THE AUDIT COMMISSION

2.1. The Audit Commission in the amount of five (5) members is elected by General Meeting of Shareholders for the period until the next Annual General Meeting of Shareholders in accordance with the procedure established by the Russian Federation legislation and the Articles of Association.

2.2. Shares owned by members of the Board of Directors or the Management Board members may not participate in the voting on the election of members of the Audit Commission.

2.3. The members of the Audit Commission may be re-elected an unlimited number of times.

2.4. Members of the Audit Commission can not simultaneously be members of the Board of Directors and hold other positions in the governing bodies.

2.5. The authority of individual members or the entire Audit Commission may be terminated by a decision of the General Meeting of Shareholders.

2.6. In case of early termination of powers of the Audit Commission’s member or his retirement from the Audit Commission, the powers of the other members of the Audit Commission are not ceased

2.7. Retired members of the Audit Commission members are persons who voluntarily resigned, died or are unable to exercise their powers for other reasons.

Member of the Audit Commission is qualified for derecognition from its composition from the day after receiving by the Audit Commission his\her application or from the date of death or receiving by the Company documents confirming the impossibility of the member of Audit Commission to exercise his\her powers.

2.8. In case where the number of members of the Audit Commission becomes less than five (5), the Board of Directors shall convene an extraordinary general meeting of shareholders for the election of members of the Audit Commission.

The remaining members of Audit Commission shall perform their functions until the election of new members of the Audit Commission.

3. CHAIRMAN AND SECRETARY OF THE AUDIT COMMISSION

3.1. Audit Commission is headed by the Chairman, who is elected with the consent of the members of the Audit Commission from their number by a majority vote of the total number of elected members of the Audit Commission at the first meeting of the Audit Commission.

3.2. Chairman of the Audit Commission:

- approves the agenda of the meetings of the Audit Commission;
- convenes and holds meetings of the Audit Commission;
- organizes the ongoing work of the Audit Commission;
- represents the Audit Commission at the General Meeting of Shareholders and Board of Directors' meetings to the executive bodies of the Company;
- signs documents of the Audit Commission.

3.3. The secretary of the Audit Commission of the Company is elected by members by the Audit Commission with the consent of a majority vote of the elected members of the Audit Commission at the first meeting of the Audit Commission.

3.4. The Secretary of the Audit Commission:

- arranges keeping of the minutes of meetings of the Audit Commission;
- ensures timely informing of the Company's governing bodies about the results of the performed audits, submits copies of conclusions of the Audit Commission;
- executes and signs the minutes of meetings of the Audit Commission;
- arranges records management, document flow, and keeping of documents of the Audit Commission;
- arranges notifying members of the Audit Commission of holding of the Audit Commission's meetings, scheduled and unplanned inspections of the Company's activity;
- performs other functions stipulated hereby.

3.5. The Audit Commission may exempt from performing duties of Chairman / Secretary of the Audit Commission and elect a new one. The corresponding decision shall be taken by a majority vote of the members of the Audit Commission.

3.6. Chairman / Secretary of the Audit Commission may voluntarily resign, while remaining a member of the Audit Commission, after the date of receipt by the Audit Commission his\her statement of resignation.

3.7. In the absence of the Chairman / Secretary of the Audit Commission,

temporarily acting as Chairman / Secretary of the Audit Commission shall be elected by a majority vote of the members of the Audit Commission who took part in the meeting.

4. PROCEDURE FOR HOLDING MEETINGS AND DECISION-MAKING BY THE AUDIT COMMISSION

4.1. Meetings of the Audit Commission shall be held before the start of audit, following its results and in other cases to be resolved by the Audit Commission.

4.2 Meetings of the Audit Commission of the Company are held in the form of joint presence or absentee voting.

4.3. The Chairman of the Audit Commission summons the meeting of the Audit Commission either on his initiative or on the initiative of the Audit Commission member, as well as by the decision of the General Shareholders' Meeting of the Company, the Board of Directors, or the demand of the Company's shareholders (possessing not less than 10 percent of voting shares of the Company) on conducting the audit of financial and business activities of the Company.

4.4. The first meeting of Audit Commission is held no later than one (1) month after the General Meeting of Shareholders, at which were elected members of the Audit Commission. At the first meeting of the Audit Commission shall be approved the Audit Commission work plan, which includes a mandatory audit of financial and economic activity on the basis of the Company's activities during the year.

4.5. Absentee meetings of the Audit Commission are possible in the event of decide on organizational matters: election of the Chairman or the Secretary of the Audit Commission, approval of the work plan of the Audit Commission, etc. In all other cases the meetings of the Audit Commission are conducted in the form of joint presence.

4.6. Notification of a meeting of the Audit Commission is sent to each member of the commission in writing not later than 10 (ten) days prior to the date of the meeting. The notification shall specify:

- form, time and place of the meeting;
- issues to be discussed;
- a list of materials and documents (information) necessary for the consideration of issues on the agenda;
- a list of persons invited to attend a meeting (in case of joint presence);

All the necessary materials related to the issues on the agenda of the meeting shall be attached to the notification.

4.7. When conducting absentee voting, the notification of absentee voting shall be sent together with the materials on the agenda items and a checklist no later than fifteen (15) days prior to the tabulation of voting results.

4.8. The quorum for holding meetings of the Audit Commission is the presence of at least half of the elected members of the Audit Commission (except for the retired).

In the absence of a quorum, the meeting of the Audit Commission is postponed to a later date, but no more than 10 (ten) days.

4.9. Decisions of the Audit Commission are accepted, and conclusions and acts are approved by a majority vote of the members of the Audit Commission.

When deciding issues at a meeting of the Audit Commission each member of the Audit Commission shall have one vote.

The transfer of voting rights of the Audit Commission's member to a third party, including another member of the Audit Commission, is not allowed.

In case of equality of votes, a casting vote is the vote of the Chairman of the Audit Commission (or the person temporarily performing his functions).

4.10. When determining the quorum and the voting results, a written opinion of the Audit Commission's member absent at meeting of the Audit Commission for good reasons (business trip, vacation, illness, etc.) shall be taken into account, on the agenda, if such an opinion is received by the Audit Commission in advance of its meeting.

In a written opinion of a member of the Audit Commission should be clearly define his\her position on the issue stating in the written opinion "for" or "against" he\she votes on the proposed draft resolution or "abstained" from taking decision.

4.11. Members of the Audit Commission shall have the right to express a dissenting opinion on agenda of the meeting, require reflection of dissenting opinion in the minutes of the meeting of the Audit Commission and bring it to the attention of the Company's governing bodies.

4.12. At the meeting of the Audit Commission may be invited persons who are not members of the Audit Commission: members of the Board of Directors, representatives of the Department of internal control and risk management, officers and heads of structural divisions of the Company, representatives of the Company's auditor, experts and consultants, other persons by invitation of the Chairman of the Audit Commission.

4.13. At the request of the Audit Commission, the Chairman of the Board of Directors shall invite a representative of the Audit Commission on the in-person Board of Directors' meeting on issues related to the competence of the Audit Commission.

5. AUDIT COMMISSION DOCUMENTS

5.1. The Secretary of the Audit Commission takes minutes at the Audit Commission Meeting.

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

- Date, time, and place of the meeting (summarizing the results of the voting);
- List of the persons present at the meeting (participating in absentee voting);
- Information on the quorum of the meeting;
- Agenda of the meeting;
- Key points of speeches, statements, and reports on the agenda issues (only in case of a joint presence meeting)
- Voting results (indicating the number of votes cast "for", "against", "abstained");
- Decisions made.

The minutes of the meeting shall include materials (reports, certificates of inspections, the dissenting opinions of the Audit Commission members and other documents) that were the basis for decision-making.

5.3. The minutes of the Audit Commission Meeting are made in duplicate not later than within 5 (five) days after the date of the meeting (summarizing absentee

voting results) and signed by the Chairman and the Secretary of the Audit Commission.

5.4. Inspection Report and conclusion of the Audit Commission shall be formed as a result of the audit not later than 10 (ten) days after the audit.

Inspection Report and conclusion of the Audit Commission shall be signed by all members of the Audit Commission which carried out the audit, as well as the Chairman and Secretary of the Audit Commission.

5.5. The inspection report of the Audit Commission shall include:

- Place and time of the audit;
- Members of the Audit Commission who took part in the audit;
- The basis of the audit.

5.6. The inspection report should contain a brief opinion on the financial and operational efficiency of the Company's activities, the reliability of its financial reporting, the safeguarding of assets, Company's compliance with applicable laws, local regulations of the Company and regulatory requirements, as well as the description of the main identified risks, violations and deficiencies of the Company's activities with the analysis of causes, risk assessment of occurrence of similar violations in the future and recommendations on reducing these risks / eliminating identified violations.

5.7. The period of activity of the Company, covered by the inspection report, shall conform to the accounting period for which the Audit Commission forms the conclusion.

Also is allowed the formation of a report based on analysis of data on the first nine months of the reporting period, if the identified risks and recommended corrective measures could reasonably be attributed to the entire reporting period.

5.8. The conclusion of the Audit Commission aims at confirming the reliability of the data of the annual report and annual financial statements and shall contain:

- The composition and date of the election of the Audit Commission, the regulatory base of its activities;
- Audited period;
- Place and date of the formation of the Audit Commission's conclusion;
- Conclusions on the results of the the audit;
- Requests for information (documents and materials), stated during the audit;
- Refusals to provide information (documents and materials);
- Information on the written submissions received from the members of the Board of Directors, officers and employees of the Company;
- Information on the requirements of the Audit Commission to convene the Board of Directors and the Extraordinary General Meeting of Shareholders.

5.9. Other documents of the Audit Commission shall be made in any form and signed by the Chairman of the Audit Commission.

5.10. The original protocols, acts and conclusions of the Audit Commission and audit materials are stored at the Chairman or the Secretary of the Audit Commission.

Not later than one month after the ordinary General Meeting of Shareholders, all the documents of the Audit Commission related to the Company's audits for the expired fiscal year shall be transferred to the responsible employee of the Department of internal control and risk management for storage about what the

appropriate act shall be made.

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

5.12. Upon written request of a shareholder, the Company shall provide him\her a copy of the conclusions of the Audit Commission for a fee.

Amount of the fee is determined by the Company and may not exceed the cost of making copies, and the costs associated with sending them by mail.

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

6.1. During the audit the Audit Commission can check the Company's compliance with legal and other regulations governing its activities, the legality of made operations by the Company, the procedure of organization of the internal control system in the Company, the Company's carrying out commissions of the President and the Russian Federation.

6.2. Upon request of the Audit Commission, the persons holding positions in the governing bodies of the Company shall provide documents on financial and economic activities of the Company. Upon request and the requirements of the Audit Commission, it is provided with minutes of the meetings of governing bodies, committees and commissions of the Board of Directors of the Company.

The Audit Commission of the Company works independently on the approved plan, which provides the procedure and time frames of conducting audits of the financial and economic activities of the Company for the Company's activities during the year.

6.4. Formation of information request to the Company shall take into account the proposals of the members of the Audit Commission participating in the audit. Information request shall be signed by the Chairman of the Audit Commission and sent to officers of the Company.

6.5. The Audit Commission shall submit to the Audit Committee, the Board of Directors of the Company a conclusion on the results of a planned audit of the financial and economic activities during the year, including with respect to the reliability of the data included in the annual report of the Company and contained in the annual financial statements of the Company not less than 2 (two) months prior to the date of the annual General Meeting of Shareholders.

6.6. Members of the Audit Commission shall have the right in case of disagreement with the conclusion / act of the Audit Commission to prepare a dissenting opinion and claim its initiation to conclusion / act of the Audit Commission.

6.7. In order to ensure the activities of Audit Commission, the Company provides the Audit Commission with the necessary premises and access to it, facilities and materials.

6.8. The extraordinary (unscheduled) audit of the financial and economic activity of the Company shall be carried out at any time:

- by the decision of the Company's Audit Commission;
- by the decision of the General Shareholders' Meeting of the Company or the Board of Directors;
- upon the request of the Company's shareholder(s) possessing together not

less than ten (10) percent of voting shares of the Company.

Within two (2) working days from the date of receipt by the Chairman of the Audit Commission of the relevant request:

- The General Meeting of Shareholders or the Board of Directors sends the decision on conducting the audit in the form of a protocol (extract from the minutes) of the relevant governing body;

- The shareholder (s) sends a written request for the audit, which must contain:

- 1) name of the shareholder submitting the request;
- 2) information on the shares owned by him (number, category, type);
- 3) ground for audit.

Request shall be signed by the shareholder or his representative, in case the request is signed by a representative, then shall be attached a notarized copy of the power of attorney.

In case when the initiative comes from the shareholders - legal persons, signature of a person acting in accordance with the Articles of Association without power of attorney, shall be certified by the seal of the legal entity.

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

6.9. The initiators of the extraordinary auditing financial and economic activity of the Company may at any time before the adoption of decision by the Audit Commission on conducting audit, to withdraw their request, sending written notice to the Audit Commission.

6.10. Refusal to conduct audit of the financial and economic activities can be given by the Audit Commission in the following cases:

- Persons who made a request for the audit do not have the right to initiate the said audit;

- The facts that are the basis for the request for the audit, the audit was already conducted and the Audit Commission approved the conclusion;

- The request is not in line with the Russian legislation and the present Regulations.

6.11. On the refusal to conduct the audit, the Audit Commission shall report to shareholders (shareholder), who made a request, within 3 (three) days from the date of the appropriate decision.

7. POWERS, RIGHTS AND RESPONSIBILITIES OF THE AUDIT COMMISSION

7.1. The object of Audit Commission's audit is the Company's activities, including the identification and assessment of risks arising from the results and in the course of its financial and economic activities.

7.2. The Audit Commission in accordance with its competence defined by the Articles of Association of the Company, shall be entitled:

- to demand from governing bodies and officers of the Company during the audit to provide information, documents and materials necessary for the audit;

- to demand from members of the Board of Directors, officers and employees of the Company oral and written explanations on issues arising in the course of audits;

- to inform governing bodies of the Company on all cases of failure of the officials and employees of the Company to comply with Audit Commission requirements concerning the submission of the necessary documents, as well as on the refusal to answer the Audit Commission's questions;

- to raise the issue before the governing bodies of the Company on bringing to justice officials and employees of the Company in case of violation of the Articles of Association, internal documents, job descriptions, as well as abuse / fraud;

- to demand in the order established by the Russian Federation legislation, the Articles of Association and internal documents of the Company to conduct extraordinary General Meeting of Shareholders, Board of Directors' Meeting;

- to raise the issue before the executive bodies of the Company and the Board of Directors on taking measures and time frames to eliminate violations revealed by the Audit Commission;

- to monitor the elimination of lacks and implementation of the recommendations stated in the acts of audits.

7.3. Members of the Audit Commission shall:

- Participate in the audit in strict accordance with the decisions of Audit Commission on procedure of conducting the audit;

- Comply with the requirements of commercial confidentiality, not disclose confidential information as well as insider information to which members of the Audit Commission have access when carrying out their functions;

- Record and reflect objectively in the documents of the Audit Commission identified in the course of the audit violations of normative legal acts, the Articles of Association, internal documents of the Company by the officers and employees of the Company;

- When exercising rights and obligations, act in good and fair manner for the benefit of the Company;

- Promptly inform the Board of Directors and executive bodies of the Company on the results of audits of the Company, conclusions of the Audit Commission.

- Make proposals to eliminate the causes and conditions conducive to violations of financial and economic discipline, as well as proposals (recommendations) to improve risk management and internal control systems, the efficiency of the Company's activities, including its asset management.

8. CONCLUSION OF THE REGULATION

8.1. This Regulation shall enter into force on the date of its approval by the General Meeting of Shareholders.

8.2. In case of amending the Russian Federation legislation, the provisions of this Regulation, which came into conflict with the law, shall become invalid, and the activities of the Audit Commission shall be governed by the relevant norms of the Russian Federation legislation and the Company's Articles of Association.

8.3. In the event of any inconsistency between these Regulations and Articles of Association of the Company, the latter shall prevail.