

APPROVED

By Resolution of the Board of Directors
of IDGC of the South, PJSC dated 02.11.2016
(Minutes dated 07.11.2016 No.206/2016)

Amendments to the Regulation on the Audit Committee of the Board of Directors of IDGC of the South, PJSC (hereinafter – Regulation on the Committee)

Clause 4.1.5 of the Regulation on the Committee shall be amended as follows:

«4.1.5. Concerning monitoring the effectiveness of the system for prevention of fraud of employees of the Company and third parties:

4.1.5.1. Analysis and evaluation of performance of the conflict of interest management policies.

4.1.5.2. Monitoring the effectiveness of the system for reporting about potential cases of fraud of employees of the Company and third parties, as well as about other violations in the Company.

4.1.5.3. Supervision over the conduct of special investigations into potential cases of fraud, misuse of insider or confidential information.

4.1.5.4. Monitoring implementation of measures taken by the executive management of the Company as to the facts of reporting on potential cases of fraud of employees and other violations."

Clause 10.4.14 of the Regulation on the Committee shall be supplemented with the following sentence: "The Chairman of the Committee shall accept the written opinion by signing it."

Annex No. 2 to the Regulation on the Committee shall be hereby amended to read in accordance with Annex No. 1 to these Amendments.

**List of items
on the Plan of Action
of the Audit Committee of the Board of Directors of IDGC of the South, PJSC
in 20 __ - 20 __ corporate year**

item number	Agenda item of the Audit Committee meeting	Recommended date for the Audit Committee meeting
Organizational issues		
1.	On the election of the Vice-Chairman of the Audit Committee	not later than 30 days upon approval by the Board of Directors of the AC membership and its Chairman
2.	On the election of the Secretary of the Audit Committee	
3.	On the involvement of an expert to participate in the Audit Committee activities	
4.	On the approval of the Audit Committee's Plan of Action for 20 __ - 20 __ corporate year	
5.	On the preliminary review of the Audit Committee's budget for the 2nd half of 20 _ and the 1st half of 20 _	
6.	On the report of the Audit Committee to the Board of Directors of the Company on the performed work	not later than 15 calendar days prior to the annual General Meeting of Shareholders
7.	On the preliminary review of the Regulation on the Audit Committee of the Board of Directors of the Company as amended	as appropriate
Concerning financial statements of the Company		
8.	On the review of the interim financial statements of the Company for _ months of 20 _ prepared in accordance with RAS	not later than 45 calendar days after the end of the reporting period (for 3 months, 6 months, 9 months of the reporting year)
9.	On the preliminary review of the financial statements of the Company for _____, prepared in accordance with RAS, and the consolidated financial statements of the Company for _____ prepared in accordance with IFRS	not later than April 30 of the year following the reporting year

10.	On the review of Written information submitted by the External Auditor on the main issues of the interim financial statement of the Company for ___ of 20 _ prepared in accordance with RAS, and on the information of the Company management on the adjustments made by the results of the external audit of statements	in accordance with the terms of the Agreement with the External Auditor, but not later than 15 days upon the deadline for preparation of Written information by the results of audit of interim financial statements (6 months/9 months)
11.	On the review of Written information submitted by the External Auditor on the main issues of the financial statements of the Company for 20 ___ prepared in accordance with RAS, and consolidated financial statements of the Company for ___ of 20___ prepared in accordance with IFRS, and on the information of the Company management on the adjustments made by the results of the external audit of statements	in accordance with the terms of the Agreement with the External Auditor, but not later than April 30 of the year following the reporting year
12.	On the review of the material aspects of the Company accounting policy in the reporting year and the planned changes for the coming year	not later than on December 25 of the year preceding the year under planning
13.	On the review of management information on non-standard transactions and events, as well as on the creation of reserve on doubtful debts and provisions	not later than on December 25 of the reporting year
Concerning monitoring the reliability and effectiveness of the internal control system, risk management system, corporate governance practices functioning		
14.	On the preliminary review of the internal documents of the Company defining the strategy, organization and development of the internal control system	as appropriate
15.	On the preliminary review of the Internal Control Policy of the Company as amended	as appropriate
16.	On the review of the Company management information on implementation of corrective action plans to address the shortcomings identified by the Company's Audit Committee, internal audit of the Company, external supervisory (oversight) bodies, on implementation of measures taken as to the facts of reporting on potential cases of employees fraud and the results of investigations conducted	not later than 45 calendar days after the end of the reporting period (following the results of 6 months, following the results of the calendar year)
17.	On the review of management information on implementation of the Internal Control Policy of the Company	at the first meeting in presentia of the Audit Committee
18.	On the preliminary review of the report of the Sole Executive Body and the Board of the Company on organization and functioning of the internal control system	not later than on March 30 of the year following the reporting year
19.	On the review and approval of the content of the section of the Company's annual report on the internal control system	not later than 120 days after the end date of the reporting period

20.	On the preliminary review of the internal audit report of the Company on the effectiveness of the internal control system, risk management system for 20 ____	not later than on March 30 of the year following the reporting year
21.	On the preliminary of the internal audit report of the Company on the performance of the corporate governance system for 20 ____	not later than on March 30 of the year following the reporting year
22.	On the preliminary review of the external independent evaluation report on the effectiveness of the internal control system, risk management system, corporate governance system for 20 ____	subject to the existence of a contract for services on external independent evaluation of the effectiveness of the internal control system, risk management system, corporate governance system
Concerning monitoring of external audit and selection of an auditor		
23.	On the preliminary review of the terms for the procurement procedures for the selection of an external auditor for the right of making contract on auditing of the financial statements of the Company for 20 ____	as appropriate, not later than on January 30
Teatralnaya St., Kuybyshevo village, Kuybyshevskiy district, Rostov Region, Russia	On the preliminary review of the candidacy of the Company external auditor for auditing the financial statements of the Company for 20 ____	not later than on April 30
25.	On the preliminary review of the amount of remuneration for the auditor for auditing the financial statements of the Company for 20 ____	not later than on April 30
26.	On evaluating the effectiveness of the external auditing process of the financial statements of the Company for 20 ____	not later than April 30 of the year following the reporting year
27.	On the preliminary review of the policies on external auditor services not related to audit	as appropriate
Concerning ensuring independence and objectivity of the internal audit functions		
28.	On the preliminary review of the Internal Audit Policy of the Company as amended	as appropriate
29.	On the preliminary review of the Regulation on the structural subdivision of the internal audit of the Company as amended	as appropriate
30.	On the review and approval of the structure and size of the internal audit subdivision of the Company	as appropriate
31.	On the preliminary review of the budget of the internal audit subdivision of the Company	annually not later than December 25 of the year preceding the year under planning

32.	On the preliminary review of the nominated head of the internal audit subdivision and his/her remuneration	as appropriate
33.	On the preliminary review of the plan of action of the Internal audit subdivision for 20 __	not later than November 30 of the year preceding the year under planning
34.	On the review the internal audit subdivision report, on implementation of the plan of action for __ months of 20__, and the results of internal audit activities	not later than 45 calendar days after the end of the reporting period (for 3 months, 6 months, 9 months)
35.	On the preliminary review of the internal audit subdivision report on implementation of the plan of action and the results of internal audit activities for _____ year	not later than on February 28 of the year following the reporting year
36.	On the review of the results of self-assessment of the quality of internal audit activities and the plan of action to improve the internal audit function	not later than on February 28 of the year following the reporting year
37.	On the review of the terms of reference, operative part of the contract on services for independent quality assessment of the internal audit function	as appropriate
38.	On the review of the nominated independent organization on services for independent evaluation of the quality of the internal audit function	as required, as a result of the competitive procurement procedure
39.	On the review of the results of independent evaluation of the quality of the internal audit function	subject to the existence of the contract on services for independent quality assessment of the internal audit function
Concerning monitoring the effectiveness of the system for prevention of fraud of employees of the Company and third parties		
40.	On the preliminary review of the Anti-Corruption Policy of the Company as amended	as appropriate
41.	On the preliminary review of the Code of Corporate Governance of the Company as amended	as appropriate
42.	On the review of management information on implementation of the Anti-Corruption Policy of the Company	at the first meeting in presentia of the Audit Committee
43.	On the review of monitoring results	not later than 45 calendar days after the end of the reporting period (following the results of 6 months, following the results of the calendar year)

Note: The list of items to be included in the Plan of Action of the Audit Committee of the Board of Directors is not exhaustive and shall be formed in accordance with clause 10.1.2 of the Regulation on the Committee.