

OVERSIGHT SYSTEM



BOARD OF INTERNAL AUDITORS

Financial and economic performance of the Company is overseen by the Board of Internal Auditors, as stated by clause 24.1 of the Charter. The competence of the Board, as envisaged by clause 24.3 of the Charter, includes:

- Validation of data presented in the Company's annual report, annual financial statements, P&L statements;
- Analysis of Company's financial position, detection of reserves to improve Company's financial position and preparation of recommendations to Company's management bodies;
- Arrangement and conduct of the audit, namely:
 - Audit of financial, accounting, payment and other documents with regard to Company's financial and economic operations to evaluate compliance with laws of Russia, Company's charter, bylaws and other documents;
 - Oversight whether property, plant and equipment are protected and used in a proper manner;
 - Oversight whether bad debt writing-offs comply with the established procedure;
 - Oversight whether Company's monetary resources are spent in a manner compliant with the approved business plan and budget of the Company;
 - Oversight how Company's reserve fund and other funds are generated and used;
 - Oversight whether dividends, bond interest, yield on other securities are calculated and paid in a proper manner;
 - Oversight whether orders, issued earlier to eliminate exposed violations and problems, are executed;
- Other audit-related activities.



The composition of the Board of Internal Auditors*

| Name | Position** |
|---|--|
| Composition No. 1 (06.06.2016– 05.06.2017) | |
| Marina Alekseevna Lelekova | PAO Rosseti's Director of Oversight Department |
| Svetlana Anatolyevna Kim | PAO Rosseti's Head of Oversight Directorate of Oversight Department |
| Artem Nikolayevich Kirillov | PAO Rosseti's Deputy Head of Oversight Directorate of Oversight Department |
| Elena Aleksandrovna Kabizskina | PAO Rosseti's Deputy Head of Oversight Directorate of Oversight Department |
| Aleksandra Vladimirovna Charondina | PAO Rosseti's Deputy Head of Internal Audit Directorate |
| Composition No. 2 (08.06.2017 – present day) | |
| Marina Alekseevna Lelekova | PAO Rosseti's Director of Oversight Department |
| Svetlana Anatolyevna Kim | PAO Rosseti's Head of Oversight Directorate of Oversight Department |
| Artem Nikolayevich Kirillov | PAO Rosseti's Deputy Head of Oversight Directorate of Oversight Department |
| Elena Aleksandrovna Kabizskina | PAO Rosseti's Deputy Head of Oversight Directorate of Oversight Department |
| Elena Yuryevna Slesareva | PAO Rosseti's Internal Audit Directorate chief expert |

* The Board of Internal Auditors' members consented disclosure of personal data in the report in a manner, consistent with laws of the Russian Federation.

** Positions are presented as of the nomination date.

The Board of Internal Auditors consists of 5 members, elected by the Annual General Meeting. During the reported period the Board of Internal Auditors conducted 10 compresence meetings.

Remunerations and payment procedure are stipulated by the Regulations on Remunerations and Compensations Due to the Board of Internal Auditors, adopted by the General Meeting of Stockholders. The Board of Internal Auditors earned RUB 1,019.3 thousand (incl. applicable taxes) remunerations and compensations during 2017.