

## PAVEL VYACHESLAVOVICH SHIRYAEV



**Member of the Management Board, Deputy General Director for Economics and Finance (date of election to the Management Board - December 11, 2015).**

Born in 1965.

In 1988, he graduated from the Moscow State Technological University of Steel and Alloys majoring in Physical and Chemical Studies of Metallurgical Processes; in 2005 – from the Moscow Power Engineering Institute majoring in Power Supply.

He speaks English.

From 2002 to 2015 — he was employed as a Deputy General Director by the PJSC Federal Grid Company of Unified Energy System.

He joined PJSC IDGC of the North-West in 2014: Since December 2014 – Adviser in Administrative Department, in July 2015 – transferred to the position of Acting Deputy General Director for Economy and Finance, in September 2015 – appointed to the position of General Director for Economics and Finance of the Company.

Competence: Effective management of the enterprise economy, optimisation of cash flows of the Company, effective implementation of the credit policy, ensuring of timely settlement in all areas of the Company's activities. Establishing the level of tariffs for services provided by PJSC IDGC of the North-West, sufficient to ensure its core business and profit generation.

As of today, he is not a member of management bodies of any other organisations.

He did not hold any shares of PJSC IDGC of the North-West in 2015.

## ATTENDANCE OF MEETINGS BY MANAGEMENT BOARD MEMBERS IN 2015

Full name	Number of meetings attended by the Management Board's member	Total number of meetings	Share of the total number of meetings, %
A.V. Letyagin	46	46	100
V.S. Gusev ***	25	31	81
I.V. Medvedev **	34	37	92
V.V. Nesterenko **	35	37	95
D.I. Nikonov **	36	37	97
D.A. Orlov	43	46	93
V.V. Fyodorov ****	5	5	100
P.V. Shiryaev ****	5	5	100
V.E. Lutskovich*	41	41	100
A.A. Mizgin-Somov*	9	9	100
A.V. Mikhalkov*	37	41	90
D.S. Nikiforov*	36	41	88
A.D. Nikonov*	7	16	44

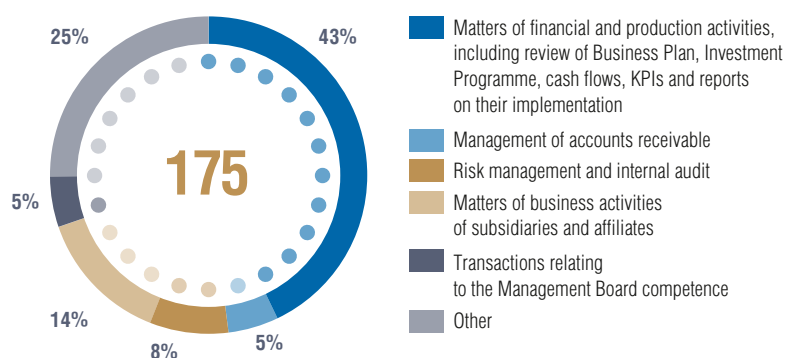
# 46

MEETINGS  
OF THE COMPANY'S  
MANAGEMENT BOARD IN 2015

While managing the Company's current activities in accordance with the competence determined in the Articles of Association and the Provision on the Management Board of PJSC IDGC

of the North-West, the Company's Management Board held 46 meetings (7 of them - in the form of joint presence) and addressed 175 matters in 2015.

## STRUCTURE OF ADDRESSED KEY MATTERS BY THE COMPANY'S MANAGEMENT BOARD IN 2015



\* powers terminated.  
 \*\* elected March 25, 2015.  
 \*\* elected April 21, 2015.  
 \*\*\*\* elected December 11, 2015.

## 5.1.4. Control

### 5.1.4.1. Internal Control and Risk Management System

The Company's Internal Control System (hereinafter, ICS) is an element of the Company's general management system. ICS covers all of the Company's activities, control procedures are ongoing in all processes (businesses), at all management levels and are aimed at ensuring achievement of goals in the following areas:

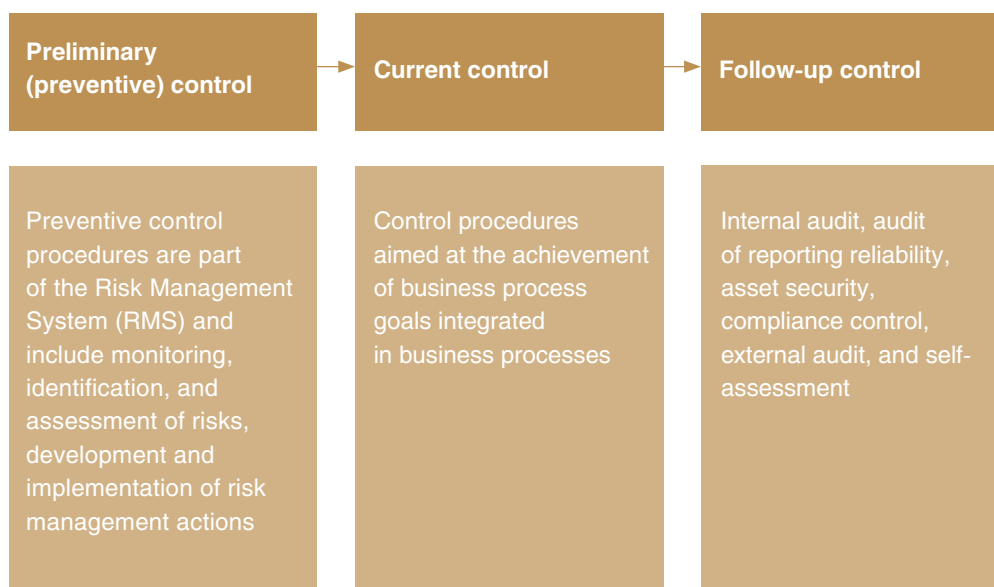
- effective, cost-efficient, and successful management of the Company's business activities;
- compliance with statutory and regulatory requirements applicable to the Company's business activities as well as the Company's internal documents requirements;

- prevention of unlawful actions of the Company employees and third parties towards the Company's assets;
- data reliability, full scope and timeliness of all types of reports.

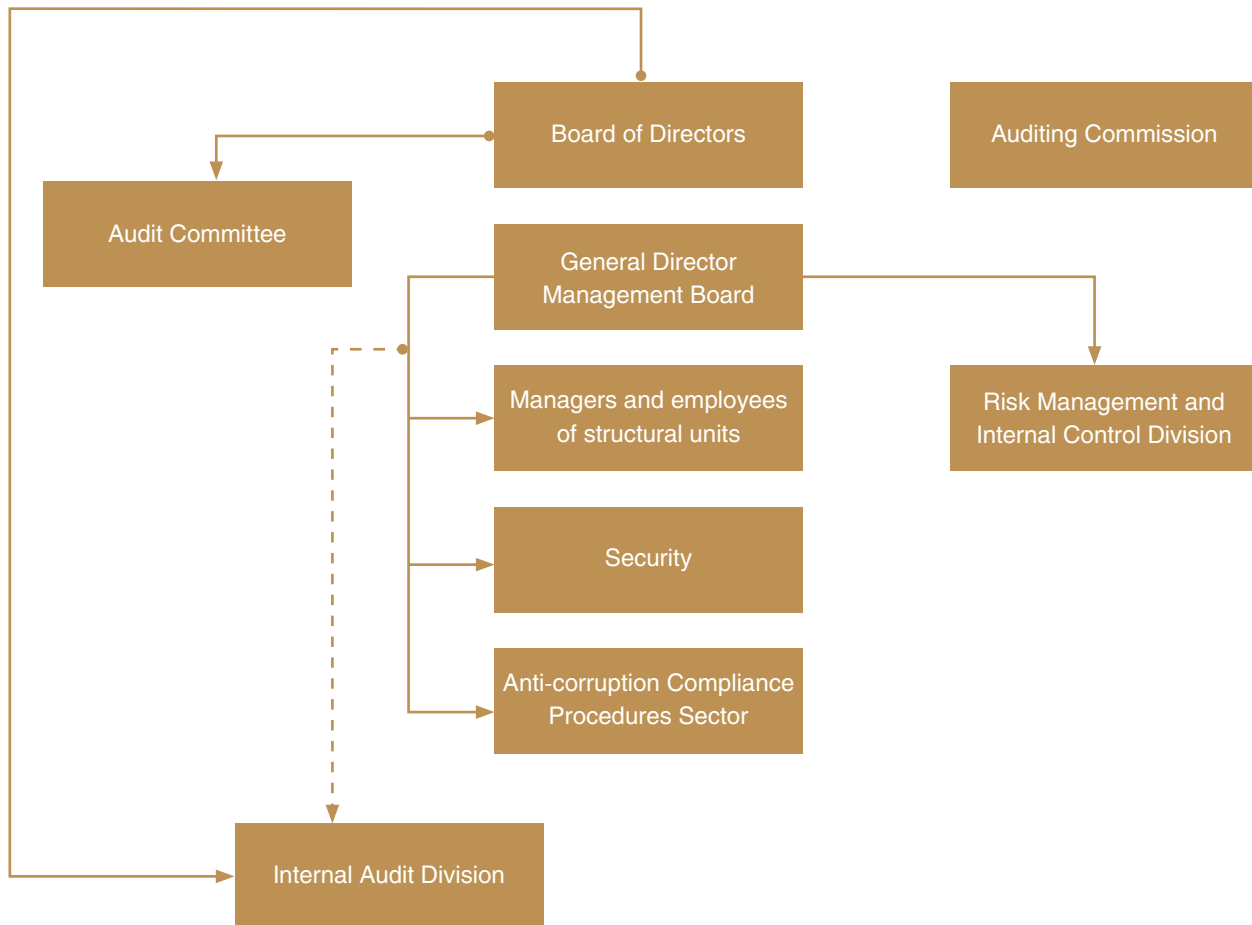
For the purpose of the implementation of the ICS development and improvement strategy for PJSC ROSSETI and its subsidiaries the Internal Control Policy of PJSC IDGC of the North-West was approved in 2014. The Internal Control Policy defines the goals, principles, and elements of the Company's ICS, key functions, and responsibility of ICS parties, as well as procedure for ICS efficiency assessment.

## INTERNAL CONTROL SYSTEM

IMPROVEMENT OF IAS AND RISK MANAGEMENT SYSTEM IS UNDERWAY AT ALL COMPANY MANAGEMENT LEVELS IN THE FOLLOWING AREAS



## INTERNAL CONTROL SYSTEM PARTICIPANTS



### *Board of Directors*

- Defining strategy for ICS development in the Company;
- Approval of main internal regulations of the Company pertaining to internal control, risk management, and internal audit;
- Creating efficient internal control processes, including review of reports and decision-making on system, key, and problematic internal control issues.

### *Auditing Commission*

- Control over the Company's business activities;
- Independent assessment of the reliability of data in the Company's annual report and annual statutory financial statements.

*Audit Committee of the Board of Directors*

- Preliminary review of the Company's internal documents relating to the strategy, processes and development of the Company's ICS before their approval by the Company's Board of Directors;
- Control over completeness, accuracy, and reliability of the issuer's financial statements;
- Control over reliability and effectiveness of ICS, including ICS efficiency assessment, development of proposals for ICS improvement;
- Ensuring independence and objectivity of internal and external audit functions;
- Control over the selection of an external auditor, its independence, and overall effectiveness of the external audit;
- Control over regulatory compliance and reporting to the executive bodies on any violations.

*Company's Management Board*

- Review and analysis of the Company's ICS performance reports, including ICS status reports.

*General Director*

- Ensuring creation and ongoing functioning of an effective and reliable ICS in the company;
- Submission of Company's and subsidiaries' ICS improvement proposals to the Board of Directors in the Company.

*Managers of blocks and structural units*

- Ensuring implementation of the ICS principles;
- Organizing an efficient control environment for the processes (businesses activities) under their coordination;
- Ensuring regulation of the processes (businesses activities) under their coordination;
- Assessment of the processes (businesses activities) under their coordination for the need of their optimization to improve the performance and compliance with changing external and internal environment; and development of proposals for the improvement of control procedures;
- Ensuring elimination of any identified defects in control procedures and the control process environment;
- Managing risks of the processes (businesses activities) under their coordination and implementation of control procedures;
- Responsibility for efficient achievement of operating goals of the processes (businesses activities) under their coordination.

*Employees of the Company's structural units implementing control procedures as part of their job responsibilities*

- Implementation of ICS control procedures in accordance with job descriptions and approved regulations;
- Monitoring of ICS control procedures implementation;
- Self-assessment of the effectiveness of ICS control procedures implementation and involvement in ICS improvement efforts.

### *Risk Management and Internal Control Division*

- Develops and ensures the implementation of major and methodology documents for the development of ICS and risk management system;
- Coordinates actions aimed to ensure and monitor the target state of the ICS and risk management;
- Develops information on ICS status for all stakeholders;
- Helps the Company's management in developing control environment, recommendations for the integration of control procedures into business processes and assigning responsibility among employees;
- Government and regulator relations in the field of internal control;
- Relations with the external auditor of the Company and its subsidiaries on ICS and risk management performance.

### *Internal Audit Division*

- Develops recommendations on the improvement of control procedures and ICS components (elements) based on internal audit results;
- Provides internal independent assessment of the ICS effectiveness and prepares recommendations for improvement of the ICS effectiveness.

To ensure the ICS efficiency and its compliance with changing requirements and conditions, the Company conducts assessment of the ICS effectiveness - its compliance with target state and maturity level.

The Company faces the challenge of implementing a range of measures aimed at the development and improvement of the internal control system and risk management, proposed in the Performance Report on the Company's internal control for 2014, including improvement of the internal audit function, thus ensuring the higher level of the internal control and risk management system maturity.

In the reporting year, the Company took the following key measures aimed at improving ICS:

- A new version of the Company's Articles of Association was approved with amendments introduced in accordance with the Corporate Governance Code recommended by the Central Bank of the Russian Federation (Letter dated April 10, 2014). The competence of the Company's Board of Directors was supplemented with the following new powers: determination of the principles and approaches for the Company's risk management and internal control system; assessment of key operational risks (financial and non-financial); determination of acceptable risk values for the Company; organization of the risk management and internal control system analysis and assessment at least once a year; annually examination of issues related to the organization, functioning and efficiency of the risk management and internal control system in the Company; control over and organization of the Company's internal audit division, including approval of the internal audit division's activity plan, the report on the internal audit division's activity plan implementation and the budget