

APPROVED  
by the Resolution of the Annual Meeting  
of Shareholders of IDGC of Centre, JSC  
25.06.2015 (Minutes # 01/15 of 26.06.2015)

REGULATION  
on the payment of remuneration and compensation  
to members of the Board of Directors  
of IDGC of Centre, PJSC

(new edition)

This Regulation on the payment of remuneration and compensation to members of the Board of Directors of IDGC of Centre, PJSC (hereinafter - the Regulation) is developed according to the Federal law «About joint stock companies» and establishes sizes and an order of payment of remuneration and compensation to the Board of Directors of IDGC of Centre, PJSC (hereinafter – the Company).

1. Payment of compensations is produced by the Company in the monetary form.

2. Action of this regulation does not extend on the Board of Directors of the Company who are simultaneously members of a joint executive body of the Company or chief executive officer (general director) of the Company.

3. Compensations to the chairman and members of the Board of Directors of the Company, being persons in which relation the federal law provides restriction or prohibition on receipt of any payments from commercial organisations, are not charged and not paid.

4. Payment of compensations.

4.1. Payment of compensations to members of the Board of Directors of the Company is produced following the results of work from the moment of election of the candidate in the Board of Directors of the Company till the moment of election of a board of directors of the Company with new members.

Compensation in the form of a lump sum payment in Russian rubles is paid to members of the Board of Directors of the Company.

4.2. Rate of remuneration for participation in the board of directors of the Company of each member of the board of directors of the Company is calculated accounting of total quantity of sessions of the board of directors of the Company for the last corporate year and quantities of sessions in which each member of the board of directors took part, under the formula:

$$S (1) = R_{base} \times 100/130 \left( \frac{n}{m} \right), \text{ where}$$

S (1) – rate of remuneration for participation in the Company's board of directors;

R<sub>base</sub> – the base unit of compensation determined in an order, established in item 4.3. of this regulation.

n – quantity of sessions of the board of directors (irrespective of the form of their carrying out) in which each member of the board of directors during the period between annual shareholders general meetings took part;

m – total quantity of sessions of the board of directors (irrespective of the form of their carrying out) during the period between annual shareholders general meetings.

4.3. The size of a base unit of compensation (R<sub>base</sub>) is established proceeding from the revenue of the Company calculated under RAS for fiscal year, and constitutes:

Size of revenue	R <sub>base</sub>
Over 200 billion RUB	1 000 000 RUB
Over 30 billion RUB	900 000 RUB
Over 10 billion RUB	800 000 RUB
Over 1 billion RUB	700 000 RUB
Over 600 million RUB	600 000 RUB
Less than 600 million RUB	500 000 RUB

4.4. The compensation specified in point 4.2 of this regulation, is paid within 60 days after carrying out of annual shareholders general meeting of the Company.

4.5. In addition to the compensation specified in point 4.2 of this regulation, the following allowances are established:

4.5.1. - 30 % from S (1) - to the Chairman of the board of directors of the Company;

4.5.2. - 20 % from S (1) - to the Chairman of a specialised committee of the Company's board of directors;

4.5.3. - 10 % from S (1) - for membership in a specialised committee of the Company's board of directors.

Allowances are not paid for presidency and-or membership in a specialised committee, if for corporate year less than three sessions of a committee of the board of directors have been conducted.

With a view of this Regulation for determination of rates of remuneration and compensation to the Board of Directors a corporate year is understood as the period, from the moment of election of a personal

membership of Board of directors at annual Shareholders general meeting of the Company and till the moment of carrying out of the subsequent annual Shareholders general meeting of the Company.

4.6. The general rate of remuneration, specified in point 4.2 of this regulation, taking into account the allowances specified in point 4.5 of this regulation, cannot exceed Rbase.

4.7. Compensation is not paid, if each member of the board of directors of the Company did not take part in more than 50 % of taken place (from the moment of his or her election till the moment of the termination of powers) sessions.

4.8. In the terms specified in point 4.4 of this regulation, the additional compensation from net profit in case of increase in the size of market capitalisation of the Company during work of Board of directors is paid to members of the Board of Directors.

The size of an additional compensation of each member of the board of directors is paid according to point 4.8, constitutes 0,0175 percent from a gain of market value of the Company calculated from the moment of election of each member of the board of directors till the moment of election of a new membership of the Board of directors of the Company.

With a view of determination of rate of remuneration the calculation of a gain of market value of the Company is produced as follows:<sup>1</sup>

$$\Delta(PK) = \overline{PK}_t - \overline{PK}_{t-1}$$

where:

$\Delta PK$  – a gain of market value of the company;

$\overline{PK}_t$  – average chronological market capitalisation of the company for the period (t);

$\overline{PK}_{t-1}$  – average chronological market capitalisation of the company for the period (t-1);

Average chronological market capitalisation of the Company is calculated under the following formula:

$$\overline{PK} = \frac{\sum P_{iMMBB}}{n} \times Q$$

where:

$P_{iMMBB}$  – weighted average price of stocks of the Company on i-th trading day of the corresponding period on the Moscow Interbank Stock Exchange;

$n$  – quantity of trading days in which transactions under Company stocks were made, from a date started to an expiry date of the corresponding period (t) or (t-1),

$Q$  – uniform for  $\overline{PK}_t$  and  $\overline{PK}_{t-1}$  size equal to quantity of the issued common stocks of the Company for the first date of the period (t-1).

Determination order in formulas of the periods (t) and (t-1):

- period (t) is determined as the period consisting of 30 working days, is the date following date of the termination of powers of each member of the board of directors;
- period (t-1) is determined as the period consisting of 30 working days, the last day of which is the date prior to election of each member of the board of directors, and in the first day – the date counted (30 working days) in a return chronological order.

If for the first day of the period (t-1) specified when due hereunder 6 months from the moment of the admission of stocks to trading on the Moscow Interbank Stock Exchange have not expired, the period (t-1) is determined as the period consisting of 30 working days, the first day of which is the date following the expiration of the specified six-months' period.

The calculated size of a gain of market value of the Company under the formula (3) is necessary for correcting on the growth of the share market characterised by indexes of an exchange of the Moscow Interbank Stock Exchange under the following formula:

$$T_{\text{рынка}} = \left( \frac{\overline{I}_{\text{MMBB}_t}}{\overline{I}_{\text{MMBB}_{t-1}}} \right)$$

<sup>1</sup>Source of exchange indicators is the corresponding stock exchange

where:

$I_{MMBF_t}$  - average chronological index of the Moscow Interbank Stock Exchange for the period (t).

$I_{MMBF_{t-1}}$  - average chronological index of the Moscow Interbank Stock Exchange for the period (t-1).

The average chronological index is calculated under the following formula:

$$I = \frac{\frac{I_1}{2} + I_2 + I_3 \dots + \frac{I_n}{2}}{n - 1}$$

where:

$I_1$  - value of an index on 1st trading day of the corresponding period;

$I_n$  - value of an index on last trading day of the corresponding period;

$n$  - quantity of trading days from a start date to an expiry date of the corresponding period.

The summary formula of calculation of base for determination of compensation of each member of the board of directors looks like:

$$\Delta(\text{ДРС}) = \frac{\Delta(PK) \times \left( \frac{PK_t}{PK_{t-1}} - (T_{\text{рынка}} - d_{\text{комп.}}) \right)}{\left( \frac{PK_t}{PK_{t-1}} - 1 \right)}$$

where:

$d_{\text{комп.}}$  - a share of the estimated Company in rate of increase of the share market which is calculated as:

$$d_{\text{комп.}} = \left( \frac{Q_{\text{комп.}}}{Q_{\text{ММББ}}} \right) \times \left( \frac{PK_t}{PK_{t-1}} - T_{\text{рынка}} \right)$$

where:

$Q_{\text{комп.}}$  - total volume of the Company's stocks trading on the Moscow Interbank Stock Exchange for the periods (t) and (t-1), (in RUB);

$Q_{\text{ММББ}}$  - total volume of trading on the Moscow Interbank Stock Exchange for the periods (t) and (t-1), (in RUB);

If the company has issued, besides ordinary, preferred stocks at determination of rate of remuneration according to item 4.8 common stocks are considered only.

Payment of compensation for a gain of market value of the Company is produced only in the event that the monthly average volume of transactions concluded with common stocks of the Company during a term of appointment of the remunerated membership of the Board of directors at the stock exchange<sup>2</sup> constitutes not less than 1,5 million RUB;

4.9. Total rate of remuneration of members of the Board of Directors of the company, paid according to point 4.8, cannot exceed 5% from net profit under RAS, received following the results of a fiscal year.

In case total rate of remuneration exceeds 5% from net profit under RAS, rate of remuneration of each member of the board of directors of the company on a gain of market value of the Company is calculated under the formula:

$$S'(1)_i = 0,05 * \text{Net profit} * \frac{S(1)_i}{B}, \text{ where}$$

$S'(1)_i$  - the corrected rate of remuneration of i-th each member of the Board of directors for the size of market capitalisation of the Company;

Net profit - the Company's net profit under RAS following the results of a fiscal year;

B - total rate of remuneration to members of the Board of Directors of the Company for participation in the board of directors for the last corporate year calculated according to point 4.8 of this regulation.

<sup>2</sup>On section of stock market of Closed Joint-Stock Company "Moscow Interbank Stock Exchange"

S (1)<sub>i</sub> – rate of remuneration of i-th each member of the board of directors on a gain of market value of the Company, calculated according to points 4.8 of this regulation.

4.10. A member of the board of directors of the Company can refuse receipt of the compensation provided by this regulation completely or in a certain part by direction of a corresponding application addressed to chief executive officer (general director) of the Company.

5. Payment of compensations.

5.1. A member of the Board of directors are compensated the expenses connected with participation in session of the Board of directors, at existing rates at the moment of carrying out of session of compensation of travelling and living expenses, established in the Company.

5.2. Payment of compensations is produced by the Company within three working days after representation of the documents confirming expenses made.