

APPROVED

by Resolution of Annual General Meeting of
Shareholders
of IDGC of Volga, PJSC dated June 16, 2015
Minutes No. 9/2015 dated June 18, 2015

R E G U L A T I O N S
on Remunerations and Compensations Payable to Members
of Board of Directors of
IDGC of Volga, PJSC

(New Version)

These Regulations on Remunerations and Compensations Payable to Members of the Board of Directors of IDGC of Volga, PJSC (the "Regulations") drawn up in compliance with the Federal Law "On Joint-Stock Companies" provide amounts and procedure of payment of remunerations and compensations to members of the Board of Directors of IDGC of Volga, PJSC (the "Company").

1. The Company will pay remunerations in monetary terms.
2. These Regulations are not applicable to members of the Board of Directors of the Company who are at the same time members of the Collegial Executive Body of the Company or Sole Executive Body (General Director) of the Company.
3. No remunerations will be accrued and paid to the Chairperson and members of the Board of Directors who are subject to any restrictions or prohibitions imposed by the federal laws relating to payments from commercial organizations.

4. Payment of Remunerations

4.1. The remunerations will be paid to members of the Board of Directors basing upon their performance throughout the period in office from the date of election of a member till the date of election of new members of the Board of Directors.

The remuneration of members of the Board of Directors will be paid as one-off payment in Russian rubles.

4.2. The amount of remuneration of each member of the Board of Directors for membership with the Board of Directors shall be calculated basing upon total number of meetings of the Board of Directors held during the last corporate year and number of meetings attended by a member of the Board of Directors:

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

$S(1)$ is the amount of remuneration for membership with the Board of Directors of the Company;

R_{bas} is the basic part of the remuneration calculated as per paragraph 4.3. hereof.

n is the number of meetings of the Board of Directors (regardless of meeting format) attended by a member of the Board of Directors during the period between two annual General Meetings of Shareholders;

m is the number of meetings of the Board of Directors (regardless of meeting format) held during the period between two annual General Meetings of Shareholders.

4.3. The basic amount of remuneration (R_{bas}) depends on the Company's revenue calculated according to the Russian Accounting Standards (RAS) for the financial year as follows:

Revenue	R_{bas}
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 remuneration specified in the above paragraph 4.2. hereof will be paid within 60 days from the date of the annual General Meeting of Shareholders of the Company.

4.5. The following bonuses will be paid in addition to the remuneration specified in the above paragraph 4.2. hereof:

- 4.5.1 - 30% from $S(1)$ - for the Chairperson of the Board of Directors of the Company;

4.5.2 - 20% from S(1) - for the Chairperson of a special committee under the Board of Directors of the Company;

4.5.3 - 10% from S(1) - for membership with a special committee under the Board of Directors of the Company.

Should less than three meetings of the Board of Directors be held during the corporate year, no bonuses for chairmanship and/or membership with the special committee will be paid.

For the purposes of these Regulations, the corporate year used to calculate the amount of remunerations and compensations payable to members of the Board of Directors refers to a period from the date of election of members of the Board of Directors by the annual General Meeting of Shareholders of the Company till the date of the next annual General Meeting of Shareholders of the Company.

To calculate the amount of remunerations and compensations payable to members of the Board of Directors whose duties were terminated and who were elected by an extraordinary General Meeting of Shareholders of the Company, the corporate year is deemed to be equal to 365 days.

4.6. Total amount of remuneration specified in the above paragraph 4.2 hereof plus bonuses specified in the above paragraph 4.5 hereof shall not exceed R_{bas} .

4.7. No remuneration will be paid to a member of the Board of Directors who failed to attend more than 50% of the meetings held from the date of his/her election till the date of termination of his/her office.

4.8. Should the market capitalization of the Company increase during the period of operation of the Board of Directors, members of the Board of Directors will be paid the additional remuneration out of the net profit within the time specified in the above paragraph 4.4. hereof.

The amount of the additional remuneration paid to each member of the Board of Directors as per paragraph 4.8. will be equal to 0.0175 percent of the Company's market value increment calculated for the period from the date of election of a member of the Board of Directors till the date of election of new members of the Board of Directors of the Company.

The Company's market value increment used to define the amount of remuneration shall be calculated as follows:¹

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

where:

ΔMC is the Company's market value increment;

\overline{PK}_t is an average chronological market capitalization of the Company for the period (t);

\overline{PK}_{t-1} is an average chronological market capitalization of the Company for the period (t-1);

The average chronological market capitalization of the Company shall be calculated as follows:

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

where:

P_{iMICEX} is an average weighted price of the Company's shares on i -trading day of the relevant period at MICEX;

n is the number of trading days during which the Company's shares were involved in transactions from the start date till the end date of the relevant period (t) or (t-1),

¹ Relevant stock exchange shall be the source of stock exchange indicators

Q is a value (identical for \overline{PK}_t and \overline{PK}_{t-1}) which is equal to the number of issued ordinary shares of the Company as of the first date of the period (t-1).

Definition of periods (t) and (t-1) used in equations:

- Period (t) refers to a period of 30 business days; the first day of this period is the date which follows the date of termination of office of a member of the Board of Directors;
- Period (t-1) refers to a period of 30 business days; the end day of this period is the date before the date of election of a member of the Board of Directors and the first day of this period is the date counted backward (30 business days) in reverse chronological order.

If a six month period from the date when the shares were admitted for trading at MICEX has not expired as of the first day of the period (t-1) defined according to the established procedure, the period (t-1) will be deemed to be a period of 30 business days which will begin on the day which follows the date of expiry of the above six months' period.

The Company's market value increment calculated using the equation (3) shall be adjusted to the share market growth shown by MICEX exchange indices as follows:

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

where:

$\overline{I_{\text{MMBB}}}_t$ is the average MICEX chronological index for the period (t).

$\overline{I_{\text{MMBB}}}_{t-1}$ is the average MICEX chronological index for the period (t-1).

The average chronological index is calculated as follows:

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

where:

I_1 is the index value observed on the first trading day of the relevant period;

I_n is the index value observed on the last trading day of the relevant period;

n is the number of trading days from the start date till the end date of the relevant period.

Final equation used to calculate the basic amount of remuneration payable to a member of the Board of Directors is as follows:

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

where:

d_{COMP} is the share of an assessed Company in the rate of the share market growth calculated as follows:

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

where:

Q_{COMP} is a total volume of trading in the Company's shares at MICEX for the periods (t) and (t-1), (rub.);

Q_{MICEX} is a total volume of MICEX trading in the Company's shares at MICEX for the periods (t) and (t-1), (rub.);

Should the Company issue preferred shares in addition to ordinary shares, only the ordinary shares shall be taken into account to define the amount of the remuneration as per paragraph 4.8.

The remuneration for the Company's market value increment will be paid when the average monthly volume of transactions involving the ordinary shares of the Company settled at the stock exchange ² during the period in office of members of the Board of Directors is at least 1.5 million rub.;

4.9. The total amount of remuneration payable to members of the Board of Directors of the Company as per paragraph 4.8 shall not exceed 5% of the net profit (according to RAS) obtained as of the end of the financial year.

Should the total amount of remuneration exceed 5% of the net profit (according to RAS), the remuneration payable to a member of the Board of Directors of the Company for the Company's market value increment will be calculated as follows:

$$S(1)_i = 0.05 * NP * \frac{S(1)_i}{B}, \text{ where}$$

$S(1)_i$ is the adjusted amount of remuneration of i-member of the Board of Directors for the amount of the Company's market capitalization;

NP is the net profit of the Company according to RAS obtained as of the end of the financial year;

R is the total amount of remuneration payable to members of the Board of Directors of the Company for participation in the activities of the Board of Directors for the previous corporate year calculated as per paragraph 4.8. hereof.

$S(1)_i$ is the amount of remuneration of i-member of the Board of Directors for the Company's market value increment calculated as per paragraph 4.8. hereof.

4.10. A member of the Board of Directors of the Company may refuse to accept remuneration provided by these Regulations, fully or partially, by giving an application to the Sole Executive Body (General Director) of the Company.

5. Payment of Compensations

5.1. A member of the Board of Directors will be compensated for expenses associated with participation in the meeting of the Board of Directors at the travel expense reimbursement rates fixed by the Company as of the date of the meeting.

5.2. The compensations will be paid within three business days from the date of delivery of documentary proof of the expenses.

² On the section of the stock market of MICEX, CJSC