

AS APPROVED BY:

The OAO IDGC of Urals' Annual General Meeting of  
Stockholders

Minutes No.12 dated as of 31 May 2018

**AMENDED AND RESTATED REGULATIONS  
On Remunerations and Compensations  
Due to the Board of Internal Auditors**

Yekaterinburg  
2018

## 1. General Provisions

1.1. The OAO IDGC of Urals' Regulations on Remunerations and Compensations Due to the Board of Internal Auditors (hereinafter referred to as the Regulations) is a bylaw of Open Joint-Stock Company Interregional Distribution Grid Company of Urals (hereinafter referred to as the Company), developed pursuant to Federal Joint-Stock Companies' Law dated as of 26 December 1995 No.208-FZ, Company's Charter and other regulatory enactments.

1.2. The Regulations shall stipulate the calculation and manner of payment of statutory remunerations and compensations for the duties, disclosed in the Charter and Regulations on the Board of Internal Auditors.

1.3. The Regulations shall not be applied to the members, subject to legal restrictions or prohibition of any allowances from businesses.

1.4. Should such prohibition or limitation of any allowances from businesses be lifted on the statutory grounds, remunerations and compensations shall be charged starting with the date of a written notice, filed by a Board of Internal Auditors member in a manner stated herein.

1.5. In cases of removal and election by the Extraordinary General Meeting remunerations shall be charged on the basis of the actual tenure of a Board of Internal Auditors member.

1.6. Settlements with the Board of Internal Auditors members shall be made in Russian rubles upon a member's application(s) on remunerations/compensations, prepared according to forms from Appendices No.1,2 hereof, via bank transfers to the account provided in the application.

## 2. Remuneration Size and Manner of Payment.

2.1. Remuneration shall be charged for a member's corporate year service, depending upon the degree of member's involvement in the Board activities. For the purposes hereof, to determine the size of remuneration due to the Board of Internal Auditors a corporate year shall be a period between General Meetings, the former having elected the Board of Internal Auditors and the latter having "Election of the Board of Internal Auditors" item on its agenda.

To calculate remunerations and compensations due to the members who were removed and elected by the Extraordinary General Meeting, a corporate year shall be equal to 365 calendar days.

2.2. Member's remunerations shall be based on the fixed component (Rbasic). The basic shall be set upon the annual Russian Accounting Standards (or RAS) revenues of the Company, as stated in the figure below:

Group	Annual Revenues	Basic component size (Rbasic)
1	RUB 200+ billion	RUB 150,000
2	RUB 30+ billion	RUB 135,000
3	RUB 10+ billion	RUB 120,000
4	RUB 1+ billion	RUB 105,000
5	RUB 600+ million.	RUB 90,000

2.3. Actual size of a member's corporate year service shall be calculated according to the formula:

$R_{\text{actual}} = R_{\text{basic}} * (m_i / m) * P_c$ , where:

$R_{\text{actual}}$  – actual remunerations size calculated from the basic component size;

$R_{\text{basic}}$  – basic component calculated in compliance with the clause 2.2. figure;

$m_i$  - number of calendar days in a corporate year when a member held the office;

$m$  – total number of calendar days in the corporate year;

$P_c$  – Personal contribution of a Board of Internal Auditors member.

2.3.1 Personal contribution shall demonstrate member's meeting attendance and execution of extra duties (as the Chairman or Secretary).

2.3.2 Personal contribution of each member shall be determined in line with the formula:

$P_c = (1 + A_m + C_{\text{add}}) * C_{\text{aud}}$ , where:

$P_c$  – personal contribution;

$A_m$  – meeting attendance;

$C_{\text{add}}$  – Chairman/Secretary duties coefficient;

$C_{\text{aud}}$  – involvement in audits and inspections, conducted by the Board of Internal Auditors.

2.3.3.  $A_m$  coefficient shall be based on the member's attendance at  $n_i$  meetings out of  $n$  meetings, conducted by the Board of Internal Auditors during the corporate year, incl. ballot voting:

$A_m = 0.1 * (n_i / n)$ , where

$n_i$  and  $n$  values are based on minutes of the Board of Internal Auditors.

2.3.4.  $C_{\text{add}}$ , factoring in Chairman/Secretary duties, shall be calculated in line with the formula:

$C_{\text{add C}} = 0.3 * (f_i / m)$  – Chairman,

$C_{\text{add S}} = 0.1 * (f_i / m)$  - Secretary, where:

$f_i$  – number of days in the corporate year (out of total amount  $m$ ), when the Chair/Secretary discharged their functions, as is stated by the minutes.

2.3.5.  $C_{\text{aud}}$  coefficient shall be set by a Chairman's resolution based upon the involvement of a member in audits and service quality between 0.000 and 1.000.

Determination of  $C_{\text{aud}}$  individual coefficients shall factor in the involvement of a member in all levels of the audit process:

- Preparation / scheduling of audits and inspections;
- Audit and inspections;
- Preparation of an inspection report;
- Post-inspection coordination with the Company (including monitoring of response).

2.3.6.  $P_c$  coefficient and its components ( $A_m$ ,  $C_{\text{add}}$ ,  $C_{\text{aud}}$ ) shall be a decimal, accurate to 3<sup>rd</sup> decimal place.

2.3.7. The Chair shall set  $P_c$  coefficient and file it to the sole executive body according to a form from Appendix No.3 hereof.

2.3.8. A member, who missed over 50% of meetings during his/her tenure, shall earn no remuneration ( $P_c = 0$ ).

2.3.9. Actual remunerations for each member shall be calculated according to a form from Appendix No.4 hereof.

2.3.10. The Company shall calculate, deduct and pay income tax and other taxes and levies regarding remunerations and compensations due to the Board of Internal Auditors.

2.4. If during the corporate year a member actively participates in additional inspections or control activities, conducted at the direction of a GSM or Board of Directors or request from a holder (holders) owning at least 10% of the Company's voting shares, the Chair shall be entitled to petition the general shareholder meeting for the increase of actual remunerations, calculated according to the formula from clause 2.3. hereof.

2.5. Calculation of remunerations shall be overseen by the Chair; remuneration payment shall be overseen by the sole executive body of the Company.

2.6. Remunerations shall be paid within 30 (Thirty) calendar days after the Annual General Meeting and after the Chair files the calculation of  $P_c$  coefficient of each member with the sole executive body of the Company.

If the General Meeting decides to increase remunerations for audits and inspections, conducted in accordance with clause 2.4. hereof, the Company shall factor in the increase approved by the GM while calculating actual remunerations.

If the General Meeting decides to increase actual remunerations for the Board of Internal Auditors after the accrual date, the Company shall additionally pay the difference between already accrued remunerations and increased remunerations approved by the GM.

2.7. A member shall be entitled to fully or partially renounce remunerations and compensations, stipulated herein, by filing a renounce application to the sole executive body of the Company.

### **3. Compensations Size and Manner of Payment.**

3.1. The Company shall reimburse documented activities-related expenses that were incurred by members, not falling under limitations from clause 1.3. hereof, if they visit Company's facilities, attend meetings arranged at the Company's premises or discharge other tasks of the Board of Internal Auditors.

3.2. Reimbursement of expenses, related to the attendance of meetings and inspections, shall be determined by actual documented expenses within reimbursement limits from clause 3.4. hereof.

3.3. If actual expenses, incurred by a member, exceed the amount stipulated by clause 3.2. hereof, such excess shall not be reimbursed.

3.4. Upon request from the Board of Internal Auditors the Company shall acquire multimodal roundtrip travel tickets and accommodate (reserve and pay) members according to the following limits:

- air transport (Economy class);
- railway transport (compartment car in a deluxe train or Economy class in a high-speed train;
- regular motor vehicles (roundtrip tickets according to existing transportation rates);
- motor vehicles (except taxi), railway transportation to/from airport according to existing transportation rates (Aeroexpress Economy class);

- accommodation in 4\* hotels (Standard rooms).

The Company may acquire travel tickets and reserve accommodation of a higher class if there are no required airplane/railway tickets or rooms in hotels of the appropriate category.

3.5. To reimburse incurred expenses, a member shall file a written application (sample from Appendix No.2 hereof), original expense documents and bank details with the Company.

Documents supporting incurred expenses, subject to reimbursement, shall be forwarded by a member according to the procedure stipulated by the laws of Russia on trip expenses.

3.6. Compensations shall be reimbursed within 5 business days after the documents, stipulated by clause 3.5. hereof, are received by the Company.

#### **4. Final Provisions.**

4.1. The Regulations shall come into force after the date of approval by the General Meeting of Stockholders.

4.2. If provisions, contained herein, contradict the laws of Russia, existing laws shall be applied until the GM-approved Regulations are brought in line with the laws.

Appendix No.1  
of the Regulations on  
Remunerations and Compensations  
due to the Board of Internal Auditors

\_\_\_\_\_  
(sole executive body)  
*Of OAO IDGC of Urals*  
\_\_\_\_\_  
(Name)

From a Board of Internal Auditors member  
*Name*

### Remunerations Payout Application

You are kindly requested to order to pay me remunerations related to my duties as a member of the Board of Internal Auditors of (Company's name) for the following period \_\_\_\_\_.

I certify hereby that during the period I was not among entities, subject to legal restrictions or prohibition of any allowances from businesses.

Remunerations should be paid via bank transfer to the following bank account (account details).

Date \_\_\_\_\_

\_\_\_\_\_ / Name /

Appendix No.2  
of the Regulations on  
Remunerations and Compensations  
due to the Board of Internal Auditors

\_\_\_\_\_  
*(sole executive body)*  
*Of OAO IDGC of Urals*  
\_\_\_\_\_  
*(Name)*

From a Board of Internal Auditors member  
*Name*

### Compensations Payout Application

You are kindly requested to order to compensate me traveling and accommodation expenses equal to RUB \_\_\_\_\_, incurred due to *(kind of the Board activities)*:

- travel expenses - *(details of documents, ticket class and price, total expenses)*;
- accommodation expenses - *(hotel " \_\_\_\_\_ " since to equal to RUB \_\_\_\_\_)*.

Compensations should be paid via bank transfer to the following bank account: *(account details)*.

Appendix: Documents supporting incurred expenses, subject to reimbursement.

Date \_\_\_\_\_ / \_\_\_\_\_ / *Name* /

Appendix No. 3  
of the Regulations on  
Remunerations and Compensations  
due to the Board of Internal Auditors

**Calculation of  
A Board of Internal Auditors member's personal contribution<sup>1</sup>**

Board of Internal Auditors member: \_\_\_\_\_

Coefficient	Indicator size	Grounding
n		Total meetings of the Board of Internal Auditors during the corporate year, incl. ballot voting.
ni		Total meetings attended by a Board of Internal Auditors member
A <sub>m</sub>		Meeting attendance: $A_m = 0.1 * (ni / n)$ .
fi		Number of days in the corporate year, when the Chair/Secretary discharged their functions
m		Total number of days during the corporate year.
C <sub>add</sub>		Chairman/Secretary duties coefficient: $C_{add\ C} = 0.3 * (fi / m)$ – Chairman $C_{add\ S} = 0.1 * (fi / m)$ - Secretary
C <sub>aud</sub>		C <sub>aud</sub> – audit involvement coefficient: 0.0 – 1.0. Chairman's C <sub>aud</sub> = 1.000
P <sub>c</sub>		$P_c = (1 + A_m + C_{add}) * C_{aud}$ P <sub>c</sub> of a member, who missed over 50% of meetings during his/her tenure = 0.0

Board of Internal Auditors' Chairman / Name /

<sup>1</sup> Completed by the Board of Internal Auditors' Chairman with regard to each Board of Internal Auditors' member, including the Chairman.



Appendix No. 4  
of the Regulations on  
Remunerations and Compensations  
due to the Board of Internal Auditors

**Calculation of  
Actual remunerations of a Board of Internal Auditors' member**

Board of Internal Auditors member: \_\_\_\_\_

Coefficient	Indicator size	Grounding
m		Total number of days in the corporate year
m <sub>i</sub>		Number of calendar days in a corporate year when a member held the office
R <sub>basic</sub>		As stated in clause 2.2. hereof
P <sub>c</sub>		Set by the BoIA Chairman to be filed with the sole executive body of the Company.
<b>R<sub>actual</sub></b>		$R_{actual} = R_{basic} * (m_i / m) * P_c$
Petition with regard to ___% increase of actual remunerations		Resolution on increase of actual remunerations
<b>Total R<sub>actual</sub></b> , incl. resolution on increase		

Company's Chief Accountant / Name /