

APPROVED
by the decision of the Annual General
Meeting of Shareholders
of IDGC of the North-West, JSC
23 June 2015 (Minutes No 10)

Chairman of the meeting

_____/S.Zholnerchik/

REGULATIONS
for Remuneration and Compensation
for Members of the Board of Directors
of “Interregional Distribution Grid Company of North-West”,
Public Joint Stock Company
(restated version)

The present Regulations (hereinafter – the “Regulations”) for Remuneration and Compensation for Members of the Board of Directors of “Interregional Distribution Grid Company of North-West”, Public Joint Stock Company have been developed in accordance with the Federal Law “On Joint Stock Companies” and establishes the amounts and procedure for payment of rewards and compensation to members of the Board of Directors of IDGC of North-West, PJSC (hereinafter - the “Company”).

1. Payment of rewards by the Company shall be performed in monetary form.
2. The present Regulations shall not cover members of the Board of Directors being simultaneously members of the Collegial Executive Body of the Company or Sole Executive Body of the Company (General Director).
3. Rewards and compensations shall not accrue and be payable to Chairman and members of the Board of Directors of the Company who are persons in relation to whom restriction or interdiction for reception of payments from commercial organizations are stipulated by the federal laws.

4. Rewards payment

4.1. Payment of rewards to members of the Board of Directors of the Company shall be effected following the outcome of work from the moment of the candidate’s election for membership in the Board of Directors of the Company to the moment when a newly composed Board of Directors of the Company is elected.

Reward to members of the Board of Directors of the Company shall be payable by way of non-recurrent payment in RUB.

4.2. The total amount of reward for participation in the Board of Directors for each member of the Board of Directors of the Company shall be calculated with account for the total number of sessions of the Board of Directors of the Company in the past corporate year and the number of sessions the member of the Board of Directors participated in from the formula:

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

S(1) – amount of reward for participation in the Board of Directors of the Company;

B_{base} – baseline part of the reward determined following the procedure established by Clause 4.3 hereof.

n - number of sessions of the Board of Directors (irrespective of their arrangement form) the member of the Board of Directors participated during the period between General Meetings of Shareholders;

m – total number of sessions of the Board of Directors (irrespective of their arrangement form) held during the period between General Meetings of Shareholders.

4.3. The amount of the reward baseline part (B_{base}) shall be established proceeding from the Company’s revenue during the financial year calculated as per RAS as follows:

Amount of revenue	B _{base}
Over 200 bln RUB	1,000,000 RUB
Over 30 bln RUB	900,000 RUB
Over 10 bln RUB	800,000 RUB
Over 1 bln RUB	700,000 RUB
Over 600 mln RUB	600,000 RUB
Less 600 mln RUB	500,000 RUB

4.4. The reward specified in Clause 4.2 hereof shall be payable within 60 days upon arrangement of an annual General Meeting of Shareholders.

4.5. In addition to the reward specified in Clause 4.2 hereof, the following premia shall be established:

4.5.1 - 30% of S(1) – to Chairman of the Board of Directors of the Company;

4.5.2 - 20% of S(1) – to Chairman of a specialized committee under the Board of Directors of the Company;

4.5.3 - 10% of S(1) – for membership in a specialized committee under the Board of Directors of the Company.

Premia for chairmanship and/or membership in a specialized committee shall not be payable if less than three sessions of the committee under the Board of Directors of the Company have been held during the corporate year.

For purposes hereof for determination of the amount of reward and compensations due to members of the Board of Directors, the corporate year shall be understood as a period from the moment of election of the personal composition of the Board of Directors at an annual General Meeting of Shareholders of the Company and to the moment of arrangement of the next annual General Meeting of Shareholders of the Company.

For purposes of calculation of reward and compensations due to members of the Board of Directors that either had their powers early terminated by decision of an extraordinary General Meeting of Shareholders of the Company or were elected at such extraordinary General Meeting of Shareholders of the Company, the corporate year shall be recognized as equal to 365 calendar days.

4.6. The total amount of reward specified in Clause 4.2 hereof, with account for the premia specified in Clause 4.5 hereof, shall not exceed B_{base} .

4.7. No reward shall be payable if the member of the Board of Directors of the Company has missed more than 50% of the sessions having taken place (from the moment of their election to that of their powers termination).

4.8. Additional reward allocated out of net profit and subject to increase in the Company market capitalization amount during the period in office of the Board of Directors shall be payable to members of the Board of Directors within the timeframe specified in Clause 4.4. hereof.

The amount of additional reward due to each member of the Board of Directors payable in accordance with Clause 4.8 shall be 0.0175 per cent of the increment of the Company market value calculated for the period from the moment of election of the member of the Board of Directors to the moment when a newly composed Board of Directors of the Company is elected.

For purposes of determination of the reward amount, calculation of the increment of the Company market value shall be performed as follows:¹

where

ΔMC – increment of the Company market value;

\overline{MC}_t – average chronological market capitalization of the Company during the period (t);

\overline{MC}_{t-1} - average chronological market capitalization of the Company during the period of (t-1);

Average chronological market capitalization of the Company shall be calculated from the following formula:

$$\overline{MC} = \frac{\sum P_{iMICEX}}{n} \times Q$$

where

P_{iMICEX} – average weighted price per share of the Company on the i-th trading day of the corresponding period on MICEX;

¹ The source of stock exchange indicators shall be the corresponding stock exchange

n – number of trading days when transactions with the Company's shares were effected, from the date of commencement to the date of termination of the corresponding period (t) or (t-1),

Q – amount common for \overline{MC}_t and \overline{MC}_{t-1} and equal to the number of ordinary shares of the Company issued as of the first date of the period (t-1).

Procedure for determination of the periods (t) and (t-1) in formulas:

- period (t) shall be determined as the period consisting of 30 business days, the first day being the date following that when the powers of a member of the Board of Directors were terminated;

- period (t-1) shall be determined as the period consisting of 30 business days, the last day being the date preceding that of election of the member of the Board of Directors while the first day is the date resulting from counting 30 business days chronologically backwards;

If as of the first day of the period (t-1) determined following the established procedure less than 6 months have elapsed from the moment of the shares admission for trading on MICEX, the period (t-1) shall be determined as the period consisting of 30 business days, the first day being the date following the moment of expiry of the said six months period.

The amount of increment of the Company market value calculated from Formula (3) needs to be corrected by shares market growth characterized by MICEX stock exchange venue from the following formula:

$$T_{\text{market}} = \left(\frac{P_{\text{miceX}_t}}{P_{\text{miceX}_{t-1}}} \right)$$

Where:

I_{MICEX_t} - MICEX average chronological index for the period (t).

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

The average chronological index shall be calculated from 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 the index on the 1st trading day of the corresponding period;

I_n – value of the index on the last trading day of the corresponding period;

n – number of trading days from the date of commencement to the date of termination of the corresponding period.

The summary formula for calculating the baseline for determination of the amount of reward due to a member of the Board of Directors shall be as follows:

$$\Delta(DRS) = \frac{\Delta(MC) \times \left(\frac{MC_t}{MC_{t-1}} - (T_{\text{market}} - d_{\text{comp.}}) \right)}{\left(\frac{MC_t}{MC_{t-1}} - 1 \right)}$$

Where:

d_{COMP} - fraction of the Company being evaluated in the shares market growth tempo calculated as:

$$d_{comp.} = \left(\frac{Q_{comp}}{Q_{MICEX}} \right) \times \left(\frac{MC_t}{MC_{t-1}} - T_{market} \right)$$

Where:

Q_{COMP} – total volume of trading in the Company's shares on MICEX during the periods (t) and (t-1), (RUB);

Q_{MICEX} – total volume of trading on MICEX during the periods (t) and (t-1), (RUB);

If the company has issued privileged shares apart from ordinary ones, only ordinary shares shall be taken into account during determination of the amount of reward in accordance with Clause 4.8.

Payment of reward for increment of the Company market value shall be effected solely if the monthly volume of concluded stock exchange transactions dealing with ordinary shares of the Company throughout the term in office of the Board of Directors the reward in provided to² is at least 1.5 mln RUB;

4.9. The total amount of reward to members of the Board of Directors of the Company payable in accordance with Clause 4.8 shall not be in excess of 5% of net profit as per RAS earned following the outcome of the financial year.

In case the total amount of reward is in excess of 5% of net profit as per RAS, the amount of reward payable to a member of the Board of Directors of the Company for increment of the Company market value shall be calculated from the formula:

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

$S(1)_i$ - corrected amount of reward due to the i-th member of the Board of Directors for increment of the market capitalization of the Company;

NP – net profit of the Company as per RAS following the financial year outcome;

B – total amount of reward due to members of the Board of Directors of the Company for participation in the Board of Directors in the previous corporate year calculated in accordance with Clause 4.8. hereof.

$S(1)_i$ – amount of reward due to the i-th member of the Board of Directors for increment of the market capitalization of the Company calculated in accordance with Clause 4.8. hereof.

4.10. A member of the Board of Directors of the Company may refuse to receive the reward as stipulated hereby in full or to the extent of a specific part by way of submitting a declaration to the effect to Sole Executive Body (General Director) of the Company.

5. Compensation payment

5.1. A member of the Board of Directors shall be compensated for expenses related to participation in sessions of the Board of Directors as per business travel expenses compensation norms established within the Company and effective as of the session arrangement moment.

5.2. Payment of compensations shall be effected by the Company within three business days upon provision of documents bearing witness of the expenses having been incurred.

²In the stock market section of MICEX, CJSC