

APPROVED

By Decision of the Board of Directors of
IDGC of the South, OJSC on July 31, 2014
Minutes No.140/2014
dated August 04, 2014

REGULATION
ON HUMAN RESOURCES AND REMUNERATION COMMITTEE
OF
THE BOARD OF DIRECTORS OF
Open Joint-Stock Company
“Interregional Distribution
Grid Company of the South”
(new edition)

Rostov-on-Don
2014

1. GENERAL PROVISIONS

1.1. Regulation on Human Resources and Remuneration Committee of the Board of Directors of Open Joint-Stock Company of Interregional Distribution Grid Company of the South (hereinafter referred to as the Regulation) has been developed in compliance with the legislation of the Russian Federation, Articles of Association of IDGC of the South, OJSC (hereinafter referred to as the Company), Regulation on the Procedure for Convocation and Holding Meetings of the Board of Directors of IDGC of the South, OJSC.

1.2. Human Resources and Remuneration Committee of the Board of Directors of Open Joint-Stock Company of Interregional Distribution Grid Company of the South (hereinafter referred to as the Committee) shall be founded under a decision of the Board of Directors and shall be an advisory and consultative body assuring the efficient performance by the Company's Board of Directors and the Company's executive bodies of their functions regarding the general management of the Company's activity.

1.3. The Committee shall not be a body of the Company and shall not be entitled to act on its behalf.

1.4. The Committee's decisions shall be advisory for the Company's Board of Directors and Company's executive bodies.

1.5. The Committee shall act in compliance with this Regulation specifying the legal status, purpose and tasks, rights, obligations, structure and composition of the Committee. In its activity the Committee shall be governed by the federal laws, other laws and regulations of the Russian Federation, Company's Articles of Association, Regulation on the Procedure for Convocation and Holding Meetings of the Board of Directors of the Company, decisions of the Company's Board of Directors.

2. PURPOSES AND TASKS OF THE COMMITTEE

2.1. The main purpose of the Committee creation shall be to assure efficient work of the Company's Board of Directors in solving the issues related to its competence and to develop the required recommendations for the Board of Directors and executive bodies of the Company.

2.2. The task for the Committee shall be to develop and submit recommendations (opinions) with regard to the following areas of activity:

1) development of recommendations with regard to the amount of remunerations to the Board of Directors Members of the Company;

2) development of principles and criteria for determination of the amount of remuneration to the Board of Directors Members, members of the Collegial Executive Body and the person acting as the Chief Executive Officer of the Company, including the managing organization or the manager;

3) development of offers on determination of essence of contracts with the Board of Directors Members, members of the Collegial Executive Body and the person acting as a Chief Executive Officer of the Company;

4) determination of criteria for the selection of the candidates for the Board of Directors Members, members of the Collegial Executive Body and for a position of the Chief Executive Officer, as well as preliminary assessment of the candidates specified;

5) regular activity assessment of the person acting as the Chief Executive Officer (managing organization, manager) and the members of the Collegial Executive Board of the Company, and the preparation of the offers for the Board of Directors with regard to an opportunity of their recurrent appointment.

3. COMPETENCE OF THE COMMITTEE

3.1. The Committee's competences shall include the consideration of the following issues:

1) the development of principles, criteria and recommendations in the area of remuneration and financial incentives of:

– the Members of the Board of Directors of the Company, Chairman of the Board of Directors of the Company;

– Members of the Company's Board, Company's General Director, managing organization or the manager;

– members of the Company's Review Board, Chairman of the Company's Review Board;

2) preparation of recommendations on approval (amendment) of internal documents, governing the issues in the area of remuneration and financial incentives;

3) determination of criteria for the selection of the candidates for the Board of Directors Members of the Company, members of the Company's Board, for a position of the Company's General Director, as well as preliminary assessment of the candidates specified and the preparation of the relevant recommendations for the Company's Board of Directors;

4) development of offers on determination essence of contracts (including with regard to the

period of authorities and amount of the remunerations and compensations paid) signed with the Company's Board of Directors Members, Members of the Company's Board, Company's General Director, managing organization or the manager, amendment of the agreements specified;

5) regular activity assessment of the Company's General Director, managing organization (manager), Company's Board Members and the preparation of the relevant recommendations to the Company's Board of Directors;

6) preparation for the Company's Board of Directors of the relevant recommendations on submission of an issue about a transfer of authorities of the Company's Chief Executive Officer, managing organization (manager) and pre-schedule authority termination of managing organization (manager) for the General Shareholder Meeting.

7) preparation of recommendations on the issue of suspension of the managing organization's (manager's) authorities;

8) preparation for the Company's Board of Directors of the relevant recommendations on the quantity of the Company's Board, election and termination of authorities of the Company's Board Members;

9) preparation of recommendations for the Company's Board of Directors to take a decision on appointment of the person acting as the Company's General Director as well as a procedure of bringing him/her to the disciplinary responsibility;

10) preparation for the Company's Board of Directors of the relevant recommendations on the procedure of bringing to disciplinary responsibility of the Company's General Director and the Company's Board of Directors Members and their encouragement in compliance with the labour legislation of the Russian Federation;

11) preliminary consideration of the organizational structure of the Company's executive apparatus;

12) preliminary consideration of the organizational structure of the Company's management body;

13) preliminary approval of the candidates for individual position of the Company's executive apparatus subject to determination by the Company's Board of Directors;

14) consideration of the activity results of the employees holding offices the approval of the candidates for which belongs to the competence of the Company's Board of Directors and the preparation of the relevant recommendations to the Company's General Director;

15) preparation for the Company's Board of Directors of the relevant recommendations on nominating the Company's General Director for government awards;

16) assessment of the Company's personnel reserves state;

17) preliminary consideration of the offers on reorganization of the Company's management system (change of the management levels number, creation/liquidation/re-arrangement of production department, power distribution zones);

18) other issues related to the above mentioned, as well as the issued to be considered under the instruction of the Company's Board of Directors.

4. THE COMMITTEE'S RIGHTS

4.1. To implement the functions entrusted, the Committee shall be entitled to:

1) perform researches on the issues included into its competence;

2) request and receive the information and the documents from the General Director and the Company's Board Members required to carry out its activity, as well as to be entitled to request information from third-party organizations through the Chairman of the Board of Directors or General Director of the Company;

3) receive professional services from third-party organizations or engage (including on the contractual basis) of third parties as experts (consultants) having special knowledge on the issues included into the Committee's competence, within the Committee's budget. Agreements with the persons engaged by the Committee for the provision of consulting services shall be signed on the grounds of the relevant decision of the Committee by the Company's authorised officer proposed by the Committee Chairman or by the Committee Chairman under the letter of attorney issued by the Company's Chief Executive Officer.

4) invite the employees, managers of the Company, members of the other Committees of the Company's Board of Directors, as well as other persons for the participation in Committee's meetings in presentia;

5) develop and submit the projects of amendments and additions to this Regulation for approval of the Company's Board of Directors, if required.

4.2. The Committee shall have other rights specified by this Regulation.

5. COMMITTEE'S OBLIGATIONS

5.1. The Committee shall be obliged to:

- 1) fulfill the tasks entrusted to the Committee in good faith and perform its activity in compliance with this Regulation, requirements stipulated by the legislation of the Russian Federation, Articles of Association and internal documents of the Company;
- 2) provide the Board of Directors with cost-effective and lawfully sufficient recommendations (opinions) on the issues included into the Committee's competence;
- 3) inform timely the Company's Board of Directors about the risks the Company is subject to;
- 4) adhere to the requirements of confidentiality, not to disclose the information about the Company that is a business and/or official secret.

6. THE COMPOSITION OF THE COMMITTEE AND THE PROCEDURE OF ITS FORMATION, RIGHTS AND OBLIGATIONS OF THE COMMITTEE MEMBERS OBLIGATIONS OF COMMITTEE MEMBERS

6.1. The Decision of the Company's Board of Directors shall determine quantity of the Committee Members, which is equal to not fewer than 3 (three) people.

6.2. The Company's Board of Directors shall elect the personal composition out of the candidates proposed by the Company's Board of Directors Members.

6.3. Each Member of the Company's Board of Directors shall be entitled to propose not more than 3 (Three) candidates for the Committee Members.

6.4. Only natural persons may be the Committee Members. The Committee Member may not be a Member of the Company's Board of Directors.

6.5. Propositions of the Company's Board of Directors Members with regard to the candidates for election to the Committee must be submitted to the Chairman of the Company's Board of Directors in writing not later than 5 (Five) days before the date of Board of Directors Meeting (expiry of the term for reception of questionnaires for absent voting), the agenda of which includes the issue on Committee Members election.

6.6. While proposing the candidates for the Committee, a written consent from the candidate being proposed and the data about the candidate shall be attached.

6.7. A proposition of the candidate(s) for the Committee must contain the following data about the candidate:

- full name of the candidate,
- place of work and occupation of the candidate as of the proposition sending.

Proposition of the candidate (s) for the Committee Members must be signed by the Member of the Company's Board of Directors submitted the proposition.

6.8. While electing for the Committee Members, their education, vocational training, work experience in the Committee area and other special knowledge required for the Committee Members to fulfill their authorities shall be taken into account.

6.9. The Committee Members shall be elected in compliance with the conditions of this Regulation for the period until the first Board of Directors Meeting elected in a new composition is held.

6.10. The Company's Board of Directors may terminate the authorities of any Committee Member pre-schedule.

6.11. The Committee Chairman, as well as the Committee Members may resign by sending an application hereof to the Chairman of the Company's Board of Directors and the Committee Chairman.

6.12. If the Committee quantity becomes lower than quorum for holding the Committee Meeting as determined by the Regulation, the Chairman of the Board of Directors shall be obliged to convoke an extraordinary meeting of the Board of Directors to elect the Committee Members or include the issue on electing the Committee Members into the agenda of the nearest Meeting of the Company's Board of Directors.

6.13. Within the Committee competence, the Committee Members shall be entitled to:

1) request the documents and information required to take a decision on the issues of the Committee competence from the General Director and the Company's Board. The Request shall be made in writing signed by the Committee Chairman;

2) make written proposals on formation of the Committee work plan;

3) introduce the issues into the Committee Meeting agenda in conformity with the procedure established by the Regulation;

4) request the convocation of the Committee Meeting;

5) exercise other rights specified by the Regulation.

6.14. The Committee Members shall be obliged to read the materials for the Committee Meeting and develop their own opinion with regard to each issue in the Meeting agenda.

6.15. While exercising their rights and fulfilling their obligations, the Committee Members must act on behalf of the Company, exercise their rights and fulfill their obligations with regard to the Company reasonably and in good faith.

6.16. While taking a decision about the inclusion of Company's shares into the quotation list "A" ¹ of the Russian stock exchanges the following requirements applicable to the Committee Members must be adhered to:

- not to be the Company's officials or employees as of the election and for 1 year before they were elected;
- not to be officials of another business entity where any of the Company's officials is a Member of Human Resources and Remunerations Committee of the Board of Directors;
- not to be spouses, parents, children, brothers or sisters of the Company's officials (official of the Company's managing organization);
- not to be affiliates of the Company, except the Member of the Company's Board of Directors;
- not to be parties by commitments with the Company, in compliance with the conditions of which they can acquire property (receive monetary funds), the cost of which is 10 and more per cent of cumulative annual income of the persons specified, except the reception of remuneration for the participation in the activity of the Company's Board of Directors;
- not to be the representatives of the state, i.e. the persons who are the representatives of the Russian Federation, the entities of the Russian Federation and municipal institutions in the Boards of Directors of Joint-Stock Companies, with regard to which there was taken a decision on the use of a special right ("gold share") and the persons elected to the Board of the Directors from the candidates proposed by the Russian Federation as well as an entity of the Russian Federation or a municipal institution, if these Members of the Board of Directors must vote on the grounds of written directives (instructions etc.) correspondingly, an entity of the Russian Federation or a municipal institution.

If it is impossible to adhere to all the above requirements with regard to all the Committee Members due to objective reasons, the composition of the Committee must consist only of the Members of the Company's Board of Directors who meet the above requirements and the Members of the Company's Board of Directors who are not Chief Executive Officers and/or Members of the Collegial Executive Body.

7. THE COMMITTEE CHAIRMAN AND HIS/HER ELECTION PROCEDURE

7.1. The Committee Chairman shall govern the Committee and organize its activity.

7.2. The Company's Board of Directors shall elect the Committee Chairman from the elected Committee Members, by the majority of votes of the Company's Board of Directors Members participating in the Meeting of the Board of Directors.

7.3. The Company's Board of Directors shall be entitled to re-elect the Committee Chairman at any time.

7.4. The Deputy Chairman of the Committee shall perform the obligations of the Committee Chairman when the latter is absent. The Committee Members shall elect the Deputy Chairman of the Committee from their number, by majority of votes from the general amount of the Committee Members elected.

7.5. The Committee Chairman shall:

- 1) convoke the Committee Meetings and take chair at them;
- 2) determine the form of holding and approve the agenda for the Committee Meetings;
- 3) determine a list of persons invited for the participation at the Committee meeting in presentia.

The Company's officials and/or the employees shall be invited to the Committee meeting in presentia (consideration of individual issues of the agenda) by sending them a relevant invitation into the name of the Company's General Director.

The Company's General Director shall be obliged to ensure the participation of the Company's officials and/or employees invited to the Committee Meeting (consideration of individual issues of the agenda) or other persons having the authorities, information or qualification required for the efficient participation in the Committee Meeting (consideration of the issues of the agenda, provision of information, participation in the discussion, decision making etc.);

- 4) organize recording the Minutes of the Committee Meetings and sign them;
- 5) represent the Committee while cooperating with the Company's Board of Directors, other Committees of the Board of Directors, Company's executive bodies, Auditor, Review Board and other bodies and persons;

- 6) carry out official correspondence of the Committee, sign the requests, letters and documents on behalf of the Committee;

- 7) allocate responsibilities between the Committee Members;

¹ For the quotation list "A" of the second level, it is allowed undertaking an obligation on adherence to the requirement applicable to the Committee composition, as specified by cl.6.16 of Section 6 of The Composition of the Committee and the Procedure of its Formation, Rights and Obligations of the Committee Members, determining the Committee composition and the procedure of its formation, upon the expiry of a year from the day when the Company's shares were included into the quotation list "A" of the second level.

- 8) develop a plan of work for the Committee and submit the plan specified for the approval to the Committee, control the fulfillment of decisions and plans of work of the Committee;
- 9) assure the adherence to the requirements of the legislation of the Russian Federation, Articles of Association of the Company, other internal documents of the Company and this Regulation during the Committee operation;
- 10) carry out other functions specified by the current legislation, Articles of Association of the Company, this Regulation and other internal documents of the Company.

8. COMMITTEE SECRETARY

8.1. The Company Secretary shall perform the functions of the Committee Secretary unless the otherwise is specified by the Committee's Decision. If the Committee makes a decision on election of another person as the Committee Secretary, the latter shall be elected by the majority of votes from the total amount of the Committee Members elected. If the candidate for the position is the Company's employee, the nominee shall be subject to approval by the Company's General Director.

8.2. The Committee Secretary shall carry out technical (information, documentary, formal, secretarial) support of the current activity of the Committee, including:

- 1) ensure the preparation and holding the Committee Meetings;
- 2) collect and systematize the materials to the meetings;
- 3) ensure timely sending of notifications about the Committee Meetings holding, agenda of the Meetings, materials on the issues of the agenda and questionnaires to the Committee Members and the persons invited to the participation in the Committee Meeting;
- 4) carry out organizational and technical support of voting at the Committee Meeting;
- 5) ensure the cooperation between the Committee and the Company's Board of Directors, other Committees of the Company's Board of Directors, executive bodies of the Company, Auditors, Review Board of the Company and other bodies and persons;
- 6) record the Minutes of the Meetings, organize the preparation of the Draft Decisions of the Committee;
- 7) register the correspondence addressed to the Committee and/or the Committee Members (including requests, demands, petitions), ensure the reception by the Committee Members of the information required;
- 8) distribute the documents approved by the Committee;
- 9) ensure the storage of the Committee Meetings Minutes and other documents and materials related to the Committee's activity in compliance with the procedures for documents storage in the Company;
- 10) perform the assignments of the Committee Chairman within the authorities of the Committee Chairman;
- 11) perform other functions in compliance with the Regulation.

8.3. The Committee Secretary shall receive remuneration, and the expenses related to the performance of his/her responsibilities shall be covered.

The Company's budget shall establish the remuneration and the expenses related to the performance of his/her responsibilities.

8.4. An agreement on the performance of the Committee Secretary's functions may be signed with the Committee Secretary.

The Company's General Director or the person authorised by the Company's Board of Directors to determine the conditions of the agreement with the Committee Secretary shall sign the agreement with the Committee Secretary on behalf of the Company.

The Company's Board of Directors or the person authorised by the Company's Board of Directors shall specify the conditions of the agreement with the Committee Secretary, including the amount of remuneration.

9. COMMITTEE MEETING

9.1. The Committee Chairman shall convoke the Committee Meetings in compliance with the plan of works approved at the Committee Meeting (planned meetings) as well as in other cases specified by the Regulation (extraordinary meetings).

9.2. The Committee Chairman shall form the plan of the Committee work taking into account the approved plan of work of the Company's Board of Directors and the offers of the Chairman of the Company's Board of Directors, Committee Members the decisions of the Company's Board of Directors.

9.3. The Committee's Plan of Work shall be approved at the Committee Meeting following the Meeting of the Company's Board of Directors where the Plan of Work of the Company's Board of Directors was approved.

9.4. While convoking the Committee Meeting, the Committee Chairman shall determine the date,

time, place and form of the meeting, agenda, as well as the list of persons invited for the participation in the Committee Meeting in presentia.

9.5. The Committee Chairman shall form the agenda for the planned meeting in compliance with the Committee Plan of Work, decisions of the Company's Board of Directors and offers from the Chairman of the Board of Directors.

9.6. The Committee Members shall be entitled to submit offers on formation of the agenda for the Committee Meeting planned.

9.7. The Committee Chairman shall be entitled to include the offers received into the agenda of the planned meeting or convoke an extraordinary Committee Meeting.

9.8. Extraordinary Committee meetings shall be held:

- in compliance with the notification received from the Company Secretary about the Company's Board of Directors Meeting, the agenda of which includes an issue (s) classified by the Regulation as the Committee's competence;
- initiated by the Committee Chairman personally;
- under the Decision of the Company's Board or under the Committee's Decision;
- under the request of the Chairman of the Company's Board of Directors, Member of the Review Board and internal Auditor of the Company.

9.9. The request of the Chairman of the Company's Board of Directors, Committee Member, Review Board and internal Auditor of the Company about the convocation of the Committee Meeting shall be sent to the Committee Chairman in writing not later than 7 (Seven) days before the date of the Meeting holding and must contain the wording of the issue, substantiation of a necessity to consider the issue at the Meeting, Draft Decision of the Committee as well as accompanying materials and information.

The request about the convocation of the Committee Meeting must be signed by the person sent this request (request of the Review Board about the convocation of the Committee Meeting shall be signed by the Chairman of the Review Board, the request of the Company's Auditor shall be signed by the Auditor's authorized person). Simultaneously, a copy of the request about the convocation of the Committee Meeting with all the annexes must be sent to the Committee Secretary.

9.10. Within 1 (One) business day from the date of submission of the request about the convocation of the extraordinary meeting, the Committee Chairman shall make a decision on holding an extraordinary meeting of the Committee, determine the date, time and place for holding the Committee Meeting (date and time of the expiry of the term for reception of questionnaires for absent voting) or take a decision about the refusal from the convocation of the extraordinary Committee Meeting. Grounded decision about the refusal from the convocation of the extraordinary Committee Meeting shall be sent to the person or the body of the Company requesting the convocation of this Meeting not later than on the day following the date when the Committee Chairman made a decision about the refusal from the convocation of the Meeting.

9.11. The decision of the Committee Chairman about the refusal from the convocation of the extraordinary Committee Meeting may be taken in the following cases:

- 1) the Regulation on the Committee does not qualify the issue (s) offered for the inclusion into the agenda of the Committee Meeting as the one (s) of its competence;
- 2) the agenda issue contained in the request on convocation of the extraordinary Committee Meeting is already included into agenda of the nearest meeting convoked in compliance with the decision of the Committee Chairman, taken before the reception of the above request;
- 3) the form, procedure and terms for submission of the request about the meeting convocation established by clause 9.8 are not adhered to.

9.12. The Committee Chairman shall be entitled to include the issues contained in the request on convocation of the extraordinary Committee Meeting into the agenda of the nearest planned meeting of the Committee.

9.13. Notification about the Committee Meeting must contain the agenda of the Meeting, form of the Meeting, date, location and time of the Meeting (date and time of the questionnaire acceptance period expiry for voting under the agenda of the Meeting). The Company Secretary shall issue the notification about the Meeting which is subject to signature by the Committee Chairman or by the Deputy Chairman of the Committee (in the event specified by this Regulation). The Notification about the Meeting must be sent to the Committee Members and the persons invited for the participation at the meeting in presentia of the Committee not later than 5 (Five) business days before the date of holding the Committee Meeting (expiry of the term for reception of questionnaires for absent voting). The materials and information on the issues of the agenda shall be sent to the Committee Members and the person invited for the participation in the Committee Meeting in presentia not later than 3 (Three) business days before the date of the Meeting (expiry of the term for reception of questionnaires for absent voting), including the decisions (recommendations) of the Company's Board in the events established by cl.9.15 of this Regulation.

Materials on the issues of the Committee Meeting agenda must obligatorily include the draft decisions on these issues. The Committee Chairman shall form the draft decisions (their preparation) except the cases of

consideration by the Committee of the issues under the request of the persons specified by cl.9.8. of the Regulation.

The materials on the issues of the Committee Meeting agenda shall be sent to the persons invited for participation in the Meeting in presentia, the discussion of which requires their participation.

9.14. The Committee Notification about the Meeting and the materials (information) on the issues of the agenda must be submitted (sent) to the Committee Members and the persons invited for participation in the Committee Meeting in presentia personally, by a facsimile message or by electronic mail.

9.15. If the issues submitted to the extraordinary Committee Meeting are urgent, the term for convocation of the extraordinary meeting and sending the materials on the issues of this meeting agenda must be reduced under the Decision of the Committee Chairman.

Committee Meeting being held in the form of the joint presence, under the agreement of all the present Committee Members may consider the issues not included into the Meeting agenda.

9.16. When the Notification about the Meeting of the Company's Board of Directors the agenda of which contains the issues, which the Regulation classifies as the Committee's competence is received from the Company Secretary, the Committee Chairman must take all the measures ensuring the timely holding of the Committee Meetings to develop recommendations (decisions) on the agenda of the Company's Board of Directors Meeting and their forwarding to the Board of Directors in compliance with the Regulation on the Procedure for Convocation and Holding the Board of Directors Meetings of the Company.

9.17. When the Notification on the Meeting of the Company's Board of Directors the agenda of which contains the issues, which the Regulation classifies as the Committee's competence and subject to preliminary consideration by the Company's Board in compliance with the Regulation on the Company's Board is received from the Company Secretary, the Committee Meeting on these issues must be held after their preliminary consideration at the Meeting of the Company's Board. In this case, the relevant decisions (recommendations) of the Board must be submitted to the Committee Members by the Committee Meeting.

The above mentioned shall not cover the cases when the term established for holding the Board Meeting and submission to the Committee of the decisions (recommendations) taken by the Board are not adhered.

10. PROCEDURE FOR HOLDING COMMITTEE MEETINGS

10.1. The Committee Meetings may be held in a form of joint presence of the Committee Members (Meeting in presentia) or in a form of absent voting (Meeting in absentia).

10.2. The one who takes chair at the meeting -the Committee Chairman, shall open the Committee Meeting in presentia; if he/she is absent the Deputy Chairman shall do that.

10.2.1. The Committee Members as well as the persons invited shall participate in the Committee Meeting.

10.2.2. The Committee Secretary shall determine the availability of quorum for holding the Committee Meeting in presentia.

The one who takes chair at the meeting in presentia shall inform the persons present about the availability of quorum for holding the Committee Meeting and read out the agenda of the Meeting.

10.2.3. If there is no quorum, the Meeting is announced to be unauthorised. Moreover, the one who takes chair at the meeting shall make one of the following decisions:

1) determination of the time of rescheduling the beginning of the meeting by consulting with the present persons;

2) determination of the date for repeated meeting with the same agenda;

3) inclusion of the issues to be considered at the Committee Meeting failed into the agenda of the next planned meeting of the Committee.

10.2.4. Committee Meeting in presentia shall be authorised (have quorum) if not fewer than a half of the Committee Members elected are present at the Meeting.

10.2.5. While determining the voting results on the issues included into the agenda for the Committee Meeting in presentia, the written opinions of the absent Committee Members issued and received in conformity with the procedure specified by this Regulation shall be taken into account.

10.2.6. The written opinions of the Committee Members absent at the Committee Meeting in presentia must be issued only by filling in the questionnaire for voting on the agenda issues.

10.2.7. On the day of holding the Committee Meeting in presentia, the Committee Secretary shall make a questionnaire under the results of agenda discussion and voting of the Committee Members present, in compliance with Annex No.1 to the Regulation, subject to signature by the Committee Chairman, and shall send it as an original document, by electronic mail or by fax to the Committee Members absent at the Meeting.

10.2.8. While filling in the questionnaire by the Committee Member for each of the issues put on voting, there must be left not crossed-out only one of possible voting options ("yes", "no", "abstain")

The questionnaire filled in must be signed by the Committee Member and contain his/her initials and

surname.

The Committee Member shall present the questionnaire filled in and signed to the Committee Secretary as an original document, by electronic mail or by fax with further sending of the original questionnaire in compliance with the address specified by the questionnaire not later than on the next day after the Committee Meeting held.

10.2.9. The questionnaire filled in violating the requirements specified by the first paragraph of sub-cl.10.2.8 of this Regulation shall not be taken into account while calculating the votes with regard to the relevant issue.

The questionnaire not signed as well as the questionnaire submitted violating the term specified by sub-cl.10.2.8. of the Regulation shall be admitted invalid and shall not be taken into account while calculating the votes and determining the voting results.

10.2.10. The voting results on the issues of the agenda for the Committee Meeting in presentia shall be made on the grounds of the voting results of the Committee Members present at the Meeting in presentia and the questionnaires filled in and signed by the Committee Members, received by the Committee Secretary within the period established. The voting results shall be determined after the expiry of the period for the acceptance of questionnaires.

10.3. A decision on holding the Committee Meeting in a form of an absent voting shall be subject to taking by the Committee Chairman.

10.3.1. While holding the meeting in a form of absent voting, the Committee Members shall be entitled to submit their offers and/or criticisms on the offered draft decisions of the Committee with regard to the agenda issues not later than 2 (Two) business days before the expiry of the term for reception of questionnaires for voting specified by the notification about the absent voting.

10.3.1.

10.3.2. The questionnaire for the absent voting, in compliance with Annex 2 to the Regulation shall be sent to the Committee Members not later than 1 (One) business day before the expiry of the term for the acceptance of questionnaires specified by the notification about the absent voting.

10.3.3. While filling in the questionnaire for absent voting, the Committee Member must leave only one of possible voting options ("yes", "no", "abstain) not crossed-out for each of the issues put on voting.

The questionnaire filled in must be signed by the Committee Member and contain his/her initials and surname.

The Committee Member shall present the questionnaire filled in and signed to the Committee Secretary as an original document, by electronic mail or by fax with further sending of the original questionnaire in compliance with the address specified by the questionnaire not later than the expiry of date and time for the questionnaire acceptance specified by the questionnaire.

10.3.4. The questionnaire filled in violating the requirements specified by the first paragraph of sub-cl.10.3.3. of the Regulation shall not be taken into account while calculating the votes with regard to the relevant issue.

The questionnaire not signed as well as the questionnaire submitted violating the term specified by sub-cl.10.3.3. of the Regulation shall be accepted invalid, shall not participate in the determination of the quorum required to make a decision as absent voting and shall not be taken into account while calculating the votes and determining the voting results.

10.3.5. The Committee Meeting in absentia shall be considered authorised (has quorum) if not fewer than a half of the Committee Members elected has participated in it.

10.3.6. The Committee Members whose questionnaires were received by the Committee Secretary not later than the date and time of the questionnaire acceptance period expiry shall be considered the ones participated in the Meeting in absentia.

10.4. The decisions at the Committee Meetings shall be taken by a simple majority of votes of the Committee Members elected.

10.5. While taking decisions at the meeting, each Committee Member shall have one vote. In the event of a tie, the vote of the Committee Chairman shall be a casting vote.

Vote transfer by one Committee Member to another Committee Member or another person shall be prohibited.

10.6. Not later than 2 (Two) business days after the meeting holding, the Committee Secretary shall make the Minutes of the Meeting.

10.7. The person who took chair at the meeting and the Committee Secretary shall sign the Minutes of the Meeting. The Meeting shall be made in two original copies. The Committee Secretary shall send one to the Company's Board of Directors attaching the materials and recommendations prepared for it within 1 (One) business day after signature; the second copy shall remain in the Committee archive. The copies of the Minutes, materials and recommendations prepared shall be sent to all the Committee Members.

10.8. The person taking chair and the Committee Secretary shall bear responsibility for the accuracy

of the Minutes. The Committee Secretary shall be responsible for storage of the Minutes, questionnaires, materials and recommendations of the Committee.

10.9. The Minutes of the Committee Meeting shall contain:

- form of the meeting
- date, place and time of the meeting (date and time of the questionnaire acceptance period expiry);
- a list of the Committee Members participated in the consideration of the agenda issues specifying the form of voting (in presentia or by sending a questionnaire), as well as the list of other persons present at the meeting in presentia;
- agenda;
- offers of the Committee Members on the agenda issues;
- issues put on voting, the voting results for them, specifying the type of voting of each Committee Member;
- decisions made.

10.10. At will of the Committee Member, a brief summary of his/her opinion with regard to the agenda issues of the Committee Meeting may be attached to the Minutes of the Meeting. The Committee Member shall prepare this opinion and deliver it to the Committee Secretary.

11. COOPERATION WITH THE COMPANY'S BODIES AND OTHER PERSONS

11.1. While fulfilling their obligations, the Committee shall support efficient business relations with the bodies of management, control, structural subdivisions of the Company, other organizations and persons.

11.2. The Committee Chairman and the Secretary shall be obliged to assure information, technical and coordinated cooperation of the Committee with the Board of Directors, executive bodies, the bodies of control and structural subdivisions of the Company, as well as other Committees of the Company's Board of Directors.

11.3. The General Director and the Company's Board, under the request signed by the Committee Chairman, shall be obliged to provide the information and materials required for the Committee Members to take decisions on the issues of the Committee's competence.

The information and materials specified must be provided within the period not later than 3 (Three) business days since the reception of the request unless the latter specifies a longer period.

In the event of provision of incomplete or unreliable information (materials), the Committee Members shall be entitled to request additional information (materials).

11.4. The Committee Chairman shall provide the recommendations (opinions) prepared by the Committee to the Committee's Board of Directors, simultaneously providing the copies of the above recommendations (opinions) to the Company's General Director.

12. CONFIDENTIALITY

12.1. During the period of fulfillment of the obligations of the Committee Members, as well as during one year after the expiry of the term of authorities in the Committee, the persons who are (were) the Committee Members, the Committee Secretary and third persons engaged to work in the Committee shall be obliged to follow the requirements of confidentiality with regard to the non-public information they received due to their activity in the Committee. The notion of the non-public information shall be applicable to the activity of the Company; its composition shall be established by the decision of the authorised management body of the Company.

12.2. The Committee Members, Committee Secretary and third persons engaged to work in the Committee shall be entitled to receive the information specified provided they sign with the Company an Agreement on the Use of the Information Specified (Annex 3 to the Regulation).

12.3. All the documents related to the activity of the Company must be stored in conformity with the Company's location in compliance with the document storage procedure established by the Company. The Committee Secretary shall be responsible for the storage of the above documents.

13. ASSURANCE OF THE COMMITTEE ACTIVITY

13.1. An individual expenditure item shall be provided while forming expense side of the Company's general budget to assure the Company's work. The Committee's expenses shall include, particularly, the remunerations and compensations of the Chairman, Committee Members and the Committee Secretary, expenses on engagement of third-party consultants, expenses for administrative personnel and other expenses.

13.2. Under the decision of the Company's Board of Directors, remunerations can be paid to the Committee Members and the Committee Secretary, as well as the expenses related to their fulfillment of the

obligations may be covered. An individual decision of the Company's Board of Directors shall establish the amount of these remunerations and compensations, procedure and term for their payment.

13.3. An offer about the size of the Committee's budget (opening the information item-by-item) shall be formed at the Committee Meeting and shall be sent to the Company's Board of Directors.

An opinion of the Company's General Director about a possibility to finance the budget submitted within the quantity planned under the performance of Company's business activity in the relevant period of the plan shall be attached to the Committee's project of the budget.

13.4. For the purposes of holding the Committee Meetings, the Company's General Director, under the petition of the Committee Chairman, shall be obliged to provide the Committee with premises, assure a free access there for the persons the list of which is determined in the petition specified, as well as to take other measures to hold the Committee Meeting.

14. FINAL PROVISIONS

14.1. The Company's Board of Directors shall be entitled to request from the Committee a report on the Committee's current activity at any time. A decision of the Board of Directors shall determine the term for preparation and submission of this Report.

14.2. The Committee Chairman shall be entitled to provide individual reports on the issues included into the Committee's competence to the Company's Board of Directors.

14.3. The information about individual decisions of the Committee shall be published at the Company's website on the Internet. The Chairman of the Company's Board of Directors shall determine a necessity to publish this information.

14.4. The information about the Committee's work shall be subject to including into the Annual Report of the Company.

14.5. The Regulation, as well as all additions and amendments to it shall be subject to approval by the Company's Board of Directors.

14.6. The issues not governed by the Regulation shall be governed by the Company's Articles of Association, Regulation on the Procedure for Convocation and Holding Meetings of the Company's Board of Directors and other internal documents of the Company, current legislation and the decisions of the Company's Board of Directors.

14.7. If, as a result of the changes in the legislation or the laws and regulations of the Russian Federation, individual articles of the Regulation become contradictory to them, these articles shall lose their force, and the Committee Members shall be governed by the laws and delegated legislation of the Russian Federation until the record of the amendments into the Regulation.

THE COMMITTEE OF THE BOARD OF DIRECTORS
of Open Joint-Stock Company of Interregional Distribution
Grid Company of the South

QUESTIONNAIRE
for voting on the agenda of a meeting in presentia of
Human Resources and Remuneration Committee of the
Board of Directors of IDGC of the South, OJSC
held on _____ 20____.

Issue:

1. _____

Decision (taken at the meeting):

1. _____

IN FAVOR

AGAINST

ABSTAINED

(leave your option of answer not crossed-out)

Issue:

2. _____

Decision (taken at the meeting):

2. _____

IN FAVOR

AGAINST

ABSTAINED

(leave your option of answer not crossed-out)

The Questionnaire filled in and signed shall be sent by fax _____ or as an original document within the period not later than _____.
/date, time/

The questionnaire received by the Company after the expiry of the date and time of the questionnaire acceptance shall be admitted invalid, shall not be taken into account while calculating the votes and tally of votes.

Please, send the original questionnaire to the address: _____

The Committee Member of the
Board of Directors of IDGC of the South, OJSC _____ / _____
(Signature) (Full name)

Committee Chairman of the
Board of Directors of IDGC of the South, OJSC _____ / _____
(Signature) (Full name)

The questionnaire shall not be valid without signature of the Chairman and the Committee
Member of the Board of Directors on it.

THE COMMITTEE OF THE BOARD OF DIRECTORS
of Open Joint-Stock Company of Interregional Distribution
Grid Company of the South

QUESTIONNAIRE
for voting on the agenda issues of the meeting in presentia
Human Resources and Remuneration Committee of the
Board of Directors of IDGC of the South, OJSC
held on _____ 20____.

Issue:

1. _____

Decision (taken at the meeting):

1. _____

IN FAVOR

AGAINST

ABSTAINED

(leave your option of answer not crossed-out)

Issue:

2. _____

Decision (taken at the meeting):

2. _____

IN FAVOR

AGAINST

ABSTAINED

(leave your option of answer not crossed-out)

The Questionnaire filled in and signed shall be sent by fax _____ or as an original document within the period not later than _____.
/date, time/

The questionnaire received by the Company after the expiry of the date and time of the questionnaire acceptance shall be admitted invalid, shall not be taken into account while calculating the votes and tally of votes.

Please, send the original questionnaire to the address: _____

The Committee Member of the
Board of Directors of IDGC of the South, OJSC _____ / _____
(Signature) (Full name)

The questionnaire shall not be valid without signature of the Chairman and the Committee
Member of the Board of Directors on it.

NON-DISCLOSURE AGREEMENT

city of _____ 20_____.

IDGC of the South, OJSC represented by the General Director _____ acting on the grounds of the Articles of Association, and _____ hereinafter referred to as the Counterpart, jointly referred to as the Parties, have signed this Agreement as follows:

Preliminary statement

In order to ensure the assistance to the Board of Directors of IDGC of the South, OJSC in fulfilling its obligations, Human Resources and Remunerations Committee of the Board of Directors of IDGC of the South, OJSC shall be established as an consultative and advisory body acting in compliance with the Regulation on Human Resources and Remuneration Committee of the Board of Directors of IDGC of the South, OJSC.

Due to the exercising its rights and performance of the obligations, the Counterpart shall receive an access to confidential information. Within the framework of this Agreement, the Parties shall approve the conditions related to the limitations of the use and further disclosure of this information.

Confidentiality and limited use

1. For the purposes of this Non-Disclosure Agreement, the notion of Confidential Information in general and particularly shall mean all or any information of any type in verbal, written or electronic form related to IDGC of the South, OJSC (hereinafter referred to as the Informing Party) and related to its economic and commercial activity, technologies, customers and/or supplier, which has actual or promising commercial value due to its non-public nature and provided by the Informing Party to the Counterpart in compliance with this Agreement, jointly with all the archived records or copies of this information or extracts from this information, contained on the mediums of any type.

The Counterpart shall be obliged to keep the Confidential Information secret, using the same level of attention used by it to keep own confidential information which is its property, and this Confidential Information must not be used or reproduced, as well as the Counterpart must not refer to it for any purposes. The Counterpart must not disclose Confidential Information to any third party both individual and a legal entity.

2. The Counterpart shall not be entitled to provide Confidential Information to other persons ("give advice" in any form), using or that may use it for the purposes leading or that probably may lead to its disclosure or another unauthorised or prohibited use under the current legislation and this Agreement, including the use of this information for the purposes of personal wealth accumulation or facilitation of the wealth accumulation of other persons regardless if this person is affiliate to it or not.

In the event of use of the Confidential Information for the above purposes, the Counterpart shall be obliged to stop immediately fulfilling these actions, and IDGC of the South, OJSC shall be entitled to demand to cover the damage in compliance with the current legislation.

The Counterpart shall be obliged to inform the Committee about all the deals planned and/or committed with the securities of IDGC of the South, OJSC and subsidiaries and affiliated companies of IDGC of the South, OJSC.

3. The Counterpart shall bear responsibility in compliance with the current legislation for the actions of its affiliates including, but not limited to, the spouse, parents, children, blood and non-blood brothers and sisters, adopters and adoptees, other persons recognised by the current legislation as the affiliates, with regard to the Confidential Information received from the Counterpart, led or that may probably lead to its disclosure or another unauthorised use, including the use of this information for the purpose of personal wealth accumulation or facilitating the wealth accumulation of other persons, or led to the losses for IDGC of the South, OJSC.

4. This Disclosure Agreement shall not be considered as a document providing the Counterpart with any license rights or any other rights with regard to the Confidential Information and its further use.

Unless the otherwise is agreed upon in an individual written agreement signed between the Companies, all the Confidential Information shall remain the property of the Informing Party.

The obligations imposed by this Non-Disclosure Agreement upon the Parties of this Agreement, must not impede the Informing Party in delivery of any Confidential Information to its financial, legal or other advisors and third parties which may work from time to time on behalf of the Informing Party and which need to know this Confidential Information and signed a relevant Non-Disclosure Information Agreement in writing before the delivery of this information.

The Confidential Information received by the Counterpart from the Informing Party may be provided to third parties if an obligation on its provision is stipulated by the requirements of the legislation of the Russian

Federation or a possibility of this disclosure is specified by this or another agreement of the Parties in writing.

The Counterpart may provide the Confidential Information to the public authorities, other government bodies, local authorities only on the grounds of a reasonable request signed by the authorised official containing the purposes and legal grounds for the information request. If this or any other request on provision of the Confidential Information is received, the Counterpart shall be obliged to inform immediately the Informing Party hereof in writing.

RETURN OF CONFIDENTIAL INFORMATION

6. In compliance with the request of the Informing Party or at the exclusive discretion of the Informing Party, all and any Confidential Information in any form which the Counterpart has received or obtained from the Informing Party or for the Informing Party must be returned or, if it is impossible, must be destroyed during 14 (fourteen) days from the reception of this request, and no copies of this information or the data related to this information, or extracts from it (in any form) must not be left at the Counterpart's and the Counterpart shall not use or reproduce this information in full or partially for any purposes.

Validity term and the Agreement termination

7. This Non-Disclosure Agreement shall come into force since its signature and shall be valid within 360 (three hundred and sixty) days since its signature. Notwithstanding the above, the Informing Party may terminate this Non-Disclosure Agreement at any time after a preliminary written notification is sent to the address of the Counterpart seven days before the Agreement termination. The termination of this Non-Disclosure Agreement or its expiry shall not release any of the Parties from the performance of the obligations imposed by this Non-Disclosure Agreement with regard to the Confidential Information delivered or obtained before this termination or expiry of this Agreement, and these obligations shall remain valid during 1 (one) year after the expiry or termination of this Agreement.

Governing law

8. This Non-Disclosure Agreement shall be governed by the legislation of the Russian Federation. Any claims and disputes arising from this Agreement or with regard to this Agreement or related to this Agreement or legal relations established by this Agreement must be transferred by the Parties to the relevant court in compliance with IDGC of the South, OJSC.

Miscellaneous

9. Starting from the date of signature, this Non-Disclosure Agreement shall be a full agreement between the Parties with regard to the subject it considers and after its implementation shall replace and cancel any previous agreements, documents, Minutes and contacts both in verbal and in written forms, between the Parties, related to the subject of this Agreement.

Any amendments and/or additions to this Non-Disclosure Agreement must be valid only if they are executed in writing and signed by both Parties.

This Agreement is made in two identical copies, one copy for each Party.

Date of the Agreement signature, banking details and signatures of the Parties