

APPROVED

By resolution of the Annual  
General Meeting of  
Shareholders

IDGC of the South, PJSC

Minutes No.20 of 05.06.2019

**REGULATION**  
**on payment of remunerations and compensations to**  
**members of the Board of Directors**  
**IDGC of the South, PJSC**

(new edition)

1. This Provision on payment of remunerations and compensations to members of the Board of Directors of IDGC of the South, PJSC (hereinafter referred to as the "Provision") was developed in accordance with the Federal Law "On stock companies" and established the amount and procedure of payment of remunerations and compensations members of the Board of Directors of IDGC of the South, PJSC (hereinafter referred to as the "Company").

2. Payment of remunerations shall be carried out by the Company in cash form.

3. This Provision shall not apply to the members of the Board of the Company Directors, that are at the same time members of the collective executive body or the individual executive body (CEO) of the Company.

4. Remunerations to the Chairperson and the members of the Board of the Company Directors, who are persons in relation to whom the law provides for limitation or restriction of receiving any payments from commercial organizations, shall not be accrued or paid.

5. Payment of remunerations.

5.1. Payment of remuneration to a member of the Board of the Company Directors shall be made for the period from the date of the candidate election to the members of the Board of the Company Directors to the date of termination of powers of the member of the Board of Directors.

5.2. Remuneration to each member of the Board of Directors shall be paid on a quarterly basis.

5.3. Amount of quarterly remuneration for participation of each member of the Board of Directors in the Board of the Company Directors shall be calculated with regard of total number of meetings of the Board of the Company Directors for the reporting quarter and the number of meetings attended by the member of the Board of Directors, by formula:

$$S(1) = R_{\text{basic}}/4 \times 100/130 \times \left( \frac{n}{m} \right), \text{ where}$$

S(1) - amount of quarterly remuneration for participation in the Board of the Company Directors;

R<sub>basic</sub> is the amount of basic annual remuneration established according to the procedure, set by clause 5.4 of this Provision;

n - number of meetings of the board of Directors (without regard of the form of their conduct), attended by the member of the Board of Directors in the reporting quarter;

m - total of meetings of the board of Directors (without regard of the form of their conduct) in the reporting quarter.

5.4. Amount of basic annual remuneration (R<sub>basic</sub>) shall be established based on the Company revenue, calculated under the Russian accounting standards for the last completed reporting year, preceding the election of the Board of the Company Directors, and shall equal:

Amount of revenue	R <sub>basic</sub>
over 200 bln RUB	3,000,000 RUB
over 70 bln RUB	2,700,000 RUB
over 30 bln RUB	2,200,000RUB
over 10 bln RUB	1,600,000 RUB
over 1 bln RUB	1,000,000 RUB
over 600 mln RUB	800,000 RUB
less than 600 mln RUB	600,000 RUB

5.5. Remuneration, specified in clause 5.3 of this Provision, shall be paid within 30 (thirty) calendar days following the reporting quarter end.

5.6. In addition to remuneration, specified in clause 5.3 of this Provision, the following bonuses shall be set:

30% of S(1) - to the Chairperson of the Board of the Company Directors;

20% of S(1) - to the Chairperson of the specialized Committee at the Board of the Company Directors;

10% of S(1) - for membership in the specialized Committee at the Board of the Company Directors.

5.7. Bonuses for chairmanship and/or membership in the specialized Committee at the Board of the Company Directors shall not be paid, if no meetings of the Committee were conducted within the reporting quarter.

5.8. For purposes of this Provision, in order to determine the amount of remuneration and compensations to the members of the Board of the Directors, the reporting quarter shall mean the next calendar quarter (from the date of electing the personnel of the board of Directors at the Annual General Meeting of Shareholders and to the date of the next Annual General Meeting of the Company Shareholders).

5.9. Total amount of quarterly remuneration of each member of the Board of Directors, specified in clause 5.3 of this Provision, with regard of bonuses, specified in clause 5.6 of this Provision, should not exceed  $1/4$  of  $R_{\text{basic}}$ .

5.10. Remuneration shall not be paid, if the member of the Board of the Company Directors took part less than in 50% meetings conducted in the reporting quarter.

5.11. The member of the Board of the Company Directors may refuse to receive remuneration, provided for by this Provision, by sending the respective application to the individual executive body (CEO) of the Company.

6. Payment of compensations.

6.1. The member of the Board of Directors shall be compensated the expenses related to participation in meetings of the Board of Directors, specialized committee at the Board of Directors, general meeting of the Company shareholders, according to business trip expenses reimbursement rates, determined for the Company top managers, that are current at the meeting (conference) date.

6.2. Payment of compensations shall be made by the Company within 3 (three) business days following the submission of documents, confirming the expenses incurred.

7. Payment of remuneration shall be made out of profits from uncontrolled types of activity.