

PROCEDURE FOR INTERACTION
OF JSC IDGC HOLDING
WITH THE ECONOMIC ENTITIES WHOSE SHARES (EQUITIES) ARE OWNED BY
JSC IDGC HOLDING

1. GENERAL

1.1. This Procedure for Interaction of JSC IDGC Holding with the Economic Entities Whose Shares (Equities) Are Owned by JSC IDGC Holding (hereinafter referred to as the "Procedure") is formulated in accordance with the requirements set forth in the applicable laws of the Russian Federation and paragraph 11.1.22 of the Articles of Association of JSC IDGC Holding.

1.2. This Procedure:

- governs the exercise by JSC IDGC Holding ("Company") of the rights of a shareholder/member ("shareholder") in relation to its subsidiaries and dependent companies ("SDCs"), which rights are attached to shares/equities ("shares"), in order to ensure that representatives of the Company act effectively at general meetings of shareholders/members ("shareholders") and as members of the boards of directors and internal audit commissions of SDCs ("Company Representatives"),
- sets out general conditions for corporate interaction of the Company with SDCs in the areas specified in this Procedure, including corporate planning, the organization and control of corporate action when management bodies of SDCs consider the issues with respect to which, in accordance with Articles of Association of the Company, the Company's position shall be defined ("Company Representatives").

1.3. Interaction of the Company with SDCs in accordance with the provisions of this Procedure (corporate interaction) shall be carried out when the management and control bodies of SDCs make the relevant decisions (decisions of general meetings of shareholders, boards of directors, internal audit commissions, management boards, and sole executive bodies within their competence).

1.4. Any issues relating to interaction of the Company with SDCs in the areas not specified in this Procedure and in the areas that specified in this Procedure but to the extent not defined herein shall be governed by the Company's regulations and orders adopted by the Company's executive bodies within their competence specified in the Articles of Association of the Company and by decisions of the Board of Directors of the Company.

1.5. This Procedure is not a document containing any confidential information (is in the public domain). A copy of this Procedure shall be made available by the Company's executive body to any shareholder of the Company and SDCs upon request and posted on the Company's website.

2. PURPOSE, TASKS, AND AREAS OF INTERACTION OF THE COMPANY WITH
SDCs

2.1. The purpose of interaction of the Company with SDCs is to:

- ensure stable financial development and profitable operations of the Company and SDCs;
- ensure compliance of operations of the Company and SDCs with the applicable laws of the Russian Federation;
- ensure protection of the rights and statutory interests of shareholders of the Company and SDCs;
- raise the investor appeal of the Company and SDCs by ensuring their corporate transparency, balanced nature, and predictable corporate policy in general;
- harmonize relations between shareholders and officers of the Company and SDCs and exclude the possibility of any conflict between them;
- create conditions for balanced development of relations between organizations from the electricity industry and organizations from other economic sectors;
- develop and implement a coordinated and efficient investment policy of the Company and SDCs;
- improve the efficiency of interaction of SDCs in all areas of their activities;
- harmonize relations between the Company and SDCs with federal authorities, authorities of constituent entities of the Russian Federation, and municipal authorities.

2.2. The purpose specified in paragraph 2.1 of this Procedure shall be achieved by the Company through:

- the Company's exercising control in accordance with this Procedure over the future and current activities of SDCs (in all aspects thereof) at general meetings of shareholders, meetings of boards of directors and internal audit commissions of SDCs, defining the Company's position at meetings of the Board of Directors of the Company in accordance with the Articles of Association of the Company and this Procedure when major decisions are to be made by general meetings of shareholders and boards of directors of SDCs;
- coordinate human resources policy of SDCs;
- optimize information flows between the Company and SDCs.

2.3. The principal organizational and managerial form of the Company's activities in exercising the Company's control over SDCs' activities is to make, in accordance with the Articles of Association of the Company and this Procedure, decisions of the Board of Directors of the Company on defining the position of the Company (Company Representatives) on the following items on the agendas of general meetings of shareholders and meetings of boards of directors SDCs (including issuing instructions to Company Representatives to participate or not participate in voting on the items on the agenda, vote for or against or abstain from voting):

- a) define agendas of general meetings of shareholders (members) of SDCs;
- b) reorganize or liquidate SDCs;
- c) determine the number of members of the boards of directors of SDCs, nominate and elect such members and decide on early termination of their powers;
- d) determine the quantity, par value, category (type) of the authorized shares of SDCs and rights attaching thereto;
- e) increase the authorized capital of SDCs by increasing the par value of shares or by placing additional shares or securities convertible into ordinary shares;
- f) place securities convertible into ordinary shares;
- g) decide on the splitting and consolidation of SDCs' shares;
- h) approve material transactions entered into by SDCs;
- i) decide on participation of SDCs in other organizations (on joining an operating organization or establishing a new organization) and (subject to the provisions of subparagraphs "j" and "k") on the acquisition, disposal, and encumbrance of shares and equities in the authorized capital of organizations in which SDCs participate, and on the change in the ownership interest in the relevant organization;

j) decide on entering into transactions by SDCs (including acquiring, disposing of, pledging or otherwise encumbering by entering into one or more associated transactions) in relation to shares and equities of subsidiaries and dependent companies of SDCs which are engaged in the generation, transmission, dispatching, distribution, and sale of electricity and heat, irrespective of the number of shares (amount of interests in the authorized capital) of such companies;

k) decide on entering into transactions by SDCs (including acquiring, disposing of, pledging or otherwise encumbering by entering into one or more associated transactions) in relation to shares and equities of subsidiaries and dependent companies of SDCs which are not engaged in the generation, transmission, dispatching, distribution, or sale of electricity and heat if the book value or market value of the shares or equities that are the subject matter of any such transaction is in excess of 30 million rubles;

l) decide on entering into transactions by SDCs (including several associated transactions) in relation to the disposal or possible disposal of the property that constitutes fixed assets deemed to be real property in accordance with law, intangible assets, and construction-in-progress, irrespective of their intended use (purpose), if its book value or market value is in excess of 30 million rubles;

m) define the position of SDCs' representatives on the items on the agendas of general meetings of shareholders (members) and meetings of the boards of directors of subsidiaries and dependent companies of SDCs in relation to entering into transactions (including several associated transactions) connected with the disposal or possible disposal of the property that constitutes fixed assets deemed to be real property in accordance with law, intangible assets, and construction-in-progress intended for the generation, transmission, dispatching, and distribution of electricity and heat if its book value or market value is in excess of 30 million rubles;

n) define the position of SDCs' representatives on the items on the agendas of general meetings of shareholders of (members) and meetings of the boards of directors of subsidiaries and dependent companies of SDCs engaged in the generation, transmission, dispatching, distribution, and sale of electricity and heat with respect to the reorganization of, liquidation of, and increase in the authorized capital of such companies by increasing the par value of the shares or by placing additional shares, and placing of securities convertible into ordinary shares.

Decisions on defining the position of the Company (Company Representatives) on the items on the agendas of meetings of the boards of directors of SDCs regarding the approval of the agendas of general meetings of shareholders and regarding the items on the agendas of general meetings of shareholders specified in this paragraph are not required to be adopted by the Board of Directors of the Company if all voting shares in SDCs are held by the Company and, at the same time, the functions of general meetings of shareholders of such SDCs are performed by the Board of Directors of the Company.

Decisions on defining the position of the Company (Company Representatives) regarding the issues specified in subparagraphs "a" and "c" of this paragraph are not required to be adopted by the Board of Directors of the Company if any items shall be included on the agendas of annual general meetings of shareholders (members) of SDCs by operation of law and if any items shall be included on the agendas of general meetings of shareholders (members) of SDCs at the request of internal audit commissions of SDCs, auditors of SDCs, and shareholders of SDCs.

3. DEFINING THE POSITION OF THE COMPANY (COMPANY REPRESENTATIVES) ON THE ITEMS ON THE AGENDAS OF GENERAL MEETINGS OF SHAREHOLDERS AND MEETINGS OF BOARDS OF DIRECTORS OF SDCs

3.1. The procedure for making preparations for meetings of the Company's Board of Directors to approve any decisions of the Company's Board of Directors on defining the position of the Company (Company Representatives) on the items on the agendas of general meetings of shareholders and meetings of boards of directors of SDCs as provided for in the Articles of Association of the Company, and arrangements for submitting for review by the Company's Board of Directors any issue with respect to defining the Company's position shall be prescribed by decisions of the Company's Board of Directors, this Procedure, and regulations and orders of the Company.

3.2. The division of the Company's executive arm whose functions include the general management of the process of making preparations for meetings of the Company's Board of Directors to approve any decisions of the Company's Board of Directors on defining the position of the Company (Company Representatives) on the items on the agendas of general meetings of shareholders and meetings of boards of directors of SDCs ("authorized division of the executive arm") shall be determined by regulations and orders of the Company.

3.3. If any relevant information is available (concerning the intention of SDCs (management bodies of SDCs) and/or shareholders of SDCs to adopt the decisions for which the position of the Company (Company Representatives) is required to be defined), Company Representatives shall, within 5 business days after receipt of such information, prepare and submit to the authorized division of the executive arm an operational message stating:

- the issue planned to be reviewed by general meetings of shareholders and/or meetings of boards of directors of SDCs;
- the intended dates and procedures for reviewing the issue,
- reasons and grounds for the initiative;
- the originators and communication channels for interaction with the originators of reviewing the issue;
- the draft of the decision of general meetings of shareholders and/or meetings of boards of directors on the issue;
- the position of executive bodies, principal shareholders, members of boards of directors of SDCs (other than Company Representatives), and other stakeholders;
- related informational and analytical materials available to executive bodies of SDCs and Company Representatives.

3.4. The authorized division of the executive arm shall be obligated to promptly analyze Company Representatives' messages and accompanying materials; carry out interaction with boards of directors and executive bodies of SDCs; based on the results of such work, decide whether the issue shall be submitted for review by a meeting of the Board of Directors of the Company.

3.5. In making any decision provided for in paragraph 3.4 of this Procedure, the authorized division of the executive arm shall consider the necessity for reviewing the issue at a meeting of the Board of Directors of the Company in time (taking account of the dates and procedures for convening and holding general meetings of shareholders and/or meetings of boards of directors of SDCs) and whether it is advisable to make any organizational and/or expert preparations before the Board of Directors of the Company adopts the final decision.

3.6. If there is a real threat of violating the rights and statutory interests of the Company due to any decision adopted by general meetings of shareholders and/or boards of directors of SDCs before the Company's position is defined at a meeting of the Board of Directors of the Company, then Company Representatives shall apply their best efforts to prevent management bodies of SDCs from adopting such decision.

3.7. In making any decision to submit an issue for review by a meeting of the Company's Board of Directors, the authorized division of the executive arm shall provide

the members of the Company's Board of Directors with documents and analytical and other materials relating to the issue in such a manner as to enable the Executive Secretary of the Company's Board of Directors to make available the drafts of related documents and materials in the course of making preparations for a meeting of the Company's Board of Directors within the period set forth in internal documents of the Company.

4. PROVIDING SUPPORT FOR ACTIVITIES OF COMPANY REPRESENTATIVES

4.1. The Company shall carry out corporate interaction with SDCs via its Representatives:

- at general meetings of shareholders (members) of SDCs;
- on boards of directors (supervisory boards) of SDCs;
- in control bodies of SDCs.

4.2. Company Representatives at general meetings of shareholders of SDCs ("Representatives at Meetings") are the individuals (having or not having employment relationships with the Company) authorized to represent the Company under powers of attorney at general meetings of shareholders of SDCs.

The term of the powers of Representatives at Meetings shall be defined in powers of attorney issued by the Company.

4.3. Company Representatives on boards of directors of SDCs (Representatives on Boards) are the individuals (having or not having employment relationships with the Company):

- nominated by the Company as members of boards of directors for whom the Company votes at general meetings of shareholders of SDCs and who are elected to boards of directors of SDCs according to the results of voting at general meetings of shareholders of SDCs;
- nominated by other shareholders but voluntarily expressing their intention to perform the functions of Company Representatives for whom the Company votes at general meetings of shareholders of SDCs and who are elected to boards of directors of SDCs according to the results of voting at general meetings of shareholders of SDCs;
- elected to boards of directors of SDCs to represent other shareholders but expressing their intention to perform the functions of Company Representatives.

4.4. The term of the powers of Representatives on Boards shall be defined by the term of the powers of boards of directors of SDCs.

The powers of Representatives on Boards shall terminate as of the time when new members of boards of directors are elected at annual general meetings of shareholders or, if the powers of any members of boards of directors are terminated earlier at extraordinary general meetings of shareholders of SDCs, as of the time when the relevant decisions are adopted by general meetings of shareholders of SDCs.

4.5. Company Representatives in internal audit commissions of SDCs ("Representatives in Commissions") are the individuals (having or not having employment relationships with the Company):

- nominated by the Company as members of internal audit commissions for whom the Company votes at general meetings of shareholders of SDCs and who are elected to internal audit commissions of SDCs according to the results of voting at general meetings of shareholders of SDCs;
- nominated by other shareholders but voluntarily expressing their intention to perform the functions of Company Representatives for whom the Company votes at general meetings of shareholders of SDCs and who are elected to internal audit commissions of SDCs according to the results of voting at general meetings of shareholders of SDCs;

- elected to internal audit commissions of SDCs to represent other shareholders but expressing their intention to perform the functions of Company Representatives.

4.6. The term of the powers of Representatives in Commissions shall be defined by the term of the powers of internal audit commissions of SDCs.

The powers of Representatives in Commissions shall terminate as of the time when new members of internal audit commissions are elected at annual general meetings of shareholders or, if the powers of any members of internal audit commissions are terminated earlier at extraordinary general meetings of shareholders of SDCs, as of the time when the relevant decisions are adopted by general meetings of shareholders of SDCs.

4.7. Representatives at Meetings shall be determined by the Director General of the Company with powers of attorney to be issued in accordance with the prescribed procedure.

Representatives on Boards and Representatives in Commissions shall be approved in accordance with the procedure prescribed in regulations and orders of the Company and shall be nominated in accordance with the procedure prescribed in the applicable laws of the Russian Federation.

4.8. For the purpose of the Company's nominating any person to management and control bodies of SDCs, the authorized division of the executive arm shall cause the nominee's written consent to be obtained and shall cause general information about the nominee to be obtained (age, education, positions over the past 5 years, etc.).

As part of preparing the issue nominating any persons as Representatives on Boards or Representatives in Commissions, the authorized division of the executive arm may interview nominees.

4.9. The consent of any person approved as a nominee to management/control bodies of SDCs shall be in the form of a statement containing the consent to act as a Representative at Meetings, Representative on Boards, or Representative in Commission.

Normally, nominees are asked to sign such statements before general meetings of shareholders of SDCs that form management/control bodies of SDCs.

Such statements may also be signed by persons who have previously been elected by general meetings of shareholders of SDCs to boards of directors or internal audit commissions of SDCs.

4.10. Functions of Representatives at Meetings.

4.10.1. The main functions of Representatives at Meetings are as follows:

- receive in a timely manner and in accordance with the prescribed procedure a power of attorney to represent the Company at general meetings of shareholders of SDCs and the Final Instructions, which is the document reflecting the Company's position for the purposes of voting on the items included on the agendas of general meetings of shareholders of SDCs;
- participate in general meetings of shareholders of SDCs, vote at general meetings of shareholders in accordance with the Final Instructions;
- submit to the authorized division of the executive arm a report on the holding and results of general meetings of shareholders of SDCs in accordance with the procedure and within the period specified in regulations and orders of the Company;
- provide the authorized division of the executive arm with minutes (and/or voting reports) of general meetings of shareholders and other documents and materials of general meetings of shareholders of SDCs after receipt thereof not later than 15 days after general meetings of shareholders of SDCs are adjourned;
- inform the authorized division of the executive arm of any violation of the procedures for preparing and holding general meetings of shareholders of SDCs,

which procedures are specified in the applicable laws of the Russian Federation and articles of associations and internal documents of SDCs;

- in the case of general meetings of shareholders of SDCs in absentia, complete ballots in accordance with the Final Instructions and send them to SDCs in accordance with the prescribed procedure;
- carry out any other duties and instructions specified by the authorized division of the executive arm and/or regulations and orders of the Company.

4.11. Functions of Representatives on Boards/Representatives in Commissions.

4.11.1. The functions of Representatives on Boards/Representatives in Commissions shall be defined by regulations and orders of the Company subject to the provisions set forth in this Procedure.

4.11.2. The functions of Representatives on Boards/Representatives in Commissions are as follows:

- provide the Company with information (materials, documents) in relation to the items included on the agendas of meetings of boards of directors or internal audit commissions of SDCs in accordance with the procedure and within the period specified in regulations and orders of the Company;
- receive from the authorized division of the executive arm the Final Instructions to vote on the items on the agendas of meetings of boards of directors or internal audit commissions of SDCs, which instructions contain directives and information (materials) in relation to the items on the agendas and reflect the position and/or recommendations of the Company with respect to voting on the items on the agendas;
- participate in meetings of boards of directors or internal audit commissions of SDCs in any form provided for in the regulations governing their activities, including voting at meetings of such bodies of SDCs;
- inform the authorized division of the executive arm of any violation of the procedures for preparing and holding meetings of boards of directors or internal audit commissions, which procedures are specified in the applicable laws of the Russian Federation and articles of associations and internal documents of SDCs;
- if any items that have not been preplanned are included on the agendas of meetings of boards of directors or internal audit commissions or if any issues, including procedural matters, other than those covered by the Final Instructions are put forward at in-person meetings of boards of directors or internal audit commissions of SDCs, receive the authorized division of the executive arm oral recommendations for voting;
- in the case of meetings of boards of directors or internal audit commissions with voting by ballot, complete ballots in accordance with the Final Instructions and send them to SDCs in accordance with the prescribed procedure;
- initiate scheduled and/or extraordinary meetings of boards of directors or internal audit commissions of SDCs and put forward proposals with respect to the agendas of meetings of boards of directors or internal audit commissions of SDCs in accordance with the Final Instructions;
- initiate audits of the financial and economic activities of SDCs by agreement with the division of the executive arm responsible for internal audits of the Company and SDCs;
- provide the authorized division of the executive arm with minutes of meetings of boards of directors of SDCs and other documents and materials of meetings in accordance with the procedure set forth in regulations and orders of the Company, and with reports on scheduled and unscheduled audits (inspections, inquiries) conducted by internal audit commissions of SDCs within 3 business days after receipt thereof;

- provide the authorized division of the executive arm with information about material facts (events) in relation to the activities of SDCs subject to disclosure in accordance with the procedure prescribed by the federal executive authority regulating the securities market within 5 days after SDCs submit such information to the federal executive authority regulating the Russian securities market;
- monitor the implementation of decisions adopted by boards of directors of SDCs in accordance with the procedure set forth in regulations and orders of the Company;
- submit to the authorized division of the executive arm their performance reports.

4.12. The activities of Representatives are organized and monitored by the authorized division of the executive arm.

4.13. If Company Representatives do any acts inconsistent with the interests of the Company (voting not in accordance with the Final Instructions), this may serve as grounds for the Company's initiating the procedure for earlier terminating the powers of all members of boards of directors or internal audit commissions of SDCs or, except where otherwise provided for in the applicable laws and articles of association of SDCs, for earlier terminating the powers of the relevant Company Representatives in such bodies and for electing new members of boards of directors or internal audit commissions in full or certain members of such bodies.

4.14. The Final Instructions shall not be disclosed to any bodies of general meetings of shareholders of SDCs, boards of directors of SDCs, internal audit commissions of SDCs, or any third party.

The form of the Final Instructions and the procedure for signing the Final Instructions shall be defined by regulations and orders of the Company.

5. FINAL PROVISIONS

If one or more clauses (paragraphs, provisions) of this Procedure become inoperative (invalid) as a result of any change in the laws or the Company's Articles of Association, this shall not affect the other clauses of this Procedure, and they shall apply to the extent not inconsistent with the laws of the Russian Federation and the Articles of Association of the Company.