

APPROVED  
by the decision  
of the Annual General Meeting  
of Shareholders  
of PJSC ROSSETI  
June 29, 2018  
(Minutes of June 29, 2018)

REGULATIONS  
FOR REMUNERATION AND COMPENSATION  
FOR MEMBERS OF THE INTERNAL AUDIT COMMISSION  
OF PJSC ROSSETI

(restated version)

**Moscow**  
**2018**

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## **1. General**

1.1. These Regulations for Remuneration and Compensation for Members of the Internal Audit Commission of PJSC ROSSETI (hereinafter, the “Regulations”) is a document of PJSC ROSSETI (hereinafter, the “Company”) formulated in accordance with Federal Law No. 208 of December 26, 1995, “On Joint-Stock Companies”, the Articles of Association, and other legal regulations.

1.2. These Regulations define the procedure for calculation and payment of remuneration and compensation for members of the Internal Audit Commission as provided for in the laws of the Russian Federation in connection with the performance by them of obligations provided for in the Articles of Association of the Company and the Regulations for the Internal Audit Commission of the Company.

1.3. These Regulations shall apply to the members of the Internal Audit Commission the Company who are not subject to any restriction or ban on the receipt of any payments from business entities imposed by federal law.

1.4. In the event of removal of the ban or restriction on the receipt of any payments from business entities for reasons provided for in the laws of the Russian Federation, remuneration and compensation for a member of the Internal Audit Commission shall start to accrue from the date of the written notice on the removal of the ban or restriction given by the member of the Internal Audit Committee to the Company and the Internal Audit Committee in accordance with the procedure provided for in these Regulations.

1.5. In the event of early termination of office or election of a member of the Internal Audit Commission at the Extraordinary General Meeting of Shareholders, the amount of remuneration shall be calculated taking into account the actual period of the performance of duties as a member of the Internal Audit Commission.

1.6. Payments to the members of the Internal Audit Commission shall be made in rubles, pursuant to an application/applications of the member of the Internal Audit Commission for the payment of remuneration/compensation made in the form set forth in Appendixes 1 and 2 to these Regulations, by transfer of funds in accordance with the bank account (deposit) details specified in the application filed by the member of the Internal Audit Commission.

## **2. Amounts and Procedure for Payment of Remuneration to Members of the Internal Audit Commission**

2.1. Remuneration shall be paid to a member of the Internal Audit Commission of the Company for his/her work in the corporate year and depends on the extent of his/her participation in the work of the Internal Audit Commission. For the purpose of these Regulations, in connection with determining the amounts

of remuneration for members of the Internal Audit Commission, the corporate year shall mean a period from the date of election of the Internal Audit Commission members at the General Meeting of Shareholders of the Company until the date of the next General Meeting of Shareholders of the Company with the item “Election of members of the Internal Audit Commission of the Company” on its agenda.

For the purpose of calculating the amount of remuneration for members of the Internal Audit Commission whose term of office was terminated earlier or who were elected at the Extraordinary General Meeting of Shareholders, the corporate year shall equal 365 days.

2.2. Remuneration for a member of the Internal Audit Commission shall be calculated based on the remuneration base amount (Rbase). The remuneration base amount for a member of the Internal Audit Commission shall be based on the revenues calculated in accordance with Russian Accounting Standards (RAS) and received by the Company in the financial year, in accordance with the following scale:

Group	Amount of the Company’s revenues in the financial year	Remuneration base amount
1	above 200 billion rubles	150,000 rubles
2	above 30 billion rubles	135,000 rubles
3	above 10 billion rubles	120,000 rubles
4	above 1 billion rubles	105,000 rubles
5	above 600 million rubles	90,000 rubles

2.3. The actual amount of remuneration for a member of the Internal Audit Commission for his/her work in the corporate year shall be calculated by the following formula:

$$R_{act} = R_{base} * ( m_i / m ) * C_p, \text{ where:}$$

Ract is the actual amount of remuneration calculated based on the remuneration base amount;

Rbase is the remuneration base amount determined in accordance with the scale set forth in paragraph 2.2;

mi is the number of calendar days in the corporate year when the responsibilities of a member of the Internal Audit Commission were performed;

m is the total number of calendar days in the corporate year;

Cp is the personal participation coefficient of the Internal Audit Commission member.

2.3.1 The personal participation coefficient reflects the participation of the Internal Audit Commission member in meetings of the Internal Audit Commission and performance by such member of additional duties as the Chairman or the Secretary of the Internal Audit Commission.

2.3.2 The personal participation coefficient shall be determined individually for each member of the Internal Audit Commission by the following formula:

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

$C_p$  is the personal participation coefficient;

$C_{meet}$  is the coefficient of participation in the meetings of the Internal Audit Commission;

$C_{add}$  is the coefficient taking into account the work as the Chairman of the Internal Audit Commission/Secretary of the Internal Audit Commission;

$C_{aud}$  is the coefficient of participation in audits conducted by the Internal Audit Commission.

2.3.3. The  $C_{meet}$  coefficient shall be determined based on the extent of participation of the Internal Audit Commission member in  $n_i$  meetings out of  $n$  meetings held by the Internal Audit Commission in the corporate year, including absentee voting:

$$C_{meet} = 0.1 * (n_i/n), \text{ where}$$

the values of  $n_i$  and  $n$  shall be determined based on the minutes of meetings of the Internal Audit Commission.

2.3.4. The  $C_{add}$  coefficient taking into account the work as the Chairman of the Internal Audit Commission/Secretary of the Internal Audit Commission shall be calculated by the following formula:

$$C_{add\ Ch} = 0.3 * (f_i/m) - \text{for the Chairman of the Internal Audit Commission,}$$

$$C_{add\ S} = 0.1 * (f_i/m) - \text{for the Secretary of the Internal Audit Commission,}$$

where:

$f_i$  is the number of days in the corporate year (out of the total number  $m$ ) when the responsibilities of the Chairman/Secretary were performed, shall be determined based on the minutes of meetings of the Internal Audit Commission.

2.3.5. The  $C_{aud}$  coefficient shall be determined by the decision of the Chairman of the Internal Audit Commission based on the extent of participation of the Internal Audit Commission member in the auditing process and the quality of his/her work and shall have the value from 0.000 to 1.000.

When determining the value of individual  $C_{aud}$  coefficients, the extent of participation of the Internal Audit Committee member in all stages of the auditing process shall be taken into account:

- preparing for/planning an audit;
- conducting the audit;
- preparing the audit report;
- interacting with the Company on the audit results (including monitoring the remedying of the revealed nonconformance).

2.3.6. The personal participation coefficient  $C_p$  and its components ( $C_{meet}$ ,  $C_{add}$ ,  $C_{aud}$ ) shall be determined as a decimal fraction, accurate to the third decimal place.

2.3.7. The personal participation coefficient  $C_p$  shall be established by the Chairman of the Internal Audit Commission and sent to the Sole Executive Body of the Company in the format set forth in Appendix 3 to these Regulations.

2.3.8. No remuneration shall be paid to a member of the Internal Audit Commission who participated in less than half of the meetings held during the term

of his/her office as a member of the Internal Audit Commission ( $C_p$  shall be established equal to 0).

2.3.9. The calculation of the actual amount of remuneration for each member of the Internal Audit Commission shall be made by the Company in the format set forth in Appendix 4 to these Regulations.

2.3.10. The Company shall independently calculate, withhold, and pay personal income tax and other taxes and charges arising in connection with the payment of remuneration and compensation to the members of the Internal Audit Commission.

2.4. If during the corporate year a member of the Internal Audit Commission was substantially involved in additional audits conducted by the Internal Audit Commission or in follow-up activities with respect to certain issues that were carried out by the decision of the General Meeting of Shareholders, the Board of Directors of the Company or at the request of the Company's shareholder(s) holding an aggregate of at least ten (10) percent of the Company's voting shares, the Chairman of the Internal Audit Commission may request that the General Meeting of Shareholders increase the actual amount of remuneration calculated by the formula set forth in paragraph 2.3 of these Regulations.

2.5. The Chairman of the Internal Audit Commission shall be instructed to monitor the calculation of remuneration for members of the Internal Audit Commission of the Company; the Sole Executive Body of the Company shall be instructed to monitor the payment of remuneration.

2.6. Remuneration shall be paid within thirty (30) calendar days after the Annual General Meeting of Shareholders and submission by the Chairman of the Internal Audit Commission to the Company's Sole Executive Body of the calculation of the personal participation coefficient  $C_p$  in respect of members of the Internal Audit Commission.

If the General Meeting of Shareholders decides to increase the amount of remuneration based on the results of audits conducted on the grounds set forth in paragraph 2.4 of these Regulations, the Company shall take into account the amount of the increase established by the decision of the General Meeting of Shareholders when calculating the actual remuneration for the Internal Audit Commission members.

If the decision of the General Meeting of Shareholders on increasing the actual amount of remuneration for the Internal Audit Commission members is adopted after the date of assessment of the remuneration, the Company shall assess the remuneration in the amount of difference between the assessed value and the remuneration adjusted for the increased amount established by the decision of the General Meeting of Shareholders.

2.7. A member of the Internal Audit Commission of the Company may decline to receive the remuneration and compensation provided for in these Regulations, in full or in part, by notice thereof to the Sole Executive Body of the Company.

### **3. Amounts and Procedure for Payment of Compensation to Members of the Internal Audit Commission**

3.1. In the event of visiting the Company's facilities, participating in meetings of the Internal Audit Commission of the Company held at the Company's actual location, and performance of other tasks of the Internal Audit Commission of the Company, members of the Internal Audit Commission who are not subject to the restrictions specified in paragraph 1.3 of these Regulations shall be compensated by the Company for documented expenses in connection with participation on the activities of the Internal Audit Commission of the Company.

3.2. The amount of compensation of expenses connected with participation in the meetings of the Internal Audit Commission and conducting audits shall be determined in the amount of actual expenses supported by respective documents but not exceeding the limits specified in paragraph 3.4 of these Regulations.

3.3. If the amount of actual expenses incurred by a member of the Internal Audit Commission exceeds the amount calculated in accordance with paragraph of these Regulations, the excess amount shall not be compensated.

3.4. At the request of the Internal Audit Commission the Company shall purchase for the Internal Audit Commission members tickets to all types of transport to ensure travelling to a business trip destination and back to the permanent place of work and shall ensure (book, pay for) accommodation at hotels in accordance with the standards of compensation for business travel and accommodation expenses adopted in the Company for the Chief Accountant of the Company.

In the absence of air or railway tickets in accordance with the established standards, or vacant rooms at hotels of the established category the Company may confirm tickets and book accommodation of a higher class.

3.5. For the purpose of being compensated for the incurred expenses, a member of the Internal Audit Commission shall send a written application to the Company in the form set forth in Appendix 2 to these Regulations and accompanied by documents in support of the expenses, specifying the bank account (deposit) details.

Documents in support of the expenses incurred that are subject to compensation shall be provided by the member of the Internal Audit Commission in accordance with the procedure specified in the laws of the Russian Federation for business travel expenses accounting.

3.6. Compensation shall be paid by the Company within five (5) business days after the documents provided for in paragraph 3.5 of these Regulations are submitted to the Company.

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

4.1. These Regulations shall become effective from the date of approval thereof by the General Meeting of Shareholders of the Company.

4.2. In the event of conflict between these Regulations and provisions of laws of the Russian Federation, until these Regulations are brought in conformity to the said provisions and amended (a restated version is approved) by the decision of the General Meeting of Shareholders of the Company, the provisions of laws of the Russian Federation shall apply.





Appendix 1

to the Regulations for Remuneration and Compensation for  
Members of the Internal Audit Commission of PJSC ROSSETI

\_\_\_\_\_  
*(Please specify the Sole Executive Body)*

***PJSC ROSSETI***

\_\_\_\_\_  
*(full name)*

from a Member of the Internal Audit  
Commission

*Full name of a Member of the Internal  
Audit Commission*

### **Application for Payment of Remuneration**

You are hereby requested to give an instruction to pay me remuneration in connection with the performance by me of duties as a member of the Internal Audit Commission of PJSC ROSSETI in the period \_\_\_\_\_.

I confirm that during the specified period I was not subject to any restriction or ban on the receipt of any payments from business entities imposed by federal laws.

Please make the payment of compensation by transfer of funds to the bank account (deposit) *(please specify the bank account (deposit) details)*.

Date \_\_\_\_\_ / full name /

to the Regulations for Remuneration and Compensation for  
Members of the Internal Audit Commission of PJSC ROSSETI

\_\_\_\_\_  
*(Please specify the Sole Executive Body)*

***PJSC ROSSETI***

\_\_\_\_\_  
*(full name)*

from a Member of the Internal Audit  
Commission  
*Full name of a Member of the Internal  
Audit Commission*

### **Application for Payment of Compensation**

You are hereby requested to give an instruction to reimburse me for expenses in the amount of \_\_\_\_\_ rubles connected with travelling and renting accommodation under *(please specify the activity of the Internal Audit Commission)*:

- travel expenses *(please specify the details, class and cost of tickets, amount of expenses)*;

- accommodation expenses *(staying at \_\_\_\_\_ hotel in the period from \_\_\_\_\_ to \_\_\_\_\_ in the amount of \_\_\_\_\_)*.

Please make the payment of compensation by transfer of funds to the bank account (deposit) *(please specify the bank account (deposit) details)*.

Enclosed: Documents in support of the incurred expenses that are subject for compensation.

Date \_\_\_\_\_

\_\_\_\_\_/ *full name* /

to the Regulations for Remuneration and Compensation for  
Members of the Internal Audit Commission of PJSC ROSSETI

**Calculation  
of the Personal Participation Coefficient  
of a Member of the Internal Audit<sup>1</sup>**

Member of the Internal Audit Commission

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Calculation coefficient	Value	Explanation
n		The number of meetings held by the Internal Audit Commission in the corporate year, including absentee voting.
ni		The number of meetings in which the member of the Internal Audit Commission participated.
$C_{meet}$		The coefficient of participation in the meetings of the Internal Audit Commission: $C_{meet} = 0.1 * (ni/n)$ .
fi		The number of days in the corporate year when the responsibilities of the Chairman/Secretary were performed.
m		The total number of days in the corporate year.
$C_{add}$		The coefficient taking into account the work as the Chairman/Secretary:  $K_{add\ c} = 0.3 * (fi/m)$ - for the Chairman of the Internal Audit Commission,  $K_{add\ s} = 0.1 * (fi/m)$ - for the Secretary of the Internal Audit Commission.
$C_{aud}$		$C_{aud}$ is the coefficient of participation in audits conducted by the Internal Audit Commission; from 0.0 to 1.0. For the Chairman of the Internal Audit Commission it is established as 1.000
$C_p$		$C_p = (1 + C_{meet} + C_{add}) * C_{aud}$ For a member of the Internal Audit Commission who was absent at more than a half of the meetings held during the term of his/her office as a member of the Internal Audit Commission, the $C_p$ coefficient shall be established equal to 0

Chairman of the Internal Audit Commission

/ full name /

<sup>1</sup> To be completed by the Chairman of the Internal Audit Commission in respect of each member of the Internal Audit Commission, including the Chairman of the Internal Audit Commission.



**Calculation  
of the Actual Amount of Remuneration  
of a Member of the Internal Audit Commission**

Member of the Internal Audit Commission

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Calculation coefficient	Value	Explanation
m		The total number of days in the corporate year.
m <sub>i</sub>		The number of days in the corporate year when the responsibilities of a member of the Internal Audit Commission were performed.
R <sub>base</sub>		In accordance with paragraph 2.2 of the approved Regulations
C <sub>p</sub>		Established by the Chairman of the Internal Audit Commission of the Company and submitted to the Sole Executive Body of the Company.
<b>R<sub>act</sub></b>		$R_{act} = R_{base} * (m_i/m) * C_p$
Request for increasing the actual amount of remuneration by _____ %		Decision on increasing the actual amount of remuneration
<b>Total R<sub>act</sub></b> , taking into account the decision on increasing		

Chief Accountant of the Company

/ full name /