

**Approved by  
Decision of Board of Directors of  
“IDGC of the South”, JSC  
dated December 01, 2009  
Minutes No.37/2009  
dated December 04, 2009**

**REGULATIONS  
on Personnel and Remuneration Committee of  
Board of Directors of  
Open Joint Stock Company  
“Interregional Distributive Grid Company of the South”**

**Rostov-on-Don  
2009**

## **1. GENERAL PROVISIONS**

1.1. The Regulations «On Personnel and Remuneration Committee of Board of Directors of Open Joint Stock Company “Interregional Distributive Grid Company of the South”» (hereinafter referred to as the Regulations) have been worked out in accordance with the Russian Federation legislation, the Charter of JSC “IDGC of the South”, the Regulations on the procedure for convening and holding meetings of Board of Directors of “IDGC of the South”, JSC.

1.2. The Personnel and Remuneration Committee of Board of Directors of “IDGC of the South”, JSC (hereinafter referred to as the Committee) shall be set up by decision of Board of Directors of “IDGC of the South”, JSC (hereinafter referred to as the Company) and shall be the advisory-deliberative body ensuring the efficient performance by the Company’s Board of Directors of functions related to providing the general guidance for the Company’s activity.

1.3. The Committee shall not be regarded as the Company’s body and shall not be entitled to act on behalf of the Company.

1.4. Decisions of the Committee shall be advisory in nature for the Company’s Board of Directors.

1.5. The Committee shall operate in accordance with the present Regulations specifying the legal status, goal and objectives, rights, obligations, structure and composition of the Committee. In its activity the Committee shall be guided by Federal Laws, other regulatory legal acts of the Russian Federation, the Company’s Charter, the Regulations on the procedure for convening and holding meetings of Board of Directors of the Company, decisions of the Company’s Board of Directors.

## **2. GOALS AND OBJECTIVES OF COMMITTEE**

2.1. The main purpose of the Committee establishment shall be the ensuring of efficient operation of the Company’s Board of Directors when deciding the issues which fall within its competence.

2.2. The objective of the Committee shall be the drawing up and submission of recommendations (reports) to the Company’s Board of Directors on the following directions of activities of Board of Directors:

1) working out principles and criteria for determination of remuneration paid to members of the Company’s Board of Directors, members of the collegial executive body and the person performing the functions of the sole executive body of the Company including the managing organization or manager;

2) specifying the essential terms of contracts concluded with members of the collegial executive body and the person exercising the functions of the sole executive body of the Company;

3) setting forth the criteria for selection of candidates for members of the Company’s Board of Directors, for members of the collegial executive body of the Company, for the position of the sole executive body of the Company;

4) appraising the activity of the person discharging the functions of the sole executive body (managing organization, manager) and members of the collegial executive body of the Company.

## **3. COMMITTEE’S COMPETENCE**

3.1. The Committee shall be competent to preliminarily consider, analyze and draw up recommendations (reports) on the following issues falling within the competence of the Company's Board of Directors:

- 1) working out principles and criteria related to remuneration and financial stimulation for members of the Company's Board of Directors, the Chairman of the Company's Board of Directors; members of Management Board of the Company; the Chief Executive Officer of the Company;
- 2) giving recommendations to the General Meeting of Shareholders of the Company concerning the amount of remuneration and compensation paid to members of Board of Directors;
- 3) preparing recommendations on the approval (adjustment) of internal documents specifying the issues of remuneration and compensation paid to members of the Company's Board of Directors;
- 4) setting forth the criteria for selection of candidates for members of the Company's Board of Directors, for the position of the Chief Executive Officer of the Company and carrying out preliminary assessment of the aforementioned candidates;
- 5) carrying out regular appraisal of activity of the Chief Executive Officer of the Company and drafting relevant proposals and recommendations, including recommendations on reelection of the Chief Executive Officer of the Company, for Board of Directors of the Company;
- 6) election of the Chief Executive Officer of the Company and termination of his/her powers before the expiration of the term of office including the adoption of decision on early termination of the labor contract concluded with him/her;
- 7) determining the quantitative composition of Management Board of the Company, election of members of Management Board of the Company, fixing the amount of remuneration and compensation paid to them, early termination of their powers including early termination of labor contracts concluded with them;
- 8) submission for consideration of the General Meeting of Shareholders of the Company of the issue of delegation of powers of the Company's sole executive body to the managing organization (manager) and early termination of powers of the managing organization (manager);
- 9) approving the terms of contracts (including with regard to the term of powers and amount of remuneration and compensation to be paid) concluded with the Chief Executive Officer of the Company, members of Management Board, the managing organization (manager), revising the provisions of aforementioned contracts;
- 10) taking a decision to suspend the powers of the managing organization (manager);
- 11) making a decision to appoint the acting Chief Executive Officer of the Company except for cases stipulated by items 21.16. of clause 21 of the Company's Charter;
- 12) taking a decision on nomination of the Chief Executive Officer of the Company for singling out for state awards;
- 13) endorsement of candidatures for some positions of the Company's executive authority determined by Board of Directors of the Company;
- 14) approval of the organizational structure of the Company's executive authority and making alterations in it;
- 15) other issues to be considered by order of Board of Directors of the Company.

#### **4. RIGHTS OF COMMITTEE**

4.1. In order to perform the entrusted functions the Committee shall be entitled to:

- 1) conduct research on the issues which fall within its competence;
- 2) request and receive information and documents necessary to carry out its activity from the Chief Executive Officer and officials of the Company in accordance with the list approved by decision of the Committee and also request information from outside organizations through the Chairman of Board of Directors or the Chief Executive Officer of the Company;
- 3) utilize the professional services of outside organizations or get third parties involved (on a contract basis as well) as experts (consultants) possessing special knowledge on the issues falling within the Committee's competence within the Committee's budget. Contracts with persons engaged by the Committee to render consulting services shall be concluded on the basis of the corresponding decision of the Committee by the authorized official of the Company on the proposal of the Chairman of the Committee or by the Chairman of the Committee under power of attorney issued by the sole executive body of the Company;
- 4) invite employees of the Company, management of the Company, members of other Committees of the Company's Board of Directors and other persons to participate in on-site meetings of the Committee;
- 5) as the need arises, work out and submit the drafts of alterations and additions to the present Regulations for approval of the Company's Board of Directors.

4.2. The Committee shall be vested with other rights specified in the present Regulations.

#### **5. OBLIGATIONS OF COMMITTEE**

5.1. The Committee shall:

- 1) faithfully perform the tasks which have been set before the Committee and carry out its activity in accordance with the present Regulations, requirements of the Russian Federation legislation, the Charter and internal documents of the Company;
- 2) submit the cost-effective and legally sound recommendations (resolutions) on the issues falling within the Committee's competence to Board of Directors;
- 3) adhere to confidentiality requirements, not disclose information about the Company that is considered to be commercial and/or official secret.

#### **6. COMPOSITION OF COMMITTEE AND PROCEDURE FOR COMMITTEE FORMATION, RIGHTS AND OBLIGATIONS OF COMMITTEE MEMBERS**

6.1. The quantitative composition of the Committee which shall be composed of no less than 3 (Three) members shall be determined by the decision of the Company's Board of Directors.

6.2. The Committee personnel shall be elected by Board of Directors of the Company from among the candidates proposed by members of the Company's Board of Directors.

6.3. Each member of the Company's Board of Directors shall be entitled to propose no more than 3 (Three) candidates for the Committee members.

6.4. Only natural persons can be the Committee members. It is allowed for a member of the Committee not to be a member of the Company's Board of Directors.

6.5. Proposals of members of the Company's Board of Directors on the candidatures for election to the Committee shall be submitted in writing to the Chairman of the Company's Board of Directors within 5 (Five) days before the date of holding the meeting of Board of Directors (before the deadline for receipt of questionnaires for absentee voting) the agenda of which includes the item of election of the Committee members.

6.6. When nominating the candidates for the Committee a written consent of the proposed candidate and data on the candidate shall be enclosed with the proposal on nomination of the candidate (candidates) for the Committee member(s).

6.7. The proposal on nomination of the candidate (candidates) for the Committee member(s) shall contain the following information about the candidate:

full family name, name, patronymic of the candidate;

data on the candidate's education;

place of employment and position of the candidate as of the time of proposal submission.

The proposal on nomination of the candidate (candidates) for the Committee member(s) shall be signed by the member of the Company's Board of Directors who has submitted the proposal.

6.8. When electing the Committee members their education, professional training, work experience in the sphere of the Committee's activity and other special skills necessary to exercise the powers by the Committee members shall be taken into account.

6.9. Members of the Committee shall be elected in accordance with the provisions of the present Regulations for the period till holding the first meeting of Board of Directors to be reelected.

6.10. Powers of any member of the Committee can be terminated before the expiration of the term of office by decision of the Company's Board of Directors.

6.11. The Chairman of the Committee and the Committee members can decline their responsibilities provided that they have submitted the application about this decision to the Chairman of the Company's Board of Directors and the Chairman of the Committee.

6.12. If the number of the Committee members is less than the quorum necessary for holding the meetings of the Committee specified in the Regulations, the Chairman of Board of Directors shall convene the extraordinary meeting of Board of Directors in order to elect the Committee members or place the issue of election of the Committee members on the agenda of the earliest planned meeting of the Company's Board of Directors.

6.13. The Committee members within the Committee's competence shall be entitled to:

1) request the documents and information necessary to make decisions on the issues within the Committee's competence from the Chief Executive Officer and Management Board of the Company. The inquiry shall be made in writing under the hand of the Chairman of the Committee;

2) put forward the written proposals on working out the plan of the Committee's operation;

3) include the items in agenda of the Committee meetings according to the procedure stipulated by the Regulations;

4) demand to convene the Committee meeting;

5) exercise other rights provided for by the Regulations.

6.14. Members of the Committee shall become familiar with the materials for the Committee meeting and have their own position on each item on meeting agenda.

6.15. Members of the Committee when exercising their rights and performing the obligations shall act for the benefit of the Company, exercise their rights and discharge the obligations in relation to the Company faithfully and reasonably.

## **7. CHAIRMAN OF COMMITTEE AND PROCEDURE FOR ELECTION OF CHAIRMAN**

7.1. Management of the Committee and arrangement of its activity shall be carried out by the Chairman of the Committee.

7.2. The Chairman of the Committee shall be elected by the Company's Board of Directors from among elected Committee members by a majority of votes of the Company's Board of Directors members participating in the meeting of Board of Directors.

7.3. Board of Directors of the Company shall be authorized to reelect the Chairman of the Committee at any time.

7.4. In the absence of the Chairman of the Committee his/her obligations shall be performed by the Deputy Chairman of the Committee. The Deputy Chairman of the Committee shall be elected by the Committee members from among their number by a majority vote of the total number of elected members of the Committee.

7.5. The Chairman of the Committee shall:

- 1) convene the Committee meetings and preside over them;
- 2) determine the form of holding and approve the agenda of the Committee meeting;
- 3) specify the list of persons to be invited to participate in the on-site meeting of the Committee. Officials and/or employees of the Company shall be invited to the on-site meeting of the Committee (consideration of separate items on meeting agenda) by sending the corresponding invitation addressed to the Chief Executive Officer of the Company. The Chief Executive Officer of the Company shall ensure the participation of officials and/or employees of the Company or other persons possessing the powers, information and qualification necessary to efficiently participate in the meeting of the Committee (consideration of items on meeting agenda, providing information, participation in discussion, decision-making etc.) who have been invited to the meeting of the Committee;
- 4) arrange the keeping of the minutes of the Committee meetings and sign the minutes of the Committee meetings;
- 5) represent the Committee in the course of cooperation with the Company's Board of Directors, other Committees of Board of Directors, executive bodies of the Company, the Auditor, the Auditing Committee of the Company and other bodies and persons;
- 6) respond for official correspondence of the Committee, sign the inquiries, letters and documents on behalf of the Committee;
- 7) allocate the duties between the Committee members;
- 8) work out the plan of operation of the Committee and submit the aforementioned plan for approval to the Committee, exercise control over the implementation of decisions and plans of operation of the Committee;

9) ensure in the process of the Committee's activity the observance of requirements of the Russian Federation legislation, the Company's Charter, other internal documents of the Company and the present Regulations;

10) discharge other duties stipulated by the current legislation, the Company's Charter, the present Regulations and other internal documents of the Company.

## **8. SECRETARY OF COMMITTEE**

8.1. The functions of the Secretary of the Committee shall be performed by the Corporate Secretary of the Company unless otherwise is stipulated by the decision of the Committee. If the decision on election of other person as the Corporate Secretary has been adopted, the Secretary of the Committee shall be elected by a majority vote of the total number of elected members of the Committee. If the candidate for the position is the Company's employee, the candidature shall be endorsed by the Chief Executive Officer of the Company.

8.2. The Secretary of the Committee shall provide technical (informational, documentary, recording, secretarial) support for current activity of the Committee, including:

1) ensure the preparation and holding of the Committee meetings;

2) gather and classify the materials for meetings;

3) ensure the timely submission to the Committee members and persons who have been invited to participate in the meeting of the Committee of notices of holding the meetings of the Committee, agendas of meetings, materials on the agenda items and questionnaires;

4) provide organizational and technical support for conducting the vote at the meeting of the Committee;

5) ensure the cooperation of the Committee with the Company's Board of Directors, other Committees of the Company's Board of Directors, executive bodies of the Company, the Auditor, the Auditing Committee of the Company and other bodies and persons;

6) perform record-keeping of meetings, arrange the preparation of draft decisions of the Committee;

7) keep record of correspondence (including the inquiries, requests, applications) addressed to the Committee and/or the Committee members, ensure the receipt of necessary information by the Committee members;

8) carry out the distribution of documents approved by the Committee;

9) ensure the custody of minutes of the Committee meetings and other documents and materials related to the Committee operation in accordance with the documents custody procedures approved in the Company;

10) execute the orders of the Chairman of the Committee within the powers of the Committee Chairman;

11) exercise other functions in accordance with the Regulations.

8.3. The Secretary of the Committee shall be paid remuneration and shall be reimbursed for expenses connected with the discharge of obligations.

Remuneration and expenses connected with fulfillment of obligations by the Secretary shall be provided for in the Company's budget.

8.4. The contract for performance of functions of the Secretary of the Committee can be concluded with the Committee Secretary.

The contract with the Secretary of the Committee shall be signed on behalf of the Company by the Company's Chief Executive Officer or the person authorized by Board of Directors of the Company to determine the terms of contract with the Secretary of the Committee.

The terms of contract concluded with the Secretary of the Company including the amount of remuneration shall be determined by Board of Directors of the Company or the person authorized by Board of Directors of the Company.

## **9. MEETINGS OF COMMITTEE**

9.1. Meetings of the Committee shall be convened by the Chairman of the Committee in accordance with the Plan of Operation approved at the meeting of the Committee (scheduled meetings) and in other cases specified in the Regulations (extraordinary meetings).

9.2. The Plan of Operation of the Committee shall be worked out by the Chairman of the Committee with regard for the approved Plan of Operation of the Company's Board of Directors and proposals of the Chairman of the Company's Board of Directors, members of the Committee and decisions of the Company's Board of Directors.

9.3. The Plan of Operation of the Committee shall be approved at the Committee meeting following the meeting of the Company's Board of Directors at which the Plan of Operation of the Company's Board of Directors has been approved.

9.4. When convening the Committee meeting the Chairman of the Committee shall fix the date, time, place and form of meeting holding, agenda and list of persons invited to participate in the on-site meeting of the Committee.

9.5. Agenda of the scheduled meeting shall be set by the Chairman of the Committee in accordance with the approved Plan of Operation of the Committee, decisions of the Company's Board of Directors and proposals of the Chairman of the Company's Board of Directors.

9.6. Members of the Committee shall be entitled to put forward proposals on setting the agenda of the Committee scheduled meeting.

9.7. The Chairman of the Committee shall be authorized to include received proposals in agenda of the scheduled meeting or to convene the extraordinary meeting of the Committee.

9.8. Extraordinary meetings of the Committee shall be held:

- in accordance with the notice received from the Corporate Secretary of the Company of the meeting of the Company's Board of Directors the agenda of which includes the item (items) which, according to the Regulations, shall be referred to the competence of the Committee;
- on the initiative of the Chairman of the Committee;
- by decision of the Company's Board of Directors or by decision of the Committee;
- at the request of the Chairman of the Company's Board of Directors, the member of the Committee, the Auditing Committee or the Auditor of the Company.

9.9. The demand of the Chairman of the Company's Board of Directors, the member of the Committee, the Auditing Committee or the Auditor of the Company for convening the Committee meeting shall be submitted to the Chairman of the Committee in writing

within 7 (Seven) working days before the date of meeting holding and shall contain the wording of the item, argument in support of necessity to examine the issue at the meeting, draft decision of the Committee as well as accompanying materials and information.

The demand for convening the Committee meeting shall be signed by the person who has submitted the aforementioned demand (the demand of the Auditing Committee for convening the Committee meeting shall be signed by the Chairman of the Auditing Committee, the demand of the Company's Auditor shall be signed by the authorized person of the Auditor). At the same time the copy of the demand for convening the Committee meeting with all Appendixes shall be submitted to the Secretary of the Committee.

9.10. During 1 (One) working day from the date of raising the demand for convening the extraordinary meeting the Chairman of the Committee shall take a decision to hold the extraordinary meeting of the Committee, shall fix the date, time and place of holding the Committee meeting (date and time of termination of questionnaires submission when conducting the absentee voting) or make a decision to refuse to convene the extraordinary Committee meeting. The motivated decision on refusal to convene the extraordinary Committee meeting shall be submitted to a person or body of the Company demanding to convene such meeting no later than the day following the day of making the decision on refusal to convene the meeting by the Chairman of the Committee.

9.11. The decision of the Chairman of the Committee on refusal to convene the extraordinary Committee meeting can be taken in the following cases:

an item (items) proposed to be placed on the agenda of the Committee meeting is (are) not referred by the Regulations on the Committee to its competence;

agenda item that the demand for convening the extraordinary meeting of the Committee contains has already been included in agenda of the earliest meeting to be convened in accordance with the decision of the Chairman of the Committee that has been taken before receiving the aforementioned demand;

form, procedure and terms of raising the demand for convening the meeting provided for by item 9.9. of the Regulations have been ignored;

9.12. The Chairman of the Committee shall be authorized to include the items, which the demand for convening the extraordinary meeting of the Committee contains, in the agenda of the earliest scheduled meeting of the Committee.

9.13. The notice of holding the meeting of the Committee shall contain meeting agenda, the form of meeting holding, date, place and time of meeting holding (date and time of termination of submission of questionnaires for voting on the items of meeting agenda). The notice of holding the meeting shall be drawn up by the Secretary of the Committee and shall be signed by the Chairman of the Committee or the Deputy Chairman of the Committee (in cases stipulated by the present Regulations). The notice of holding the meeting shall be submitted to the Committee members and persons invited to participate in the on-site meeting of the Committee within 5 (Five) working days before the date of holding the Committee meeting (the deadline for questionnaires submission when holding the off-site meetings). Materials and information related to agenda items shall be submitted to members of the Committee and persons invited to participate in the on-site meeting of the Committee within 3 (Three) working days before the date of holding the meeting (the deadline for questionnaires submission when holding the off-site meetings) including decisions (recommendations) of the Company's Management Board in cases specified in item 9.17. of the present Regulations.

Materials on the items on agenda of the Committee meeting shall without fail contain draft decisions on these items. The working out of draft decisions (their preparation) shall be arranged by the Chairman of the Committee except for cases of consideration of issues by the Committee at the request of persons mentioned in item 9.8. of the Regulations.

Persons invited to participate in the on-site meeting of the Committee shall receive materials on the items on agenda of the Committee meeting the discussion of which presupposes their participation.

9.14. The notice of holding the meeting of the Committee and materials (information) on agenda items can be submitted (delivered) to the Committee members and persons invited to participate in the on-site meeting of the Committee in person, as a fax message or via e-mail.

9.15. If the items to be submitted for consideration at the extraordinary meeting of the Committee are considered urgent, the terms of convocation of the extraordinary meeting and submission of materials on items on agenda of such meeting can be reduced by decision of the Chairman of the Committee.

The issues which have not been included in meeting agenda can be examined at the Committee meeting to be held in the form of joint attendance by approbation of all present members of the Committee.

9.16. Upon receipt from the Company's Corporate Secretary of the notice of holding the meeting of the Company's Board of Directors the agenda of which contains the issues referred by the Regulations to the competence of the Committee, the Chairman of the Committee shall take all necessary measures to ensure the timely holding of the Committee meeting in order to draw up recommendations (decisions) on the stated items on agenda of the meeting of the Company's Board of Directors and their submission to Board of Directors in accordance with the approved Regulations on the procedure for convening and holding meetings of the Company's Board of Directors.

9.17. Upon receipt from the Company's Corporate Secretary of the notice of holding the meeting of the Company's Board of Directors the agenda of which contains the issues referred by the Regulations to the competence of the Committee which, in accordance with the Regulations on Management Board of the Company, shall be preliminarily considered by the Company's Management Board, the Committee meeting on such issues shall be held after their preliminary consideration at the meeting of the Company's Management Board. In this case corresponding decisions (recommendations) of Management Board shall be submitted to members of the Committee by the Committee meeting start.

Aforementioned provisions shall not apply to the cases if the terms of holding the specified meeting of Management Board and submission of decisions (recommendations) approved by Management Board to the Committee provided for by the Regulations on Management Board of the Company have not been maintained.

## **10. PROCEDURE FOR HOLDING COMMITTEE MEETINGS**

10.1. Meetings of the Committee can be held in the form of joint attendance of members of the Committee (on-site meeting) or in the form of absentee voting on agenda items of the meeting (off-site meeting).

10.2. The on-site meeting of the Committee shall be opened by the Chairperson of the meeting – the Chairman of the Committee and in case of absence of the latter – by the Deputy Chairman.

10.2.1. Members of the Committee and invited persons shall take part in the on-site meeting of the Committee.

10.2.2. The Secretary of the Committee shall determine whether the quorum necessary for holding the meeting of the Committee is present.

The Chairperson at the on-site meeting shall inform those present on the presence of quorum necessary for holding the Committee meeting and read out meeting agenda.

10.2.3. If the quorum is absent, the meeting shall be declared incompetent. At the same time the Chairperson of the meeting shall adopt one of the following decisions:

1) having consulted with persons present at the meeting, fix a different time for the meeting start;

2) fix a date of the recurrent meeting with the same agenda;

3) include the issues, the consideration of which was planned for the cancelled meeting of the Committee, in agenda of the ensuing scheduled meeting of the Committee.

10.2.4. The on-site meeting of the Committee shall be considered competent (has the quorum) if no less than half elected members of the Committee are present at the meeting.

10.2.5. When summarizing the voting results on the items which have been included in agenda of the on-site meeting of the Committee the written opinions of the Committee members absent at the meeting to be drawn up and received according to the procedure stipulated by the present Regulations shall be taken into account.

10.2.6. Written opinions of the Committee members absent at the on-site meeting of the Committee shall be drawn up only by filling in the questionnaire for voting on agenda items.

10.2.7. On the day of holding the on-site meeting of the Committee the Secretary of the Committee proceeding from the results of discussion of agenda items and voting of members of the Committee present at the meeting shall draw up the questionnaire in accordance with Appendix 1 to the Regulations to be signed by the Chairman of the Committee and submit it in the original, via e-mail or facsimile communication to the Committee members absent at the meeting.

10.2.8. When filling in the questionnaire the member of the Committee shall leave uncrossed only one possible voting variant ("for", "against", "abstained") on each item which has been put to the vote.

The filled in questionnaire shall be signed by the Committee member; his/her family name and initials shall be specified.

The filled in and signed questionnaire shall be submitted by the member of the Committee to the Secretary of the Committee no later than the day following the holding of the Committee meeting in the original, by means of e-mail or facsimile communication with the ensuing submission of the original questionnaire at the address stated in the questionnaire.

10.2.9. The questionnaire the filling in of which fails to meet the requirements specified in the first paragraph of sub-item 10.2.8. of the present Regulations shall not be taken into account in the vote count with regard to the corresponding issue.

The questionnaire which has not been signed as well as the questionnaire which has been submitted upon the expiration of the term specified in sub-item 10.2.8. of the Regulations shall be nullified, shall not be taken into account when counting the votes and summarizing the voting results.

10.2.10. Voting results on agenda items of the on-site meeting of the Committee shall be determined (summarized) on the basis of results of voting of the Committee members present at the on-site meeting and questionnaires to be filled in and signed by the Committee members which have been received by the Secretary of the Committee within the specified period. Voting results shall be determined after the deadline for questionnaires submission had went by.

10.3. The decision about holding the Committee meeting in the form of absentee voting shall be taken by the Chairman of the Committee.

10.3.1. When holding the meeting in the form of absentee voting the members of the Committee shall be entitled to put forward their proposals and (or) commentaries in relation to proposed drafts of the Committee decisions on agenda items.

10.3.2. The questionnaire for absentee voting in accordance with Appendix 2 to the Regulations shall be submitted to members of the Committee at least 1 (One) working day before the deadline for questionnaires submission specified in the notice of conducting the absentee voting.

10.3.3. When filling in the questionnaire for absentee voting the member of the Committee shall leave uncrossed only one possible voting variant ("for", "against", "abstained") on each item which has been put to the vote.

The filled in questionnaire shall be signed by the Committee member, his/her family name and initials shall be specified.

The filled in and signed questionnaire shall be submitted to the Secretary of the Committee by the member of the Committee no later than the date and time of questionnaires receipt termination, specified in the questionnaire, in the original, by means of e-mail or facsimile communication with the ensuing submission of the original questionnaire at the address stated in the questionnaire.

10.3.4. The questionnaire the filling in of which fails to meet the requirements specified in the first paragraph of sub-item 10.3.3. of the Regulations shall not be taken into account in the vote count with regard to the corresponding issue.

The questionnaire which has not been signed as well as the questionnaire which has been submitted upon the expiration of the term specified in sub-item 10.3.3. of the Regulations shall be nullified, shall not participate in establishing the quorum necessary for adoption of a decision by absentee voting, shall not be taken into account when counting the votes and summarizing the voting results.

10.3.5. The off-site meeting of the Committee shall be considered competent (has the quorum) if no less than half elected members of the Committee have participated in it.

10.3.6. The Committee members whose questionnaires have been received by the Secretary of the Committee no later than the deadline for questionnaires submission shall be considered members participating in the off-site meeting.

10.4. Decisions at the Committee meeting shall be adopted by simple majority of votes of the Committee members that have been elected.

10.5. When deciding the issues at the meeting each member of the Committee shall have one vote. In case of equality of votes the vote of the Chairman of the Committee shall be considered casting.

The transfer of the vote from one member of the Committee to any other member of the Committee as well as to other persons shall not be allowed.

10.6. Within 2 (Two) working days after holding the Committee meeting the Secretary of the Committee shall draw up the minutes of the meeting.

10.7. The minutes of the Committee meeting shall be signed by the Chairperson of the meeting and the Secretary of the Committee. Minutes shall be drawn up in duplicate one of which during 1 (One) working day after being signed shall be submitted by the Secretary of the Committee to the Company's Board of Directors with prepared materials and recommendations to be enclosed, the other shall be kept in the archive of the Committee. Copies of the minutes, prepared materials and recommendations shall be submitted to all members of the Committee.

10.8. The Chairperson and the Secretary of the Committee shall bear responsibility for accuracy of the Minutes drawing. The Secretary of the Committee shall be responsible for custody of the minutes, questionnaires, materials and recommendations of the Committee.

10.9. The Minutes of the Committee meeting shall contain the following information:

- form of meeting holding;

- date, place and time of meeting holding (date and time of questionnaires receipt termination);

- list of the Committee members participating in the consideration of agenda items including the form of voting (in person or by submitting the questionnaire) and the list of other persons participating in the on-site meeting;

- agenda;

- proposals of the Committee members on agenda items;

- items put to the vote, voting results with the indication of character of voting of each member of the Committee;

- adopted decision.

10.10. If the member of the Committee expresses willingness, a brief statement of his/her opinion on agenda items of the Committee meeting can be attached to the Minutes of the Committee meeting. Such statement of opinion shall be drawn up by the member of the Committee and submitted to the Secretary of the Committee.

## **11. COOPERATION WITH THE COMPANY'S BODIES AND OTHER BODIES**

11.1. When performing its obligations the Committee shall maintain productive working relations with management bodies, control authorities, structural subdivisions of the Company, other organizations and persons.

11.2. The Chairman and the Secretary of the Committee shall ensure informational, technical and coordinated cooperation of the Committee with Board of Directors, executive bodies, control authorities and structural subdivisions of the Company as well as with other Committees of the Company's Board of Directors.

11.3. Chief Executive Officer and Management Board of the Company at the request signed by the Chairman of the Committee shall provide information and materials that the Committee members need to take decisions on the issues falling within the Committee's competence.

Aforementioned information and materials shall be submitted within 3 (Three) working days from the date of request receipt unless the longer term is set in the request.

If incomplete or inadequate information (materials) has (have) been provided, members of the Committee shall be entitled to request additional information (materials).

11.4. Recommendations (resolutions) to be prepared (drawn up) by the Committee shall be submitted by the Chairman of the Committee to the Company's Board of Directors and at the same time copies of the aforementioned recommendations (resolutions) shall be submitted to the Chief Executive Officer of the Company.

## **12. CONFIDENTIALITY**

12.1. During the period of discharge of the Committee members' obligations and during one year after the termination of the term of office in the Committee the persons who are (have been) members of the Committee, the Secretary of the Committee and third parties that have been involved in the Committee activities shall fulfill the requirements of confidentiality in relation to generally inaccessible information which has been received by them as a result of their activities in the Committee. The decision of the authorized management body of the Company shall specify which information shall be considered inaccessible with respect to operation of the Company as well as information content.

12.2. Members of the Committee, the Secretary of the Committee and third parties that have been involved in the Committee operation shall be entitled to receive the aforementioned information on condition that they have concluded the agreement with the Company on the use of afore-stated information.

12.3. All documents connected with the Committee operation shall be kept at the location of the Company in conformity with the procedure for documents custody established in the Company. The Secretary of the Committee shall respond for custody of afore-stated documents.

## **13. ENSURING OF COMMITTEE'S ACTIVITY**

13.1. In order to ensure the Committee's activity when setting the expenditure of the Company's total budget the separate expense item shall be provided for. Particularly, expenses of the Committee shall include remuneration and compensation paid to the Chairman, members of the Committee and the Secretary of the Committee, expenses connected with involvement of outside consultants, administrative staff costs and other expenses.

13.2. By decision of the Company's Board of Directors members of the Committee can be paid remuneration and can be reimbursed for any expenses connected with the discharge of their obligations. The amount of such remuneration and compensation, procedure and terms of payment shall be established by the separate decision of the Company's Board of Directors.

13.3. The proposal on the budget size of the Committee (with disclosure of item-by-item information) shall be worked out at the Committee meeting and be submitted to the Company's Board of Directors.

The opinion letter of the Company's Chief Executive Officer on the subject of the possibility to finance the presented budget in the predesigned size within the framework of carrying out the economic activity of the Company in the relevant planning period shall be attached to the draft budget of the Committee.

13.4. For the purpose of holding the meeting of the Committee the Chief Executive Officer of the Company being authorized by the Chairman of the Committee shall provide the premises for the Committee, provide unfettered access to them for persons

the list of which is specified in the application and also shall carry out other activities to hold the meeting of the Committee.

#### **14. FINAL PROVISIONS**

14.1. Board of Directors of the Company shall be authorized to demand the report on current activity of the Committee from the Committee at any time. Terms of preparation and submission of such report shall be determined by decision of Board of Directors.

14.2. The Chairman of the Committee shall be entitled to submit separate reports on the issues which fall within the competence of the Committee to the Company's Board of Directors.

14.3. Information on separate decisions of the Committee shall be placed on the Company's web-site on the Internet. It is the Chairman of the Company's Board of Directors who shall determine whether placement of information is necessary.

14.4. Information on activity of the Committee shall be included in the Annual Report of the Company.

14.5. The Regulations as well as all additions and alterations to them shall be approved by the Company's Board of Directors.

14.6. Issues which have not been dealt with in the present Regulations shall be regulated by the Company's Charter, the Regulations on the procedure for convening and holding meetings of the Company's Board of Directors and other internal documents of the Company, effective legislation and decisions of the Company's Board of Directors.

14.7. If as a result of change of the legislation or regulatory enactments of the Russian Federation some clauses of the present Regulations contradict them, these clauses shall be considered invalid and till the moment of making alterations in the Regulations members of the Committee shall be guided by laws and by-law regulatory legal acts of the Russian Federation.

**PERSONNEL AND REMUNERATION COMMITTEE OF BOARD OF DIRECTORS  
of Open Joint Stock Company "Interregional Distributive Grid Company of the  
South"**

**QUESTIONNAIRE**

for voting on agenda items of the on-site meeting of Personnel and Remuneration  
Committee of Board of Directors of "IDGC of the South", JSC  
to be held on "\_\_\_\_\_" 200\_\_\_\_

Item 1:

Decision (adopted at the meeting):

FOR	AGAINST	ABSTAINED
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(leave Your variant uncrossed)

Item 2:

Decision (adopted at the meeting):

FOR	AGAINST	ABSTAINED
-----	---------	-----------

(leave Your variant uncrossed)

The filled in and signed questionnaire shall be submitted via fax \_\_\_\_\_ or in  
the original no later than \_\_\_\_\_ .

/date, time/

The questionnaire received by the Company upon the expiration of the afore-  
stated term shall be considered invalid, shall not be taken into account in the  
counting of votes and summarizing the voting results.

Please send the original of the questionnaire to the address:

Member of the Committee \_\_\_\_\_ / \_\_\_\_\_  
(signature) (full name)

Chairman of the Committee \_\_\_\_\_ / \_\_\_\_\_  
(signature) (full name)

**THE QUESTIONNAIRE SHALL BE CONSIDERED INVALID WITHOUT THE SIGNATURE OF THE  
CHAIRMAN AND THE MEMBER OF THE COMMITTEE**

**PERSONNEL AND REMUNERATION COMMITTEE OF BOARD OF DIRECTORS  
of Open Joint Stock Company "Interregional Distributive Grid Company of the  
South"**

**QUESTIONNAIRE**

for voting on agenda items of the off-site meeting of Personnel and Remuneration  
Committee of Board of Directors of "IDGC of the South", JSC  
to be held on "\_\_\_\_\_" 200\_\_\_\_

Item 1:

Decision (adopted at the meeting):

FOR	AGAINST	ABSTAINED
-----	---------	-----------

(leave Your variant uncrossed)

Item 2:

Decision (adopted at the meeting):

FOR	AGAINST	ABSTAINED
-----	---------	-----------

(leave Your variant uncrossed)

The filled in and signed questionnaire shall be submitted via fax \_\_\_\_\_ or in  
the original no later than \_\_\_\_\_ .  
/date, time/

The questionnaire received by the Company upon the expiration of the afore-  
stated term shall not be taken into account in the counting of votes and  
summarizing the results of absentee voting.

Please send the original of the questionnaire to the address:

Member of the Committee \_\_\_\_\_ / \_\_\_\_\_  
(signature) (full name)

THE QUESTIONNAIRE SHALL BE CONSIDERED INVALID WITHOUT THE SIGNATURE OF THE  
MEMBER OF THE COMMITTEE