

**APPROVED BY**  
a decision of the Board of Directors  
of JSC RusHydro  
(minutes No. 157 dated 25.07.2012)

**Provision on the Human Resources and  
Remuneration Committee  
attached to the Board of Directors of JSC RusHydro**

## **1. General provisions**

1.1. This Provision on the Human Resources and Remuneration Committee attached to the Board of Directors of JSC RusHydro (hereinafter referred to as the Provision) is developed in accordance with legislation of the Russian Federation, the Articles of Association of JSC RusHydro (hereinafter referred to as the Company), the Code of corporate governance and the Provision on the procedure for calling and holding the Board of Directors meetings.

1.2. The Human Resources and Remuneration Committee attached to the Board of Directors of JSC RusHydro (hereinafter referred to as the Committee) is set up pursuant to a decision of the Board of Directors of the Company and is a consulting and advisory body ensuring that the Board of Directors efficiently performs its functions related to general control over the Company's activity.

The Committee is not an executive body of the Company and cannot act on behalf of the Company.

Decisions adopted by the Committee are of recommendatory nature for the Company's Board of Directors.

1.3. The Committee performs its activity in accordance with the present Provisions defining the legal status, goals and tasks of the Committee, the rights and obligations of the Committee members.

In its activity the Committee is guided by legislation of the Russian Federation, the Articles of Association, the Code of corporate governance and the Provision on the procedure for calling and holding the Board of Directors meetings as well as decision adopted by the Board of Directors of the Company.

## **2. Purposes and tasks of the Committee**

2.1. The Committee attached is set up to attract qualified specialists to manage and create necessary conditions for their successful work.

2.2. The Committee's mission is to develop principles and criteria for determining the amount of remuneration and material incentives to members of the Board of Directors, Chairman of the Management Board and members of the Management Board and provide the Board of Directors with recommendations (opinions) on the abovementioned matters.

## **3. Competence of the Committee**

3.1. The Committee shall be responsible for:

3.1.1. Preliminary review, analysis and development of recommendations (conclusions) on the following issues referred to competence of the Board of Directors of the Company:

3.1.1.1. Determination of the number of the Company's Management Board members, election of the board members, determination of the procedure for payment of fees and compensation, termination of their powers, including adoption of resolutions on early termination of contracts;

3.1.1.2. Election of the Chairman of the Management Board and termination of his powers, including decision-making on termination of the employment contract therewith, holding the Chairman of the Management Board disciplinarily accountable and commendation in accordance with the labor laws of the Russian Federation,

adoption of a resolution on recommending the Chairman of the Management Board for national and sectoral awards;

3.1.1.3. Approval for Chairman of the Management Board and the Management Board members to hold concurrent positions in management bodies of other organisations as well as other paid positions in other organizations;

3.1.1.4. Approval on the Provision on the Human Resources and Remuneration Committee attached to the Company's Board of Directors;

3.1.1.5. Election of the Company's Corporate secretary and termination of his powers;

3.1.1.6. Review of the Company's organisational structure;

3.1.1.7. Approval of a collective contract.

3.1.2. Development of principles and criteria in the area of remuneration and material incentives defining the principles and criteria for determining the size of remuneration and other payments in favor of the above-mentioned persons at the Company's cost (including life, health insurance, non-state pension provision):

- For members of the Company's Board of directors, Chairman of the Company's Board of Directors;

- Members of the Company's Management Board, Chairman of the Company's Management Board;

- Members of the Company's Audit Commission, Chairman of the Audit commission of the Company.

3.1.3. Development of propositions for existing conditions of contracts concluded with members of the Board of Directors, Chairman of the Management Board and members of the Management Board of the Company in relation to amendments of the above-mentioned contracts.

3.1.4. Determination of criteria for selecting candidates to fill the positions of members of Board of Directors, members of the Company's Management Board and Chairman of the Management Board as well as preliminary assessment of the abovementioned candidates.

3.1.5. Development of assessment criteria and regular job assessment of Chairman of the Management Board and members of the Management Board and preparation of propositions for the Board of Directors on their possible reelection.

3.1.6. Any other issues referred to the Committee competence by separate decisions of the Company's Board of Directors.

#### **4. Rights of the Committee**

4.1. In order to carry out its functions the Committee is vested with the following rights:

4.1.1. Investigate issues referred to its competence.

4.1.2. Request and obtain information and documents required to carry out its activity from the Company's executive officers as well as request information from outside organizations through Chairman of the Board of Directors or Chairman of the Management Board of the Company.

4.1.3. Obtain professional services from outside organizations or hire (on a contractual basis) third parties as experts (consultants) possessing special skills on the issues referred to competence of the Committee within the Committee budget approved by the Company's Board of Directors.

4.1.4. Invite employees, executive officers of the Company, members of the other committees attached to the Company's Board of Directors as well as other persons to take part in the Committee meetings.

4.1.5. Other rights outlined in this Provision.

## **5. Obligations of the Committee**

5.1. The Committee shall:

5.1.1. Carry out functions imposed on the Committee in accordance with this Provision, the requirements of legislation of the Russian Federation, the Articles of Association and internal documents of the Company.

5.1.2. Submit expert conclusions and legally justified recommendations on economic efficiency to the Board of Directors of the Company in the area of its competence.

5.1.3. Timely inform the Board of Directors of the Company on risks that the Company may be subject to.

5.1.4. Not disclose the Company's information containing commercial and / or official secret of the Company.

## **6. Composition of the Committee and procedure of its formation, rights and obligations of the Committee members**

6.1. Numerical strength of the Committee is 3 (three) persons.

6.2. Personnel composition of the Committee is elected by the Board of Directors of the Company out of candidates introduced by members of the Board of Directors of the Company, by majority of votes cast by members of the Board of Directors taking part in a meeting.

6.3. Members of the Committee can be only the members of the Company's Board of Directors. All the members of the Committee shall meet the following requirements (be independent directors):

- They shall not be executive officers or employees of the Company at the moment of their election or within 1 year preceding their election;

- They shall not be executive officers of any other business entity in which any executive officer of this entity is a member of the human resources and remuneration committee attached to the Board of Directors of the Company;

- They shall not be spouses, parents, children, brothers and sisters of the Company's executive officers (an executive officer of the Company's management organization);

- They shall not be affiliated persons of the Company (the issuer) except for holding a position of a member of the Board of Directors of the Company;

- They shall not be parties under obligations with the Company, under which they can acquire property (obtain monetary funds), whose value exceeds 10 or more percent of total annual income earned by these persons except for receiving remunerations for taking part in the Board of Directors of the Company;

– They shall not be representatives of the state, in other words, representatives of the Russian Federation, constituent entities of the Russian Federation and municipal units in the board of directors of joint-stock companies in relation to which a special decision on using a special right (golden share) is made, and persons elected to the Board of Directors out of candidates nominated by the Russian Federation as well as by a constituent entity of the Russian Federation or a municipal unit, if these members of the board of directors shall vote on the basis of written directives (guidelines etc) of the Russian Federation, constituent entities of the Russian Federation or municipal units.

6.4. The Committee shall be comprised of members of the Company's Board of Directors only who meet the requirements of clause 6.3 of this Provision and in case if this is impossible due to objective causes the Committee shall be comprised only of independent and non-executive directors, in other words, who are not Chairman of the Management Board, members of the Management Board.

6.5. Propositions made by members of the Board of Directors on candidates to be elected to the Committee shall be submitted to Corporate secretary of the Company in writing not later than 5 (five) working days before the date of holding a meeting of the Board of Directors (final date for accepting absentee voting sheets) the agenda of which includes the issue on electing the Committee members.

6.6. Proposition on nomination of a candidate (candidates) to be elected to the Committee shall contain the following information on a candidate:

full name of a candidate;

position, place of employment of a candidate on the date of sending the proposition;

information on employment history of a candidate over the last 5 (five) years.

Proposition on nomination of a candidate (candidates) to be elected to the Committee shall be signed by a member of the Company's Board of Directors who put in this proposition.

6.7. While electing the Committee members it is necessary to take into account their education, professional qualifications, work experience in the sphere of the Committee's activity and any other special knowledge that the Committee members must possess to fulfill their obligations.

6.8. Members of the Committee are elected for a period prior to holding the General shareholders' meeting of the Company that will elect a new composition of the Board of Directors of the Company. Powers of the Committee as well as any other member of the Committee can be terminated early by a decision of the Board of Directors of the Company.

6.9. Chairman of the Committee as well as members of the Committee can divest themselves of authority by way of sending an application to the Chairman of the Board of Directors and the Chairman of the Committee not later than 15 (fifteen) calendar days before an expected date of terminating the Committee powers.

6.10. In case, numerical composition of the Committee becomes less than the quorum defined by the present Provision to hold the Committee meetings, the Chairman of the Company's Board of Directors shall put the issue of electing members of the Committee on the agenda of the next meeting of the Company's Board of Directors.

6.11. Members of the Committee within the Committee's competence are entitled to:

6.11.1. Put in written requests through the Committee Chairman to obtain documents and information required to make decisions on the Committee's competence from the Company's Management Board, Chairman of the Management Board and managers of the Company's structural subdivisions.

6.11.2. Put forward written propositions on developing the Committee work plan.

6.11.3. Introduce the agenda issues for the Committee meetings according to the procedure established by the present Provision.

6.11.4. Require convening the Committee meetings.

6.11.5. Exercise any other rights provided for by this Provision.

6.12. While exercising their rights and obligations members of the Committee shall act exclusively in the Company's interests.

Execute their rights and obligations reasonably and in good faith in relation to the Company.

6.13. In order to prepare materials in a complete and quality manner the Committee is empowered to set up the Expert groups or engage independent experts.

The work procedure and tasks of these Expert groups / independent experts are defined by a decision of the Committee.

Members of the Committee can become members of the Expert groups.

Candidates of the Committee's Expert group members shall be objective and independent and approved by the Committee upon presentation of the Committee Chairman.

An amount of remuneration for members of the Committee's Expert groups / independent experts is defined by a decision of the Committee (within the Committee's budget approved by the Company's Board of Directors) upon presentation of the Committee Chairman.

## **7. Chairman and Deputy Chairman of the Committee and their election procedure**

7.1. Chairman of the Committee manages and arranges the Committee's activity, the Chairman is elected by the Company's Board of Directors out of members of the Board of Directors by majority of votes cast by members of the Board of Directors taking part in a meeting of the Company's Board of Directors.

7.2. Deputy Chairman of the Committee performs the duties of the Committee Chairman in case of his or her absence. Deputy Chairman of the Committee is elected by members of the Committee by majority of votes of its members taking part in a meeting.

7.3. Chairman of the Committee:

7.3.1. Convenes meetings of the Committee and chairs them.

7.3.2. Defines the date, time, venue, form of holding and approves the agenda of the Committee meetings.

7.3.3. Defines a lists of persons invited to take part in the Committee meeting.

7.3.4. Ensures that the Committee meeting minutes are duly kept and signs these meeting minutes.

7.3.5. Represents the Committee in cooperation with the Board of Directors of the Company, other Committees attached to the Board of Directors, executive bodies of the Company, managers of the Company's subdivisions and other bodies and persons.

7.3.6. Provides official correspondence of the Committee, signs requests, letters and documents on behalf of the Committee.

7.3.7. Develops the Committee's work schedule and submits this schedule for approval by the Committee, monitors execution of decisions and work plans of the Committee.

7.3.8. Ensures that in the process of the Committee's activity all the requirements of legislation of the Russian Federation, the Company's Articles of Association, other internal documents of the Company and this Provision are duly met.

7.3.9. Exercise other rights stipulated by legislation of the Russian Federation, the Company's Articles of Association, other internal documents of the Company and this Provision.

## **8. Secretary of the Committee**

8.1. The secretary of the Committee is elected among employees of the Company's executive administration by majority of votes cast by the Committee members taking part in the meeting and upon representation of the Committee Chairman.

The term of powers of the Committee secretary is valid until holding a newly elected Committee's meeting. Powers of the Committee secretary can be terminated ahead of schedule by a decision of the Committee.

8.2. The Committee secretary performs the following functions:

8.2.1. Arranges and conducts the Committee meetings.

- 8.2.2. Collects and systemizes materials for the meetings.
- 8.2.3. Timely notifies members of the Committee and invited persons on holding meetings of the Committee, agenda materials and questionnaires.
- 8.2.4. Keeps meeting minutes and prepares draft decisions of the Committee.
- 8.2.5. Sends meeting minutes to the Committee members and invited persons.
- 8.2.6. Records correspondence sent to the Committee and / or members of the Committee (including inquiries, requirements, and petitions) provides the Committee members with necessary information.
- 8.2.7. Stores minutes of the Committee meetings and other documents and materials referred to the Committee's activity in accordance with documentation storage procedures generally accepted within the Company.
- 8.2.8. Implements instructions of the Committee Chairman connected with organizational and technical support of the Committee's activity.
- 8.2.9. Performs other functions in accordance with this Provision.

## **9. Arrangement of the Committee's activity**

- 9.1. The Committee's meetings are held on a regular basis whenever required but not less than once in a quarter (scheduled meetings).
- 9.2. The Committee meetings are convened by Chairman of the Committee in accordance with the work schedule (scheduled meetings) approved by the Committee meeting as well as in other cases provided for by this Provision.
- 9.3. The Committee's work plan is developed by the Committee Chairman for the corresponding corporate year taking into account the approved work plan of the Company's Board of Directors for the same period and received propositions from the Chairman of the Company's Board of Directors, members of the Committee and decisions of the Company's Board of Directors.
- 9.4. The Committee's work plan is approved by the Committee's meeting that shall be conducted not later than 30 (thirty) days after a meeting of the Company's Board of Directors at which the work plan of the Company's Board of Directors was approved.
- 9.5. While convening a meeting of the Committee the Committee Chairman defines the date, time, venue and form of holding a meeting, agenda as well as a list of persons invited to participate in a meeting of the Committee.
- 9.6. A notification on holding a meeting of the Committee that includes the agenda is formed and signed by the Committee Chairman in accordance with approved plan of the Committee, decisions of the Board of Directors and propositions of Chairman of the Company's Board of Directors.
- 9.7. Members of the Committee are empowered to put forward propositions on developing the agenda of the Committee's scheduled meeting.



These propositions shall be delivered to the Committee Chairman not later than 7 (seven) working days before the date of holding a meeting and shall contain wording of an issue to be discussed, draft decision of the Committee as well as accompanying materials and information.

The Committee Chairman is entitled to include the submitted propositions on the agenda of a regular meeting or convene an off-schedule meeting of the Committee.

9.8. Extraordinary meetings of the Committee are conducted:

- When an issue (issues) referred to the Committee's competence (based on signed notification on a meeting) is put on the agenda of the Company's Board of Directors meeting;

- By own initiative of the Committee Chairman;

- By instruction of the Board of Directors or Chairman of the Company's Board of Directors.

9.9. Notification on holding a meeting as well as materials (information) on the agenda are forwarded by the Committee secretary to members of the Committee, Company's Corporate secretary and other persons taking part in a meeting but not later than 5 (five) working days prior to holding this meeting.

Materials (information) on the agenda can be presented to members of the Committee in person, by fax or email.

In case, when issues brought for consideration by an extraordinary meeting of the Committee are of pressing nature then the terms of convening an extraordinary meeting and sending the agenda materials of this meeting can be reduced by a decision of the Chairman Committee.

Issues not included in the meeting agenda may be considered at the Committee meetings held in the form of joint presence with a unanimous consent of all the Committee members.

9.10. Upon receipt of a notification on holding the Company's Board of Directors meetings the agenda of which contains issues referred to the Committee's competence, the Committee Chairman shall take all measures ensuring that the Committee meetings are conducted in due time in order to develop recommendations (decisions) on the aforesaid agenda issues of the Board of Directors meeting and that they are sent to the Board of Directors in accordance with the procedure on convening and holding the Company's Board of Directors meetings.

## **10. Procedure for holding the Committee meetings**

10.1. Chairman of the Committee opens a meeting of the Committee, in case of his or her absence this duty is vested upon Deputy Chairman of the Committee.

10.2. Members of the Committee, secretary of the Committee, as well as persons invited take part in a meeting of the Committee.

10.3. The Committee secretary determines the presence of quorum for conducting the Committee meeting. When determining the presence of quorum, written opinions of the Committee members regarding the agenda issues received prior to holding the meeting are taken into account. The meeting Chairman informs those present that the quorum is in place for conducting a meeting of the Committee and announces the meeting agenda. The Committee meeting is legally competent

(quorum is in place) if half of elected members of the Committee take part in this meeting.

10.4. Decisions at the Committee meeting are made by majority of votes cast by the Committee members taking part in a meeting. While resolving the issues put on vote each member of the Committee is to cast one vote. When the votes are equally divided, the vote of the Committee Chairman shall prevail. Vote transfer by one Committee member to another Committee member of is not allowed.

10.5. The Committee meetings by a decision of the Committee Chairman can held in the form of joint presence or in the form of absentee voting. Information on the form of holding the Committee meeting is indicated in the Notification on holding a meeting.

10.6. Written opinions of the Committee members not taking part in a meeting are accounted for while conducting a meeting in the form of joint presence or counting the voting results.

10.7. While conducting a meeting in the form of absentee voting, the Committee members vote by way filling out the questionnaire (Appendix 1 to this Provision). The voting questionnaire shall be forwarded to members of the Committee not later than 1 (one) working day before the final date for accepting the questionnaires, outlined in the notification on holding the absentee voting.

10.8. Members of the Committee can forward their propositions and (or) comments to draft resolutions proposed by the Committee in respect of issues put to absentee vote not later than 2 (two) days before the final date for accepting the voting questionnaires outlined in the notification on holding the absentee voting.

The Committee secretary prepares a questionnaire for absentee voting taking into account propositions received (new wordings) and / or comments to proposed draft resolutions of the Committee on the agenda issues.

While filling out the absentee voting questionnaire a member of the Committee shall leave only one possible voting option on each agenda issue undeleted (“for”, “against”, “abstained”). The filled out questionnaire shall be signed by a member of the Committee with indication of his second name and initials. The filled out and signed questionnaire shall be submitted by a member of the Committee in time specified in this questionnaire to the Committee secretary in an original form or by fax or email.

The results of voting on the agenda issues at a meeting held in absentee form shall be summed up on the basis of questionnaires filled out and signed by members of the Committee and received by the Committee secretary.

A questionnaire sheet received by the Committee secretary beyond the requirements and terms specified in this clause is not accounted for in the process of quorum definition and summing up the voting results.

10.10. The Committee secretary draws up a meeting minutes that is to be signed by the meeting Chairman and the Committee secretary not later than 2 (two) working days (the end of accepting the questionnaires) after holding the Committee meeting.

The Committee meeting minutes shall contain:

– Date, venue and time of the meeting (or date of summing up the absentee voting results);

– A list of the Committee members who took part in reviewing the meeting agenda with indication of voting form (in presence or by way of absentee voting) and the presence of quorum as well as a list of other persons who took part in the meeting;

– Agenda;

– Propositions made members of the Committee on the agenda issues and guidelines for received opinions of the Committee members on the agenda issues;

– Issues put to vote and the voting results;

– Made decisions.

The minutes are drawn up in one original copy.

A copy of the minutes is sent to all members of the Committee and the Company's corporate secretary within 1 (one) working day after signing the minutes.

The meeting Chairman and secretary of the Committee shall be responsible for correct drawing up the Minutes.

The Committee secretary shall be responsible for storing the minutes, questionnaires, materials and recommendations of the Committee.

## **11. Interaction with the Company and other persons**

11.1. While executing its obligations the Committee interacts with the Company's management bodies, other committees attached to the Board of Directors, structural subdivisions of the Company, other organizations and persons.

11.2. The Committee Chairman and secretary shall provide informational, technical and coordinated cooperation of the Committee with the Board of Directors of the Company, with management bodies and structural subdivisions of the Company as well as with other Committees attached to the Board of Directors of the Company.

11.3. Management bodies of the Company, managers of the Company's structural subdivisions upon a written request of the Committee Chairman shall submit information and materials required by the Committee members to make decisions within the Committee's competence.

The specified information and materials shall be submitted in a period of not later than 5 (five) working days from the date of receiving an inquiry if this inquiry does not establish a longer period.

When the incomplete or unreliable information (materials) is submitted, the Committee members shall be entitled to request additional information (materials).

## **12. Confidentiality**

12.1. While carrying out their obligations the Committee members for one year upon termination of their powers in the Committee as well as persons being (or who were members) members of the Committee as well as the Committee secretary or third parties engaged shall observe the requirements of confidentiality in relation to confidential information obtained in the process of their work in the Committee.

12.2. A contract in accordance with local regulatory acts of the Company may be concluded with the Committee members, secretary and third parties engaged to work within the Committee by a decision of the Company's Board of Directors / Committee.

12.3. All documents related to the Committee's activity shall be stored at the Company's location in accordance with the documentation storage procedure generally accepted within the Company. The Committee secretary shall be responsible for storing the aforesaid documents.

## **13. Supporting the Committee's activity**

13.1. A separate item of expenditures – the Committee's expenditures including the expenditures on outside consultants / independent experts and other associated expenses is provided for in order to provide the Committee's work while preparing the items of expenditure of the Company's budget.

13.2. Remunerations to the Committee members being at the same time members of the Company's Board of Directors are paid out in the amount and order defined by the Provision on payout of remunerations to members of the Company's Board of Directors.

13.3. A person being responsible for drafting the Committee budget and for submitting it for approval by the Board of Directors is the Committee Chairman.

13.4. In order to conduct the Committee meetings the Chairman of the Company's Management Board upon request of the Committee Chairman shall provide the Committee with an office space and free access to it for persons whose list is defined in the aforesaid request as well as to carry out other measures that may be required to conduct a meeting of the Committee.

## **14. Committee accountability**

14.1. The Committee draws up a report on the Committee's activity and submits it for review by the Board of Directors of the Company on an annual basis prior to holding the general shareholders' meeting.

The Committee's annual report is subject to preliminary approval by the Committee and shall be signed by the Committee Chairman.

14.2. The Committee's annual report shall contain information for a period from electing a new composition of the Committee until the date of report approval.

The Committee's annual report shall contain the following information:

- Number of meetings and a list of issues considered;
- A report on implementation of instructions given by the Company's Board of Directors;
- Decisions on the most important issues;
- A report on implementing the Committee's budget.

14.3. The Board of Directors is entitled at any time to request a report on the Committee's activity from the Committee Chairman. The Committee Chairman is entitled to provide the Board of Directors of the Company with separate reports on the issues included within the Committee's competence.

14.4. Information on separate decisions made by the Committee is to be disclosed on the Company's internet site in accordance with the Provision on information policy of the Company approved by the Board of Directors of the Company.

14.5. Information on the Committee's activity is to be included in the Company's annual report.

## **15. Final Provisions**

15.1. Issues not covered by the present Provision shall be guided by the Articles of Association, the Code of corporate governance and the Provision on the procedure for calling and holding the Board of Directors meetings, other internal documents of the Company, legislation of the Russian Federation as well as decisions adopted by the Board of Directors of the Company.

15.2. Whenever some articles of this Provision come into conflict with changes made to legislation of the Russian Federation then these articles lose legal force and the Committee members shall be governed by legislation of the Russian Federation until the date of amending the present Provision.

15.3. The present Provision and the Committee members shall be disclosed on the Company's internet web-site.

**Committee \_\_\_\_\_**  
**attached to the Board of Directors of JSC RusHydro**

**QUESTIONNAIRE**  
**for voting on the meeting agenda issues**  
**held the form of an absentee voting**  
**"\_\_" \_\_\_\_\_ 20\_\_**

Issue 1: \_\_\_\_\_

Decision:

\_\_\_\_\_  
\_\_\_\_\_

**FOR**

**AGAINST**

**ABSTAINED**

*(leave Your reply option uncrossed)*

Issue 2: \_\_\_\_\_

Decision:

\_\_\_\_\_  
\_\_\_\_\_

**FOR**

**AGAINST**

**ABSTAINED**

*(leave Your reply option uncrossed)*

The filled out and signed questionnaire shall be sent by fax \_\_\_\_\_  
or by e-mail \_\_\_\_\_, or in an original form in a period not later than \_\_\_\_\_  
(date, time).

A questionnaire received by the Company beyond the specified date is not accounted for  
in the process of vote tabulation and summing up of the absentee voting results.

**Member of the Committee**

\_\_\_\_\_/\_\_\_\_\_  
**(signature)** **(full name)**

**THIS QUESTIONNAIRE IS NOT VALID \_\_\_\_\_ WITHOUT THE SIGNATURE OF A MEMBER OF THE COMMITTEE**

