

(Translation from Russian)

**APPROVED**

By decision of the Annual General  
Meeting of Shareholders  
of Public Joint-Stock Company  
Federal Hydro-Generating Company –  
RusHydro  
(Record dated 27.06.2017 No.16)

**REGULATIONS**

On remuneration and compensation to  
members of  
Audit Committee  
of Public Joint-Stock Company  
Public Joint-Stock Company Federal Hydro-Generating  
Company – RusHydro (PJSC RusHydro)

## 1. GENERAL PROVISIONS

1.1. These Regulations are developed in accordance with the legislation of Russian Federation and Articles of Association of PJSC "RusHydro" and establishes procedure for payment of remuneration and compensation to members of the Auditing Committee of PJSC "RusHydro" (hereinafter - the Company).

1.2. These Regulations shall be approved by the General Meeting of Shareholders of the Company and is the basis for calculation and payment of remuneration and compensation to members of the Audit Commission

1.3. These provisions apply to members of the Audit Commission, which are not persons, for which applies the restriction or prohibition provided by legislation of Russian Federation on receiving of any payments from commercial organizations.

1.4. In the case of lifting of the ban or restrictions on the receipt of payments from commercial organizations on the grounds stipulated by the legislation of Russian Federation, payment of remuneration and compensations to members of the Audit Commission is carried out from the date of written notification to the Company's Board of Directors on lifting of such prohibition or restriction in the manner provided by these Regulations.

1.5. In case of pre term termination of powers, as well as election of a member of the Audit Commission at Extraordinary General Meeting of Shareholders, payment of remuneration amount shall be based on the actual time of performing duties of Audit Committee member.

1.6. Payments to members of the Audit Committee are made on the basis of statements on the remuneration / compensation, drafted in the form in accordance with Applications 3 and 4 to these Regulations, by transfer of funds using the details of provided bank account (deposit).

## 2. The amount and procedure of remuneration payment to the Audit Committee

2.1. The remuneration is paid to the member of Audit Commission due to the results of corporate year, and depends on the degree of his participation in work of the Audit Committee.

For the purpose of the present Regulations, in order to determine the amount of remuneration to the members of the Internal Audit Committee, the corporate year means the period from the date of election of the personal composition of the Internal Audit Committee at the annual General Meeting of Shareholders of the Company until the moment of holding the next annual General Meeting of Shareholders of the Company with the matter 'On election of members of the Internal Audit Committee of the Company'.

For the purpose of calculating remuneration to the members of the Internal Audit Commission whose powers are early terminated as well as to its members who are elected at the Extraordinary General Meeting of Shareholders, the corporate year is recognized to be equal to 365 days.

Remuneration to the member of Audit Committee shall be determined by the basic part of remuneration. The basic remuneration for a member of Audit Commission (B<sub>баз</sub>) is set by 15% of average annual remuneration of a member of the Board of Directors.

- the average annual remuneration of the Board members (B<sub>средн</sub>) is calculated

as:

$$B_{\text{средн}} = (B_1 + B_2 + B_3) / (N_1 + N_2 + N_3)$$

where

:  
- for the first year N<sub>1</sub> of members of the Board of Directors received an annual remuneration

**B1 - the total amount of remuneration accrued to the members of the Board of Directors of the Company for the calendar year preceding the year of expiration of the term of powers of the members of the Internal Audit Commission the issue of payment of remunerations to which shall be considered at the General Meeting of Shareholders;**

**N1 - the number of members of the Board of Directors of the Company to which the remuneration B1 is accrued;**

**B2 - the total amount of remuneration accrued to the members of the Board of Directors of the Company for the second calendar year preceding the year of expiration of the term of powers of the members of the Internal Audit Commission the issue of payment of remunerations to which shall be considered at the General Meeting of Shareholders;**

**N2 - the number of members of the Board of Directors of the Company to which the remuneration B2 is accrued;**

**B3 - the total amount of remuneration accrued to the members of the Board of Directors of the Company for the third calendar year preceding the year of expiration of the term of powers of the members of the Internal Audit Commission the issue of payment of remunerations to which shall be considered at the General Meeting of Shareholders;**

**N3 - the number of members of the Board of Directors of the Company to which the remuneration B3 is accrued.**

2.2. The actual amount of remuneration paid to the member Audit Commission due to the results of activity during the year is calculated as follows:

$$B_{\text{факт}} = B_{\text{баз}} * (m_i / m) * K_y,$$

wher

$B_{\text{факт}}$  - The actual amount of remuneration calculated due to the basic amount of remuneration:

$B_{\text{баз}}$  - basic remuneration is specified in paragraph 2.1 hereof;

$m_i$  - number of days in the corporate year, during which the performed the Audit Committee member;

m - the total number of days in the corporate year;

$K_y$  - rate of personal involvement of the Audit Committee member.

2.2.1. The rate of personal involvement reflects participation of the Audit Committee member in meetings of the Audit Committee, as well as the performance of his additional responsibilities as a Chairman or Secretary of the Audit Commission.

2.2.2. The rate of personal involvement is calculated for each member of Audit Committee separately as follows

$$K_y = 1 + K_3 + K_{\text{доп}}, \text{ where:}$$

$K_y$  - rate of personal involvement;

$K_3$  - rate of involvement in meetings of the Audit Committee;

$K_{\text{доп}}$  - rate including performance of responsibilities of a Chairman or Secretary of Audit Committee

2.2.3. K3 rate is set by degree of involvement of Auditing Committee member in ni meetings of n meetings held by the Audit Committee during the corporate year, including absentee voting:

$$K3 = 0,1 * (ni / n),$$

where

the value of n and ni is determined by reports of the Audit Committee Meetings.

2.2.4. K<sub>дон</sub> rate, which takes into account performance of responsibilities of a Chairman or Secretary of Audit Committee, is calculated as follows:

$$K_{дон \text{ П}} = 0,3 * (fi / m) - \text{for Chairman of Audit Committee,}$$

$$K_{дон \text{ с}} = 0,1 * (fi / m) - \text{for Secretary of Audit Committee, where:}$$

fi - number of days in the corporate year (of the total number of m), during which the Chairman or the Secretary of the Audit Commission performed his duties, shall be determined by records of the Audit Committee meetings.

2.2.5. Rate of personal involvement K<sub>γ</sub> and its components (K<sub>з</sub>, K<sub>дон</sub>) are determined in decimal format, with up to three decimal places.

2.2.6. Rate of personal involvement  $K_y$  shall be agreed by Chairman of the Audit Committee and directed to the Board of Directors in the format provided in Application 1 hereto.

2.2.7. To the Member of Audit Committee, who did not take part in more than half of the meetings held during the period of his membership in the Audit Committee, the remuneration is not paid (set  $K_y = 0$ ).

2.2.8. Calculation of the actual amount of remuneration for each member of the Audit Committee is calculated in the format provided in Application 2 hereto.

2.2.9. The Company solely determines, withholds and pays income tax and other taxes and fees, arising in connection with the payment of remunerations and compensations to members of the Audit Committee.

2.3. If a member of the Audit Commission was actively involved in additional inspections of Audit Commission carried out under the decision of General Meeting of Shareholders, the Company's Board of Directors or upon request of the shareholder (s) of the Company during the corporate year, holding in total at least 10 percent of voting shares of the Company, Chairman of the Audit Committee shall be entitled to apply to the General Meeting of Shareholders to increase the rate of personal involvement, calculated in accordance with paragraph 2.2.2, but not more than on 20%.

2.4. Control over calculation of remuneration to members of the Audit Committee of the Company is the responsibility of the Chairman of the Audit Committee, and the control over their payment - of the Board of Directors of the Company.

2.5. Remuneration shall be paid no later than within 3 (three) months after the General Meeting of Shareholders, at which it was decided to pay the appropriate remuneration to members of the Audit Committee of the Company.

### **3. Amount and procedure of payment of compensation to the members of the Audit Committee**

3.1. Members of the Audit Commission who are state officials, the compensation of travel and accommodation expenses by the Company is not made.

3.2. The Company shall compensate documented expenses related to travel and accommodation to members of the Audit Committee, which are not subject to the restrictions specified in paragraph 1.3 hereof, in the case of need to visit facilities of the Company, participate in meetings of the Audit Commission, as well as for performance of other activities of the Audit Committee of the Company.

3.1.2. The need for expenses by members of the Audit Committee shall be previously agreed at the meeting of Audit Committee.

2.2.3. The amount of compensation expenses related to participation in meetings Audit Committee and carrying out inspections shall be determined in the amount of actual expenses confirmed by relevant documents, but not above norms specified in paragraph 3.3 hereof.

3.2.3 In case of exceeding the amount of the actual costs suffered by a member of the Audit Committee over the amount calculated in accordance with paragraph 3.2.2 hereof the excess amount is not refundable.

3.3. Upon request of the Audit Committee the Company is entitled to acquire for the members of Audit Commission travel documents for all types of transport for transfer to the place of business trip and back to place of their permanent work and book (pay) accommodation in hotels according to the following standards:

- rate of the hotel: not higher than 4\*;
- room category: standard;

- level of service during air travel: economy;
- level of service on the railway transport: Second Class / coupe.

In case of absence of air - and railway tickets corresponding to the established norms, free rooms in hotels of set categories, the Company may issue tickets and reservations for accommodation of a higher class.

3.4. In order to compensate expenses the Member of Audit Commission shall send to the Company a written statement on the model specified in Application 3 hereto, with the original documents confirming expenses.

The documents confirming expenses to be compensated are granted to members of the Audit Commission in the manner prescribed by legislation of Russian Federation for accounting of business trip expenses.

3.5. The compensation is paid by Company within 30 working days from the date of receipt by the Company of documents under paragraph 3.4 of these Provisions.

3.6. A separate decision of General Meeting of Shareholders on compensation payment to members of the Audit Commission, calculated in accordance with provisions of this case, is not required.

#### **4. Restrictions on amount and procedure of payment of remuneration and compensation Audit Committee**

4.1. Restrictions on amount and procedure of remuneration payment to the Audit Commission:

4.1.1. General Meeting of Shareholders may decide not to pay remuneration to the members of the Audit Committee or to change its amount.

4.1.2. If for the financial year there are negative factors associated with the deterioration of financial status of the Company, the amount of remuneration to members of the Audit Committee may be reduced or completely cancelled by the General Meeting of Shareholders. The Board of Directors shall be entitled to apply for the reduction of the amount of remuneration to members of the Audit Committee or its complete cancellation as a result of the identification of these factors.

4.1.3 The aggregate annual remuneration of all members of the Audit Commission should not exceed 5 (five)% of the calculated base for paying dividends to the Company.

4.1.4. In case if in accordance with these Regulations is adopted a decision to reduce the amount of remuneration for members of the Audit Committee calculated according to section 2 of these Regulations, a proportional reduction of amount of remuneration is performed for each member of the Audit Committee.

4.1.5. If the General Meeting of Shareholders decided not to pay remuneration to the Board of Directors, the remuneration to Audit Commission is not paid as well.

4.2. Payment of compensation is carried out only upon a written request of a member of the Audit Commission of the Company.

4.3. Member of the Audit Committee shall have the right to refuse to receive remuneration and compensation under these Regulations fully or in part, by request to the Board of Directors of the Company.

## **5. The Regulations, procedure for introducing amendments and additions to the Regulations**

5.1. These Regulations shall enter into force on the date of its approval by the General Meeting of Shareholders.

5.2. Changes and additions to these Regulations may be made by decision of the General Meeting of Shareholders.

5.3. General Meeting of Shareholders of the Company may terminate the Terms and accept (adopt) new Regulations on remuneration and compensations paid to the members of Audit Commission.

5.4. In case of conflict between the legislation of the Russian Federation and present Regulations, the norms of the Russian Federation are applied.

Attachment 1  
to the Regulations on remuneration  
and compensation to  
members of the Auditing  
Committee of PJSC

Estimat  
rate of personal involvement of the member of Audit Commission<sup>1</sup>

Member of the Audit Committee (Full name)

Calculation rate	Rate indicator	Validation
n		Number of meetings held by the Audit Committee for the corporate year, including absentee voting.
ni		Number of meetings in which participated the member of Audit Committee
K <sub>3</sub>		Rate of participation in meetings of Audit Commission: $K_3 = 0,1 * (ni / n)$ .
fi		The number of days in the corporate year, during which where performed obligations of Chairman / Secretary of the Audit Commission.
m		The total number of days in corporate year.
K <sub>дон</sub>		Rate which takes into account performing duties of chairman / secretary of the Audit Committee: $K_{дон п} = 0,3 * (fi / m)$ - for the Chairman of the Audit Committee, $K_{дон с} = 0,1 * (fi / m)$ - for Secretary of Audit Committee.
K <sub>y</sub>		$K_y = 1 + K_3 + K_{дон}$ Member of the Audit Committee, who was absent at more than half of the meetings held during the period of his membership at Audit Committee, is calculated $K_y = 0,0$

Chairman of the Audit Committee /Full Name/

<sup>1</sup> To be completed by the Chairman of the Audit Commission for each member of the Audit Committee, including the Chairman of the Audit Committee.



Attachment 2  
to the Regulations on remuneration  
and compensation to  
members of the Auditing  
Committee of PJSC

Estimat  
of the actual amount of remuneration for member of the Audit Committee

Member of the Audit Committee (Full name)

Calculation rate	Rate indicator	Validation
m		The total number of days in corporate year.
mi		The number of days in the corporate year, during which the where performed duties of Audit Committee Member.
B <sub>баз</sub>		According to paragraph 2.1. of approved Regulations
K <sub>y</sub>		Set by the Chairman of Audit Committee of the Company and provided to the Board of Directors.
B <sub>факт</sub>		$B_{факт} = B_{баз} * ( mi / m ) * Ky$
Application for increase of the actual amount of remuneration		Decision on increasing the actual amount of remuneration
Total B <sub>факт</sub> , taking into account the decision on increase		

Director of Department of Corporate  
Accounting and Reporting -  
Chief Accountant of the Company / FULL NAME /

Attachment 3  
to the Regulations on remuneration  
and compensation to  
members of the Auditing  
Committee of PJSC

to the Board of Directors  
PJSC RusHydro

From a member of the Audit Committee  
(Full name)

**Statement of remuneration**

I ask you to give direction to pay me monetary compensation related to my performance of duties of member of the Auditing Committee of PJSC "RusHydro" for the period\_\_\_\_\_.

I confirm that during this period I was not listed among persons in respect of which federal laws provided restriction or ban on the receipt of payments from commercial organizations.

I ask to carry out payment of remuneration by transfer to the bank account (deposit) (bank account (deposit)details).

Date \_ / \_ / \_ / FULL NAME /

Attachment 4 to  
the Regulations on remunerations and  
compensations for members  
Audit Committee  
PJSC RusHydro

to the Chairman of Management Board  
- to Director General of PJSC  
"RusHydro" (Full  
Name)

From a member of the Audit Committee  
(Full name)

### **Application for compensation**

I ask you to a direction to compensate my expenses in the amount of  
\_ RUB regarding the trip and accommodation as part of (insert event of the  
Audit Commission).:

- travel expenses in the amount of \_ RUB (enter bank details,  
price of purchased tickets);

- living expenses in the amount of \_ RUB (enter the period  
staying at hotel).

I ask to carry out payment of compensation by transfer to the bank account  
(deposit): (bank account (deposit) details)

- Attachment: 1. Copy of report of the Audit Committee with approval of relevant  
expenses.  
2. Documents confirming payment of compensation of expenses or  
compensation to be paid.

Date \_

/ FULL NAME /