

**Regulation on the Investment Committee  
under the Board of Directors of Rushydro**

**2016**

## **1. General Provisions**

1.1. This Regulation on the Investment Committee under the Board of Directors of RusHydro (hereinafter, the “Regulation”) was developed in accordance with the legislation of the Russian Federation, the Articles of Association of RusHydro (hereinafter, the “Company”), the Regulation on the Procedure for the Board of Directors Meetings and the Corporate Governance Code of the Company.

1.2. The Investment Committee under the Board of Directors of the Company (hereinafter, the “Committee”) is established by the resolution of the Board of Directors of the Company and comprises an advisory body ensuring that the Board of Directors of the Company effectively performs its functions of overall management of the Company's activities.

The Committee is not a management body of the Company and is not entitled to act on behalf of the Company. The nature of the Committee's decisions is advisory.

1.3. The Committee carries out its activities in accordance with this Regulation, which defines the legal status, aims and objectives of the Committee and the rights and obligations of Committee members.

In its activities, the Committee is guided by the laws of the Russian Federation, the Articles of Association of the Company, the Regulation on the Procedure for Convening and Holding Meetings of the Company's Board of Directors, and decisions of the Board of Directors of the Company.

## **2. Aims and Objectives of the Committee**

2.1. The principal aim of the Committee's operations is the preliminary examination of new investment projects and investment programs and other matters, as well as the improvement and development of the Company's investment policy.

2.2. The Committee's objectives are:

2.2.1 the examination and expert assessment of investment projects and investment programs to presented to the Board of Directors for consideration;

2.2.2 timely notification of the Board of Directors of the Company about risks in the sphere of the investment policy to which the Company and its subsidiaries and affiliates (hereinafter, “S&As”) are exposed;

2.2.3 development and provision of recommendations to the Board of Directors on the matters it examines in accordance with the Committee's competence.

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

3.1. The Committee's competence includes the preliminary examination, analysis and development of recommendations (opinions) for the Board of Directors of the Company on the following matters:

3.1.1. Approval (adjustment) of the Company's business plan, including the Company's investment program, and reviewing reports on their fulfillment;

3.1.2. Approval (adjustment) of the Company's key performance indicators and reviewing reports on their fulfillment;

3.1.3. Placement of the Company's bonds and other equity securities, unless otherwise provided for by the Federal Law "On Joint-Stock Companies" and by the Articles of Association of the Company;

3.1.4. Approval of the Regulations on the Investment Committee under the Board of Directors of the Company;

3.1.5. Recommendations to the General Meeting of Shareholders of the Company on the amount of dividends on shares and the procedure for their payment;

3.2. Other matters attributed to the competence of the Committee by individual resolutions of the Board of Directors of the Company.

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

4.1. To exercise its powers, the Committee is given the following rights:

4.1.1. To conduct research on matters related to its scope of duties.

4.1.2. To request and receive information and documents necessary for carrying out its activities from officials of the Company, and also the right to request information from outside organizations through the Chairman of the Board of Directors or the Chairman of the Management Board of the Company.

4.1.3. To receive professional services from third-party organizations or engage (on a contractual basis) third parties as experts (consultants) who possess special knowledge on matters attributed to the Committee's competence within the Committee's budget approved by the Board of Directors.

4.1.4. To invite employees, officials of the Company, members of other committees under the Board of Directors of the Company and other persons to attend Committee meetings.

4.1.5. Other rights specified in this Regulation.

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

5.1. The Committee shall:

5.1.1. Carry out the functions assigned to the Committee in accordance herewith and with the requirements of the legislation of the Russian Federation, the Articles of Association, and internal documents of the Company.

5.1.2. Provide the Board of Directors with expert opinions on economic efficiency and legally substantiated recommendations on the matters within its competence.

5.1.3. Promptly inform the Board of Directors of the Company about the risks to which the Company is exposed.

5.1.4. Not disclose information about the Company that constitutes a commercial and/or business secret of the Company.

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

6.1. The size of the Committee shall be determined by the decision of the Board of Directors of the Company and shall number not less than three (3) people and not more than fourteen (14) people.

6.2. The membership of the Committee is elected by the Board of Directors of the Company from among candidates nominated by the members of the Board of Directors of the Company by a majority vote of the members of the Board of Directors participating in the meeting.

6.3. Proposals by members of the Board of Directors of the Company on candidates for election to the Committee must be submitted to the Corporate Secretary of the Company in writing no later than five (5) business days before the date of the meeting of the Board of Directors of the Company (the deadline for accepting ballots for absentee voting) whose agenda included the matter of electing members of the Committee.

6.4. A proposal to nominate a candidate(s) to the Committee must contain the following information about the candidate:

full name of the candidate;

place of work and position of the candidate as of the date of the proposal;

information about the career of the candidate over the past five (5) years.

A proposal to nominate a candidate(s) to the Committee must be signed by the member of the Board of Directors of the Company who submitted the proposal.

6.5. When electing members of the Committee, their education, professional training, experience in the field of the Committee's activities, and other special knowledge necessary for the members of the Committee to exercise their powers should be taken into account.

6.6. Members of the Committee are elected for a term until a General Meeting of Shareholders of the Company is held in which a new composition of the Board of Directors is elected. The powers of the Committee, as well as those of any member of the Committee, may be terminated early by decision of the Board of Directors of the Company.

6.7. The Chairman of the Committee, as well as members of the Committee, may resign by sending a statement of resignation to the Chairman of the Board of Directors of the Company and the Chairman of the Committee no later than fifteen (15) calendar days before the expected date of termination of the powers in the Committee.

6.8. If the quantitative composition of the Committee drops lower than the quorum specified by this Regulation for holding Committee meetings, the Chairman of the Company's Board of Directors should include the issue of electing Committee members on the agenda of the next meeting of the Company's Board of Directors.

6.9. Within the scope of duties of the Committee, members are entitled to:

6.9.1. In writing, request, through the Chairman of the Committee, documents and information necessary for making decisions on matters within the competence of the Committee from the Company's Management Board, the Chairman of the Management Board and the heads of the Company's divisions.

6.9.2. Make proposals in writing on forming a program of work of the Committee.

6.9.3. Submit items to the agenda of meetings of the Committee in the manner prescribed by this Regulation.

6.9.4. Demand the convening of a meeting of the Committee.

6.9.5. Exercise other rights prescribed by this Regulation.

6.10. Members of the Committee shall act solely in the interests of the Company when exercising their rights and fulfilling their obligations.

Exercise their rights and fulfill their obligations in relation to the Company conscientiously and reasonably.

6.11. For the purpose of completeness and quality of preparation of materials for meetings, the Committee may create Expert Groups or engage independent experts.

The procedure of work and the objectives of Expert Groups / independent experts shall be determined by a resolution of the Committee.

Expert Groups may include members of the Committee.

Nominations of members of Expert Groups of the Committee ought to be objective and independent and shall be approved by the Committee on the recommendation of the Chairman of the Committee.

The amount of remuneration for Expert Groups / independent experts of the Committee shall be determined by decision of the Committee (within the framework of the Committee's budget approved by the Board of Directors of the Company) on the recommendation of the Chairman of the Committee.

## **7. Chairman and Vice Chairman of the Committee. Procedure for Their Election**

7.1. The Committee is headed and organized by the Chairman of the Committee elected by the Board of Directors of the Company from among the members of the Committee by a majority of votes of members of the Board of Directors of the Company participating in the meeting of the Board of Directors of the Company.

7.2. In the Chairman of the Committee's absence, his/her duties are performed by the Vice Chairman of the Committee. The Vice Chairman of the Committee is elected by the members of the Committee from among them by a majority of votes of the members of the Committee who participate in the Committee meeting.

7.3. The Chairman of the Committee:

7.3.1. Convenes meetings of the Committee and chairs them.

7.3.2. Determines the date, time, place, and form of the meeting and approves the agenda of the Committee meetings.

7.3.3. Determines the list of persons invited to participate in the Committee meeting.

7.3.4. Arranges the keeping of the minutes of the Committee meetings and signs the minutes of the Committee meetings.

7.3.5. Represents the Committee in interactions with the Board of Directors of the Company, other Committees under the Board of Directors of the Company, executive bodies of the Company, heads of departments of the Company, and other bodies and entities.

7.3.6. Carries out the Committee's official correspondence, and signs requests, letters, and documents on behalf of the Committee.

7.3.7. Develops the Committee's program of work, submits this plan for approval to the Committee and controls the implementation of decisions and the Committee's program of work.

7.3.8. Ensures compliance with requirements of the legislation of the Russian Federation, the Company's Articles of Association, the Company's other internal documents, and this Regulation in the course of the Committee's activities.

7.3.9. Performs other functions stipulated by the legislation of the Russian Federation, the Company's Articles of Association, this Regulation, and the Company's other internal documents.

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

8.1. The Secretary of the Committee is elected from among the employees of the Executive Office of the Company by a majority of votes of the members of the Committee participating in the meeting upon the recommendation of the Chairman of the Committee.

The term of office of the Secretary of the Committee shall be until the first meeting of the Committee is held with a new membership. The powers of the Secretary of the Committee may be terminated early by decision of the Committee.

8.2. The Secretary of the Committee performs the following functions:

8.2.1. Ensures the preparation and holding of Committee meetings.

8.2.2. Collects and systematizes materials for meetings. Ensures timely distribution of notices about the Committee meetings, the agenda of the meetings, materials on the agenda items, and ballots to the Committee members and invited individuals.

8.2.3. Keeps the minutes of the meetings and prepares the Committee's draft decisions.

8.2.4. Ensures that the minutes of the Committee meetings are sent to members of the Committee and invited persons.

8.2.5. Keeps records of correspondence addressed to the Committee and/or members of the Committee (including requests, demands, petitions) and ensures that the Committee members receive the necessary information.

8.2.6. Ensures storage of the minutes of the Committee meetings and other documents and materials related to the activities of the Committee in accordance with the document storage procedures adopted by the Company.

8.2.7. Follows the instructions of the Chairman of the Committee related to the organizational and technical support of the Committee's activities.

8.2.8. Performs other functions in accordance with this Regulation.

## **9. Organization of the Committee's Work**

9.1. Committee meetings are held as needed, but at least once per quarter (scheduled meetings).

9.2. Committee meetings are convened by the Chairman of the Committee in accordance with the program of work approved at the Committee meeting (scheduled meetings), as well as in other cases provided for hereby.

9.3. The program of work of the Committee is formed by the Chairman of the Committee for the relevant corporate year, <sup>1</sup>taking into account the approved program of works of the Company's Board of Directors for the same period, the proposals received from the Chairman of the Company's Board of Directors and members of the Committee, and the decisions of the Company's Board of Directors.

9.4. The program of work of the Committee is approved at the Committee meeting, which must be held no later than thirty (30) days after the meeting of the Company's Board of Directors at which the Program of Works of the Company's Board of Directors was approved.

9.5. When convening a Committee meeting, the Chairman of the Committee determines the date, time, place and form of the meeting, the agenda of the meeting, and the list of persons invited to participate in the Committee meeting.

9.6. The Notice of the Committee meeting, which includes the agenda of the meeting, is generated and signed by the Chairman the Committee in accordance with the approved Program of Work of the Committee, decisions of the Company's Board of Directors, and proposals from the Chairman of the Company's Board of Directors.

9.7. Members of the Committee are entitled to make proposals on the formation of the agenda of the scheduled meeting of the Committee.

The above proposals are to be presented to the Chairman of the Committee no later than within seven (7) business days before the date of holding the meeting, and are to contain the wording of the matter, substantiation of the necessity of examining the matter at the meeting and the draft resolution of the Committee, as well as supporting materials and information.

The Chairman of the Committee has the right to include received proposals in the agenda of a scheduled meeting or convene an out-of-session meeting of the Committee.

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<sup>1</sup> Interval between dates of holding the Annual General Meeting of Shareholders of the Company

9.8. Out-of-session meetings of the Committee are held:

- when an item(s) related to the scope of duties of the Committee is (are) included in the agenda of a meeting of the Board of Directors of the Company (based on a signed notice of the meeting);
- on the initiative of the Chairman of the Committee;
- on behalf of the Board of Directors or the Chairman of the Board of Directors of the Company.

9.9. A notice of the meeting, as well as materials (information) on the agenda items, are sent by the Secretary of the Committee to the members of the Committee, the Corporate Secretary of the Company and other persons participating in the meeting no later than five (5) business days before the date of the meeting.

Materials (information) on the agenda items can be provided to the Committee members in person, by fax or by e-mail.

If the items submitted to an extraordinary meeting of the Committee are urgent, the time frames for convening the extraordinary meeting and sending materials on the agenda items of such a meeting may be reduced by a decision of the Chairman of the Committee.

Items not included in the meeting's agenda may be considered with the unanimous consent of all members of the Committee present at Committee meetings held in the form of joint attendance.

9.10. Upon receiving notice from the Corporate Secretary of the Company about a meeting of the Board of Directors of the Company, whose agenda contains items within the competence of the Committee, the Chairman of the Committee must take all measures to ensure timely holding of Committee meetings in order to develop recommendations (decisions) on the specified agenda items of the meeting of the Board of Directors and their submission to the Board of Directors of the Company in accordance with the approved Regulation on the Procedure for Convening and Holding Meetings of the Board of Directors of the Company.

## **10. Procedure for Holding Committee Meetings**

10.1. Committee meetings are opened by the Chairman of the Committee, and in case of his/her absence, by the Vice Chairman.

10.2. Members of the Committee, the Secretary of the Committee, as well as individuals invited to the meeting take part in the Committee meeting.

10.3. The Secretary of the Committee determines the presence of a quorum for holding the Committee meeting. When determining the presence of a quorum, the written opinions of members of the Committee on agenda items received prior to the meeting are taken into account. The Chairperson of the meeting informs those present of the presence of a quorum for holding the Committee meeting and announces the agenda of the meeting. The Committee meeting is recognized (has a quorum) if at least half of the elected members of the Committee took part in it.

10.4. Decisions at a Committee meeting are made by a majority of votes from the total number of Committee members participating in the meeting. Each member of the Committee shall have one vote. In the event of a tie vote, the Chairman of the Committee shall have the deciding vote. Transfer of a vote by one

member of the Committee to another member of the Committee or to another person is not allowed.

10.5. Committee meetings may be held in the form of joint attendance or absentee voting by decision of the Chairman of the Committee. Information on the form of the Committee meeting shall be indicated in the Notice of the meeting.

10.6. When holding a meeting in the form of joint attendance, the written opinions of Committee members who were absent from the meeting are taken into account when determining the results of voting on the agenda items.

10.7. When holding a meeting in the form of absentee voting, Committee members vote by filling out an absentee ballot (Appendix 1 to this Regulation). The absentee ballot for voting is sent to Committee members no later than one (1) business day prior to the end date of the period for accepting absentee ballots specified in the absentee voting notice.

10.8. Members of the Committee may provide their comments and/or suggestions regarding the proposed draft resolutions of the Committee on the items put to absentee voting not later than within two (2) business days before the deadline for submission of absentee ballots as specified in the notice of absentee voting.

The Secretary of the Committee draws up an absentee ballot for absentee voting, taking into account the received proposals (new wordings) and/or comments on the proposed draft decisions of the Committee on the agenda items.

When filling in an absentee ballot, Committee members must cross out inapplicable voting options, thereby leaving only one option for each draft decision for each item (for, against, abstained). The completed absentee ballot shall be signed by the member of the Committee, indicating his/her last name and initials.

The completed and signed absentee ballot shall be submitted by the Committee member on or before the date indicated in the absentee ballot to the Secretary of the Committee as an original copy or by fax or electronic communication.

The results of voting on the agenda items of a meeting held in absentee form are based on the absentee ballots received and signed by the Committee members received by the Secretary of the Committee.

An absentee ballot received by the Secretary of the Committee in violation of the requirements and deadlines specified in this clause shall not be taken into account when determining the quorum and counting the votes.

10.9. No later than two (2) business days after the date of the Committee meeting (the deadline for receipt of absentee ballots), the Secretary of the Committee prepares the minutes of the meeting, which are signed by the Chairperson of the meeting and the Secretary of the Committee.

The minutes of the Committee meeting include:

- the date, place, and time of the meeting (or the date of absentee voting);
- the list of Committee members who took part in the consideration of agenda items, indicating the form of voting (in person or absentee) and the presence of a quorum, as well as the list of other persons who attended the meeting;
- the agenda;

- proposals of members of the Committee on items of the agenda and a reference to the received written opinions of members of the Committee on items of the agenda; - matters put to the vote and results of voting on them;

- resolutions passed.

The Minutes are drawn up in a single original copy.

Within one (1) business day after the minutes are signed, a copy of the minutes is sent to all members of the Committee and the Corporate Secretary of the Company. The Chairperson of the meeting and the Secretary of the Committee are responsible for the correctness of the minutes. The Secretary of the Committee is responsible for storing the minutes, absentee ballots, materials, and recommendations of the Committee.

## **11. Interaction with the Company and Other Persons**

11.1. When performing its duties, the Committee interacts with the Company's management bodies, other committees under the Board of Directors of the Company, structural divisions of the Company, and other organizations and individuals.

11.2. The Chairman and Secretary of the Committee are required to ensure the Committee's informational, technical, and coordinated interaction with the Board of Directors of the Company, with the management bodies and structural divisions of the Company, and with other committees under the Board of Directors of the Company.

11.3. The Company's management bodies and the heads of structural divisions, upon the written request of the Chairman of the Committee, must provide information and materials necessary for members of the Committee to make decisions on issues within the competence of the Committee.

Such information and materials shall be submitted no later than five (5) business days from the date of receipt of the request, unless a longer deadline is established in the request.

In the case of submission of incomplete or inaccurate information (materials), members of the Committee are entitled to request additional information (materials).

## **12. Confidentiality**

12.1. During the term of office of Committee members, as well as for one year after the end of the term of office of the Committee, individuals who are (were) members of the Committee, the Secretary of the Committee, and third parties involved in the work of the Committee must comply with confidentiality requirements with respect to non-publicly available information received by them in connection with their activities in the Committee.

12.2. By decision of the Board of Directors of the Company/Committee, a Confidentiality Agreement may be entered into with members of the Committee, the Secretary of the Committee, and third parties involved in the work of the Committee in accordance with the form established by the bylaws of the Company.

12.3. All documents related to the Committee's activities must be stored at the location of the Company in accordance with the document storage procedure established in the Company. The Secretary of the Committee is responsible for storing these documents.

### **13. Activities of the Committee, the Procedure for Remuneration of the Committee Members**

13.1. To ensure the operation of the Committee when generating the expense part of the general budget of the Company, a separate expense item is provided for – expenses of the Committee, including expenses for engaging third-party consultants / independent experts, as well as other expenses.

13.2. The remuneration is paid as a lump sum based on the results of the Committee's work for the period from the date of election and until the date of termination of the member of the Committee, if the Committee member has participated in more than fifty percent (50%) of meetings of the Committee held.

13.3. The amount of remuneration for participation in one meeting is equivalent to the double minimal monthly base pay of a first-class workers (hereinafter, "MMBP") established by the pay-rate agreement for the sector in the electric-energy complex of the Russian Federation for the quarter in which the remuneration is paid.

13.4. Remuneration is not accrued or paid to members of the Committee who simultaneously are the Chairman of the Management Board or a Member of the Board, an employee of the Company, or a person with respect to whom the laws of the Russian Federation provide for a restriction or prohibition on receiving any payments from business organizations.

Committee members who are members of the Board of Directors of the Company are paid remuneration in the manner determined by the Regulation on Payment of Remuneration to the Members of the Board of Directors of the Company.

13.5. At the request of the Chairman of the Committee, the Company must provide the Committee with premises for holding meetings, ensure unrestricted access to it for the persons listed in this request, and take other measures necessary for the holding of the Committee meeting.

### **14. Reports of the Committee**

14.1. The Committee prepares a report on the activities of the Committee and submits it for consideration to the Board of Directors of the Company on an annual basis prior to the annual General Meeting of Shareholders of the Company.

The Committee's annual report is subject to prior approval by the Committee and must be signed by the Chairman of the Committee.

14.2. The Committee's annual report contains information for the period from the date of election of new members of the Committee to the date of approval of the report.

The annual report on the activities of the Committee must contain the following information:

- the number of meetings and the list of matters examined;
- a report on fulfillment of assignments of the Company's Board of Directors;
- resolutions on the most important matters;
- a report on fulfillment of the Committee's budget.

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

14.4. Information on individual decisions of the Committee is subject to disclosure on the Company's website in accordance with the Regulation on the Company's Information Policy approved by its Board of Directors.

14.5. Information on the work of the Committee is included in the Company's Annual Report.

## **15. Final provisions**

15.1. Matters that are not governed by these Regulations are governed by the Articles of Association of the Company, the Regulation on the Procedure for Convening and Holding Meetings of the Company's Board of Directors and other internal documents of the Company, the laws of the Russian Federation, and resolutions of the Board of Directors of the Company.

15.2. If, as a result of a change in the legislation of the Russian Federation, certain articles of this Regulation conflict with them, such articles will become null and void, and until the date of amendments to this Regulation, the members of the Committee shall be guided by the legislation of the Russian Federation.

15.3. This Regulation and the membership of the Committee are subject to disclosure on the Company's website.

COMPANY LETTERHEAD

\_\_\_\_\_ COMMITTEE  
UNDER THE BOARD OF DIRECTORS OF RUSHYDRO  
QUESTIONNAIRE  
for voting on agenda items of the meeting  
held in absentia on \_\_\_\_\_, 20\_\_

**ITEM:**

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

**RESOLUTION:**

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

**FOR**

**AGAINST**

**ABSTAINED**

*(leave your response uncrossed out)*

The completed and signed absentee ballot for voting shall be sent by fax \_\_\_\_\_ or by e-mail \_\_\_\_\_ or in the original no later than \_\_\_\_\_ (date, time).

No absentee ballot received by the Company after the above deadline shall be accepted for the vote count or for tallying absentee votes.

**Please send the original questionnaire to the address:**

\_\_\_\_\_

Committee member

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

THE ABSENTEE BALLOT IS INVALID WITHOUT THE SIGNATURE OF A MEMBER OF THE \_\_\_\_\_  
COMMITTEE