

APPROVED  
by IDGC of North-West's Board of Directors  
dated 23 June 2010 (Minutes No. 60/15)

**REGULATION  
ON THE AUDIT COMMITTEE OF THE  
BOARD OF DIRECTORS OF  
"INTERREGIONAL DISTRIBUTION GRID COMPANY OF NORTH-WEST",  
JOINT STOCK COMPANY**

(new version)

## **1. GENERAL PROVISIONS**

1.1. Regulation on the Audit Committee of the Board of Directors of "Interregional Distribution Grid Company of North-West", Joint Stock Company (hereinafter referred to as the "Regulation") was developed according to the Russian Federation laws, the Charter of IDGC of North-West (hereinafter referred to as the "Company"), and Regulation on the Order of Convening and Carrying out of the Board of Directors Meeting of IDGC of North-West.

1.2. The Audit Committee of the Board of Directors of "Interregional Distribution Grid Company of North-West", Joint-Stock Company (hereinafter referred to as the "Committee") is established under the resolution of the Company's Board of Directors and represents an advisory body ensuring efficient exercising by the Company's Board of Directors of its functions of general management by the Company's activity.

1.3. The Committee is not the Company's body and is not entitled to operate on behalf of the Company.

1.4. The Committee's resolutions are of recommendatory nature for the Company's Board of Directors.

1.5. The Committee shall operate pursuant to this Regulation describing the legal status, goal and tasks, rights, duties, and structure of the Committee. The Committee shall be guided in its activities by federal laws, other normative legal acts of the RF, the Company's Charter, Regulation on the Order of Convening and Carrying out of the Board of Directors Meeting of the Company, and resolutions of the Company's Board of Directors.

## **2. GOALS AND TASKS OF THE COMMITTEE**

2.1. The main goal of the Committee establishment is to provide for efficient work of the Company's Board of Directors in solution of the issues included into its competence.

2.2. The Committee's goal is to develop and provide recommendations (opinions) to the Company's Board of Directors in the sphere of the Company's audit and Reporting.

## **3. COMPETENCE OF THE COMMITTEE**

3.1. Control over carrying out of the Company's annual independent audit of the consolidated financial reporting and accounting (financial) reporting.

3.2. Valuation of the auditor's opinion, which is provided as materials for the Company's annual general meeting of shareholders.

3.2. Control over preparation of the Company's quarter and annual reporting by its executive bodies, and control over objectivity of such reporting.

3.3. Valuation of candidates of the Company's auditors.

3.4. Control over the internal control systems in the Company in the field of accounting and finances, and control over activity of the Company's internal audit services.

3.5. Valuation of efficiency of the internal control procedures in the Company and preparation of proposals for their improvement.

3.6. Consideration (obligatorily before sending to the Board of Directors) of the reports prepared by independent appraisers on carrying out of valuation of the Company's property and obligations, when the Company completes large transactions and other transactions, the resolution on completion of which is passed by the Board of Directors, and when the rights to the Company's property are transferred in a different way.

3.7. Other issues on the instructions from the Company's Board of Directors.

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

4.1. The Committee shall be vested with the following rights to implement the functions of the Committee:

1) to carry out researches on the issues included into its competence;

2) to request and receive the information and documents from the Company's General Director and Management Board required for realization of its activity, and to request information from outside organizations through Chairman of the Company's Board of Directors or the Company's General Director;

3) to receive professional services from outside organizations or to involve (including on the basis of an agreement) third parties as experts (consultants) possessing special knowledge in the issues included into the Committee's competence, within the framework of the Committee's budget. The agreements with the persons involved by the Committee for rendering consulting services shall be signed

on the basis of the respective resolution of the Committee by the Company's authorized official, as advised by the Committee's Chairman, or by the Committee's Chairman under a power of attorney issued by the Company's sole executive body;

4) to invite employees, management of the Company, members of other Committees of the Company's Board of Directors, and other persons for participation in internal meetings of the Committee;

5) to develop draft amendments and additions to this Regulation and submit them for consideration by the Company's Board of Directors, as may be necessary.

4.2. The Committee shall be vested with other rights, as set out in this Regulation.

## **5. DUTIES OF THE COMMITTEE**

5.1. The Committee shall be obliged:

to implement the tasks the Committee is entrusted with, in good faith and to carry out its activity according to this Regulation, requirements of the Russian Federation laws, the Company's Charter and internal documents;

to provide the Board of Directors with economically efficient and legally well-grounded recommendations (opinions) on the issues included into the Committee's competence;

to inform the Company's Board of Directors on the risks the Company is subject to, in time;

to observe requirements of confidentiality, not to disclose the information on the Company, which represents commercial and/or official secrecy.

## **6. MEMBERSHIP OF THE COMMITTEE AND THE PROCEDURE OF ITS FORMATION, THE RIGHTS AND DUTIES OF THE COMMITTEE'S MEMBERS**

6.1. The Committee's membership is determined by the resolution of the Company's Board of Directors in the number of at least 3 (three) people.

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

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

6.4. Only individuals elected from the membership of the Company's current Board of Directors may become members of the Committee.

6.5. The proposals made by the members of the Company's Board of Directors in respect of the candidates for election to the Committee shall be presented to Chairman of the Company's Board of Directors in writing no later than 5 (Five) days before the date of carrying out the meeting of the Board of Directors (expiry of the time-limit for acceptance of forms for postal voting), the agenda of which includes the item on election of the Committee's members.

6.6. When candidates are recommended for the Committee, the recommended candidate's written consent and information on the candidate shall be attached to the proposal on recommendation of the candidate (candidates) of the Committee's members.

The proposal on recommendation of the candidate (candidates) for the Committee's members shall contain the following information on the candidate:

name, patronymic, surname of the candidate in full;

place of work and position of the candidate as at the moment of sending the proposal.

The proposal on recommendation of the candidate (candidates) for the Committee's members shall be signed by a member of the Company's Board of Directors, who presented such a proposal.

6.7. When the Members of the Committee are elected, preference shall be given to the candidates, who have higher financial, economic or law education and/or have professional experience in the sphere of financial control and risk management. At least one of the members of the Committee shall possess knowledge in rules (standards) of accounting and drawing up of the accounting (financial) reporting applied by the Company, professional experience in the field of preparation (audit) of the accounting (financial) reporting and development (analysis) of internal control systems.

6.8. The Members of the Committee shall be elected pursuant to the terms of this Regulation for the period before carrying out of the first meeting of the Board of Directors elected in a new membership.

6.9. The powers of any member of the Committee may be early terminated under the resolution of the Company's Board of Directors.

6.10. Chairman of the Committee and the Committee's members may abdicate responsibility by way of sending a respective application to Chairman of the Company's Board of Directors and Chairman of the Committee.

6.11. If the number of the Committee's members becomes less than the number determined by the Regulation for carrying out of the Committee's meetings, Chairman of the Board of Directors shall be obliged to call an extraordinary meeting of the Board of Directors for election of the Committee's members or to include an item on election of the Committee's members into the agenda of the nearest planned meeting of the Company's Board of Directors.

6.12. The Committee's members shall be entitled to do the following within the framework of the Committee's competence:

1) to request the documents and information from the Company's General Director and the Company's Management Board, which are required for passing resolutions on the items included into the Committee's competence. The information shall be requested in writing and such request shall be signed by Chairman of the Committee;

2) to make written proposals as regards formation of the Committee's work plan;

3) to include items into the agenda of the Committee meetings, as set out by the Regulation;

4) to demand convocation of the Committee's meeting;

5) to exercise other rights stipulated by the Regulation.

6.13. The Committee's members shall be obliged to examine the materials for the Committee's meeting and to develop their own position on each item of the meeting agenda.

6.14. The Committee's members, when exercising their rights and discharging their duties, shall act in the interests of the Company, exercise their rights and act in respect of the Company in good faith and reasonably.

6.15. When a resolution is made on inclusion of the company's shares into the "A"<sup>1</sup> quotation list of Russian stock exchanges, the following requirements to the committee's members shall be complied with:

not to be officials or employees of the Company as at the moment of election and within 1 year before election;

not to be officials of another economic entity, in which any of the Company's officials is a member of the personnel and remuneration committee under the board of directors;

not to be spouses, parents, children, brothers and sisters of the Company's officials (of the official of the management entity of the Company);

not to be affiliated persons of the Company, but for a member of the Company's Board of Directors;

not to constitute parties to the obligations with the Company, according to the terms of which they may purchase property (obtain money), the value of which is at least 10 percent of the cumulative annual revenue of the specified persons, except for obtaining of the compensation for participation in the activity of the Company's Board of Directors;

not to be representatives of the state, i.e. the persons, which are representatives of the Russian Federation, constituent entities of the Russian Federation and municipal entities in the board of directors of the joint-stock companies, in respect of which the resolution on use of the special right ("golden share") is passed, and the persons elected to the board of directors from among the candidates recommended by the Russian Federation, as well as the constituent entity of the Russian Federation or municipal entity, if such members of the board of directors must vote on the basis of written instructions (orders, etc.) of the respective constituent entity of the Russian Federation or municipal entity.

If the mentioned specified requirements may not be complied with as regards all of the Committee members by virtue of the objective reasons, the membership of the Committee shall consist only of the members of the Company's Board of Directors, who meet the above-stated requirements, and the members of the Company's Board of Directors, who are not the sole executive body and (or) members of the collegial executive body.

6.16. When it is resolved to include the company's shares into the "B"<sup>2</sup> or "C" quotation lists of Russian stock exchanges, the Committee shall consist of the members of the Company's Board of Directors, who are not the sole executive body and (or) members of the collegial executive body.

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<sup>1</sup> As regards the second level quotation list "A", the liability is allowed to be assumed as to observance of the requirements to the membership of the Committee listed in clause 6.15 of section 6 "Membership of the committee and the procedure of its formation, the rights and duties of the committee's members" determining the membership and the order of its formation, upon expiry of a year as from the date of inclusion of the Company's shares into the second level quotation list.

<sup>2</sup> As regards the quotation list "B", the liability is allowed to be assumed as to observance of the requirements to the membership of the Committee determining the membership and the order of its formation, provided that the Company's shares are included into the quotation list "B", upon expiry of a year as from the date of inclusion of the Company's shares into the quotation list "B".

## **7. CHAIRMAN OF THE COMMITTEE AND THE PROCEDURE OF HIS\HER ELECTION**

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

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

When a resolution is made on inclusion of the Company's shares into the quotation list of Russian stock exchanges, a candidate of Chairman of the Committee shall meet the requirements as set forth by clause 6.15 of this Regulation.

7.3. The Company's Board of Directors shall be entitled to re-elect Chairman of the Committee at any time.

7.4. If Chairman of the Committee is absent, his\her duties shall be exercised by Deputy Chairman of the Committee. Deputy Chairman of the Committee shall be elected by the members of the Committee from among their number by the majority of votes from the total number of the elected members of the Committee.

7.5. Chairman of the Committee shall:

1) convene meetings of the Committee and preside over them;  
2) determine the form of holding the meeting and approve the agenda of the Committee's meetings;

3) determine the list of the persons invited for participation in the Committee's internal meeting. Officials and/or employees of the Company shall be invited for internal meeting of the Committee (consideration of certain items of the meeting agenda) by way of sending of the respective invitation addressed to the Company's General Director. The Company's General Director shall be obliged to provide participation of the invited officials and/or employees of the Company or other persons possessing the powers, information and qualification required for efficient participation in the Committee meeting (consideration of the items of the agenda meeting, granting of the information, participation in discussion, resolution-making, etc.) in the Committee's meeting (consideration of certain items of the meeting agenda);

4) organize keeping of the minutes of the Committee's meetings and sign minutes of the Committee's meetings;

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

6) carry out official correspondence of the Committee, sign inquiries, letters and documents on behalf of the Committee;

7) distribute duties between the Committee members;

8) develop the work plan of the Committee and submit the mentioned plan for approval to the Committee, supervise performance of the resolutions and work plans of the Committee;

9) provide for observance of requirements of the Russian Federation laws, the Company's Charter, other internal documents of the Company and this Regulation during the Committee's activity;

10) perform other functions stipulated by the current laws, the Company's Charter, this Regulation and other internal documents of the Company.

## **8. SECRETARY OF THE COMMITTEE**

8.1. The functions of the Committee's Secretary shall be carried out by the Committee's Corporate Secretary, unless otherwise provided for by the Committee's resolution. If the Committee decides to elect another person as the Committee's Secretary, the Committee's Secretary shall be elected by the majority of votes from among the total number of the elected members of the Committee. If the candidate for the position is the employee of the Company, this candidacy shall be agreed upon by the Company's General Director.

8.2. The Committee's Secretary shall carry out technical (information, documentary, protocol, secretarial) support of the current activity of the Committee, inter alia, he/she shall:

1) ensure preparation and carrying out of the Committee's meetings;

2) carry out gathering and ordering of materials for the meetings;

3) ensure duly sending of notices on carrying out of the Committee's meetings, meeting agendas, materials as regards the agenda and forms to the Committee's members and the persons invited for participation in the Committee's meeting;

- 4) carry out organizational and technical support of carrying out of voting at the Committee's meeting;
- 5) ensure 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 Commission of the Company and other bodies and persons;
- 6) carry out recording of the meetings, organize preparation of draft resolutions of the Committee;
- 7) carry out registration of the correspondence (including inquiries, requirements, solicitations) addressed to the Committee and/or the Committee's members, ensure obtaining by the Committee's members of the necessary information;
- 8) provide for storage of the minutes of the Committee's meetings and other documents and materials related to the Committee's activities according to procedures of storage of the documentation adopted by the Company;
- 9) carry out assignments of Chairman of the Committee within the framework of the powers of Chairman of the Committee;
- 10) carry out other functions according to the Regulation.

8.3. The compensation shall be paid to the Committee's Secretary and the charges related to performance by him/her of his/her duties shall be compensated to the Committee's Secretary.

The remuneration and charges related to performance by him/her of his/her duties shall be provided for in the Company's budget.

## **9. MEETINGS OF THE COMMITTEE**

9.1. The Committee's meetings shall be convened by Chairman of the Committee according to the work plan approved at the Committee's meeting (scheduled meetings) and in other cases stipulated by the Regulation (extraordinary meetings).

9.2. The work plan of the Committee shall be formed by Chairman of the Committee in view of the approved work plan of Company's Board of Directors and proposals of Chairman of the Company's Board of Directors, the Committee's members and resolutions of Company's Board of Directors.

9.3. The work plan of the Committee shall be approved at the Committee's meeting held after the meeting of Company's Board of Directors, at which the Work Plan of the Company's Board of Directors was approved.

9.4. When convening the Committee's meeting, Chairman of the Committee shall determine the date, time, place and form of carrying out of the meeting, agenda, and list of the persons invited for participation in the Committee's internal meeting.

9.5. The agenda of the scheduled meeting shall be formed by Chairman of the Committee according to the approved Work Plan of the Committee, resolutions of the Company's Board of Directors and proposals of Chairman of the Board of Directors.

9.6. The Committee's members shall be entitled to make proposals on formation of the agenda of the Committee's scheduled meeting.

9.7. Chairman of the Committee shall be entitled to include the obtained proposals into the agenda of the scheduled meeting or to convene an extraordinary meeting of the Committee.

9.8. The extraordinary meetings of the Committee shall be held:

- according to the notice on the meeting of the Company's Board of Directors received from the Company's Corporate Secretary, the agenda of which includes an item (items) included by this Regulation into the Committee's competence;

- upon the Committee's Chairman own initiative;

- under the resolution of the Company's Board of Directors or under the resolution of the Committee;

- on demand of Chairman of the Company's Board of Directors, a member of the Committee, the Auditing Commission and the external Auditor of the Company.

9.9. The demand of Chairman of the Company's Board of Directors, a member of the Committee, the Auditing Commission and the external Auditor of the Company about convening of the Committee's meeting shall be sent to Chairman of the Committee in writing no later than 7 (Seven) business days before the date of carrying out of the meeting and shall contain the wording of the item, substantiation of the necessity of consideration of the item at the meeting, draft resolution of the Committee and related materials and information.

The demand on convening of the Committee's meeting shall be signed by the person, who sent such demand (the demand of the Auditing Commission on convening of the Committee's meeting shall be

signed by Chairman of the Auditing Commission, the demand of the Auditor of the Company shall be signed by the authorized person of the Auditor). Simultaneously, a copy of the demand on convening of the Committee's meeting with all attachments shall be sent to the Committee's Secretary.

9.10. Within 1 (One) business day from the date of presentation of the demand on convening of the extraordinary meeting, Chairman of the Committee shall make a resolution on carrying out of an extraordinary meeting of the Committee, determine the date, time and place of carrying out of the Committee's meeting (date and time of the deadline for acceptance of the forms in the event of postal voting), or make a resolution on refusal to convene an extraordinary meeting of the Committee. The substantiated resolution on refusal to convene the extraordinary meeting of the Committee shall be sent to the person or the body of the Company, which demands convening of such meeting, no later than the next day as from the date of taking of the resolution by Chairman of the Committee on refusal to convene the meeting.

9.11. The resolution of Chairman of the Committee on refusal to convene an extraordinary meeting of the Committee may be passed in the following cases:

1) the item (items) proposed for inclusion into the agenda of the Committee's meeting is not included into its competence by the Regulation on the Committee;

2) the item of the agenda included into the demand on convening of the extraordinary meeting of the Committee has already been included into the agenda of the nearest meeting convened according to the resolution of Chairman of the Committee passed before acceptance of the above-stated demand;

3) the form, order and time-limit of presentation of the demand about convening of the meeting set forth by clause 9.8. of the Regulation were not complied with.

9.12. Chairman of the Committee shall be entitled to include the items contained in the demand on convening of an extraordinary meeting of the Committee into the agenda of the nearest scheduled meeting of the Committee.

9.13. The notice on carrying out of the Committee's meeting shall contain the agenda of the meeting, the form of carrying out of the meeting, date, place and time of carrying out of the meeting (date and time of the deadline for acceptance of forms for voting on the agenda items of the meeting). The notice on carrying out of the meeting shall be drawn up by the Committee's Secretary and signed by Chairman of the Committee or Deputy Chairman of the Committee (in the cases stipulated by this Regulation). The notice on carrying out of the meeting shall be sent to the Committee's members and the persons invited for participation in the Committee's internal meeting no later than 5 (Five) business days prior to the date of carrying out of the Committee's meeting (the date of the deadline for acceptance of the forms in the event of postal voting meetings). The materials and information related to the agenda shall be sent to the Committee's members and the persons invited for participation in the Committee's internal meeting no later than 3 (Three) business days prior to the date of carrying out of the meeting (the date of the deadline for acceptance of the forms in the event of postal voting meetings), including the resolutions (recommendations) of the Company's Management Board in the events established by clause 9.15. of this Regulation.

The materials related to the agenda items of the Committee's meeting shall necessarily include draft resolutions on these items. Draft resolutions shall be formed (prepared) by Chairman of the Committee, except for cases of consideration by the Committee of the items on demand of the persons as set out in clause 9.8. of this Regulation.

The persons invited for participation in the Committee's internal meeting shall receive the materials on those items of the agenda of the Committee's meeting, in the discussion of which they are supposed to participate.

9.14. The notice on carrying out of the Committee's meeting and materials (information) on the agenda items may be provided (sent) to the Committee's members and the persons invited for participation in the Committee's internal meeting personally, by a facsimile message or e-mail.

9.15. When the items put to the extraordinary meeting of the Committee are urgent, the time limits for convening the extraordinary meeting and sending of materials on the agenda items of such meeting may be reduced under the resolution of Chairman of the Committee.

The meeting of the Committee spent in the form of joint presence may consider the items, which have not been included into the meeting agenda, with the consent of all of the Committee's members present.

9.16. If the Company's Corporate Secretary provides the notice on the meeting of Company's Board of Directors, the agenda of which contains the items referred by the Regulation to the Committee's competence, Chairman of the Committee shall take all the measures providing duly carrying out of the Committee's meetings for development of recommendations (resolutions) on these items of the agenda of the Company's Board of Directors meeting and their sending to the Board of Directors according to the

approved Regulation for the Order of Convening and Carrying out of the Company's Board of Directors Meetings.

9.17. If the Company's Corporate Secretary provides the notice on the meeting of Company's Board of Directors, the agenda of which contains the items referred by the Regulation to the Committee's competence and which is subject to preliminary approval by the Company's Management Board according to the Company's Management Board Regulation, the Committee's meeting on such items shall be held after their preliminary consideration by the meeting of the Company's Management Board. In this case the respective resolutions (recommendations) of the Management Board shall be presented to the Committee's members for the Committee's meeting.

The above-stated does not extend to the events, when the time-limits for carrying out of the mentioned meeting of the Management Board and submission of the resolutions (recommendations) passed by the Management Board to the Committee, as set out by the Company's Management Board Regulation, are not complied with.

## **10. PROCEDURE OF CARRYING OUT THE COMMITTEE'S MEETINGS**

10.1. The Committee's meetings may be held in the form of joint presence of the Committee's members (internal meeting) or in the form of postal voting on the meeting agenda items (postal voting meeting).

10.2. The Committee's internal meeting shall be opened by the person presiding over the meeting - Chairman of the Committee, and in the event of his/her absence - by Deputy Chairman.

10.2.1. The Committee's members and invited persons shall take part in the Committee's internal meeting.

10.2.2. The Committee's Secretary shall determine presence of the quorum for carrying out of the Committee's internal meeting.

The person presiding over the internal meeting shall tell the people present about presence of the quorum for carrying out of the Committee's meeting and open the agenda of the meeting.

10.2.3. If the quorum is absent, the meeting shall be declared invalid. As a result of this, the person presiding over the meeting shall take one of the following resolutions:

1) he/she shall determine time of putting off the beginning of the meeting based on the consultations with the persons present at the meeting;

2) he/she shall determine the date of a repeated meeting with the same agenda;

3) he/she shall include the items, which were to be considered at the invalid Committee's meeting, into the agenda of the following planned Committee's meeting.

10.2.4. The Committee's internal meeting shall be competent (shall have the quorum) in the event of presence of at least a half of the number of the elected Committee's members at the meeting.

10.2.5. The written opinions of the Committee's members, who are absent at the meeting, issued and received according to the procedure set forth by the Regulation, shall be considered in the process of summing up of the results of voting on the items included into the agenda of the Committee's internal meeting.

10.2.6. Written opinions of the Committee's members, who are absent at the Committee's internal meeting, shall be issued only through filling in the forms for voting on the agenda items.

10.2.7. On the day of carrying out of the Committee's internal meeting, the Committee's Secretary shall draw up a form based on the results of discussion of the agenda items and voting of the Committee's members present at the meeting according to Enclosure #1 to this Resolution, signed by Chairman of the Committee, and send it in the original, by e-mail or facsimile message to the members of the Committee, who are absent at the meeting.

10.2.8. When the form is filled in by a member of the Committee on each of the items put to the vote, only one of the possible vote variants ("for", "against", "abstained") shall be left uncrossed.

The filled-in form shall be signed by a member of the Committee, who shall also put his/her surname and initials.

The filled-in and signed form shall be presented by a member of the Committee to the Committee's Secretary no later than the next day after carrying out of the Committee's meeting in the original, by e-mail or facsimile message with the subsequent sending of the original of the form to the address, as set out in the form.

10.2.9. The form filled in breach of the requirements, as set out in the first paragraph of subclause 10.2.8. of this Regulation, shall not be considered when calculating the votes regarding the respective item.

The unsigned form and the form presented with the breach of the terms, as set out in subclause 10.2.8. of the Regulation, shall not be taken into consideration when calculating the votes and summing up the voting results.

10.2.10. The results of voting on the agenda items of the Committee's internal meeting shall be determined on the basis of the results of voting of the Committee's members present at the internal meeting, and the forms filled in and signed by the Committee's members and received by the Committee's Secretary in accordance with the established procedure. The results of voting shall be determined after expiry of the term of acceptance of the forms.

10.3. The resolution on carrying out of the Committee's meeting in the form of postal voting shall be taken by Chairman of the Committee.

10.3.1. The forms for voting on the meeting agenda items drawn up according to Enclosure #2 to the Regulation shall be sent to the Committee's members for carrying out of the Committee's postal voting meeting together with the materials (information) on the agenda items of the postal voting meeting.

10.3.2. When the form is filled in by a member of the Committee on each of the items put to the vote at the postal voting meeting, only one of the possible vote variants ("for", "against", "abstained") shall be left uncrossed.

The filled-in form shall be signed by a member of Committee and include his/her surname and initials.

The filled-in and signed form shall be presented by a member of the Committee to the Committee's Secretary no later than the date and time of the deadline for acceptance of the forms, as set out in the form, in the original or as a facsimile message with the subsequent sending of the original of the form to the address, as set out in the form.

10.3.3. The form filled in with the breach of the requirements, as set out in the first paragraph of subclause 10.3.2. of the Regulation, shall not be considered when calculating the votes as regards the respective item.

The unsigned form and the form presented with the breach of the terms, as set out in subclause 10.3.2. of the Regulation, shall be recognized invalid and shall not participate in definition of the quorum required for resolution-making by postal voting, shall not be considered when calculating the votes and summing up of the voting results.

10.3.4. The postal voting meeting of the Committee shall be considered competent (shall have the quorum) if at least a half of the elected members of the Committee have taken part in it.

10.3.5. Those members of the Committee shall be considered taken part in the postal voting meeting, whose forms have been received by the Committee's Secretary no later than the date and time of the deadline for acceptance of the forms.

10.4. The resolutions at the Committee's meetings shall be taken by the simple majority of votes of the elected members of the Committee.

10.5. Each member of the Committee shall have one vote when passing resolutions on the items. If the number of the votes is equal, the Committee Chairman's vote shall be casting.

The vote transfer by one member of the Committee to another member of the Committee or another person shall not be allowed.

10.6. The Committee's Secretary shall draw up the minutes of the meeting no later than 2 (two) business days after carrying out of the Committee's meeting.

10.7. The Minutes of the Committee's meeting shall be signed by the person presiding over the meeting and the Committee's Secretary. The Minutes is made in two original copies, one of which is sent by the Committee's Secretary to the Company's Board of Directors with attached materials and recommendations prepared for it within 1 (One) business day after signing, and the other remains in the Committee's archive. The copies of the Minutes, prepared materials and recommendations shall be sent to all of the Committee's members.

10.8. The presiding person and the Secretary of the Committee shall bear the responsibility for correctness of drawing up of the Minutes. The Committee's Secretary shall be responsible for storage of the minutes, forms, materials and recommendations of the Committee.

10.9. The Minutes of the Committee's meeting shall include:

form of carrying out of the meeting

date, place and time of carrying out of the meeting (date and time of the deadline for acceptance of the forms);

list of the Committee's members, who took part in consideration of the agenda items specifying the form of voting (internal voting or sending of the form), and the list of other persons who are present at the internal meeting;

agenda;

proposals of the Committee's members on the agenda items;  
items put to the vote, results of voting on them specifying the nature of voting of each member of the Committee;  
resolutions passed.

10.10. At the will of a member of the Committee, the summary of his/her opinion on the agenda items of the Committee's meeting may be applied to the Minutes of the Committee's meeting. Such opinion shall be prepared by a member of the Committee and provided to the Committee's Secretary.

## **11. COOPERATION WITH THE BODIES OF THE COMPANY AND OTHER PERSONS**

11.1. In discharge of its duties, the Committee shall support effective labor relations with governance and control bodies, structural divisions of the Company and other entities and persons.

11.2. Chairman and the Secretary of the Committee shall be obliged to provide the information, technical and coordinated cooperation of the Committee with the Board of Directors, executive bodies, control bodies and structural divisions of the Company, as well as with other Committees of the Company's Board of Directors.

11.3. The Company's General Director and Management Board, on demand signed by Chairman of the Committee, shall be obliged to provide the information and materials necessary for the Committee's members for resolution-making on the items of the Committee's competence.

The specified information and materials shall be presented no later than 3 (Three) business days from the date of acceptance of the demand, unless a greater term provided for in the demand.

If incomplete or unreliable information (materials) is presented, the Committee's members shall be entitled to request additional information (materials).

11.4. Chairman of the Committee shall submit prepared (worked out) recommendations (opinions) to the Company's Board of Directors together with simultaneous granting of the copies of the specified recommendations (opinions) to the Company's General Director.

## **12. CONFIDENTIALITY**

12.1. During discharge of the duties of the Committee's members, as well as within one year after the end of the term of appointment in the Committee, the persons, who are (were) the Committee's members, the Committee's Secretary and third parties involved by the Committee shall be obliged to observe requirements of confidentiality in respect of the information received by them in connection with their activity in the Committee, which is not public. The concept of the information, which is not public, as regards the activity of the Company and its contents is established by the resolution of the authorized management body of the Company.

12.2. The Committee's members, the Committee's Secretary and third parties involved by the Committee shall be entitled to receive the specified information provided that they enter into the agreement on use of the specified information (Enclosure #3 to the Regulation) with the Company.

12.3. All the documents related to the activity of the Committee shall be stored at the seat of the Company according to the order of storage of the documents, as set forth by the Company. The Committee's Secretary shall be responsible for storage of the mentioned documents.

## **13. SUPPORT OF THE COMMITTEE'S ACTIVITIES**

13.1. A separate cost item is provided to support the work of the Committee when generating the expense side of the Company's total budget. The expenses of the Committee, in particular, include remuneration and compensation paid to Chairman, members and Secretary of the Committee, expenses for involvement of external advisers, expenses for allowance of the administration personnel and other charges.

13.2. According to the resolution of Company's Board of Directors, the Committee's members and Secretary may receive remuneration and compensation of charges related to discharge by them of their duties. The amount of such remuneration and compensation of charges, procedure and terms of their payment shall be established by a separate resolution of the Company's Board of Directors.

13.3. The proposal on the amount of the budget of the Committee (specifying item-by-item information) shall be formed at the Committee's meeting and sent to the Company's Board of Directors.

The report of the Company's General Director on the opportunity to finance the presented budget in the planned volumes within the framework of realization by the Company of economic activities in the corresponding scheduled period shall be attached to the draft budget of the Committee.

13.4. In order to carry out the Committee's meetings, the Company's General Director, under the solicitation of Chairman of the Committee, shall be obliged to provide the Committee with a premise, to provide unimpeded access to it of the persons, the list of whom is determined in the specified solicitation, as well as to carry out other measures for carrying out of the Committee's meeting.

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

14.1. The Company's Board of Directors shall be entitled to demand from the Committee the report on the current activity of the Committee at any time. The time-limit for preparation and submission of such report shall be set forth by the resolution of the Board of Directors.

14.2. Chairman of the Committee shall be entitled to provide the Company's Board of Directors with separate reports on the items included into the competence of the Committee.

14.3. The information on separate resolutions of the Committee shall be published on the website of the Company in the Internet. The necessity to publish the information shall be determined by Chairman of the Company's Board of Directors.

14.4. The information on work of the Committee shall be subject to inclusion into the Annual Report of the Company.

14.5. The Regulation and all additions and changes hereto shall be approved by the Company's Board of Directors.

14.6. The questions which were not settled by the Regulation shall be settled by the Charter of the Company, Regulation for the Order of Convening and Carrying out of Company's Board of Directors Meeting and other internal documents of the Company, current laws and resolutions of the Company's Board of Directors.

14.7. If separate clauses of the Regulation conflict with the laws or normative acts of the Russian Federation as a result of change of the latters, these clauses shall become invalid, and the Committee's members shall be guided by laws and by-laws normative acts of the Russian Federation until the respective changes are made.

**COMMITTEE OF THE BOARD OF DIRECTORS OF  
IDGC of North-West, Joint Stock Company**

**FORM**

**for voting on the agenda items of the internal meeting held by  
the Audit Committee of IDGC of North-West's Board of Directors  
on " \_\_\_\_ " \_\_\_\_\_ 201\_\_ .**

Item:

1. \_\_\_\_\_

Resolution (passed at the meeting):

1. \_\_\_\_\_

**FOR**

**AGAINST**

**ABSTAINED**

*(leave your variant of answer uncrossed)*

Item:

2. \_\_\_\_\_

Resolution (passed at the meeting):

2. \_\_\_\_\_

**FOR**

**AGAINST**

**ABSTAINED**

*(leave your variant on answer uncrossed)*

The filled-in and signed form is sent by fax \_\_\_\_\_ or in the original not later than \_\_\_\_\_.

/date, time/

The form received by the Company upon expiration of the date and time for obtaining the form is recognized invalid, is not taken into consideration when counting the votes and summing up the voting results.

Please send the original of the form to the address: \_\_\_\_\_

Member of the Committee  
Of the Board of Directors of IDGC of North-West "

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

Chairman of the Committee  
Of the Board of Directors of IDGC of North-West "

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

the form is invalid without the signature of chairman and member of the Board of Directors'  
Committee

**COMMITTEE OF THE BOARD OF DIRECTORS OF  
IDGC of North-West, Joint Stock Company**

**FORM**  
for voting on the agenda items of the postal voting meeting held by  
the Audit Committee of IDGC of North-West's Board of Directors  
on " \_\_\_\_ " \_\_\_\_\_ 201\_\_ .

Item:

1. \_\_\_\_\_

Resolution (passed at the meeting):

1. \_\_\_\_\_

FOR

AGAINST

ABSTAINED

*(leave your variant of answer uncrossed)*

Item:

2. \_\_\_\_\_

Resolution (passed at the meeting):

2. \_\_\_\_\_

FOR

AGAINST

ABSTAINED

*(leave your variant on answer uncrossed)*

The filled-in and signed form is sent by fax \_\_\_\_\_ or in the original not later than \_\_\_\_\_.

/date, time/

The form received by the Company upon expiration of the date and time for obtaining the form is recognized invalid, does not serve for definition of the quorum and is not taken into consideration when summing up the voting results.

Please send the original of the form to the address: \_\_\_\_\_

Member of the Committee  
Of the Board of Directors of IDGC of North-West "

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

**the form is invalid without the signature of member of the Board of Directors' Committee**

**CONFIDENTIALITY AGREEMENT**

City of \_\_\_\_\_

" "

201\_ .

IDGC of North-West represented by its General Director \_\_\_\_\_ acting pursuant to the Charter and \_\_\_\_\_, hereinafter referred to as the "Contractor", together referred to as the "Parties", have entered into this agreement on the following:

**PREAMBLE**

For the purpose of provision of support to the Board of Directors of IDGC of North-West in discharge of its duties, the Audit Committee of the Board of Directors of IDGC of North-West is formed in the Board of Directors of IDGC of North-West, which shall exercise its rights as an advisory body, and act in conformity with the Regulation on the Audit Committee of the Board of Directors of IDGC of North-West.

In connection with exercising of its rights and discharge of its duties, the Contractor obtains access to the confidential information. Within the framework of this Agreement, the Parties shall bring into agreement the conditions in respect of the restriction of use and further disclosure of such information.

**CONFIDENTIALITY AND RESTRICTED USE**

1. For the purposes of this Agreement on Observance of Confidentiality, the concept "Confidential Information" as a whole and in particular means all or any information of any kind, in oral, written or electronic form, which is related to IDGC of North-West (which is hereinafter referred to as the "Informing Party") and concerns its economic and commercial activity, technologies, clients and/or suppliers, which has the actual or potential commercial value by virtue of the fact that it is unknown to third parties, and which is told by the Informing Party to the Contractor according to this Agreement, together with all archival records or copies of this information or extracts from such information, which are contained in any sort of medium.

The Contractor shall be obliged to store the Confidential Information with the same level of carefulness as it stores its own confidential information, which is its property, and such Confidential Information shall not be used or reproduced and shall not be referred to by the Contractor for any purposes. The Confidential Information shall not be disclosed by the Contractor to any third party, both individual and legal entity.

2. The Contractor shall not be entitled to provide the Confidential Information to other persons ("to give advice" or in another form), who use or are able to use it for the purposes which caused or may cause its disclosure or another wrongful use or use forbidden by the current laws and this Agreement, including use of such information for the purpose of personal enrichment or contribution to the enrichment of other persons irrespective of the fact, whether such person is affiliated with it or not.

In the event of such use of the Confidential Information for the above-named purposes, the Contractor shall be obliged to stop immediately realization of such actions, and IDGC of North-West may demand compensation of damage according to the current laws.

The Contractor shall be obliged to notify the Committee on all the transactions planned and/or completed by it with the securities of IDGC of North-West and of subsidiaries and dependent entities of IDGC of North-West.

3. The Contractor shall bear responsibility according to the current laws for the actions of its affiliated persons, including, but not limited to, spouse, parents, children, siblings, adoptive parents and the adopted, other person recognized affiliated by the current laws, in respect of the Confidential Information received from the Contractor, which caused or may cause its disclosure or other wrongful use, including use of such information for the purpose of personal enrichment or contribution to the enrichment of other persons, or which made IDGC of North-West incur losses.

4. This Agreement on Observance of Confidentiality shall not be considered as the document providing the Contractor with any license rights or any other rights in respect of the Confidential Information and its further use.

Unless otherwise agreed upon in a separate written agreement signed between the Parties, all pieces of Confidential Information shall remain the property of the Informing Party.

5. The obligations imposed by this Agreement on Observance of Confidentiality on the Parties of this Agreement shall not serve as an obstacle for the Informing Party as regards transfer of any Confidential Information to its financial, legal or other advisers and third parties which may from time to time act in the interests of the Informing Party and which shall know such Confidential Information and which sign the respective confidentiality agreement in writing before performance of such transfer of the information.

The Confidential Information received by the Contractor from the Informing Party may be provided to third parties, when the duty of its provision is established by the requirements of the Russian Federation laws or the opportunity of such disclosure is stipulated by this or another written agreement between the Parties.

Provision of the Confidential Information by the Contractor to the government bodies, other state bodies, institutions of local government may be performed only on the basis of a substantiated request signed by the authorized official, which shall incorporate the purposes and legal grounds of the request for the information. If such or any other demand for provision of the Confidential Information is received, the Contractor shall be obliged to notify the Informing Party on this immediately in writing.

### **RETURN OF THE CONFIDENTIAL INFORMATION**

6. According to the requirement of the Informing Party or upon the exclusive discretion of the Informing Party, all and any Confidential Information in any form which was received or acquired by the Contractor from the Informing Party or for the Informing Party shall be returned or, if it is not obviously possible, shall be destroyed within 14 (fourteen) days from the moment of obtaining of such demand, and any copies of such information or data related to such information, or the extracts thereof (in any form) shall not remain at the disposal of the Contractor, and after that the Contractor shall not use or reproduce such information entirely or partially for any purposes.

### **EFFECTIVE PERIOD AND TERMINATION OF THE AGREEMENT**

7. This Confidentiality Agreement shall become effective from the moment of its signing and shall be effective during 360 (three hundred and sixty) days from the moment of its conclusion. Despite the aforesaid, the effect of this Confidentiality

Agreement may be terminated by the Informing Party at any moment after a preliminary notice in writing sent to the address of the Contractor seven days prior to the moment of termination of the Agreement. Termination or expiration of the effective period of this Agreement on Observance of Confidentiality shall not release any of the Parties from performance of the obligations imposed on it by this Agreement on Observance of Confidentiality as regards the Confidential Information transferred or obtained before such termination or expiration of the effective period of this Agreement, and such obligations shall remain effective within 2 (two) years after such expiration of the effective period or termination of this Agreement.

#### **GOVERNING LAW**

8. This Confidentiality Agreement shall be governed by the Russian Federation laws.

Any claims and disagreements arising out of this Agreement or in connection with this Agreement, or in respect of this Agreement or the legal relations established by this Agreement, shall be transferred by the Parties to the respective court related to the seat of IDGC of North-West.

#### **MISCELLANEOUS**

9. As from the date of its signing, this Agreement on Observance of Confidentiality shall represent full agreement between the Parties in respect of the subject matter considered in it, and after performance of the obligations hereunder, it shall replace by itself and cancel any previous arrangements, documents, reports and agreements in oral form and in writing between the Parties, which are related to the subject matter of this Agreement.

Any changes and/or additions to this Agreement on Observance of Confidentiality shall be effective only provided that they are performed in writing and signed by both Parties.

This Agreement shall be made in two identical copies, one for each Party.

***The date of signing of the Agreement, details and signatures of the Parties***