

## ITEM № 8

# ON APPROVAL OF THE REGULATION ON THE MANAGEMENT BOARD OF IDGC OF CENTRE, PJSC IN A NEW EDITION



ITEM № 8 «ON APPROVAL OF THE REGULATION ON THE MANAGEMENT BOARD OF IDGC OF CENTRE, PJSC IN A NEW EDITION»

**Explanatory information on the item**

In accordance with Federal Law dated 26.12.1995 № 208-FZ "On Joint-Stock Companies", approval of internal documents governing the activities of the company's management bodies is within the competence of the General Meeting of Shareholders of the company.

The need to approve the new edition of the Regulation on the Management Board of the Company is due to:

- amending the Federal Law "On Joint Stock Companies";
- bringing it in line with the Company's Articles of Association;
- introduction of legal and technical amendments.

**MAIN CHANGES AND ADDITIONS refer to:**

- exclusion of the list of issues related to the competence of the Management Board of the Company, in order to avoid duplication of the competence in the Articles of Association and the Regulation;
- the procedure for providing minutes of meetings of the Management Board of the Company.

The new version of the Regulation on the Management Board of IDGC of Centre, PJSC is initiated by the Board of Directors of the Company in connection with the changes in the legislation that have come into force and bringing the Regulation into line with the Articles of Association and the requirements of the current legislation.

The draft of the new edition of the Regulation on the Management Board of IDGC of Centre, PJSC was preliminarily considered by the Strategy and Development Committee on 19.04.2019 (Minutes No. 07/19) and the Board of Directors on 26.04.2019 (Minutes No.16/19) and recommended for approval by the Annual General Meeting of Shareholders of the Company.

The current edition of the Regulation on the Management Board of IDGC of Centre, PJSC, the draft of the new edition of the Regulation on the Management Board of IDGC of Centre, PJSC, as well as the summary table of amendments to the Regulation on the Management Board of IDGC of Centre, PJSC, are attached.

ITEM № 8 «ON APPROVAL OF THE REGULATION ON THE MANAGEMENT BOARD OF IDGC OF CENTRE, PJSC IN A NEW EDITION»

**Draft resolution on item № 8**

To approve the Regulation on the Management Board of IDGC of Centre, PJSC in a new edition.



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**Draft of the Regulation on the Management Board of IDGC of Centre, PJSC in a new edition**

SEE APPENDIX 7



ITEM № 8 «ON APPROVAL OF THE REGULATION ON THE MANAGEMENT BOARD OF IDGC OF CENTRE, PJSC IN A NEW EDITION»

**The Regulation on the Management Board of IDGC of Centre, PJSC in the current edition**

SEE APPENDIX 8



ITEM № 8 «ON APPROVAL OF THE REGULATION ON THE MANAGEMENT BOARD OF IDGC OF CENTRE, PJSC IN A NEW EDITION»

Summary table of amendments to the Regulation on the Management Board of IDGC of Centre, PJSC

Item #	# of article (paragraph, subparagraph) of the current edition of the Regulation on the Management Board	Edition of proposed amendments and additions to the Regulation on the Management Board of the Company	Comments
<b>Article5 «Management Board's work organization»</b>			
1	<p>Clause 5.9. of the Regulation: 5.9. For the purpose of high-performance support of Board of Directors' activity and the reasonable and informed decisions' taking, Company's Management Board shall preliminary discuss, develop, and show the recommendations to the Board of Directors concerning the following questions forming up the competence of the Company's Board of Directors:</p> <p>1) determination of the top-priority goals of the Company's activity and strategy goals; 2) delivery of the following questions for the consideration to the General Meeting of Shareholders: - increase of the Company's authorized capital by means of stocks at par increase or by means of supplement shares distribution; - Company's decision taking to distribute the bonds, convertible into shares and other equity securities convertible into shares; - dividends' distribution (payment) subsequent to the results of the first quarter, half year, nine months of the fiscal year; 3) placement by the Company of additional shares into which preference shares of a certain type, placed by the Company, are converted, converted into ordinary shares or preferred shares of other types, if such placement is not related to the increase of the Company's authorized capital, and placement of bonds and other equity securities, with the exception of shares, issue of Eurobonds and determination of the Company's policy regarding the issue of equity securities (with the exception of shares) and Eurobonds; 4) approval of the decision to issue securities (additional issue), a securities prospectus, report on results of the issue (additional issue) of securities, notification of results of the issue (additional issue) of securities, approval of reports on results of acquisition of shares from shareholders of the Company, reports on results of redemption of shares, reports on results of the Company's shareholders' request to redeem their shares; 5) determination of the price (monetary value) of the property, the placement price or the procedure for determining it and the price of redemption of equity securities in cases stipulated by the Federal Law "On Joint Stock Companies", as well as the Company's Articles of Associations;</p>	<p>It is proposed to read in the following edition:</p> <p>5.9. For the purpose of high-performance support of Board of Directors' activity and the reasonable and informed decisions' taking, Company's Management Board shall preliminary discuss, develop, and show the recommendations to the Board of Directors concerning the questions forming up the competence of the Company's Board of Directors.</p>	<p>Clauses are excluded to eliminate duplication of the competence of the Management Board in the Articles of Association and in the Regulation on the Management Board</p>

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	<p>6) acquisition of the Company's outstanding stocks, bonds and other securities in cases stipulated by the Federal law "On Joint Stock Companies" or other federal laws;</p> <p>7) transfer (realization) of the Company's shares, being at the Company's disposal as a result of their acquisition from Company's shareholders and also in other cases stipulated by the Federal law on "Joint Stock Companies";</p> <p>8) shares dividend amount recommendation and the order of its payment;</p> <p>9) approval of the Company' internal documents, determining the order of forming and use of the Company's assets;</p> <p>10) decision taking on the Company's assets use; financial estimates approval concerning the use of special-purpose fund means and financial estimates results consideration concerning special-purpose funds;</p> <p>11) target value (adjusted value) establishment of key performance indicators (KPI) of the Company and reports on their performance;</p> <p>12) creation of branches and opening of the company's offices and their liquidation;</p> <p>13) preliminary approval of decisions on making by the Company of transactions connected with gratuitous transfer of the Company's property or property rights (demands) to itself or third person; transactions connected with the release from material responsibility to itself or third person; transactions connected with free-of-charge services rendering (works implementation) by the Company to third persons in cases (amounts), determined by the certain decisions of the Board of Directors, and the Company's decision making concerning those transactions close in cases when the abovementioned cases (amounts) are not determined;</p> <p>14) determination of the Company's credit policy with regard to the Company's loans issue, credit and loan agreement signing, bail making, incurrence of bill of exchange liabilities (distribution of promissory bill and bill of exchange), transfer of property in gage and decision taking on the Company's close of the above mentioned transactions in cases when the order of decision making is not determined by the Company's credit policy, as well as taking decisions in accordance with the procedure provided for by the Company's credit policy to bring the Company's debt position in line with limits set by the Company's credit policy;</p> <p>15) preliminary approval of transactions that can lead to liabilities presented in foreign currency (or liabilities which amount is attributed to foreign currency), transactions with derivative financial instruments, in cases and amounts determined by certain decisions of the Company's Board of Directors and also if the abovementioned cases (amounts) are not determined by the Company's Board of Directors; determination of the Company's policy with respect to transactions with derivative financial instruments;</p>		

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	<p>16) decision taking concerning the Company's participation in other companies (on entry or creation of a new company including the coordination of the foundation documents) and also on acquisition, transfer of shares, encumbrance of shares and stakes in the authorized capitals of the organizations the Company takes part in, the change of the amount of participation in the authorized capital of the corresponding organization and termination of the Company's participation in other organizations, except for decisions on participation, taken by the General Meeting of Shareholders of the Company;</p> <p>17) the Company's position determination (Company's representatives), including the right to participate or not to participate in voting concerning the agenda, to vote "for", "against", "abstained" on the following agenda's issues of general meetings of shareholders (participants) of subsidiary and dependent companies (hereinafter referred to as SDC) and meetings of the Board of Directors of SDC:</p> <p>a) on determination of the agenda issues for the general meeting of shareholders (participants) of SDC (with the exception of those SDCs, 100 (one hundred) percent of the authorized capital of which belongs to the Company);</p> <p>b) on the reorganization, liquidation of the SDC;</p> <p>c) on determination of the quantitative composition of control and management bodies of SDC, nomination, election of their members and early termination of their powers, nomination, election of the sole executive body of SDC and early termination of his powers;</p> <p>d) on determination of the amount, par value, category (type) of the declared shares of SDC and rights determined by these shares;</p> <p>e) on the SDC securities offering convertible into ordinary shares;</p> <p>f) on share split and share consolidation of SDC;</p> <p>g) on consent to making or subsequent approval of major transactions, made by SDC;</p> <p>h) on SDC participation in other organizations (entry into the acting organization or creation of a new one) and also on the acquisition, transfer and encumbrance of shares and stakes in the authorized capital of the companies where SDC participates, change in interest in the authorized capital of the corresponding organization;</p> <p>i) on SDC transaction making (including several interconnected transactions) dealing with acquisition, transfer or the possibility of transfer of property being a part of fixed assets, intangible assets, construction in progress which are used for generation, transmission, dispatching, distribution of thermal and electric power in cases (amounts) stipulated by the order of the Company's interaction with other organizations the Company participates in, approved by the Company's Board of Directors;</p> <p>j) amendments introduction into the SDC Articles of Association;</p> <p>k) on the determination of the order of remuneration payouts to the members of the Board of Directors and SDC Audit Commission;</p>		

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	<p>18) determination of the Company's position (Company's representatives) concerning the following agenda issues of SDC Board of Directors meetings (including the order to take or not to take the participation in voting concerning the agenda issues, to vote "for", "against" or "abstained" from voting):</p> <p>a) on determination of the SDC's representatives' position concerning the agenda issues of the general meetings of shareholders (participants) and meetings of the board of directors of companies being subsidiary and dependent in relation to SDC, concerning transactions making (approval) including (several interdependent transactions) connected with acquisition, transfer or the possibility of transfer of property that is a part of fixed assets, intangible assets, construction in progress which are used for generation, transmission, dispatching, distribution of thermal and electric power in cases (amounts) stipulated by the order of the Company's interaction with other organizations the Company participates in, approved by the Company's Board of Directors;</p> <p>b) on determination of SDC position concerning the Agenda issues of the General meetings of shareholders (participants) and the meetings of the Board of Directors of the companies being subsidiary and dependent in relation to SDC providing manufacture, transfer, dispatching, distribution of thermal and electric power, on reorganization, liquidation, authorized capital increase of those Companies by means of shares par value increase or by means of supplement shares and securities distribution, convertible into ordinary shares;</p> <p>19) approval of an appraiser (s) for determining the value of the Company's shares, property and other assets in cases provided for by the Federal Law "On Joint-Stock Companies", the Company's Articles of Association, as well as by individual decisions of the Board of Directors of the Company;</p> <p>20) preliminary approval of the collective agreement and agreements signed by the Company within the framework of social and labour relations regulation, as well as approval of documents on non-state pension provision for employees of the Company.</p>		
2	<p>Clause 5.10 of the Regulation:                      5.10. Issues of the Board of Directors Competence mentioned in paragraph 5.9 of this article shall be subjected to preliminary consideration of the Management Board: - concerning cases if they are included into the Company's Board of Directors Work Plan; - on the initiative of the General Director with the aim of the further Board of Directors meeting convening to settle those issues; - in case the Company's Corporate Secretary introduced to the Management Board the notification and materials to the regular meeting of the Company's Board of Directors.</p>	<p>It is proposed to exclude paragraph 5.10.                      The numbering of paragraphs 5.11 - 5.16 is changed to 5.10 - 5.15, respectively</p>	<p>Changes are made due to adjustment of paragraph 5.9 of the Regulation.</p>

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3	Subclause 3 of clause 5.10: 5.10. ... In cases where the Company's Board of Directors Competence issues mentioned in item 5.9 of this article are subjected to the preliminary consideration by the Committee of the Company's Board of Directors, decisions (recommendations) of the Board concerning those questions shall be addressed to the corresponding Committee of the Company within 3 (Three) working days since the date of the Management Board's meeting, where the corresponding question is to be considered, but within 4 (Four) working days prior to the date of Committee's meeting holding.	It is proposed to read in the following edition:  In cases where the Company's Board of Directors Competence issues are subjected to the preliminary consideration by the Committee of the Company's Board of Directors, decisions (recommendations) of the Board concerning those questions shall be addressed to the corresponding Committee of the Company within 3 (Three) working days since the date of the Management Board's meeting, where the corresponding question is to be considered, but within 4 (Four) working days prior to the date of Committee's meeting holding.	Changes made due to adjustment of paragraph 5.9 of the Regulation.
4	Subclause 4 of clause 5.10 5.10. ... The Chairman of the Company's Board shall take all the measures providing timely Management Board's meetings holding to take the decisions (work out the recommendations) in accordance with item 5.9 of this article and their timely introduction to the Board of Directors, and also in case stipulated by article 5.11 of the Regulation, to Committees of the Board of Directors.	It is proposed to read in the following edition:  The Chairman of the Company's Management Board shall take all the measures providing timely Management Board's meetings holding to take the decisions (work out the recommendations) on questions previously considered by the Management Board of the Company, and their timely submission to the Board of Directors of the Company, as well as, in the case provided for by clause three of paragraph 5.10 of the Regulation, to Committees of the Board of Directors.	Changes were made in connection with the adjustment of paragraph 5.9 of the Regulation, as well as in connection with the exclusion of paragraph 5.10
<b>Article8 «Minutes of the Management Board meeting»</b>			
5	Clause 8.3. of the Regulation:  8.3. The Company shall keep the Management Board Meeting minutes at the place of the Company's executive body location. The Chairman of the Management Board shall be responsible for the safe-keeping of Minutes of the Management Board Meeting.  Minutes of the Management Board meeting shall be available for every Board of Directors' member; Audit Commission's member (auditor), the Company's Auditor, the Company's General Director, as well as to a shareholder (shareholders) of the Company in accordance with the requirements of the Federal Law "On Joint Stock Companies".	It is proposed to read in the following edition:  8.3. The Company shall keep the Management Board Meeting minutes at the place of the Company's executive body location. The Chairman of the Management Board shall be responsible for the safe-keeping of Minutes of the Management Board Meeting.  Minutes of the Management Board meeting are provided to members of the Board of Directors of the Company, the Audit Commission of the Company, the head of the Internal Audit of the Company (the head of the structural division of the Company responsible for organizing and carrying out the Internal Audit, and in the case of engaging for the implementation of the Internal Audit of an external independent organization - the head of the said organization), the auditor of the Company upon their request as well as to the shareholder (s) of the Company in accordance with the requirements of the Federal Law "On Joint-Stock Companies".	Changes are made to bring it in accordance with clause 2 of paragraph 2 of article 70 of the Federal Law "On Joint-Stock Companies", according to which: <i>«At the meeting of the collegial executive body of the company (management board, directorate) minutes are kept. Minutes of the meeting of the collegial executive body of the company (management board, directorate) are provided to members of the board of directors (supervisory board) of the company, the audit commission of the company, the official responsible for organizing and conducting internal audit (head of the structural division responsible for organizing and conducting internal audit), the auditor of the company at their request».</i>