

ITEM № 7

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



ITEM № 7 «ON APPROVAL OF THE REGULATION ON THE BOARD OF DIRECTORS 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 Board of Directors of the Company is due to:

- amending the Federal Law "On Joint Stock Companies";
- making changes recommended by the Bank of Russia;
- matching the current corporate governance practice in the Company.

MAIN CHANGES AND ADDITIONS refer to:

1. Adjustment to the recommendations of the Corporate Governance Code of the Bank of Russia:

- the list of issues addressed at meetings of the Board of Directors in person was determined.

2. Bringing in line with the current Federal Law "On Joint Stock Companies" in the part of:

- the list of persons entitled to request the convocation of a meeting of the Board of Directors of the Company.

3. Improving corporate governance practices in the part of:

- requirements for the content of the work plan of the Board of Directors of the Company;
- sending by the Board of Directors alternative formulations for voting on issues on the agenda and the procedure for voting on them.

The new version of the Regulation on the Company's Board of Directors 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 Board of Directors of the Company 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 Board of Directors of the Company, the draft of the new edition of the Regulation on the Board of Directors of the Company, as well as the summary table of amendments to the Regulation on the Board of Directors of the Company, are attached.

ITEM № 7 «ON APPROVAL OF THE REGULATION ON THE BOARD OF DIRECTORS OF IDGC OF CENTRE, PJSC IN A NEW EDITION»

Draft resolution on item № 7

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



ITEM № 7 «ON APPROVAL OF THE REGULATION ON THE BOARD OF DIRECTORS OF IDGC OF CENTRE, PJSC IN A NEW EDITION»

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

SEE APPENDIX 5



ITEM № 7 «ON APPROVAL OF THE REGULATION ON THE BOARD OF DIRECTORS OF IDGC OF CENTRE, PJSC IN A NEW EDITION»

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

SEE APPENDIX 6



ITEM № 7 «ON APPROVAL OF THE REGULATION ON THE BOARD OF DIRECTORS OF IDGC OF CENTRE, PJSC IN A NEW EDITION»

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

Item #	# of article (paragraph, subparagraph) of the current edition of the Regulation on the Board of Directors	Edition of proposed amendments and additions to the Regulation on the Board of Directors of the Company	Comments
Article 2 «Chairperson and Deputy Chairperson of the Company's Board of Directors»			
1	Subclause 3) of clause 2.4 of the Regulation: Chairperson of the Board of Directors: ... 3) determines a form of holding meetings of the Board of Directors taking into account the importance of issues on the agenda and the recommendations provided for in paragraph 168 of the Corporate Governance Code recommended by the Bank of Russia for use by joint stock companies whose shares are admitted to on-exchange trading;	It is proposed to add words: 3) determines a form of holding meetings of the Board of Directors taking into account the importance of issues on the agenda and the recommendations provided for in paragraph 168 of the Corporate Governance Code recommended by the Bank of Russia for use by joint stock companies whose shares are admitted to on-exchange trading, as well as paragraph 6.12 of this Regulation;	Additions are made in view of supplementing the Regulation with clause 6.12 (in the table below)
Article 5 «Organization of the Board of Directors' Operation»			
2	Clause 5.3.2. of the Regulation: 5.3.2. Plan of the Board of Directors operation must include: 1) items or consideration at the Company's Board of Directors meetings in the current year (quarterly); 2) timetable of the Board of Directors meetings holding; 3) list of individuals (management bodies of the Company) responsible for preparation of the items for consideration at the Board of Directors meeting (members of the Board of Directors, General Director of the Company, other individuals).	Предлагается дополнить подпунктом 4) в следующей редакции: 5.3.2. План работы Совета директоров должен включать: 1) items or consideration at the Company's Board of Directors meetings in the current year (quarterly); 2) timetable of the Board of Directors meetings holding; 3) list of individuals (management bodies of the Company) responsible for preparation of the items for consideration at the Board of Directors meeting (members of the Board of Directors, General Director of the Company, other individuals); 4) the form of the meeting (absentee voting, a meeting in the form of joint attendance - in person).	Changes are made in order to bring the Regulation into conformity with the established corporate governance practice in the Company.
Article 6 «Convening a meeting of the Board of Directors»			
3	Clause 6.2. of the Regulation: 6.2. The following meetings of the Board of Directors are convened by the Board of Directors' Chairperson (except the case stated in 2.5. of this Regulation): – according to the schedule of carrying out the Board of Directors meetings, approved by the Plan of Board of Directors operation; – on an initiative of the Board of Directors Chairperson; – on written demand of a member of the Board of Directors, Company's Audit Commission, Company's General Director, a member of the Management Board, Company's Auditor.	The following meetings of the Board of Directors are convened by the Board of Directors' Chairperson (except the case stated in 2.5. of this Regulation): – according to the schedule of carrying out the Board of Directors meetings, approved by the Plan of Board of Directors operation; – on an initiative of the Board of Directors Chairperson; – on written demand of a member of the Board of Directors, Company's Audit Commission, Head of the Internal Audit of the Company (the head of the Company's structural unit responsible for organizing and implementing 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) , Company's General Director, a member of the Management Board, Company's Auditor.	Changes are necessary to bring in line with clause 1 of Article 68 of the Federal Law «On Joint Stock Companies»: <i>«The meeting of the board of directors (supervisory board) of the company is convened by the chairman of the board of directors (supervisory board) of the company on his own initiative, at the request of a member of the board of directors (supervisory board), the audit commission of the company, an official responsible for organizing and conducting internal audit (the head of a structural division responsible for the organization and implementation of internal audit), or the company's auditor, the executive body of the company, as well as other persons determined by the company's charter».</i>

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4	Clauses are not in the current edition of the Regulation.	<p>It is proposed to supplement Article 6 with paragraph 6.12 as follows:</p> <p>6.12. The form of the meeting of the Board of Directors is determined by the Chairman of the Board of Directors of the Company, taking into account the importance of issues on the agenda. The most important issues should be resolved at meetings held in person. These questions may include the following:</p> <p>6.12.1. determination of priority areas of the Company's activities, including approval of the Company's development strategy, the Company's innovative development program and reports on their implementation;</p> <p>6.12.2. approval of the business plan (adjusted business plan), and consideration of the quarterly report on the execution of the business plan (for the first quarter, first half, nine months, reporting year);</p> <p>6.12.3. approval of the investment program, including changes to it, and review of the quarterly report on the results of its implementation (for the first quarter, first half, nine months, reporting year);</p> <p>6.12.4. convocation of the annual and extraordinary General Meetings of Shareholders of the Company, consideration of requirements for convening an Extraordinary General Meeting of Shareholders of the Company, as well as making other decisions necessary for convening and holding General Meetings of Shareholders of the Company;</p> <p>6.12.5. preliminary approval of the Company's annual report;</p> <p>6.12.6. election of the Chairman of the Board of Directors of the Company and early termination of his powers;</p> <p>6.12.7. election of General Director of the Company and early termination of his powers, including the adoption of a decision on early termination of the employment contract with him;</p> <p>6.12.8. determination of the number of members of the Company's Management Board, election of members of the Company's Management Board, determination of remunerations and compensations paid to them, early termination of their powers;</p> <p>6.12.9. adoption of a decision to suspend the powers of the managing organization (manager);</p> <p>6.12.10. adoption of a decision to appoint Acting General Director of the Company in cases determined by individual decisions of the Board of Directors of the Company, as well as bringing him to disciplinary responsibility;</p>	<p>Additions are made in order to match the principles and recommendations of the Corporate Governance Code of the Bank of Russia:</p> <p>168. It is recommended that the form of the meeting of the board of directors be determined taking into account the importance of the issues on the agenda. The most important issues should be resolved at meetings held in person. These issues include, in particular:</p> <ol style="list-style-type: none"> 1) approval of priority activities and financial and economic plan of the company; 2) the convocation of the annual general meeting of shareholders and the adoption of decisions necessary for its convocation and holding, the convocation or refusal to convene an extraordinary general meeting of shareholders; 3) preliminary approval of the company's annual report; 4) election and re-election of the chairman of the board of directors; 5) the formation of the executive bodies of the company and the early termination of their powers, if the company's charter refers to the competence of the board of directors; 6) the suspension of the powers of the sole executive body of the company and the appointment of a temporary sole executive body, if the company's charter does not refer the formation of the executive bodies to the board of directors; 7) submission for consideration of the general meeting of shareholders of issues of reorganization (including the determination of the ratio of conversion of shares of the company) or liquidation of the company; 8) approval of material transactions of the company <*>; <p>-----</p> <p><*> Material transactions of a company are understood as major transactions of a company, related party transactions that are significant for the company (materiality is determined by the company), as well as other transactions that the company recognizes as essential for itself.</p> <ol style="list-style-type: none"> 9) approval of the registrar of the company and the terms of the contract with it, as well as termination of the contract with the registrar; 10) submission for consideration to the general meeting of shareholders of the issue of the transfer of powers of the sole executive body of the company to the managing organization or manager; 11) consideration of material aspects of activities of legal entities controlled by the company <***>; <p>-----</p>

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		<p>6.12.11. submitting for the decision of the General Meeting of Shareholders of the Company issues of the reorganization of the Company or the transfer of powers of the sole executive body of the Company to the managing organization (manager);</p> <p>6.12.12. making decisions on consent to the commission or the subsequent approval of major transactions in cases provided for by chapter X of the Federal Law “On Joint Stock Companies”;</p> <p>6.12.13. making decisions on consent to the commission or the subsequent approval of transactions provided for by Chapter XI of the Federal Law “On Joint Stock Companies”;</p> <p>6.12.14. approval of the company’s registrar, the terms of the contract with it, as well as the termination of the contract with it;</p> <p>6.12.15. determination of the position of the Company (representatives of the Company), including the order to take or not to take part in voting on agenda items, vote on draft decisions “for”, “against” or “abstain”, on the following issues on agendas of general meetings of shareholders (participants) of subsidiary and dependent business companies (hereinafter - the SDCs), and meetings of the boards of directors of the SDCs:</p> <ul style="list-style-type: none"> - on reorganization, liquidation of the SDCs; - on consent to the commission or the subsequent approval of major transactions made by the SDCs; <p>6.12.16. adoption of recommendations in relation to the voluntary or mandatory offer received by the Company;</p> <p>6.12.17. making an application with listing of the Company’s shares and (or) the Company’s equity securities convertible into the Company’s shares;</p> <p>6.12.18. consideration of results of evaluating the performance of the Board of Directors of the Company;</p> <p>6.12.19. approval of the methodology for calculating and evaluating the implementation of key performance indicators (KPI) of General Director of the Company, their target values (adjusted values) and reports on their implementation;</p> <p>6.12.20. approval of the Company’s risk management policy;</p> <p>6.12.21. approval of the dividend policy of the Company.</p>	<p><*> Under material aspects of activities of legal entities controlled by the company are transactions of legal entities controlled by the company, as well as other aspects of their activities that, in the company’s opinion, have a significant impact on the financial position, financial performance and changes in the financial position of the group of organizations comprising legal entities controlled by it.</p> <p>12) issues related to the entry into the company of a mandatory or voluntary offer;</p> <p>13) issues related to the increase in the authorized capital of the company (including the determination of the price of property contributed as payment for additional shares placed by the company);</p> <p>14) consideration of financial activities of the company for the reporting period (quarter, year);</p> <p>15) issues related to listing and delisting of the company’s shares;</p> <p>16) consideration of the results of evaluating the performance of the board of directors, executive bodies of the company and key executives;</p> <p>17) making decisions on the remuneration of members of the executive bodies of the company and other key managers;</p> <p>18) consideration of a risk management policy;</p> <p>19) approval of the dividend policy of the company.</p>

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Article 9 «Rules for Passing Resolutions by the Absentee Ballot»			
5	Clauses are not in the current edition of the Regulation.	<p>It is proposed to supplement Article 9 with paragraphs 9.10 and 9.11 as follows:</p> <p>9.10. Any member of the Board of Directors has the right to propose alternative formulations of draft decisions on agenda items by sending them to the Corporate Secretary in writing, by facsimile, or by email with a cover letter no later than two calendar days before the date of the meeting of the Board of Directors of the Company, and in case of consideration in the shortened time - no later than one day before the date of the meeting of the Board of Directors of the Company.</p> <p>9.11. The wording of the draft decisions proposed by the member of the Board of Directors shall be included in the relevant agenda items of the questionnaires sent to the members of the Board of Directors indicating the need to vote on both draft decisions. If there are alternative formulations of draft decisions, the decision is considered adopted with the wording for which more "FOR" votes are given.</p>	Changes are made to bring the Regulation in line with the current corporate governance practice in the Company.