

APPROVED  
by the decision of the Extraordinary General Meeting  
of Shareholders of JSC IDGC Holding  
\_\_\_\_\_ (Minutes No. \_)

REGULATIONS  
FOR THE MANAGEMENT BOARD  
OF JSC IDGC HOLDING

**Moscow**  
**2008**

## **1. GENERAL**

1.1. These Regulations are an internal document of JSC IDGC Holding (hereinafter, the “Company”) and define the procedure for forming the Management Board of the Company, the time and procedure for convening and holding meetings of the Management Board, and the procedure for adopting its decisions and supervising their implementation.

1.2. These Regulations are formulated in accordance with the Federal Law “On Joint-Stock Companies,” other legal regulations of the Russian Federation, and the Articles of Association of the Company.

1.3. The Management Board of the Company is a collegial executive body of JSC IDGC Holding, acts to the benefit of the Company’s shareholders, follows decisions of the General Meeting of Shareholder and the Board of Directors of the Company, and acts in accordance with the laws of the Russian Federation, the Articles of Association of the Company, other internal documents of the Company, and these Regulations.

## **2. PROCEDURE FOR FORMING THE MANAGEMENT BOARD**

2.1. The number of the members of the Management Board shall be determined by the Company’s Board of Directors at the suggestion of the Company’s Director General.

2.2. The Director General of the Company shall submit any nomination for a member of the Management Board for review by the Board of Directors, except for his/her own nomination.

2.3. The members of the Management Board, including the Director General, are elected and their powers are terminated earlier by the Board of Directors of the Company.

2.4. The Chairman of the Board of Directors of the Company or the person authorized by the Board of Directors of the Company shall define the terms and conditions of employment contracts, including the term of office, exercise the employer’s rights and perform the employer’s obligations on behalf of the Company with respect to the Director General of the Company and the members of the Management Board of the Company.

2.5. The Board of Directors may at any time terminate the powers of any member of the Management Board and terminate the employment contract with such member.

If any member of the Management Board also holds another position on the staff of the Company, then the termination of his/her powers as a member of the Management Board shall not entail dismissing him/her from his/her position on the staff.

2.6. If the number of the members of the Management Board becomes smaller than the quorum that these Regulations prescribe for the meeting, the Director General shall submit for review by the Board of Directors new nominations for the members of the Management Board to replace the exiting members or shall put forward a motion to reduce the number of the members of the Management Board to the number necessary for the meeting to have a quorum.

2.7. Any member of the Management Board may withdraw from the Management Board by applying for the early termination of his/her powers to the Director General of the Company.

2.8. The Director General of the Company and the members of the Management Board of the Company shall be on the staff of the Company’s executive arm.

## **3. RIGHTS, OBLIGATIONS, AND LIABILITY OF THE MEMBERS OF THE MANAGEMENT BOARD**

### **3.1. MEMBERS OF THE MANAGEMENT BOARD**

3.1.1. The rights and obligations of the members of the Management Board shall be defined by the laws of the Russian Federation, the Articles of Association of the Company, the employment contract between each member and the Company, and these Regulations.

3.1.2. The members of the Management Board shall have the following rights:

3.1.2.1. On the strength of membership in the Management Board of the Company, resolve issues in relation to managing the Company's day-to-day activities;

3.1.2.2. Obtain the necessary information about the Company's activities, acquaint themselves with constitutive documents, bylaws, accounts, reports, orders, and other documents of the Company;

3.1.2.3. Submit letters of information, make statements, put forward proposals regarding items on the agenda of any meeting of the Management Board;

3.1.2.4. Put forward written proposals with respect to formulating the Action Plan for the Management Board and the agenda of a meeting of the Management Board;

3.1.2.5. Make a written request to convene a meeting of the Management Board of the Company;

3.1.2.6. Express disagreement in writing over decisions of the Management Board and make such disagreement known to the Director General of the Company and the Board of Directors of the Company;

3.1.2.7. Exercise other rights provided for in the laws of the Russian Federation, the Articles of Association of the Company, the employment contract between each member and the Company, and these Regulations.

3.1.3. The members of the Management Board shall have the following obligations:

3.1.3.1. Participate in meetings of the Management Board of the Company;

3.1.3.2. Implement decisions and carry out instructions of the General Meeting of Shareholders, the Board of Directors, and the Management Board of the Company, comply with the requirements set forth in the Articles of Association and internal documents of the Company;

3.1.3.3. Act to the benefit of the Company and perform their obligations to the Company in good faith and reasonably;

3.1.3.4. Provide the Company with written information about their ownership of the Company's securities and disclose information about their transactions related to such securities;

3.1.3.5. Every quarter, not later than 15 days after the beginning of the quarter, make available to the Board of Directors of the Company, the Internal Audit Commission of the Company, and the Auditor of the Company the following information in writing:

- about the corporate entities in which the member of the Management Board holds, whether independently or jointly with his/her affiliate(s), 20 or more percent of voting shares (interests, stakes);

- about the corporate entities in whose management bodies the member of the Management Board holds office;

- about the existing or contemplated transactions known to the member of the Management Board, which transactions may be deemed to be his/her related party transactions;

3.1.3.6. Keep confidential the Company's proprietary and privileged information;

3.1.3.7. Monitor the preparation and timely submission of materials for meetings of the Management Board as related to the issues supervised by the member.

3.1.4. The members of the Management Board may not simultaneously hold office in other organizations' management bodies without the consent of the Company's Board of Directors.

3.1.5. The members of the Management Board shall be liable to the Company for losses incurred by the Company due to their faulty acts (omissions) in accordance with the applicable laws.

However, the members of the Management Board who vote against any decision resulting in losses incurred by the Company or do not participate in voting shall not be held liable.

3.1.6. The position of the Management Board at meetings of the Board of Directors and at the General Meetings of Shareholders of the Company shall be communicated by the Director General or any other person appointed by the Director General of the Company.

## **3.2. DIRECTOR GENERAL**

- 3.2.1. The Director General of the Company shall organize the work of the Management Board.
- 3.2.2. The Director General of the Company shall:
- 3.2.2.1. Perform the functions of the Chairman of the Management Board of the Company;
- 3.2.2.2. Submit for review by the Board of Directors of the Company nominations for the members of the Management Board;
- 3.2.2.3. Approve the plans of meetings of the Management Board;
- 3.2.2.4. Convene meetings of the Management Board:
- set the date, place, and time of meetings of the Management Board;
  - approve the agendas of meetings;
  - determine who reports and co-reports on each issue;
  - make the list of persons invited to attend meetings of the Management Board;
  - define the form and text of a ballot (in the case of voting in absentia).
- 3.2.2.5. Preside at meetings of the Management Board;
- 3.2.2.6. Sign the minutes of meetings of the Management Board;
- 3.2.2.7. Ensure compliance with the requirements set forth in the laws of the Russian Federation, the Articles of Association of the Company, and these Regulations;
- 3.2.2.8. Communicate the position of the Management Board at meetings of the Board of Director and the General Meetings of Shareholders of the Company;
- 3.2.2.9. Do other acts provided for in these Regulations.
- 3.2.3. If the Director General of the Company is temporarily absent, his/her functions in relation to organizing the activities of the Management Board shall be performed by a member of the Management Board as instructed by the Director General.

#### **4. EXECUTIVE SECRETARY OF THE MANAGEMENT BOARD**

- 4.1. The Executive Secretary of the Management Board shall perform the functions in relation to providing organizational and information support for the work of the Management Board of the Company.
- 4.2. The Executive Secretary of the Management Board shall be appointed and dismissed by the Director General of the Company.
- 4.3. The Executive Secretary of the Management Board shall:
- 4.3.1. At the suggestion of members of the Management Board, develop drafts of the Action Plans for the Management Board;
- 4.3.2. Formulate the agendas of meetings of the Management Board to be approved by the Director General of the Company;
- 4.3.3. Ensure that materials are formulated and prepared for review by meetings of the Management Board;
- 4.3.4. As and when necessary, submit proposals to clarify the Action Plan for the Management Board;
- 4.3.5. Notify the members of the Management Board of each meeting of the Management Board;
- 4.3.6. Provide organizational and information support for meetings of the Management Board;
- 4.3.7. Define the format of materials in hard copy and electronic form to be submitted for review by meetings of the Management Board;
- 4.3.8. Keep administrative records of the Management Board;
- 4.3.9. Monitor the implementation of decisions adopted by the Management Board;
- 4.3.10. Take the minutes of meetings of the Management Board;
- 4.3.11. Inform members of the Management Board of the decisions adopted by the Management Board;

4.3.12. Inform the heads of the Company's divisions of the decisions adopted by the Management Board by sending signed extracts from the minutes of meetings of the Management Board;

4.3.13. Prepare information for the Director General of the Company about any failure by responsible persons to meet the deadline for submitting proposals for the Action Plan for the Management Board and materials for meetings of the Management Board and information about the implementation of the decisions adopted by the Management Board;

4.3.14. Do other acts provided for in these Regulations.

4.4. The Executive Secretary of the Management Board shall have the following rights:

4.4.1. Include in the draft of the agenda of any meeting of the Management Board the issues defined by the approved plan and proposed by the Director General and members of the Management Board of the Company;

4.4.2. Request that the persons responsible for preparing materials for meetings of the Management Board provide all necessary materials within the prescribed period;

4.4.3. Return for revision by the originator the drafts of decisions and materials for meetings of the Management Board that have been prepared in conflict with the procedure set forth in these Regulations;

4.4.4. Request that the responsible persons provide information about the implementation of the decisions adopted by the Management Board.

4.5. The Executive Secretary of the Management Board shall be responsible for the accuracy of any minutes of meetings of the Management Board, any extracts from minutes of meetings of the Management Board and for the performance of other duties provided for in these Regulations.

## **5. ORGANIZATION OF THE WORK OF THE MANAGEMENT BOARD**

5.1. Meetings of the Management Board shall be held in accordance with the Action Plan and as and when necessary, but at least once a month.

5.2. The Action Plan for the Management Board shall take account of decisions of the General Meeting of Shareholders, the Board of Directors, the Internal Audit Commission, and the Auditor and proposals of the Director General and members of the Management Board of the Company.

5.3. The Action Plan for the Management Board shall include:

- dates of meetings of the Management Board;
- issues for review by in-person meetings of the Management Board;
- a list of persons responsible for preparing issues for review by meetings of the Management Board;
- deadlines for submitting materials for review by meetings of the Management Board;
- issues to be considered through absentee voting (by ballot).

5.4. The Action Plan shall be approved by the Director General of the Company on a quarterly basis.

5.5. The Action Plans for the Management Board shall be prepared as follows:

5.5.1. Members of the Management Board shall, one month before the planned time, provide the Executive Secretary of the Management Board with their proposals regarding issues to be included in the Action Plan for the Management Board;

5.5.2. The formulated Action Plan shall, two weeks before the planned time, be submitted for approval by the Director General of the Company;

5.5.3. The approved Action Plan for the Management Board shall be distributed to the members of the Management Board and the heads of divisions of the Company's executive arm.

5.6. The Action Plans for the Management Board and related implementation reports shall be submitted for review by the Board of Directors of the Company.

5.7. The agenda of any meeting of the Management Board shall be formulated by the Executive Secretary of the Management Board and approved by the Director General of the Company.

5.8. The Director General of the Company may, at his/her own discretion or on the initiative of any member of the Management Board, amend and supplement the approved agenda of any meeting and the Action Plan for the Management Board.

## **6. PROCEDURE FOR CONVENING AND HOLDING MEETINGS OF THE MANAGEMENT BOARD**

6.1. Meetings of the Management Board shall be convened by the Director General of the Company:

- in accordance with the Action Plan for the Management Board;
- on the initiative of any member of the Management Board;
- pursuant to the decision of the General Meeting of Shareholders and the Board of Directors of the Company.

6.2. The Management Board of the Company may preliminarily review, develop, and submit to the Board of Directors recommendations regarding the issues falling within the competence of the Board of Directors. The list of issues with respect to which the Management Board may prepare recommendations for the Board of Directors shall be defined by the decision of the Management Board.

6.3. As decided by the Director General of the Company, meetings of the Management Board shall be held in person (with voting in person) or in absentia (with voting by ballot), and the Management Board of the Company may also hold visiting meetings.

6.4. Any meeting of the Management Board shall be legally qualified if attended by at least half of the total number of its member.

6.5. All decisions of the Management Board shall be adopted by a simple majority of votes of the participating members of the Management Board.

6.6. For the purposes of deciding on any issue, each member of the Management Board shall have one vote.

No member of the Management Board may appoint any other member of the Management Board or any other person to vote on his/her behalf.

In the event of any equality of votes of members of the Management Board, the Director General of the Company shall have a casting vote.

6.7. If any member participating in a meeting of the Management Board disagrees with any decision adopted with respect to any item(s) on the agenda of such meeting, such member may state his/her position in writing, and such statement shall be attached as an appendix to the minutes of the meeting of the Company's Management Board.

6.8. If any meeting of the Management Board is held in person, the Executive Secretary of the Management Board shall, at least two (2) business days prior to the date of the meeting of the Management Board, distribute to the members of the Management Board the agenda of the meeting signed by the Director General of the Company, specifying the place, date, and time of the meeting, and the materials related to the meeting of the Management Board of the Company.

6.9. Meetings of the Management Board shall consider the issues included on the agenda of the meeting of the Management Board.

In exceptional circumstances, in-person meetings of the Management Board may consider the issues not included on the agenda if this is approved by a majority of the participating members of the Management Board.

6.10. Persons invited to attend meetings of the Management Board may not take part in discussion, put forward proposals, make comments on the discussed materials, or submit letters

of information regarding items on the agenda of the meeting of the Management Board of the Company without the permission of the Presiding Officer.

6.11. Any person responsible for preparing an issue shall provide the following materials for the meeting of the Management Board:

6.11.1. The draft of the decision of the Management Board agreed (signed off) by:

- the member of the Management Board within whose competence the issue under review falls;

- the heads of the divisions involved in resolving the issue;

- the heads of other related divisions as determined by the Executive Secretary of the Management Board;

- the executive in charge of legal issues.

6.11.2. Report-related presentation slides prepared in accordance with the requirements of the system for information presentation in the hall of the Management Board and signed off by the responsible person and the speaker.

6.11.3. An explanatory note (letter of information) signed off by the speaker that, based on the analysis and consolidation of information received from the divisions involved in resolving the issue, supports the proposed draft of the decision and a forecast of the technical, economic, social, and other implications of its implementation.

6.11.4. Reference materials, including copies of all documents mentioned in the draft of the decision and/or the explanatory note, the text (in full or in the form of extracts) of the legal regulations, decisions of the Company's management bodies, local regulations of the Company and its subsidiaries and dependent companies that govern the issues covered by the draft of the decision, and other regulatory documents that disclose and support the adoption of the proposed decision.

Materials for the meeting of the Management Board shall be delivered to the Executive Secretary of the Management Board in hard copy and electronic form.

6.12. The draft of any decision of the Management Board shall be agreed (signed off or provided with comments and suggestions) within three (3) business days after such draft is received by the agreeing officer of the Company. If, within the period specified above, such officer does not provide any comments and/or suggestions, the draft of the decision of the Company's Management Board shall be deemed to have been agreed upon by such officer.

6.13. If there is any disagreement, the responsible person who is the member of the Management Board supervising the issue shall discuss the matter with the agreeing persons to find a mutually acceptable solution.

If such solution is not found, the draft of the decision of the Management Board shall be accompanied by a list of disagreements and the original comments signed by the representatives of the divisions involved in resolving the issue and by the members of the Management Board supervising the issue.

6.14. The prepared and agreed materials for the meeting of the Management Board shall be delivered to the Executive Secretary of the Management Board four (4) business days prior to the date of the meeting of the Management Board.

6.15. The timely submission of materials for the meeting of the Management Board shall be monitored by the Executive Secretary of the Management Board.

If any materials for the meeting of the Management Board are not submitted within the prescribed period and/or if this procedure for submitting materials is not complied with, then the relevant issue shall be excluded from the agenda of the meeting of the Management Board pursuant to the decision of the Director General, and the responsible persons may be held disciplinarily liable.

6.16. The items on the agenda of the meeting of the Management Board shall be considered in the following order:

- a member of the Management Board, the head of a division of the executive arm, or an invitee reports on the item on the agenda of the meeting;
- the speaker answers the questions asked by members of the Management Board;
- the item on the agenda of the meeting is discussed;
- motions are put forward with respect to the draft of the decision under review;
- the decision is put to a vote, the votes are counted, and the voting results are tabulated;
- the voting results and the decision adopted with respect to the items on the agenda of the meeting are announced.

6.17. The time for giving a report at any meeting of the Management Board is limited to 10 minutes; for giving a co-report and taking part in discussion of an item on the agenda, 5 minutes; and for communicating reference information, 3 minutes.

As decided by the Presiding Officer, the period for giving reports, giving co-reports, taking part in discussion, and communicating reference information may be changed.

6.18. Upon consideration of the issue, the Management Board of the Company may decide that the text of the decision should be revised. The person responsible for formulating the draft of the decision shall cause the final text of the decision of the Company's Management Board to be agreed and, within three (3) business days from the date of the meeting of the Management Board deliver to the Executive Secretary of the Management Board the agreed text of the decision.

6.19. The member of the Management Board who previously agreed the draft of the decision of the Company's Management Board and, while the issue is discussed at the meeting of the Management Board of the Company, makes any comments and/or suggestions different from his/her previous comments and suggestions shall, at the meeting or in writing (in the case of voting by ballot) support the change in his/her position.

6.20. Any decision of the Management Board of the Company with respect to the issues falling within its competence may be adopted by absentee voting.

6.21. For the purposes of adopting any decision of the Management Board through absentee voting, a ballot and materials regarding the issues included on the agenda shall, at least two (2) business days prior to the deadline for receiving ballots, be distributed to each member of the Management Board to vote in absentia on the items on the agenda.

6.22. The Executive Secretary shall distribute original ballots to the members of the Management Board.

6.23. When completing a ballot, a member of the Management Board shall leave only one possible variant of voting ("for," "against," or "abstained") uncrossed. Each completed ballot shall be signed by the member of the Management Board, stating his/her initials and family name.

6.24. Each completed and signed original ballot shall be delivered to the Executive Secretary of the Management Board within the period specified in the ballot.

6.25. Any ballot received from a member of the Management Board after the expiration of the prescribed voting period or completed in violation of the requirements set forth in paragraph 6.21 of these Regulations shall not be taken into account for the purposes of counting the votes and tabulating the absentee voting results.

6.26. The members of the Management Board shall be deemed to have taken part in absentee voting if their ballots are received by the Executive Secretary of the Management Board not later than the deadline for receiving ballots.

6.27. Whether there is a quorum to adopt decisions through absentee voting is determined according to the ballots completed and signed by members of the Management Board and received by the Executive Secretary of the Management Board within the period specified in the notice of absentee voting.

6.28. Based on the received ballots, the Executive Secretary of the Management Board shall tabulate the absentee voting results with respect to the items on the agenda and draw up the

minutes of the meeting of the Management Board in accordance with the procedure set forth in these Regulations.

6.29. The materials provided at a meeting for members of the Management Board and invitees shall, after the meeting, be returned to the Executive Secretary of the Management Board, or the receiving person shall be responsible for destroying such materials.

6.30. Materials for meetings of the Management Board of the Company and minutes of meetings of the Management Board of the Company may be confidential or contain proprietary information of the Company. In such event, access to meetings of the Management Board of the Company, preparation of materials and minutes of meetings shall be in accordance with the Company's confidentiality requirements applicable to its proprietary information. Such materials and minutes of meetings of the Management Board of the Company (or extracts therefrom) shall be marked as "CONFIDENTIAL AND PROPRIETARY."

6.31. Information about the decisions adopted by the Management Board of the Company may be disclosed to the mass media by the Director General of the Company or members of the Management Board of the Company acting on the instructions of the Director General of the Company.

## **7. MINUTES OF THE MEETING OF THE MANAGEMENT BOARD**

7.1. The minutes of any meeting of the Company's Management Board shall be prepared by the Executive Secretary of the Company's Management Board in prescribed form, signed off by the member of the Company's Management Board supervising the issue under review, the executive in charge of legal issues, signed by the Executive Secretary, and submitted for signature by the Director General of the Company within five (5) business days after the date of the meeting of the Management Board of the Company.

7.2. The minutes of the meeting of the Management Board shall contain:

- the full corporate name of the Company;
- information about the place, date, and time of the meeting (with voting in person or in absentia);
- a list of the members of the Management Board present at and participating in the meeting (with voting in person or in absentia);
- a list of the persons invited to attend the meeting;
- the agenda of the meeting;
- the issues put to a vote and the voting results with each voting member's votes to be specified (the voting results are not specified in the minutes of the meeting if any decision is approved unanimously);
- the contents of any dissenting opinion expressed in the course of discussing the issue to be recorded in the minutes of the meeting below the text of the decision adopted with respect to such issue.

7.3. After they are signed by the Director General of the Company, the minutes of the meetings of the Management Board shall be registered by the Executive Secretary of the Management Board and put on the database.

7.4. The minutes of the meetings of the Company's Management Board shall be stored for a period of two years at the Secretariat of the Management Board and, then, placed for permanent storage at the Company's Archive.

7.5. The decisions adopted by the Management Board of the Company shall be made known to the responsible persons in the form of extracts from the minutes of the meeting of the Company's Management Board with respect to each issue, which extracts shall be signed by the Executive Secretary of the Management Board and shall bear the seal of the Management Board or, if necessary, the common seal of the Company.

7.6. The minutes of any meeting of the Management Board may be provided for members of the Board of Directors, the Internal Audit Commission, and the Auditor of the Company at their written request to be sent to the Director General of the Company.

7.7. The minutes of the meetings of the Company's Management Board shall be stored in the office of the Company's executive arm in accordance with the applicable rules.

7.8. The Director General of the Company shall be responsible for the safety of the minutes of the meetings of the Management Board.

## **8. SUPERVISION OF THE IMPLEMENTATION OF THE DECISIONS ADOPTED BY THE MANAGEMENT BOARD**

8.1. The implementation of the decisions adopted by the Management Board shall be supervised by the supervising members of the Management Board appointed in accordance with the decisions of the Management Board.

8.2. The implementation of the supervision instructions of the Management Board shall be monitored by the Executive Secretary of the Company's Management Board, who shall perform the following functions:

8.2.1. monitor and register instructions;

8.2.2. keep a register of supervision instructions;

8.2.3. collect implementation reports for instructions and keep a register of them;

8.2.4. notify supervisors of the forthcoming implementation of instructions;

8.2.5. send requests to implement delayed instructions;

8.2.6. tabulate the implementation results for instructions.

8.3. The supervision of any instructions of the Management Board is terminated by the member of the Management Board who is appointed to supervise the implementation of the relevant decision adopted by the Management Board.

8.4. The period for implementing any instructions of the Management Board may be extended by the Director General of the Company or the member of the Management Board who is appointed to supervise the implementation of the relevant decision adopted by the Management Board, provided that a reasonable request therefore is made at least five (5) business days prior to the expiration of the period prescribed for implementing such instructions.

8.5. With respect to each delayed implementation of instructions of the Management Board, the responsible person shall provide a written explanation for the Executive Secretary of the Company's Management Board, who is authorized to monitor the implementation of the decisions adopted by the Management Board of the Company.

8.6. The Executive Secretary of the Management Board, who is authorized to monitor the implementation of the decisions adopted by the Management Board of the Company, shall consolidate and tabulate the responsible persons' implementation results for the decisions adopted by the Management Board and shall, on a quarterly basis, submit reports to the Director General of the Company.

## **9. FINAL PROVISIONS**

9.1. The Regulations for the Management Board shall be approved by the General Meeting of Shareholders of the Company.

9.2. These Regulations may be amended and supplemented by the General Meeting of Shareholders of the Company.

9.3. If, as a result of any change in the laws and regulations of the Russian Federation, any provisions of these Regulations come into conflict therewith, such provisions shall become null and void, and the activities of the Management Board shall, until these Regulations are amended, be governed by the laws and regulations of the Russian Federation and the Articles of Association of the Company.