



нам не всё равно

APPROVED

By the Board of Directors
of the OJSC «Company «M.video»

Chairman of the Board of Directors


/Peter Gyoerffy/
(Board Minutes №81/2013 dated 12.12.2013)

**BY - L A W
O N T H E R E M U N E R A T I O N A N D
N O M I N A T I O N C O M M I T T E E**

Open joint-stock company
“Company “M. video”

(new edition)

Moscow, 2013

1 GENERAL PROVISIONS

- 1.1. This By-law for the Board of directors' Remuneration and Nomination Committee (hereinafter "the By-law") of the Open Joint Stock Company "Company "M.video" (hereinafter "the Company") has been drafted in accordance with the laws of the Russian Federation (hereinafter "the Law"), the Charter of the Company and other internal corporate documents, and relevant recommendations of the Federal Commission for the Securities Market's Code of Corporate Conduct (hereinafter "the FCSM Code").
- 1.2. The By-Law shall define the authority of the Board of directors' Remuneration and Nomination Committee (hereinafter "the Committee") and its members, and further, shall define the rights and responsibilities of the Committee's members, election procedures, composition and dismissal of Committee members, meeting organization and procedures, as well as the remuneration of Committee members.
- 1.3. The Committee has been established to assist the Board of directors in performing its guidance and oversight functions effectively and efficiently, and is specifically charged with identifying qualified senior executives and directors, and ensuring that the Company's and its subsidiaries' follow remuneration policies and practices, support the successful recruitment, development and retention of managers and directors, and thus help the Company achieve its business objectives, sustainable economic development, create efficient and transparent remuneration payable to the members of the Board, senior executives and directors of the Company and its subsidiaries' and to other key employees of the Company and its subsidiaries', strengthen the professional membership of the Board of directors by giving recommendations in the course of candidates' nomination to the Board of directors
- 1.4. All proposals developed by the Committee are recommendations only and thus non-binding to the Board of directors.

2 AUTHORITY

- 2.1. The following issues shall fall within the authority of the Committee:
 - 2.1.1. As to the nomination of directors and senior executives of the Company and its subsidiaries:
 - 2.1.1.1. Determine criteria for the selection of candidates to the Board of directors, to the Management Board (once it is established in the Company) and for the positions of General director of the Company and its subsidiaries;
 - 2.1.1.2. Preliminary evaluations of the candidates and preparation of recommendations to the Board of directors regarding the candidates to the Board of directors, to the Management Board (once it is established in the Company) and for the positions of General director and top managers and directors of the Company and its subsidiaries;
 - 2.1.1.3. Develop and approve the material terms and conditions of contracts with the Board members (if applicable), members of the Management Board (once it is established in the Company), the General director and top managers and directors of the Company and its subsidiaries;
 - 2.1.1.4. Develop criteria and procedures for performance assessment of the Management Board (once it is established in the Company), the General director, and top managers and directors of the Company and its subsidiaries;
 - 2.1.1.5. Develop criteria for determining a director's independence, keep shareholders informed of the directors' independent status (or loss thereof) and secure immediate disclosure of any circumstance due to which directors' status of independence is lost;
 - 2.1.1.6. Periodic performance assessments of the activity of the Management Board (once it is established in the Company), of the General director and top managers and directors

- of the Company's and its subsidiaries' and preparation for the Board of directors of proposals on second their appointment;
- 2.1.1.7. Organize training programs for the Board members, senior executives and top managers of the Company and its subsidiaries devoted to the corporate governance and business ethics;
 - 2.1.1.8. Develop instructions and an induction program for newly-elected directors to the Board, which contain a detailed description of their duties as Board members; and
 - 2.1.1.9. Develop policies for planning and implementing the smooth succession of employees in top managerial positions in the Company and its subsidiaries.
 - 2.1.1.10. Evaluate membership of the Board from the point of view of their professional specialization, background and experience, independence, involvement in the Board's activity and determine priorities for strengthening the Board of directors memberships;
 - 2.1.1.11. Develop and describe on the individual basis duties of the Board members and Chairman of the Board of directors of the Company, including determination of the time which shall be devoted to the issues related to the Company's and its subsidiaries' activity within the frames of the Board meetings and out of these frames, in the course of the planned Board's activity and ad hoc needs. Such description (separate for each Board member and Board Chairman) shall be approved by the Board of directors and shall be hand delivered to each Board member and Board Chairman after their elections;
 - 2.1.1.12. Annual detailed self-assessment or assessment made externally of the Board of directors' performance and activities of the Committees under the Board from the point of view of its efficiency in general and personal contribution of each member inter alia; and development of recommendations to the Board of directors regarding improvement of the Board's and its Committees' activity and regarding candidates to the position of the Corporate secretary of the Company;
 - 2.1.1.13. Preparation of the report on the results of the Committee's performance for its further inclusion to the Company's Annual report
- 2.1.2. As to the remuneration of directors and senior executives of the Company and its subsidiaries:
- 2.1.2.1. Develop a remuneration and incentive policy for the Company's and its subsidiaries' directors and senior executives focused to increase the value of the Company and based on the principle of personal contribution of each director and senior executive in implementing the strategic goals of the Company, as well as on the Committee's evaluation of the individual's performance versus goals and objectives set by the Board of directors:
 - 2.1.2.1.1. With respect to the remuneration of Board of directors members, including the Chairman, the Committee shall develop remuneration criteria that allow the Company to offer competitive terms without endangering the independent status of its members;
 - 2.1.2.1.2. With respect to the remuneration of the Management Board (once it is established in the Company), the General director and top managers and directors of the Company and its subsidiaries, the Committee shall set and periodically review criteria for the (fixed) annual salary, the (variable) annual bonus system based on key financial and non-financial performance indicators, and a long-term incentive system to align the interests of the managers with those of the Company's shareholders, as well as benefits plans and other perquisites;
 - 2.1.2.2. Continuously monitor the appropriateness of the Company's remuneration criteria, based on the Company's development strategy, financial position and major trends in the labor market; and

- 2.1.2.3. Exercise control over the enforcement of the decisions of the General Meeting of Shareholders (GMS) as it concerns issues of remuneration of members of the Board of directors. Further, exercise control over the disclosure of information on the remuneration and compensation of individual members of the Board of directors contained in the GMS materials.

3 RIGHTS AND RESPONSIBILITIES

- 3.1. The Committee shall have the following rights:
 - 3.1.1. Request documents, reports, explanations and other relevant information from the Management Board (once it is established in the Company), the General director, top managers and directors and employees of the Company and its subsidiaries;
 - 3.1.2. Invite the Company's and its subsidiaries' members of the Management Board (once it is established in the Company), the General director, top managers and directors, and employees to its meetings as guests and address questions to them and receive explanations and clarifications;
 - 3.1.3. Resort to the services of outside consultants, experts, and advisers; and
 - 3.1.4. Perform any other duties required by the Board of directors within the scope of the authority of the Committee as set forth herein.
- 3.2. The Committee shall conduct on a regular basis review and assessment of this By-law in conformity with applicable Russian law requirements and make recommendations to the Board of directors regarding any amendments hereto it deems appropriate.
- 3.3. The Committee shall report to the Board of directors on a regular basis (after the Committee meeting but not less than once in six months) on the results of its activity.
- 3.4. Further, Committee members shall:
 - 3.4.1. Participate in the activities and work of the Committee, and attend all its meetings;
 - 3.4.2. Keep abreast of industry and market trends, advances in information technology, and other areas of strategic importance to the Company;
 - 3.4.3. Treat all information that became known to them in the course of performing their official duties and functions of Committee members as confidential information;
 - 3.4.4. Inform the Board of directors of any changes in their status of independency or any conflict of interest which may raise as results of the decisions taken by the Board of directors based on Committee's recommendations;
 - 3.4.5. Conduct annual reviews and assessments of the Committee activities and its members, including a review of the Committee's compliance with this By-law.

4 ELECTION PROCEDURES, COMPOSITION AND DISMISSAL

- 4.1. The Committee shall consist of 3 members and shall be elected by a majority of the votes of all members of the Board of directors.
- 4.2. The term of office of the Committee shall coincide with the term of office for the Board of directors.
- 4.3. Only members of the Board of directors may be elected members of the Committee.
- 4.4. The Board of directors shall, whenever possible, elect only independent directors to the Committee. If this is not feasible for whatever reason, the Committee shall be chaired by an independent director and have at least one other member who is an independent director.
- 4.5. The General Director may not be a member of the Committee.
- 4.6. Members of the Committee must possess the necessary knowledge, experience and skills in interacting with the Company's key executives and other relevant parties.
- 4.7. The Board of directors may, at any time, with or without cause, dismiss any member of the Committee, or re-elect the entire Committee.

5 MEETING ORGANIZATION AND PROCEDURES

- 5.1. The Committee shall be headed by a Chairman who shall be elected by a majority vote of all members of the Board of directors.
- 5.2. Committee Meetings shall be the principal form for carrying out of its work and activity.
- 5.3. Meetings may be conducted whenever and as often as necessary to properly carry out the Committee's functions and duties in a timely manner. However, at a minimum, the Committee should conduct 1 meeting every 6 months.
- 5.4. Meetings may be called by the Chairman of the Committee, any member of the Committee, or by decision of the Board of directors.
- 5.5. Meetings may be conducted when the members are physically present or by written consent of those members not physically able to attend and, further, may be conducted in the form of either video- or audio-conferences.
- 5.6. A quorum shall be deemed present at any meeting of the Committee if at least 2 (two) of the Committee members are present. Decisions of the Committee shall be taken by the majority votes of members participated in the meeting.
- 5.7. The Secretary of the Committee shall be responsible for giving an advance notice to all of the Committee members of the meeting and its agenda, date of the meeting and ensure the availability of all necessary information on the agenda items not less than 7 days prior to such meeting. Such notice shall be given in any form deemed convenient and agreed upon by the Committee members, e.g. by fax or electronic mail. Information and materials for Committee meeting shall be uploaded to the iPads through Blue Print Board Pad solution system.
- 5.8. Minutes of each meeting of the Committee shall be signed by the Chairman and the Secretary of the Committee. Functions of the Secretary shall be performed by the Head of HR Department of the Company and its subsidiaries.
- 5.9. Minutes shall be submitted to the Chairman of the Board of directors or the Corporate Secretary for keeping. Any member of the Committee having a dissenting opinion should submit such opinion together with the Minutes of the Committee.