

APPROVED

By the Board of Directors
of the OJSC «Company «M.video»
(Board Minutes №95/2015 dated 26.03.2015)

Chairman of the Board of Directors

Peter Gyoerffy

A handwritten signature in black ink, appearing to be 'Peter Gyoerffy', written in a cursive style.

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, 2015

1 GENERAL PROVISIONS

- 1.1. This By-law on 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, Regulation on the Board of directors of the Company and relevant recommendations of the Code of Corporate Governance. This By-law cancels the By-laws on the Board of directors' Remuneration and Nomination Committee approved by the Board of directors on December 12, 2013 (Minutes №81/2013 dated 12.12.2013).
- 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. 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 top managers and ensuring that the Company and its subsidiaries follow remuneration policies and practices, support the successful recruitment, development and retention of top managers.
- 1.3. 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 to different positions in 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 its subsidiaries) and for the positions of General director of the Company and its subsidiaries;
 - 2.1.1.2. Preliminary evaluation 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 its subsidiaries) and for the positions of General director, Corporate secretary, top managers of the Company and its subsidiaries;
 - 2.1.1.3. Cooperation with shareholders which shall not be limited only by the list of majority shareholders in the context of candidates' selection to the Board of directors of the Company in order to form the Board of directors which fully meets all Company's goals and tasks and complies with the requirements mandatory for the Company;
 - 2.1.1.4. Preparation of recommendations to the shareholders on voting for candidates' nominated for elections to the Board of directors of the Company basing on the analysis of the professional background, qualification and independency of the candidates nominated for elections to the Board of directors;
 - 2.1.1.5. Preparation of recommendations to the Board of directors regarding any nomination, election or participation of the General Director, member(s) of the Management Board (once it is established in the Company and its subsidiaries), top manager(s) and second line manager(s) of the Company and/or its subsidiaries in the governing and executive and controlling bodies of the other legal entities (irrespective of its legal form) as well as any involvement, engagement or participation in any other activity outside the Company and/or its subsidiaries (like consulting, tutoring, running of one's own business and etc);
 - 2.1.1.6. Develop and approve the substantial obligations of the Company and ways of its provision, the material terms and conditions of contracts including those on early

termination , with the General director, members of the Management Board (once it is established in the Company and its subsidiaries), top managers of the Company and its subsidiaries;

- 2.1.1.7. Develop criteria and procedures for performance assessment of the Management Board (once it is established in the Company and its subsidiaries), General director and top managers of the Company and its subsidiaries;
- 2.1.1.8. Develop criteria for determining a director's of the Board independence, keep shareholders informed of the directors' independent status (or loss thereof) and secure immediate disclosure of any circumstances due to which Board directors' status of independence is lost;
- 2.1.1.9. Performance assessment of the activity of the General Director, of the Management Board (once it is established in the Company and its subsidiaries) and top managers of the Company and its subsidiaries for the year results according to the Remuneration policy of the Company and its subsidiaries and preparation for the Board of directors of the proposals on their re-appointment;
- 2.1.1.10. 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;
- 2.1.1.11. 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
- 2.1.1.12. Planning of the employees' appointments considering the succession of the General Director, members of the Management Board (once it is established in the Company and its subsidiaries) and top managers of the Company and its subsidiaries including by developing policies for planning and implementing a smooth succession.
- 2.1.1.13. 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;
- 2.1.1.14. 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;
- 2.1.1.15. Annual detailed self-assessment or external assessment 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 activity of the Corporate secretary;
- 2.1.1.16. 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 for different positions in the Company and its subsidiaries:

- 2.1.2.1. Develop and regular update a Remuneration Policy for the Board members, General Director, members of the Management Board (once it is established in the Company and its subsidiaries) and top managers and key employees of the Company and its subsidiaries focused to increase the capitalization of the Company and based on the principle of personal contribution of everyone in achieving the strategic goals of the Company and/or its subsidiaries and control over implementation of such a Policy:

- a) Develop remuneration criteria for the members of the Board of directors that allow the Company to offer competitive compensation not affecting the independency status of its members;
 - b) Develop and periodically review determination criteria for the fixed (annual) salary, the variable (annual) bonus system based on key financial and non-financial performance indicators of the Company and/or its subsidiaries, for the long-term incentive system to align the interests of the Management Board (once it is established in the Company and its subsidiaries), top managers and key employees with those of the Company's shareholders, as well as benefit plans;
 - c) Recommendations to the Board of directors regarding determination of the remuneration amount and principles of motivation of the Corporate secretary of the Company;
- 2.1.2.2. Continuously monitor the appropriateness of the existing remuneration criteria, based on the Company's and/or its subsidiaries' development strategy, financial position and major trends on the labor market; and
 - 2.1.2.3. Exercise control over the implementation of the decisions of the General Meeting of Shareholders (GMS) related to the determination of the remuneration amount of the members of the Board of directors.
 - 2.1.2.4. Monitor and control over the information disclosure on the Remuneration policy and practice as well as information related to the ownership of the Company's shares.

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 and its subsidiaries), the General director, top managers and other key 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 and its subsidiaries), the General director, top managers and other key employees of the Company and its subsidiaries 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 at least 3 members elected by a majority of the votes of all members of the Board of directors of the Company.
- 4.2. The term of office of the Committee members shall coincide with their term of office in the Board of directors.
- 4.3. Only independent directors of the Board can be elected to the Committee but if it is not possible due to the objective reasons majority of the Committee can be presented by the independent directors, while minority can be presented by the non-executive members of the Board. Chairman of the Committee must be independent.
- 4.4. The General Director may not be a member of the Committee.
- 4.5. Members of the Committee must possess the necessary knowledge, experience and skills in interacting with the Company's and/or its subsidiaries' top management and key employees.
- 4.6. 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 held in the following forms: joint presence, absentee voting, in person and in absentia by means of video and/or audio conference.
- 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 Corporate secretary of the Company or by any other person authorized by the Committee.
- 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.