

Translation from Russian into English

APPROVED

by the General meeting of shareholders
of the Open Joint Stock Company
"Company "M.video"

 Peter Györffy

Chairman of the General meeting of shareholders
(Minutes № 20 dated June 16, 2015)

Policy on the Remunerations and Compensations payable to the Board of directors of the OJSC "Company "M.video"

Article 1. General provisions

The present Policy on Remunerations and Compensations payable to the Board of Directors of OJSC "Company "M.video" (hereinafter, the Policy) was drafted in compliance with item 2, clause 64 of Federal Law №208-FZ on Joint Stock Companies of 26.12.1995 (hereinafter, the Law), other existing legislative instruments, and establishes the amount and procedure for payment of remunerations and compensations to the members of the Board of Directors of the OJSC "Company "M.video" (hereinafter, the Company) and shall serve as a ground for accrual and payment of remunerations and compensations to the members of the Board of Directors.

1.2. For the purposes of this Policy the following terminology shall be used:

- (1) Members of the Board of Directors - individuals elected to the Board of Directors of the Company in accordance with the procedure established by the Law and Charter of the Company;
- (2) Remunerations to the members of the Board of Directors - the amounts of money payable to the members of the Board of Directors as remuneration for their participation in the work of the Board of Directors and/or Committees of the Board of Directors of the Company;
- (3) Compensations - the amounts of money payable to the members of the Board of Directors of the Company to reimburse their expenses related to their participation in the work of the Board of Directors and/or Committees of the Board of Directors of the Company;
- (4) Corporate Year - the time period from the date of the Annual General Shareholders' Meeting to the date of the next Annual General Shareholders' Meeting.

1.3. Remunerations and compensations for performance by the members of the Company's Board of Directors of their duties shall be paid by the Company to the members of the Board of Directors who as at the date of their election are not the employees and/or do not hold positions in the governing bodies of:

1.3.1. legal entities being the members of the Company group of legal entities defined in accordance with the provisions of Federal Law №135-FZ on Protection of Competition of 26.07.2006,

1.3.2. affiliates of the legal entities mentioned in item 1.3.1. hereof.

1.4. If during a Corporate year a member of the Company's Board of Directors stops meeting the criteria set forth in item 1.3 hereof, remunerations and compensations shall be paid for the period from the date of the election to the Board of Directors to the date of termination of the preconditions for payment specified in item 1.3 hereof.

1.5. Corporate year shall be used as the period for calculation of remunerations and compensations to be paid. In the event of early (before the expiry of the corporate year) termination of the authority of the members of the Board of Directors or election of new members of the Board of Directors at an extraordinary General Shareholders' Meeting of the Company, calculation of the remuneration amount shall be carried out for the actual period of work of a particular individual as a member of the Board of Directors (pro rata to the time of holding the position of a member of the Board of Directors or a member (Chairman) of a Committee of the Board of Directors). Responsibility for control over calculation and payment of remunerations and compensations to the members of the Board of Directors shall rest with the Corporate secretary of the Company.

1.6. The Company shall calculate, withhold and pay to the budget the individual income tax for individuals mentioned in this Policy from the amounts of remuneration and compensation in compliance with the provisions of the Tax Code of the Russian Federation and Double Taxation Agreements that exist on the date of payment with the countries of tax residence of the members of the Board of Directors. The corresponding amounts of individual income tax that were withheld from the amounts paid shall not be compensated to the members of the Board of Directors.

Article 2. Types of remuneration payable to the members of the Board of Directors

2.1. Total amounts of remuneration and compensation payable to the members of the Board of Directors of the Company shall be approved by the General Shareholders' Meeting of the Company and are nominated in Russian rubles.

2.2. The following types of remuneration shall be paid to the members of the Board of Directors for participation in the work of the Board of Directors and/or Committees of the Board of Directors:

- (1) basic remuneration (fixed);

- (2) additional remuneration for the performance of the additional functions (variable);
- 2.3. Remuneration to the members of the Company's Board of Directors being the residents of the Russian Federation, shall be paid in Russian rubles. Remuneration to the members of the Company's Board of Directors being non-residents of the Russian Federation shall be paid in the currency of the bank account. Bank account details for payments shall be provided by the member of the Board of Directors to the corporate secretary of the Company in writing.
- 2.4. Payments to the members of the Company's Board of Directors being non-residents of the Russian Federation shall be made at the exchange rate set by the Central Bank of the Russian Federation on the payment date of the payment quarter in the course of the Corporate year.
- 2.5. Expenses related to the payment of the remunerations and compensations to the members of the Board of Directors shall be covered by the Company

Article 3. Basic remuneration

- 3.1. Basic remuneration amount is set forth in the Appendix 1 to this Policy.
- 3.2. Basic remuneration shall be paid by the Company by equal installments ($\frac{1}{4}$) on a quarterly basis not later than on the 15th (fifteenth) day of the last month of the payment quarter based on the order of the sole executive body of the Company and extract from the Minutes of the General Shareholders' Meeting on the election of the Board of Directors and on the approval of the total remuneration and compensation amounts payable to the Board of Directors of the Company.
- 3.3. Basic remuneration shall be paid for:
- (1) participation in the meetings of the Company's Board of Directors held by joint presence (including those held by tele/video or simple conference calls);
 - (2) participation in the "Strategic session" and "Budget day";
 - (3) participation of the member of the Board of Directors upon request of the Chairman of the Board of Directors, Chairmen of the Committees and General director in the workshops devoted to different topics, in the meetings and discussions related to the Company's and its subsidiaries activity and held in the Company's office or outside.
- 3.4. Participation in meetings, sessions, workshops, etc. as described in 3.3. and meeting with top management and experts and other related preparation for the Board meeting activity, comprise a maximum of up to 30 full business days in the course of the corporate year. The total sum of business days within the corporate year for the Chairman of the Board of Director comprise a maximum of 70 days.

Article 4. Remuneration for additional duties

- 4.1. Additional remuneration is set forth in Appendix 1 to this Policy and shall be paid to the members of the Board of Directors for:
- (1) performing the duties of the member of any Committee of the Company's Board of Directors;
 - (2) performing the duties of the Chairman of any Committee of the Company's Board of Directors;
 - (3) performing the duties of the Chairman of the Company's Board of Directors;
- 4.2. Remuneration for additional duties provided by item 4.1. of this Policy above shall be paid by the Company by equal installments together with the payment of the basic remuneration as provided by item 3.2. of this Policy above.
- 4.3. If the market conditions require any adjustments of the remuneration and compensation amount(s) payable to the Board members, the Remuneration and Nomination Committee shall provide the Board of directors of the Company with the corresponding recommendation and the Board of directors shall be authorized to approve such adjustments within the total remuneration and compensation amount(s) approved by the general meeting of shareholders of the Company.

Article 5. Compensations to the members of the Board of Directors.

- 5.1. Each member of the Board of Directors may be compensated for the following:
- actually incurred and documentary certified expenses earmarked for transportation to and from the venue of the Board of Directors' meeting and/or meeting of a Committee of the Board of Directors as

well as any other transportation costs related to the performance by the member of the Board of Directors of his duties;

- accommodation expenses of a Board member within the period when the Board meeting and/or the meeting of a Committee of the Board of Directors is held;

- meals expenses of a Board member in the period when the Board meeting and/or the meeting of a Committee of the Board of Directors is held;

- other actually incurred and documentary certified expenses (communication, mileage, representative costs and etc)

5.2. Reimbursement of compensation shall be made by the Company within 15 (fifteen) working days from date of receipt of a written confirmation from the Chairman of the Board (in respect of the expenses incurred by the members of the Board) or by Audit Committee Chairman - independent director (in respect of the expenses incurred by the Chairman of the Board) regarding the expense report and documents certifying the incurred expenses based on the order of the sole executive body of the Company and extract from the Minutes of the General Shareholders' Meeting on the election of the Board of Directors and on the approval of the total remuneration and compensation amounts payable to the Board of Directors of the Company. The maximum compensation amount shall be approved by the general meeting of shareholders upon the proposal of the Company's Board of Directors.

Article 6. Insurance of the liability of the Board of Directors members

6.1. The Company shall at its own expense arrange the insurance of the liability of all members of the Board of Directors related to performance of their duties, for the whole period of their authority as the members of the Company's Board of Directors subject to the approval of the general meeting of shareholders of the Company.

6.2. The list of insurance events, the amount of insurance coverage, way of loss settlement and payment of compensation as well other material terms and conditions shall be defined in accordance with the insurance policy executed between the Company and the insurance company.

Article 7. Final provisions

7.1. The present Policy shall be approved by the general meeting of shareholders (by the majority votes of shareholders-owners of the Company's voting shares) and shall be amended or changed only at the decision of the general meeting of shareholders.

7.2. Provisions of this Policy shall be binding on the Company, members of the Board of Directors, other officers and employees of the Company and its subsidiaries.

7.3. If, following any changes of the applicable legislation of the Russian Federation, any provisions of the present Policy comes into conflict therewith, provisions of the legislation of the Russian Federation in effect shall prevail. Conflicting provisions of this Policy shall not legally affect other provisions of this Regulation. The Company shall take all measures to replace conflicting provisions of this Policy by those not conflicting with the legislation of Russia.

7.4. In case of incongruity between this Policy and the Charter of the Company, Company's Charter shall prevail.

**Appendix №1 to the Policy on the Remunerations and Compensations
payable to the Board of directors of the OJSC "Company "M.video"**

**Amounts of remuneration payable to the members of the Board of directors in the course
of the corporate year**

| Basic remuneration (fixed) | Additional remuneration for performing the duties of the member of any Committee of the Company's Board of Directors | Additional remuneration for performing the duties of the Chairman of any Committee of the Company's Board of Directors | Additional remuneration for performing the duties of the Chairman of the Company's Board of Directors |
|-------------------------------|---|---|--|
| 100% | 33,3% of the basic remuneration | 66,6% of the basic remuneration | 150% of the basic remuneration |

