

Approved  
on September 27, 2018  
by the resolution  
of Extraordinary General Meeting of Shareholders  
of Public Joint Stock Company  
"Cherkizovo Group"  
(Minutes No.27/098a dated October 1, 2018)

**REGULATIONS  
ON REMUNERATIONS AND COMPENSATIONS  
PAID TO THE MEMBERS OF THE BOARD OF  
DIRECTORS**

**of Public Joint Stock Company  
"Cherkizovo Group"  
(version No. 3)**

**Moscow,  
2018**

**TABLE OF CONTENTS**

<b>ARTICLE 1. GENERAL PROVISIONS .....</b>	<b>3</b>
<b>ARTICLE 2. TYPES OF REMUNERATION.....</b>	<b>3</b>
<b>ARTICLE 3. BASE REMUNERATION.....</b>	<b>4</b>
<b>ARTICLE 4. ADDITIONAL REMUNERATION .....</b>	<b>4</b>
<b>ARTICLE 5. ANNUAL BONUS.....</b>	<b>5</b>
<b>ARTICLE 6. COMPENSATION OF EXPENSES OF THE MEMBERS OF THE BOARD OF DIRECTORS. LIABILITY INSURANCE OF THE MEMBERS OF THE BOARD OF DIRECTORS. .</b>	<b>6</b>
<b>ARTICLE 7. FINAL PROVISIONS .....</b>	<b>7</b>

## **ARTICLE 1. GENERAL PROVISIONS**

1.1. The Regulations on Remunerations and Compensations Paid to the Members of the Board of Directors of PJSC “Cherkizovo Group” (hereinafter - the Regulations) have been developed in accordance with Federal Law dd. December 26, 1995 No. 208-FZ ”Joint-Stock Companies” (as amended), Tax Code, other applicable laws and regulations, Code of Corporate Governance recommended by the Bank of Russia and defines the amount and procedure for payment of Remunerations and reimbursements to the members of the Board of Directors of PJSC “Cherkizovo Group” (hereinafter - the Company).

1.2. The period for calculation of remunerations and reimbursements shall begin from the date of election of the members of the Board of Directors by the Annual General Meeting of Shareholders up to the date of the next Annual General Meeting of Shareholders (hereinafter - the Corporate Year). In case of early termination of powers and election of the members of the Board of Directors at the Extraordinary General Meeting of Shareholders, the amount of remuneration shall be calculated pro rata based on the actual term of office of the relevant members of the Board of Directors.

Calculation and payment of remunerations and reimbursements to the members of the Board of Directors shall be effected by the Corporate Secretary and the Chief Financial Officer of the Company.

1.3. Remunerations for performing the duties of a member of the Board of Directors shall be paid by the Company to such member of the Board of Directors who is not an employee of the Company and / or a member of the Company's management bodies and / or a “non-executive director” of the Board of Directors (member of the Board of Directors who is not the General Director or the head of the structural unit the Company).

If the elected Chairman of the Board of Directors is a member of the Board of Directors who is an employee of the Company and / or a member of the Company's management bodies and / or an “executive director” of the Company (member of the Board of Directors who is the head of the structural unit of the Company), he / she shall only be paid the additional remuneration for performing the duties of the Chairman of the Board of Directors as provided in Clause 4.1 (1) hereof and annual bonus as provided in Article 5 hereof.

1.4. The Company’s General Meeting of Shareholders is entitled to decide not to pay remunerations to certain members of the Board of Directors referred to in Clause 1.3 hereof if they fail to participate in more than a half of the meetings of the Board of Directors during the Corporate Year.

1.5. All members of the Board of Directors shall be entitled to reimbursement of expenses for performance of duties of a member of the Board of Directors.

## **ARTICLE 2. TYPES OF REMUNERATION**

2.1. The Regulations provide for the following types of remuneration for performing the duties of a member of the Board of Directors:

- 1) Base Remuneration;
- 2) Additional Remuneration;
- 3) Annual Bonus.

2.2. Remunerations to all members of the Board of Directors shall be calculated and paid in Russian Rubles (hereinafter - the rubles).

2.3. Remunerations are subject to taxes imposed by the laws of the Russian Federation and any other state of tax residence of a member of the Board. The Company shall not compensate to the members of the Board of Directors the amounts of income tax (or other similar taxes and/or duties) deducted by the Company serving as tax agent under the RF Tax Code and / or the amounts subject to payment by the members of the Board of Directors in accordance with the laws of another state.

### **ARTICLE 3. BASE REMUNERATION**

3.1. The amount of Base Remuneration is equal to 5,340,000 (five million three hundred forty thousand) rubles per Corporate Year.

In case of early termination of powers of a member of the Board of Directors, the Base Remuneration shall be paid pro rata to the actual term of office of such member of the Board of Directors during the Corporate Year.

3.2. The Base Remuneration shall be paid in cash by equal quarterly installments for performing of duties of a member of the Board of Directors during the Corporate Year.

3.3. The Base Remuneration shall be paid by the Company on a quarterly basis within the period of 15 (fifteen) calendar days from the end of the relevant quarter of the Corporate Year based on the calculation prepared by the Finance Department subject to information provided by the Corporate Secretary, and approved in writing by the Chief Financial Officer of the Company.

3.4. The Base Remuneration shall be paid for:

1) participation in the in-person meetings of the Board of Directors (including by tele / video-conference) no more than six (6) times per Corporate Year;

2) participation in the meetings of the Committees of the Board of Directors no more than six (6) times per Corporate Year;

3) participation in the meetings of the Sub-Committees of the Board of Directors no more than six (6) times per Corporate Year;

4) participation of a member of the Board of Directors on demand of the Chairman of the Board of Directors, Chairmen of the Committees of the Board of Directors, Chairman of the Management Board (General Director) in the meetings of the task groups held in the office of the Company, in the meetings, discussions related to the Company's operations lasting no more than six (6) full-time business days per Corporate Year.

3.5. Each of the in-person sessions of the Board of Directors may include meetings of the Committees, Sub-Committees, task groups, meetings with management and experts, and shall not last over three (3) full-time business days.

### **ARTICLE 4. ADDITIONAL REMUNERATION**

4.1. Member of the Board of Directors may receive the Additional Remunerations paid for:

1) performance of duties of the Chairman of the Board of Directors - 26,700,000 (twenty six million seven hundred thousand) rubles per Corporate Year;

2) performance of duties of the Deputy Chairman of the Board of Directors - 1,068,000 (one million sixty eight thousand) rubles per Corporate Year (subject to the provisions of Clause 1.3 hereof);

3) performance of duties of the Chairman of any Committee of the Board of Directors - 1,068,000 (one million sixty eight thousand) rubles per Corporate Year (when performing the duties of the Chairman of two or more Committees of the Board of Directors, the additional bonuses shall be paid for performing the duties in only one of the Committees of the Board of Directors).

4) performance of duties of the Chairman of any Sub-Committee of the Board of Directors - 1,068,000 (one million sixty eight thousand) rubles per Corporate Year (when performing the duties of the Chairman of two or more Sub-Committees of the Board of Directors, the additional bonuses shall be paid for performing the duties in only one of the Sub-Committees of the Board of Directors).

5) participating in each additional in-person meeting of the Board of Directors (including by selector communication or tele / video conference) more than six (6) times in the Corporate Year - 100,000 (one hundred thousand) rubles.

4.2. The Additional Remuneration referred to in Clause 4.1 hereof shall be paid by the Company quarterly in equal installments within the period of fifteen (15) calendar days from the end of the relevant quarter of the Corporate Year.

In case of early termination of powers, the Additional Remuneration shall be paid pro rata to the actual term of office of such member of the Board of Directors during the Corporate Year.

## **ARTICLE 5. ANNUAL BONUS**

5.1. Members of the Board of Directors referred to in Clause 1.3 hereof may receive the Annual Bonus provided that the Company has performance-based profit according in the annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS).

5.2. The Annual Bonus amount shall not exceed one hundred twenty five (125) percent of the Base Remuneration of a member of the Board of Directors per Corporate Year.

5.3. The amount serving as base for calculation of the Annual Bonus amount shall be equal to 100% of the Base Remuneration set forth in Clause 3.1 hereof. Total amount of Annual Bonus shall be calculated using the following formula:

$$S = BR * (EBITDAc * 0.3 + CFc * 0.3 + STc * 0.4), \text{ where:}$$

**S** – total amount of Annual Bonus;

**BR** – Base Remuneration amount set forth in Clause 3.1 hereof;

**EBITDAc** – EBITDA coefficient<sup>1</sup>;

**CFc** – Cash Flow coefficient<sup>2</sup>;

**STc** – Sub-Committee Target coefficient<sup>3</sup>.

<sup>1</sup>**EBITDAc** is EBITDA coefficient.

<sup>2</sup>**CFc** is Cash Flow coefficient.

**EBITDAc** and **CFc** are defined in accordance with the “Means to Calculate KPIs Achievement and Reimbursement Amount Based on Achievement of KPIs of the Chief Executive Officer of the Company” (hereinafter, the “Means to Calculate CEO KPI Achievement”) approved by the Board of Directors for the financial year in which begins the Corporate Year applicable to Annual Bonus. The threshold (below which coefficient becomes zero) and curve (between threshold and maximum delivery) of EBITDA and Free Cash Flow delivery are the same as applied to identical CEO KPIs for the given year set forth in the Means to Calculate CEO KPI Achievement.

<sup>3</sup>STc is Sub-Committee Target implementation coefficient. STc multiplier shall be used for calculation of Annual Bonus for a Sub-Committee Chairman and for a Sub-Committee member entitled to Annual Bonus in accordance with Clause 1.3 hereof and not receiving Additional Remuneration in accordance with Items 2, 3 and 4 of Clause 4.1 hereof. For purposes of Annual Bonus calculation for a member of several Sub-Committees only one STc shall be used (STc of a Sub-Committee in which such member participates most actively). STc For each Sub-Committee is reviewed and approved by the Board of Directors based on joint recommendations of the Investment & Strategy Planning Committee and Personnel & Remunerations Committee of the Board of Directors. STc is calculated in accordance with the following formula:

**STc = Sub-Committee Target Fact /Sub-Committee Target Plan**, where

- Sub-Committee Target Fact is the result (in percentage points) of all Sub-Committee target KPIs in the Corporate Year for which Annual bonus is calculated;
- Sub-Committee Target Plan is 100% of all Sub-Committee target key performance indicators (KPIs) set for the Corporate Year applicable to Annual Bonus. The number of Sub-Committee KPIs cannot be less than two (2) and exceed four (4), with equal weight for each of them, and with assessment scale of ‘Achieved / Partially Achieved / Not Achieved’ at the Corporate Year-end for each Sub-Committee KPI. Assessment of ‘Achieved’ or ‘100% of KPI Delivery’ for Annual Bonus calculation purposes will be assigned in case of 100% or higher percentage of KPI goal delivery. Assessment of ‘Partially Achieved’ or ‘50% of KPI Delivery’ for Annual Bonus calculation purposes will be assigned in case of KPI goal delivery in the range from 50% up to (but less than) 100%. Assessment of ‘Not Achieved’ or ‘0% of KPI Delivery’ for Annual Bonus calculation purposes will be assigned in case of less than 50% delivery of KPI goal.

5.4. Annual Bonus shall be paid only to the member of the Board of Directors continuously exercising his / her powers throughout the Corporate Year. Upon early termination of the Board of Directors authority by the Extraordinary General Shareholders Meeting the members of the Board entitled to Annual Bonus shall be paid the amount of accrued Annual Bonus pro-rata to the period of days served on the Board vs total number of days in the Corporate Year”. In this particular case, such payment shall be made within 30 days from the earliest date on which the Annual Bonus amount could be determined.

5.5. Annual Bonus shall be paid on the basis of the calculation prepared by the Finance Department subject to information provided by the Corporate Secretary, and approved in writing by the Chief Financial Officer of the Company.

5.6. Annual Bonus shall be paid to a member of the Board of Directors based on performance in the Corporate Year within thirty (30) calendar days from the date of the Annual General Meeting of Shareholders.

## **ARTICLE 6. COMPENSATION OF EXPENSES OF THE MEMBERS OF THE BOARD OF DIRECTORS. LIABILITY INSURANCE OF THE MEMBERS OF THE BOARD OF DIRECTORS.**

6.1. Compensation of expenses of a member of the Board of Directors shall be paid in accordance with the Company's internal regulations governing organization of business trips for the senior executives of the Company.

6.2. The following actually incurred and documented expenses of a member of the Board of Directors shall be paid for and/or compensated:

- 1) expenses for travel to the place of the meeting of the Board of Directors and / or a Committee of the Board of Directors or a Sub-Committee of the Committee of the Board of Directors and return;

2) expenses for accommodation and meals;

3) expenses not related to participation in the meetings but related to the activities of the Board of Directors and approved in writing (including electronic approval) by the Chairman of the Board of Directors.

6.3. Upon request of a member of the Board of Directors the Company has the right to book and purchase tickets, rent and pay for premises, and order and pay for transfer.

6.4. Compensations shall be paid by the Company within fifteen (15) business days within the respective Corporate Year from the date of receipt of the documents, submitted by a member of the Board of Directors to confirm the expenses incurred, if and when they are submitted.

6.5. The Company shall maintain liability insurance for each member of the Board of Directors for the duration of his / her term in accordance with the recommendations of the Personnel and Remunerations Committee of the Board of Directors. This insurance shall be maintained at the cost of the Company.

## **ARTICLE 7. FINAL PROVISIONS**

7.1. The Regulations shall be approved by General Meeting of Shareholders. The resolution on approval of the Regulations shall be made by a simple majority vote of the shareholders holding the Company's voting shares and participating in General Meeting of Shareholders.

7.2. The resolution on amendments and / or additions to the Regulations shall be made by General Meeting of Shareholders by a simple majority vote of the shareholders holding the Company's voting shares and participating in General Meeting of Shareholders.

7.3. If certain provisions hereof come into conflict with the legislation of the Russian Federation as a result of its amendments, such provisions shall become void; and the Company shall be governed by the applicable legislation of the Russian Federation, until the Regulations are amended. Such void provisions shall not affect the legal validity of other provisions hereof, and the Company shall make every effort to replace, as soon as reasonably possible, void provisions with new provisions not contradicting and being in compliance with the legislation of the Russian Federation.

7.4. In the event of any discrepancies between the Regulations and the Articles of Association of the Company, the Company's Articles of Association shall prevail.