

Approved
on September 22, 2016
by the resolution
of the Board of Directors of
of Public Joint-Stock Company "Cherkizovo Group"
(Minutes No. 22/096d dd. September 25, 2016)

**REGULATIONS
FOR THE BOARD OF DIRECTORS
PERSONNEL AND REMUNERATION COMMITTEE**

**of Public Joint Stock Company
«Cherkizovo Group»
(Revision No. 3)**

**Moscow
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ARTICLE 1. GENERAL PROVISIONS

1.1. The present Regulations for the Board of Directors Personnel and Remuneration Committee of PJSC "Cherkizovo Group" have been developed in accordance with the applicable legislation of the Russian Federation, the Articles of Association of PJSC «Cherkizovo Group», internal documents of PJSC «Cherkizovo Group», Corporate Code of Governance, approved on March 21, 2014 by the Board of Directors of the Bank of Russia, Listing rules of JSC «MICEX Stock Exchange» and regulates the proceedings of the Board of Directors Personnel and Remuneration Committee.

1.2. The Board of Directors Personnel and Remuneration Committee is established by the resolution of the Board of Directors and reports to it on its activities.

1.3. The Regulations define the purposes, functions, aims of the Board of Directors Personnel and Remuneration Committee, the procedure for its formation and termination and regulate other issues related to the activities of the Board of Directors Personnel and Remuneration Committee.

ARTICLE 2. TERMS AND DEFINITIONS

2.1. The terms and definitions used herein shall have the meaning ascribed to them in the laws and regulations of the Russian Federation governing joint-stock companies and the securities market, unless otherwise provided for herein.

2.2. For the purposes hereof, the following terms shall be used as defined below:

«**The Remuneration**» - the remuneration and all kinds of benefits provided to members of the Board of Directors, members of the Management Board, General Director, Corporate Secretary and other top management executives of the Company.

«**The Company**» - Public Joint-Stock Company "Cherkizovo Group" (short name: PJSC "Cherkizovo Group").

«**The Committee**» - the Board of Directors Personnel and Remuneration Committee.

«**Top management executives of the Company**» - the officials of the Company, not members of management bodies of the Company and not directly influencing the operation of the Company. The list of persons (positions), referred to the category of key officials of the Company, is determined by the Board of Directors.

«**The Regulation**» - the present Regulations for the Board of Directors Personnel and Remuneration Committee.

ARTICLE 3. PURPOSES OF THE COMMITTEE

3.1. The Committee is established for the following purposes:

- 1) formation of efficient and transparent remuneration practices in respect of members of the Board of Directors, members of the Management Board, General Director, Corporate Secretary and top management executives of the Company;
- 2) preliminary consideration of issues related to formation of efficient and transparent remuneration policy;
- 3) improvement of the professional staff and effectiveness of the Board of Directors, development of recommendations in the process of nominating to the Board of Directors;
- 4) preliminary consideration of issues and provision of recommendations to the Board of Directors on implementation of staff planning (succession planning) of the Company's management team, on professional staff and efficiency of performance of the Board of Directors;
- 5) preliminary consideration of issues and making recommendations to the Board of Directors on formation of guidelines of human resources policy of the Company.

ARTICLE 4. FUNCTIONS AND AIMS OF THE COMMITTEE

4.1. Principal functions and aims of the Committee as for the remuneration are:

- 1) development and periodic review of the Company's remuneration policy in respect of members of the Board of Directors, members of the Management Board and General Director, top management executives of the Company, supervision of its implementation;

- 2) preliminary assessment of performance of the Management Board, General Director and top management executives of the Company at year-end in accordance with the remuneration policy of the Company;
- 3) development of terms of early termination of employment contracts with members of the Management Board, General Director and top management executives of the Company, including all material obligations of the Company and terms of their provision;
- 4) development of recommendations to the Board of Directors on determination of remuneration amount and remuneration principles in respect of Corporate Secretary;
- 5) development of parameters of one-time remuneration of members of the Management Board, General Director and top management executives of the Company;
- 6) development of the list of key performance indicators for the members of the Management Board, General Director and top management executives of the Company;
- 7) development of parameters of short-term and long-term motivation program for members of the Management Board, General Director and top management executives of the Company;
- 8) supervision over implementation of motivation programs;
- 9) preliminary assessment of achievement by the members of the Management Board, General Director and other top management executives of the Company of the goals of the long-term motivation program;
- 10) election of an independent consultant on remuneration of the members of the Management Board, General Director and top management executives of the Company;
- 11) preliminary assessment of performance of Corporate Secretary at year-end and proposals for bonus payment to Corporate Secretary;
- 12) preparation of the report on practical implementation of the principles of policy of remuneration to the members of Board of Directors, members of the Management Board, General Director and top management executives of the Company for inclusion into the annual report and other documents of the Company.

4.2. Principal functions and aims of the Committee as for the human resources are:

- 1) annual conduction of the detailed formal self-assessment procedures or external evaluation of performance of the Board of Directors and its members and committees of the Board of Directors, determination of priorities for improvement of composition of the Board of Directors;
- 2) interaction with the shareholders, which should not be limited to the major shareholders for the purposes of formation of recommendations to shareholders in respect of voting on election of nominees to the Board of Directors;
- 3) planning of appointments, subject to succession of business, of members of the Management Board and General Director;
- 4) formation of recommendations to the Board of Directors on the nominees for the positions of members of the Management Board, General Director, Corporate Secretary and top management executives of the Company;
- 5) assessment of the Board of Directors in terms of professional expertise, experience, independence and involvement of its members in the activities of the Board of Directors;
- 6) interaction with the shareholders, which should not be limited to the major shareholders, for selection of nominees to the Board of Directors. This interaction should focus on formation of the Board of Directors that meets best the purposes and aims of the Company;
- 7) analysis of the professional qualification and independence of all nominees to the Board of Directors, based on all the information, at the disposal of the Committee;
- 8) notification of the shareholders on the recommendations for voting on election of nominees to the Board of Directors;
- 9) description of individual responsibilities of the members of the Board of Directors and the Chairman of the Board of Directors, including the time period that should be dedicated to issues related to the Company's activities, both within and outside of meetings, during day-to-

day and additional work. This description (separate for each member of the Board of Directors and the Chairman of the Board of Directors) must be approved by the Board of Directors and served for information to each new member of the Board of Directors and the Chairman of the Board of Directors after their election;

- 10) development of recommendations to the Board of Directors for improvement of procedures of the Board of Directors and its committees;
- 11) preparation of a report on the results of self-assessment or external assessment of the Board of Directors and its members and committees of the Board of Directors for inclusion into the Company's annual report;
- 12) formation of an introductory course program for newly elected members of the Board of Directors, aimed at notification of new directors on the Company's key assets, its strategy, business practices adopted by the Company, the Company's organizational structure and top management executives of the Company, and working procedures of the Board of Directors;
- 13) supervision over practical implementation of the introductory course for newly elected members of the Board of Directors;
- 14) formation of the training program and advanced training for members of the Board of Directors, taking into account the individual needs of its individual members, and supervision over practical implementation of this program;
- 15) development of the Company's policy for preparation of the Company's personnel reserve;
- 16) preliminary consideration of issues related to implementation of the Company's policy for preparation of the personnel reserve;
- 17) supervision over practical implementation of the Company's policy for preparation of the personnel reserve;
- 18) development of recommendations to the Board of Directors on the priorities for improvement of the Company's activities in respect of the personnel policy and the Company's management structure;
- 19) development of the Company's policy on selection of nominees to the position of General Director;
- 20) development of recommendations to the Board of Directors on the nominees to the position of General Director.

4.3. The Committee shall submit to the Board of Directors the report on the results of its activities for a year for inclusion in the annual report and other documents of the Company.

4.4. By the resolution of the Board of Directors or on the order of the Chairman of the Board of Directors the Committee may be authorized to consider other issues related to activities of the Committee, referred to in Article 4 herein.

4.5. The Committee supervises the disclosure of remuneration policies and practices and the ownership of shares of the members of the Board of Directors of the Company, members of the Management Board and other top management executives of the Company in the Company's annual report and on the Company's website on the Internet.

ARTICLE 5. RIGHTS AND OBLIGATIONS OF THE COMMITTEE MEMBERS

5.1. The members of the Committee are entitled:

- 1) To monitor and control the implementation of resolution and instructions of the Board of Directors on the issues within competence of the Committee;
- 2) To inquire and receive within its competence in accordance with the procedure existing in the Company all the necessary information from General Director, Corporate Secretary and HR Director of the Company;
- 3) To submit proposals on amendments hereto and to other internal documents regulating the activities of the Committee;
- 4) other rights provided by the Articles and internal documents of the Company, necessary for implementation by the Board of Directors and the Committee of their functions.

5.2. The members of the Committee shall:

- 1) perform their activities in good faith and reasonably in the interests of the Company;

- 2) devote sufficient time for effective performance of their duties of members of the Committee;
- 3) inform the Chairman of the Committee in writing on their interest in the issue for consideration by the Committee and to abstain from voting on such issues;
- 4) inform the Board of Directors on any changes in their status of an independent director;
- 5) keep confidentiality of information made known or available due to work in the Committee.

ARTICLE 6. COMPOSITION OF THE COMMITTEE AND FORMATION PROCEDURE

6.1. The Committee shall consist of not less than 3 (three) members of the Board of Directors. Number and identities of members of the Committee shall be approved by the Board of Directors by a simple majority.

6.2. The Committee shall consist of independent directors and if it is impossible for external reasons the majority of the Committee members shall be independent directors and the other members of the Committee may be the members of the Board of Directors who are not members of the Management Board and (or) General Director.

6.3. The Committee is chaired by an independent director - the Chairman of the Committee, which is elected by the Board of Directors by a simple majority. The Chairman of the Board of Directors may not be elected as the Chairman of the Committee.

6.4. The Members of the Committee are elected for a term until election of the next Board of Directors. By the resolution of the Board of Directors made by a simple majority of members participating in voting, the powers of all or part of the members of the Committee may be terminated earlier. The Committee is entitled to re-elect the Chairman of the Committee earlier.

6.5. If the Member of the Board of Directors, elected to the Committee, ceases to meet the independence requirements to members of the Board of Directors must inform the Board of Directors in writing on non-compliance with the independence requirements to members of the Board of Directors within 5 (five) business days from suspension of the status of an independent director.

6.6. The Members of the Committee can be elected unlimited number of times. When electing the members of the Committee, preference should be given to the nominees with the degree in law, economics or management and work experience in management and financial positions.

6.7. Chairman of the Committee organizes the work of the Committee, in particular:

- 1) convenes meetings of the Committee and takes the chair on the meetings;
- 2) organizes the discussion of issues at the meetings of the Committee and hearing the opinions of persons invited to attend a meeting;
- 3) organize keeping the minutes of the meetings of the Committee and signs it;
- 4) distributes responsibilities among the members of the Committee;
- 5) signs the documents developed and approved by the Committee in the course of performance of its functions;
- 6) submits to the Board of Directors the written reports on the Committee's activities and gives necessary explanations, regarding their content;
- 7) performs other functions as provided by the applicable law, the Articles, the Regulations and other internal documents of the Company.

6.8. Functions of the Secretary of the Committee are performed by Corporate Secretary or another person, appointed by the Committee.

ARTICLE 7. COMMITTEE MEETINGS AND DECISION MAKING PROCEDURE

7.1. The meetings of the Committee are held regularly at least five (5) times a year, in accordance with the schedule approved by the Board of Directors.

7.2. The resolution to convene a meeting of the Committee is made by the Chairman of the Committee on its own initiative or on motion of the Committee members, members of the Board of Directors, General Director.

7.3. Preparation for the meeting of the Committee shall be performed by Secretary of the Committee under supervisions of the Chairman of the Committee.

7.4. Upon voting each member of the Committee has one vote. The resolution of the Committee is made by a majority vote of the Committee members and registered in the minutes.

7.5. After the meeting of the Committee Secretary of the Committee makes the minutes of the meeting, signed by the Chairman of the meeting and Secretary of the Committee. The Chairman is responsible for accuracy of the minutes. Minutes together with the materials prepared for the meeting are kept in the archive of the Company.

7.6. The Minutes are accompanied by the materials prepared by the Committee, conclusions, proposals and recommendations and minority reports of members of the Committee.

7.7. Information on interest of a member of the Committee in consideration of any issue shall be disclosed to them at the meeting of the Committee and reported to the Board of Directors.

7.8. The Chairman of the Committee shall preside at the meetings of the Committee. In case of his/her absence at the meeting the members of the Committee shall elect a chairman of the meeting from among the members present.

7.9. The meeting is duly constituted (has a quorum) if attended by at least half of all members of the Committee.

7.10. The Member of the Committee is deemed to be present at the meeting if he/she participates in the meeting by telephone, intercom or video communication or in any other form during the meeting can quickly express their opinions and vote on the issues discussed.

7.11. Committee meetings may be held in the form of joint presence of members or absentee voting (polling).

7.12. The Committee may hold joint meetings with other committees of the Board of Directors. During the joint meeting of the Committee with other committees of the Board of Directors a quorum for the meeting shall be determined separately for each committee.

7.13. The member of the Board of Directors who is not a member of the Committee may participate in a meeting of the Committee and express their opinions on issues under consideration only on invitation of the Chairman of the Committee.

7.14. Upon approval of the Chairman of the Committee the invited experts and specialists may participate in the meetings.

7.15. Only at the meetings in the form of joint presence the following issues are considered:

- 1) recommendations to the Board of Directors on a nominee to the position of General Director;
- 2) essential provisions of the contract concluded between the Company and General Director.

7.16. Convocation, preparation and holding of meetings of the Committee are performed in accordance with the requirements of the Regulations on the Board of Directors in respect of convocation, preparation and holding of meetings of the Board of Directors.

ARTICLE 8. INTERACTION WITH THE COMPANY BODIES AND OTHER PARTIES

8.1. The Committee in the course of its activities in accordance with the functions and aims referred to in Article 4 herein interacts with the Management Board, General Director and Human Resources Directorate of the Company.

8.2. Committee members should have access to the necessary information. General Director, Human Resources Director of the Company at the request of the Committee within the reasonable period and in accordance with the existing internal procedure of the Company shall provide to the Committee through Secretary of the Committee the complete and accurate information and documents on the activities of the Committee. The requirement to provide information and documents shall be executed in writing and signed by the Chairman of the Committee.

8.3. If necessary, employees of the Company with the necessary expertise for solution of specific issues of the Committee's activities may be involved in work of the Committee.

8.4. If necessary, within the approved budget, upon approval of the Board of Directors outside experts, consultants and specialists with the necessary expertise for solution of specific issues of the Committee's activities may be involved in work of the Committee.

ARTICLE 9. FINAL PROVISIONS

9.1. Members of the Committee shall be liable in accordance with the applicable legislation of the Russian Federation, the Articles and the Regulations on the Board of Directors and other internal documents of the Company.

9.2. These Regulations and any amendments and supplements hereto shall be approved by the Board of Directors by a majority vote of members, participating in the meeting of the Board of Directors and (or) the members who expressed their opinion in writing.

9.3. If as a result of changes in legislation and regulatory acts of the Russian Federation, certain articles of these Regulations come into conflict with it, these articles become invalid and until amendments to this Regulation, the members of the Committee are guided by the applicable legislation of the Russian Federation. The articles inconsistent with the applicable law do not affect the legal validity of the remaining articles of the present Regulations.

9.4. Any issues not regulated by these Regulations are governed by the Articles, Regulations on the Board of Directors and other internal documents of the Company and the applicable legislation of the Russian Federation.

9.5. In case of any discrepancy of the Regulation to the Articles of the Company, the Articles shall prevail.