

Approved
on April 22, 2016
by the resolution
of Annual General meeting of shareholders
of Public Joint-Stock Company
"Cherkizovo Group"
(Minutes No.22/046a dd. April 27, 2016)

**REGULATIONS
ON BONUSES AND ALLOWANCES, PAID TO THE
MEMBERS OF THE BOARD OF DIRECTORS**

**of Public Joint Stock Company
"Cherkizovo Group"
(version No. 2)**

**Moscow,
2016**

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ARTICLE 1. GENERAL PROVISIONS

1.1. These Regulations on Bonuses and Allowances 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), other applicable regulations, Corporate Code of Governance and defines the amount and procedure for payment of bonuses and allowances to the members of the Board of Directors of PJSC "Cherkizovo Group" (hereinafter - the "Company").

1.2. The period for calculation of bonuses and allowances shall start from the date of election of the members of the Board of Directors at the Annual General Meeting of Shareholders 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 bonuses amount shall be calculated on the working time basis of the relevant members of the Board of Directors.

Calculation and payment of bonuses and allowances to the members of the Board of Directors shall be supervised by Corporate Secretary and Chief Financial Officer of the Company.

1.3. Bonuses 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 an officer 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 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 an officer 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 bonuses for performing the duties of the Chairman of the Board of Directors as provided in Article 4(4.1)(1) of these Regulations.

1.4. General Meeting of Shareholders is entitled to decide not to pay bonuses to the individual members of the Board of Directors referred to in Clause 1.3 of Article 1 of these Regulations, if they do not take part in more than half of the meetings of the Board of Directors.

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 BONUSES

2.1. There shall be the following types of bonuses for performing the duties of a member of the Board of Directors:

- 1) basic bonuses;
- 2) additional bonuses;
- 3) year-end bonus.

2.2. Bonuses to all members of the Board of Directors shall be paid in Russian rubles (hereinafter - the "rubles").

2.3. Bonuses shall be taxable in accordance with the laws of the Russian Federation or any other state, whose tax resident a member of the Board is deemed to be. The Company shall not compensate the members of the Board of Directors for the personal income tax (or other similar taxes and dues) that is deductible from the bonuses in accordance with the laws of the Russian Federation and / or payable by them in accordance with the laws of another state.

ARTICLE 3. BASIC BONUSES

3.1. The basic bonuses shall be 5,000,000 (five million) rubles per Corporate year.

In case of early termination of powers of a member of the Board of Directors, the basic bonuses shall be paid in proportion to the actual term of office of such member of the Board of Directors during the Corporate year.

3.2. The basic bonuses shall be paid in cash by equal quarterly installments for performing the duties of a member of the Board of Directors during the Corporate year.

3.3. The basic bonuses shall be paid by the Company on a quarterly basis within 15 (fifteen) calendar days upon the end of the relevant quarter of the Corporate year based on the office memo submitted by Corporate Secretary to Chief Financial Officer of the Company as well as on the extract from the Minutes of General Meeting of Shareholders on election of the members of the Board of Directors.

3.4. The basic bonuses shall be paid for:

- 1) participation in the in-person meetings of the Board of Directors (including by selector communication or 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 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 operation, lasting no more than six (6) full-time business days per Corporate year.

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

ARTICLE 4. ADDITIONAL BONUSES

4.1. Member of the Board of Directors may receive the additional bonuses paid for:

- 1) performance of duties of the Chairman of the Board of Directors - 25,000,000 (twenty five million) rubles per Corporate year;
- 2) performance of duties of the Deputy Chairman of the Board of Directors - 1,000,000 (one million) rubles per Corporate year (subject to the provisions of Clause 1.3 of Article 1 of these Regulations);
- 3) performance of duties of the Chairman of any Committee of the Board of Directors - 1,000,000 (one million) 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) 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 bonuses referred to in Clause 4.1 of Article 4 of these Regulations shall be paid by the Company quarterly in equal installments within fifteen (15) calendar days upon the end of the relevant quarter of the Corporate year.

In the case of early termination of powers, the additional bonuses shall be paid in proportion to the actual term of office of such member of the Board of Directors during the Corporate year.

ARTICLE 5. YEAR-END BONUS

5.1. Members of the Board of Directors referred to in Clause 1.3 of Article 1 of these Regulations may receive the year-end bonus provided that the Company has performance-based profit according in the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS).

5.2. The bonus amount payable to each member of the Board of Directors shall be calculated using the following formula:

$$S = BR \times A, \text{ where:}$$

S - bonus amount;

BR - basic bonuses;

A - Company's share price growth factor determined by the following formula:

$$A = (P2 - P1) / P1, \text{ where:}$$

P1 - weighted average price¹ of the Company's share 30 (thirty) days prior to the date of election of a member of the Board of Directors;

P2 - weighted average price¹ of the Company's share 30 (thirty) days prior to the term of office of a member of the Board of Directors.

When P1 exceeds P2, bonus shall not be paid.

Index growth factor "I" calculated as follows:

$$I = (K2-K1) / K1, \text{ where:}$$

K1 - weighted average value² of the MICEX Index 30 (thirty) days prior to the date of election of a member of the Board of Directors;

K2 - weighted average value² of the MICEX Index 30 (thirty) days prior to the term of office of a member of the Board of Directors.

Note:

1 volume-weighted average trading price of the Company's shares on the Moscow Interbank Currency Exchange;

2 weighted average trading value of the MICEX Index.

5.3. The bonus amount shall not exceed one hundred (100) percent of the basic bonuses of a member of the Board of Directors per Corporate year.

5.4. Bonus shall be paid only to the member of the Board of Directors continuously exercising his / her powers throughout the Corporate year.

5.5. Bonus shall be paid on the basis of the office memo of Corporate Secretary, approved in writing by Chief Financial Officer of the Company.

5.6. 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. REIMBURSEMENT OF EXPENSES OF THE MEMBERS OF THE BOARD OF DIRECTORS. LIABILITY INSURANCE OF THE MEMBERS OF THE BOARD OF DIRECTORS.

6.1. Reimbursement 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 compensated:

- 1) cost of travel to the place of the meeting of the Board of Directors and / or a Committee of the Board of Directors and return;
- 2) cost of 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. Reimbursements 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.

6.4. 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 Committee for Personnel and Bonuses of the Board of Directors. This insurance shall be maintained at the cost of the Company.

ARTICLE 7. FINAL PROVISIONS

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

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

7.3. If as a result of changes in the laws and regulations of the Russian Federation certain articles of these Regulations come into conflict with the same, such articles shall become invalid; and until amendment of these Regulations, the Company shall be governed by the applicable laws and regulations of

the Russian Federation. The articles of these Regulations conflicting with the applicable laws shall not affect the legal validity of the remaining articles of these Regulations; and the Company shall make every effort to replace the void articles of these Regulations with the new articles not conflicting with the laws as soon as possible.

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