

**APPROVED**

by PJSC Acron Board of Directors

Minutes No. 570 dated 30 September 2016

**REGULATION**

**on the PJSC Acron Board of Directors**

**Nomination and Remuneration Committee**

**2016**

## 1. GENERAL PROVISIONS

- 1.1. This Regulation on the Nomination and Remuneration Committee of the PJSC Acron Board of Directors (“Regulation”) is prepared in accordance with the current laws of the Russian Federation and the Charter and bylaws of the Public Joint Stock Company Acron (“Company”), and in compliance with the listing rules of the trade organiser that admitted the Company’s securities to organised trading, and recommendations of the Corporate Governance Code recommended for use at joint stock companies by the Bank of Russia (“Corporate Governance Code”).
- 1.2. This Regulation defines the status, composition and procedure for forming the Nomination and Remuneration Committee of the PJSC Acron Board of Directors (“Committee”) and its objectives, tasks, functions and proceedings.
- 1.3. The Committee is a standing collegial body created within the Board of Directors in order to assist the Board in performing its functions through preliminary review of matters related to forming of efficient and transparent personnel policy and remuneration practices and preparation of relevant recommendations for the Board to pass resolutions regarding matters within its scope of authority.

The Committee is not a governing body of the Company and acts within the scope of authority determined hereby, including performance of certain functions of the Board of Directors defined herein which, under the current laws of the Russian Federation, do not require that resolutions be passed directly at meetings of the Board of Directors.

- 1.4. The Committee shall operate in accordance with the Company’s Charter, this Regulation and other Company bylaws.

In its activity the Committee shall be governed by the requirements of current Russian Federation laws, the Company’s Charter and bylaws, resolutions of the general meetings, and the listing rules of the trade organiser that admitted the Company’s securities to organised trading, and shall follow the recommendations of the Corporate Governance Code and best international and Russian practices for corporate governance at public joint stock companies.

- 1.5. The Committee shall report to the Board of Directors.

The Committee Chairperson shall inform the Chairperson of the Board of Directors about the Committee’s ongoing activity.

The Committee shall submit its final opinions and recommendations on the matters it considers to the Board of Directors.

The Committee shall submit its annual performance report to the Board of Directors in compliance with Section 6 hereof; it shall submit interim performance reports at the request of the Chairperson of the Company’s Board of Directors.

- 1.6. Information on the membership and activity of the Committee shall be disclosed and submitted to the Company’s shareholders in accordance with the procedure stipulated by the current laws of the Russian Federation, the Company’s Charter and bylaws, including

disclosure through publication of such information in the annual report and on the Company's website, based on the recommendations of the Corporate Governance Code.

This Regulation shall be disclosed by the Company through publication on the Company's website.

## 2. OBJECTIVES, TASKS, FUNCTIONS AND POWERS

- 2.1. The Committee's objective is to facilitate efficient performance of functions by the Company's Board of Directors related to developing efficient and transparent personnel policy and remuneration practices.
- 2.2. The Committee's main task shall be preliminary review of matters and preparation of relevant recommendations to the Board of Directors regarding:
  - Development of effective and transparent personnel policy for personnel planning (succession planning) as well as creating a cadre of highly trained specialists and improving efficiency of the Company's governing bodies
  - Development of effective and transparent procedure for remuneration of members of the Board of Directors, executive bodies and other Company's key senior managers (employees)
- 2.3. To achieve this objective and perform this task, the Committee is authorised to perform the following functions:
  - 2.3.1. Aimed at developing effective and transparent personnel policy for personnel planning (succession planning) and creating a cadre of highly trained specialists and improving efficiency of the Company's governing bodies:
    - Assessment of compliance of members of the Board of Directors (its committees) with tasks of the Board and Company's business objectives in terms of their expertise, experience, independence and involvement of the Board members in the operation of the Board (its committees) and the determining priority areas for improving the Board cadre
    - Cooperation with the Company's shareholders (not be limited to major shareholders) in selecting candidates to the Board of Directors in order to form its professional cadre complying with the Company's tasks and objectives to the fullest extent possible
    - Analysis of professional qualification and independence of all candidates nominated to the Board of Directors considering all information available to the Committee as well as development and provision to the Company's shareholders of recommendations on election of relevant candidates to the Board
    - Preliminary assessment of compliance of candidates to the Board of Directors (elected Board members) with independence criteria and provision to the Board of the relevant opinion based on results of such assessment; assessment of

compliance of elected Board members with independence criteria including review of written notifications about the loss by the Board member of the status of independent director and control over disclosure by the Company of relevant information

- Assessment of transparency of procedure for nominating and electing Board members and assessment of compliance of the Board with requirements of current Russian laws, Company bylaws, listing rules of the trade organiser that admitted the Company's securities to organised trading, objectives, tasks and corporate values of the Company
- Determining individual duties of the Board members and Chairperson, including determining the amount of time to be spent on issues related to the Company's business at the Board meetings and between such meetings and in ordinary and extraordinary Board operation; provision of relevant recommendations to the Board on approving individual duties of the Board members and Chairperson
- Determining the criteria, procedures and rules for self-assessment of the Board of Directors and provision of relevant recommendation to the Board, including on selecting relevant independent advisor to the Company
- Annual formal detailed self-assessment and external assessment of efficiency of the Board of Directors, its committees and members, including assessment of individual involvement of the Board members in the work of the Board and its committees; preparation (review) of self-assessment and external assessment reports and development of recommendations to the Board regarding improvement of proceedings of the Board and its committees based on the assessment results
- Preliminary review and provision of recommendations to the Chairperson of the Board of Directors on approval of an orientation programme for new members of the Board of Directors to familiarise them with the Company's business and bylaws (including the Company's corporate governance system, risk management system and internal control system, distribution of duties between executive and other bodies of the Company, and other important information about the Company's operations)
- Preliminary review and provision of recommendations to the Chairperson of the Board of Directors on approval of a training and professional development programme for members of the Board of Directors considering individual needs of the Board members; control (supervision) over implementation of the programme
- Analysis of current and expected needs of the Company with regard to professional expertise of members of the Company's executive bodies and other key senior managers (employees) to develop the Company and increase its competitiveness; planning of personnel appointments, considering

continuity of work, of members of the Company's executive bodies and its other key senior managers (employees)

- Recommendations to the Board of Directors regarding candidates to the position of the Company's corporate secretary, including preliminary review of the candidate to the position of the Company's corporate secretary, assessment of the candidate's adequacy for the position of the Company's corporate secretary based on the requirements of the Regulation on Acron Corporate Secretary; provision of recommendations to the Board on approving the candidate to the position of the Company's corporate secretary and passing a resolution to terminate his/her powers
- Development of recommendations to the Board of Directors regarding candidates to members of the Company's executive bodies and other key senior managers (employees), including determining the criteria for selection and evaluation of candidates to members of Company's management and control bodies (Internal Audit Team), assessment of compliance of such candidates with these criteria and provision of relevant opinion based on assessment results
- Development of recommendations to the Board of Directors regarding the arrangement of liability insurance for members of the Board of Directors, members of other Company's bodies and key managers (employees).

2.3.2. Development of effective and transparent procedure for remuneration of members of the Board of Directors, executive bodies and other Company's key senior managers (employees):

- Development, periodic review and provision of recommendations to the Board of Directors on approval of the remuneration policy and / or reimbursement of expenses (compensation) to members of the Board of Directors, executive bodies and other Company's key managing officers (employees) (hereinafter the Remuneration Policy)
- Development, periodic review and provision of recommendations to the Board of Directors on approval of short-term and long-term motivation programmes for members of executive bodies and other Company's key senior managers (employees) (Motivation Programmes)
- Control (supervision) over introduction and implementation of the Remuneration Policy and Motivation Programmes
- Control (supervision) over disclosure by the Company of information about the Remuneration Policy and its implementation procedures, information about holding of Company's shares by members of the Board of Directors, executive bodies and other Company's key managing officers (employees) in accordance with the procedure stipulated by current Russian laws, charter and Company's bylaws
- Preliminary assessment of performance efficiency of executive bodies and other Company's key managing officers (employees) based on year results

considering criteria included in the Remuneration Policy and preliminary assessment of achievement by mentioned persons of objectives set in the Motivation Programmes

- Development, preliminary consideration and provision of recommendations to the Board of Directors on approval of terms and conditions of employment agreements with members of executive bodies and other Company's key managing officers (employees), including conditions of early termination of employment agreements with members of executive bodies and other Company's key managing officers (employees), including all Company's material liabilities and conditions of their fulfillment
- Preliminary consideration and provision of recommendations to shareholders on amount of remuneration and compensation to be paid to members of the Company's Internal Audit Team
- Offers preparation for selection of Company's independent advisor on remuneration of members of executive bodies and other Company's key managing officers (employees), including, when necessary, determining of competition conditions for selection of mentioned advisor, procedure of creation and development of functions of the Company's competition committee
- Development, preliminary consideration and provision of recommendations to the Board of Directors on determining of remuneration amount and bonus awarding principles for the Company's corporate secretary, and on assessment of efficient performance of the Company's corporate secretary based on year results and bonus awarding to the Company's corporate secretary
- Review of the report on introduction and implementation of the Remuneration Policy and Motivation Programmes in the Company.

2.4. The Board of Directors may, at its discretion, request that the Committee submit recommendations and opinions on any matters within the scope of authority of the Board and related to developing efficient and transparent personnel policy and remuneration practices.

The Committee may, at its discretion, submit its recommendations and opinions on any matter within the scope of authority of the Board of Directors and related to developing efficient and transparent personnel policy and remuneration practices.

2.5. While performing the functions assigned to it, the Committee shall:

- Request and obtain from the Company's bodies and officers (employees) oral and written explanations required to perform the Committee's functions
- Request and obtain from the Company's bodies and officers (employees) information and documents related to the business of the Company and legal entities controlled by the Company and required to perform the Committee's functions
- Invite members of the Company's executive bodies and officers (employees), the head of the personnel management department to attend the Committee meetings, and,

subject to prior approval by the Chairperson of the Board of Directors, engage independent consultants (experts) to prepare materials and recommendations on the Committee agenda

- Monitor the implementation of Board and Committee resolutions on matters related to developing efficient and transparent personnel policy and remuneration practices of the Company
- Submit recommendations on amendments and addenda to this Regulation to the Board of Directors

2.6. While performing the functions assigned to it, the Committee shall:

- Submit opinions and recommendations on matters considered by the Committee in a timely fashion (prior to consideration of the relevant matters by a meeting of the Board of Directors)
- Immediately inform the Board of Directors about its reasonable concerns and any circumstances that are irregular for the Company's business and that became known to the Committee in connection with performance of its functions
- Submit an annual report on its performance in a timely fashion to the Board of Directors

2.7. While preparing, considering and reviewing the Remuneration Policy and Motivation Programmes and other bylaws of the Company related to matters included by this Regulation in the Committee's scope of authority, the Committee shall take into account the recommendations of the Corporate Governance Code, assess the viability and possibility of applying them to the Company at this stage of its development, and take them into account if they are applicable to the Company based on the current economic environment, aspects of the Company's business operations and organisational structure and other material circumstances.

The list of the Company's key senior managers (employees) (list of positions held by such persons) for the purpose of this Regulation and other Company's bylaws shall be elaborated by the Committee and approved by the Board of Directors as appendixes to the Remuneration Policy.

### **3. ELECTION PROCEDURE AND MEMBERS**

3.1. The Committee consists of three (3) members of the Board of Directors elected for the term of powers of the relevant members of the Board of Directors of the Company.

The Committee shall be formed (Committee members shall be elected) at the first meeting of a new Board of Directors, after election of the Chairperson of the Board and assessment of compliance with independence criteria for the elected members of the Board (pursuant to Clause 3.1 of the Regulation on the PJSC Acron Board of Directors).

3.2. Members of the Board of Directors who expressed their consent to work in the Committee shall be elected to the Committee.

Only independent directors determined (recognised) as independent members of the Board of Directors pursuant to Clause 3.1. of the Regulation on the PJSC Acron Board of Directors shall be elected to the Committee; if this is not possible for an objective reason, the majority of the Committee shall consist of independent directors and its remaining part shall consist of members of the Board of Directors who are not performing the functions of sole executive body of the Company and/or members of the Company's collegial executive body.

- 3.3. The Committee's activity shall be managed by its Chairperson, who is to be elected from among the independent directors and determined (recognised) as an independent member of the Board of Directors pursuant to Clause 3.1 of the Regulation on the PJSC Acron Board of Directors.

The Committee Chairperson shall have the knowledge and experience required to perform the functions within the scope of authority of the Committee. The Chairperson of the Board of Directors may not be the Committee Chairperson.

- 3.4. The Committee members, including its Chairperson, shall be elected by resolution of the Board of Directors at the proposal of the Chairperson of the Board of Directors.

A resolution to elect members and a Chairperson to the Committee shall be adopted by a majority vote of members of the Board of Directors in attendance.

Members of the Committee may be re-elected an unlimited number of times.

A member of the Board of Directors may not head more than two standing committees of the Board of Directors. A member of the Board of Directors may be elected to an unlimited number of committees of the Board of Directors.

- 3.5. By resolution of the Board of Directors, the powers of all members of the Committee may be terminated early. A Committee member may abnegate his/her powers early by informing the Chairperson of the Board of Directors and the Committee Chairperson in advance in writing.

#### **4. COMMITTEE'S PROCEEDINGS**

- 4.1. The Chairperson shall manage the Committee's activity, ensure the most efficient performance of the functions vested in the Committee and interact on behalf of the Committee with the Company's executive bodies and officers (employees).

To ensure efficient operation, the Committee Chairperson shall perform the following functions:

- Convene and preside over the Committee meetings, identify persons to be invited to the Committee meetings, identify the list of materials (information) to be provided to the Committee members and persons invited to the Committee meetings, order the recording of minutes of the Committee meetings and sign them, be responsible for accurate and prompt recording of minutes



- Order drafting of the Committee work plans and approve them, order agendas to be compiled for the Committee meetings, work out the most efficient resolutions for items on the Committee meeting agenda
- Distribute duties among the Committee members according to the approved the Committee work plan
- Ensure cooperation of and maintain ongoing contacts with other bodies and officers (employees), including the Chairperson of the Board of Directors and Corporate Secretary, in order to promptly receive the fullest and most reliable information required for Committee to approve resolutions and ensure its effective cooperation with these bodies and officers (employees) of the Company
- Ensure and/or exercise control over implementation of the resolutions passed by the Committee
- Inform the Chairperson of the Board of Directors on the Committee ongoing activity, issue, sign and present the Committee annual performance report to the Board of Directors
- Perform other functions related to the Committee activity.

The Committee Chairperson shall ensure the Committee's objectivity and encourage the open and constructive discussion of agenda items at Committee meetings and preparation of coordinated and unbiased recommendations (opinions) and reports for the Board of Directors.

- 4.2. At the instruction of the Board of Directors, the Committee's secretary shall familiarise newly elected members of the Committee with the Company's business and its bylaws (including the Company's corporate governance system, risk management system and internal control system, distribution of duties between executive and other bodies of the Company, and other important information about the Company's operations) in accordance with the orientation programme approved by the Chairperson of the Board of Directors.

The Committee members shall be personally involved in the Committee's work, shall not miss the Committee meetings held in the form of personal attendance without a valid reason, shall participate in discussions and voting on agenda items, and shall submit timely completed voting ballots for absentee voting on agenda items.

The Committee members shall inform the Committee secretary in advance and indicate the reason if unable to attend a Committee meeting. If a Committee member is absent from a meeting held in a form of personal attendance, such Committee member shall submit his/her opinion on the agenda items in writing.

The Committee members shall perform other obligations of the Board of Directors as stipulated by the regulation on the Company's Board of Directors, including preventing and settling conflicts of interest.

If there is no conflict of interest, the Committee members may attend the Committee meetings, participate in discussion of agenda items and vote on agenda items, review the Committee's work plan and meeting schedule in advance, and receive in a timely fashion

all information (materials) from the Company and legal entities controlled by the Company that are required to pass resolutions on agenda items at Committee meetings.

The Committee's secretary, the Corporate Secretary, the Company's executive bodies and other officers (employees) shall assist Committee members in obtaining the information (materials) stipulated in this Clause.

- 4.3. The Committee's secretary shall provide organisational and technical support for the day-to-day work of the Committee during its meetings and between them. These functions shall be performed by the secretary of the Board of Directors or a person appointed by the Board and acting as the secretary of the Board when the secretary of the Board is temporarily absent.

To support the day-to-day work of the Committee, the Committee's secretary shall perform the following functions:

- On the instructions of the Chairperson of the Board of Directors, arrange for familiarisation of the new members of the Committee with the Company's business and its bylaws in accordance with the programme approved by the Chairperson of the Board
- Inform the Committee members and all parties concerned of approved work plans and the schedule of meetings of the Committee
- Ensure that meetings of the Committee meetings are prepared and held in compliance with this Regulation and other Company bylaws
- Participate in identifying and preparing information (materials) to be provided to the Committee members and persons invited to attend the Committee meetings
- Notify the Committee members and other parties concerned of the Committee meeting, send ballots for absentee voting and collect ballots filled out by the Committee members
- Determine if quorum is present at the Committee meetings or for absentee voting, tally votes and determine voting results on each agenda item
- Organise the provision of information (materials) about the Company's business required for the Committee members to perform their obligations (upon their request or upon instructions from the Committee Chairperson)
- Keep minutes of the Committee meetings and ensure their safeguarding, make excerpts from minutes of the Committee meetings
- Inform the Committee members and other concerned parties about resolutions passed by the Committee and monitor implementation of the resolutions on instruction of the Committee Chairperson
- Together with the Committee Chairperson and the Company's Corporate Secretary, draft the annual Committee performance report to be included in the Company's annual report with due consideration for the recommendations set forth in the Corporate Governance Code

- Perform other functions regarding organisational and technical support for the day-to-day work of the Committee on instructions of the Committee Chairperson.
- 4.4. The Company’s Corporate Secretary shall ensure that the Committee’s procedures comply with the requirements of the current laws of the Russian Federation and the Company’s Charter and bylaws and the effective functioning of the Committee (including planning and preparation of the Committee draft resolutions) and preparation of proposals on improving the Committee’s functioning.
- 4.5. The Company’s Chief Executive Officer, through the Company’s relevant departments (at the request of the Committee Chairperson or Secretary), shall provide the equipment, premises and transportation support required to hold the Committee meetings or perform other functions of the Committee.

## **5. MEETINGS AND ABSENTEE VOTING**

- 5.1. The Committee shall hold its meetings on a regular basis when needed, usually at least three times a year and in accordance with the Committee’s work plan. If needed, the Committee shall hold extraordinary meetings.

The Committee meetings shall be convened by the Committee Chairperson on his/her own initiative and/or at the proposal of Committee members, the Chairperson of the Board of Directors, the Company’s executive bodies and its executive officers (employees).

The Committee meetings intended to make recommendations (opinions) and reports on matters planned for consideration by the Board of Directors shall be held far enough in advance to ensure timely submission of the relevant recommendations (opinions) and reports to the Board and inclusion of the relevant recommendations (opinions) and reports in the minutes of the Board.

The Committee meetings shall be held *in presentia* (joint presence of the Committee members to discuss agenda items and pass resolutions) or *in absentia* (absentee voting).

The Chairperson of the Committee shall preside over the Committee meetings; if he/she is absent, the meeting shall be presided over by a Committee member acting as chairperson during the meeting by resolution of the Committee members present at the meeting.

The form of the Committee meeting shall be determined by the Committee Chairperson depending on the importance of the agenda items and other material events requiring the Committee’s resolutions.

For the Committee meetings held by voting in person, information and communication technologies (telephone and video conference calls) may be used to allow the Committee members to attend the Committee meeting virtually, discuss agenda items and adopt resolutions on motions put to a vote without attending the Committee meeting in person.

The Chairperson’s decision to convene and hold a Committee meeting shall be executed as an order of the Committee Chairperson and include the following:

- Decision to convene and hold a Committee meeting (in the form of voting in person or absentee voting), as well as indication that information and communication technologies (telephone and video conference calls) may be used
- Person requesting the Committee meeting
- Date, time and place of the Committee meeting (deadline for accepting completed ballots for absentee voting), as well as email address, telephone number or other technical means of communication and postal address to which the Committee members not attending the Committee meeting may send their written opinions or ballots for absentee vote
- Wording of agenda items and proposed resolutions on them
- List of persons invited to attend the Committee meeting
- List of information (materials) to be provided to the Committee members invited to attend the Committee meeting
- Instruction to the Committee secretary to notify the Committee members of the meeting (*in presentia* or in the form of absentee voting) with ballots attached, and send information (materials) to be provided to the Committee members and persons invited to the Committee meeting
- Date of the resolution on holding the Committee meeting.

5.2. The list of persons invited to the Committee meeting shall be determined by the Committee Chairperson.

The Committee Chairperson if needed shall invite to the Committee meeting the members of the Company's executive bodies and other senior managers (employees) to review matters included by this Regulation into the Committee's scope of authority, including the head of the personnel management department.

Persons who are not members of the Committee may attend the Committee meetings solely by invitation of the Committee Chairperson.

5.3. The Committee members shall be informed about upcoming meetings and their agendas by the Committee's secretary.

The meeting notification (*in presentia* or by absentee vote), ballots and information (materials) related to the agenda and provided to the Committee members shall be sent (provided) to these persons usually no less than five (5) calendar days in advance (in normal circumstances), prior to the date of the meeting. Notification and information (materials) shall be provided sufficiently in advance so that Committee members can prepare for the meeting.

Meeting notices and other information and materials shall be sent to Committee members in writing to the mailing addresses provided by them and/or as an electronic document to the email addresses provided by them in writing to the Committee's secretary.

The Committee meeting notices shall specify:

- The full name of the Company, its seat and registered address
- The form of the Committee meeting (*in presentia* or by absentee voting), as well as whether or not information and communication technologies (telephone and video conference calls) may be used
- The person requesting the Committee meeting
- The date, time and place of the Committee meeting (deadline for accepting completed ballots for absentee voting), as well as the email address, telephone number or other technical means of communication and postal address to which members absent from the meeting may send their written opinions or ballots for absentee voting
- The wording of agenda items and proposed draft resolutions
- List of persons invited to attend the Committee meeting
- List of information (materials) to be provided to the Committee members and persons invited to attend the Committee meeting.

- 5.4. The Committee shall be duly constituted (have quorum) if attended by not less than half of the elected Committee members.

The written opinion of a Committee member who is absent from a Committee meeting, as well as the opinions of Committee members present at the meeting by means of information and communication technology (conference and video communication), shall be taken into account when calculating the quorum and voting results on agenda items at Committee meetings held *in presentia*.

- 5.5. The Committee meetings, including those held by absentee voting, shall pass resolutions by a majority of votes of members attending the Committee meeting (absentee voting).

Voting at the Committee meetings shall be by show of hands and roll call.

Each member of the Committee shall have one vote. A Committee member may not transfer voting right to another person, including another member of the Committee.

If voting results in a tie on a resolution to be adopted by the Committee, the Committee Chairperson shall cast the deciding vote.

- 5.6. Minutes shall be kept at every Committee meeting, including those held by absentee voting.

Minutes of the Committee meetings shall be made within three (3) days of the date of a meeting *in presentia* or by the end date for accepting filled-out ballots for absentee voting.

The Committee's secretary and Chairperson (or acting Chairperson) shall sign the minutes of the Committee meeting.

Minutes of the Committee meetings shall be made in writing and contain the following information:

- 1) Full name of the Company, its seat and address
- 2) Form of the meeting

- 3) Date, time and place of the meeting (deadline for accepting voting ballots for absentee vote)
- 4) Information about persons attending the meeting and quorum
- 5) Agenda
- 6) Items put to a vote
- 7) Voting results for each agenda item, including information about persons who voted in favour of or against a resolution or who abstained from voting
- 8) Resolutions adopted
- 9) Information about the persons who tallied votes
- 10) Information about the persons who signed the minutes
- 11) Date of the minutes
- 12) Appendices.

Individual Committee members may request that their opinions on agenda items be included in or attached to the minutes of the Committee meeting as an integral part of those minutes.

Within two (2) business days of signing the minutes of a Committee meeting held in the form of absentee voting, the Committee's secretary shall inform Committee members about the resolutions passed by the meeting.

Minutes of a Committee meeting containing final opinions and recommendations on matters considered by the Committee shall also be sent to the Chairperson of the Board of Directors.

The Committee's secretary shall ensure the safekeeping of the minutes of the Committee meetings and their availability for all members of the Board of Directors.

Any Committee member may request an excerpt from the minutes of a Committee meeting certified by the signature of the Committee's secretary and/or of the Committee Chairperson.

5.7. The Committee may adopt resolutions by absentee vote.

In order to adopt a resolution by absentee vote, the Committee's secretary, acting on instructions from the Committee Chairperson, shall send the Committee members an absentee ballot specifying the deadline for accepting completed ballots, the wording of agenda items put to a vote and draft resolutions on the agenda items put to a vote, voting options for agenda items put to a vote (aye, nay, abstain), and any other information (materials) to be provided to the Committee members.

When tallying the results of an absentee vote, ballots received before the deadline for accepting completed ballots as specified on the ballot shall be counted.

5.8. Any matters and documents discussed and addressed at Committee meetings and information about resolutions passed by the Committee shall be classified as the Company's confidential information (including information constituting the Company's

trade secrets) and may not be disclosed unless otherwise provided for by mandatory requirements of Russian Federation law (peremptory norms).

The Company may disclose the above information with due consideration for the Company's Corporate Governance Code and information policy.

## **6. REPORTING, PERFORMANCE EVALUATION AND REMUNERATION OF COMMITTEE MEMBERS**

6.1. The effectiveness of the Committee and its members shall be assessed when the Board of Directors reviews the Committee's annual performance report and during assessment of the Board's effectiveness.

The Committee's annual performance report shall be submitted to the Board of Directors by 20 March of each year, and shall include information on the Company's compliance with requirements for the Committee's composition, the number and form of the Committee meetings, the participation of Committee members in meetings (absentee voting), information on implementation of the Committee's work plan (if approved) and key matters considered by the Committee during the reporting period, and also information on opinions and recommendations submitted to the Board of Directors and other results of consideration of key matters.

As a rule, the following materials are included in the Committee's annual performance report or are submitted additionally:

- The Committee's opinions and recommendations after assessing the candidates to members of the Company's governing and supervision bodies (Internal Audit Team), including assessing of compliance of candidates to members of the Company's Board of Directors and elected members of the Board of Directors with independence criteria
- The Committee's opinions and recommendations after assessing the compliance of the Company's Board of Directors (its committees) with tasks of the Board of Directors and objectives of the Company business with regard to the field of professional expertise, experience, independence, and involvement of members of the Board of Directors in the operation of the Board of Directors (its committees) and recommendations on determining the priority areas for enforcement of the Board of Directors composition
- The Committee's opinions and recommendations on approval (reconsideration) and implementation (introduction) of the Remuneration Policy and Motivation Programmes, as well as preliminary assessment of the operation efficiency of executive bodies and other Company's key managing officers (employees) based on year results.

Assessment of the Committee's performance includes assessment of the professional and personal qualities of its members, their commitment, independence and impartiality in considering the matters within the scope of the Committee's authority, teamwork and the extent of personal involvement in the Committee's work, and other factors affecting the Committee's efforts.

- 6.2. The amount of remuneration and reimbursable expenses (compensation) payable to members of the Board of Directors who are members of the Committee shall be determined by resolution of the Company's general meeting with consideration for the Regulation on the Company's Board of Directors and the Company's policy for remuneration and/or reimbursement (compensation) payable to members of the Board of Directors, executive bodies, and other key executive officers (employees) of the Company.

## **7. FINAL PROVISIONS**

- 7.1. Any resolution to approve, amend or terminate this Regulation shall be passed by the Company's Board of Directors.

Proposals to make amendments hereto shall be made by the Chairperson of the Board of Directors or a representative of the Committee based on results of reviewing the annual Committee performance report by the Board of Directors and/or other assessment of the Committee's effectiveness.

- 7.2. This Regulation shall enter into force upon its approval by the Board of Directors and shall remain in effect permanently until its termination or approval of a new version.
- 7.3. Should any clauses of this Regulation for any reason come into conflict with regulatory requirements imposed on the Company by Russian Federation law (imperative provisions), such clauses of the Regulation shall become invalid, and the Company shall be governed by current Russian law until corresponding changes are introduced to this Regulation.