

REMUNERATION

for the Members of Executive Bodies and other Key Executives

According to the Company's policy adopted for remuneration and reimbursement of expenditures (compensations) for the members of the Board of Directors, the executive bodies, and other key executives of the Company (hereinafter referred to as an Employee), it is deemed that scope and structure of remuneration shall encourage the Employees to implement their own personal goals and consider all the Company's strategies for both involving the specialists with required skills and experience and providing an effective tool to reduce and eliminate possible conflicts of interest.

The remuneration scheme implies that an Employee's salary corresponds to his/her contribution to the Company's corporate strategy implementation, as well as to his/her experience and competitiveness at the labour market.

The remuneration structure is compiled of the following components:

- ▶ the basic (fixed) part of salary;
- ▶ the variable part of salary, which depends on an Employee's performances;
- ▶ additional income made of bonuses.

PRINCIPLES TO DETERMINE FIXED REMUNERATION

A fixed part of salary is determined basing on monthly market pay rates and depends on competence, job-related experience, and role of an Employee in the tasks he/she is faced. Considering that an Employee's salary is one of the most important factors for raising efficiency and satisfaction from executed work, the amount of fixed salary shall be determined to motivate the Employees to increase their performances.

The fixed part of salary is paid according to an employment agreement.

PRINCIPLES TO DETERMINE VARIABLE REMUNERATION

The variable part of salary is determined by each Employee's performances. By determining the procedure of variable part payment the Company implements a principle of partial delay of variable part payment (at least 70%) for a particular time period. The Company corrects the variable part of remuneration considering the assessment of a particular Employee's performances, which is based on his/her personal achievements and qualitative indicators, the activity of the entire structure and administration of the Company's budget.

The variable part of remuneration is paid after appropriate assessments, correction of variable part, and approval of the Company's Annual Report.

The Company provides for delay or even cancellation of the variable part payment considering the Company's financial statements.

ADDITIONAL INCOME, CONSISTING OF AWARDS AND OTHER BONUSES

Additional income, such as bonuses and supplementary payments, can be assigned and paid depending on the results of the Company's financial and business operations and personal contribution of each Employee.

In 2018 remuneration paid to the CEO and the key executive of the Company – Director for Development – amounted to RUB 1.782 mln.