

Approved by the Resolution of  
The Board of Directors of  
PIK Group  
19 August, 2011  
Minutes № 4

**BYLAW ON  
THE PERSONNEL AND REMUNERATION COMMITTEE OF  
THE BOARD OF DIRECTORS OF PIK GROUP**

Moscow

## **1. General provisions.**

1.1. The present Bylaw on the Personnel and Remuneration Committee (hereinafter referred to as «the Bylaw») is a basic document regulating activity of the Personnel and Remuneration Committee of the Board of Directors of PIK Group of Companies, OJSC, (hereinafter referred to as «the Committee») and defining issues within its competence, the order of forming a membership and its functioning.

1.2. The Committee is an auxiliary body of the Board of Directors set up for preliminary consideration of issues related to competence of the Board of Directors under the Charter of the Company. The Committee is not a body of the Company, the Company does not undertake civil rights and responsibilities through the Committee.

1.3. The Committee in its activity is governed by the current legislation of the Russian Federation, the Charter of the Company, the Bylaw on the Board of Directors and the present Bylaw. Issues of activity of the Committee not covered by the present Bylaw and other standard acts obligatory for the Company are to be settled in accordance with recommendations made in the Code of Corporate Conduct approved by the Government of RF (minutes of the meeting of November 28, 2001, № 49) and recommended by the Federal Commission on Securities Market of the Russian Federation.

1.4. For the purposes of the present Bylaw, all references to the Company represent references to PIK Group of Companies, OJSC, all references to the Charter and the Bylaw on the Board of Directors of the Company represent references to the current version of the Charter of PIK Group of Companies, OJSC, and the current version of the Bylaw on the Board of Directors of PIK Group of Companies, OJSC, all references to the Board of Directors represent references to the Board of Directors of PIK Group of Companies, OJSC, all references to internal documents of the Company represent duly accepted and current provisions obligatory for performance in PIK Group of Companies, OJSC.

## **2. Purpose of establishment of the Committee and its competence.**

2.1 The principle purpose of establishment of the Committee is to increase effectiveness and quality of work of the Board of Directors by preliminary consideration of certain issues related to competence of the Board of Directors and making recommendations to the Board of Directors regarding competence of the Committee.

The Committee assists in defining policy of the Company aimed at attracting properly qualified specialists for governance of the Company and creating incentives necessary for their successful work.

2.2. Competence of the Committee covers the following issues:

2.2.1. defining criteria for selection of candidacies for members for the Board of Directors, members of the Board and the President of the Company, as well as preliminary evaluation of the stated candidacies;

2.2.2. making proposals regarding a membership of Committees of the Board of Directors of the Company;

2.2.3. defining principles and criteria for a size of fees and compensations to members of the Board of Directors, the President of the Company, members of the Board and members of the Audit Commission of the Company;

2.2.4. consideration of a candidacy for the President of the Company, a term of validity of authorities and prescheduled termination of authorities of the President of the Company;

2.2.5. making proposals regarding a membership of the Board, as well as prescheduled terminations of authorities of members of the Board;

2.2.6. making proposals regarding significant terms and conditions of contracts (additional agreements) with the President of the Company and members of the Board;

2.2.7. regular evaluation of activity of the President of the Company and members of the Management Board, preparation of the proposals for the Board of Directors on opportunity of their further appointment;

2.2.8. submitting proposals to the Board of Directors regarding a size of fees to members of the Board, members of Committees of the Board of Directors, the President of the Company, members of the Board and members of the Audit Commission of the Company;

Should the Board of Directors decides, other issues may also be submitted for consideration of the Committee.

### **3. Membership of the Committee.**

3.1. The Committee consists of not less than two members.

3.2. Members of the Board of Directors of the Company only may become members of the Committee.

3.3. To effect management of the Committee, the Board of Directors shall elect the Chairman of the Committee. The principal task of the Chairman of the Committee is to ensure objectivity in making recommendations by the Committee to the Board of Directors of the Company.

3.4. The Committee is to be chaired by a non-executive director. The Chairman of the Board of Directors shall not serve as the Chairman of the Committee. The Chairman of the Committee shall not be elected the Chairman of another Committee.

3.5. Any member of the Committee (including the Chairman) shall not be elected into a membership of more than two Committees of the Company.

3.6. Persons not being members of the Committee and having necessary professional knowledge and skills may be used as experts in work of the Committee.

The Chairman and any member of the Committee is entitled to request to bring in a specialist (an organization) as an expert, on behalf of the Committee, within a framework of an estimate for payment for services of outside experts approved by the Board of Directors, with regards to issues of a public (not confidential) nature. Personal interest in attracting a specific specialist (an organization) is inadmissible.

3.7. The President of the Company, members of the Board of Directors of the Company, members of the Board of the Company, members of the Audit Commission of the Company, other officials and employees of the Company may be invited to attend meetings of the Committee.

3.8. The Corporate Secretary or some other person (a member of the Committee or an employee of the Company) may be appointed the Secretary of the Committee.

### **4. Forming of the Committee.**

4.1. The decision about establishment of the Committee, its personal membership and election of the Chairman of the Committee shall be taken by the Board of Directors and is valid till election of a new membership of the Board of Directors.

Should the Board of Directors takes a decision to set up the Committee, members of the Board of Directors are to be advised of activity of committees set up by a previous membership of the Board of Directors.

Changes in a membership of the Committee may be effected by the Board of Directors of the Company at any time at the suggestion of any member of the Board of Directors.

4.2. As for candidacies of the Chairman and members of the Committee, their education, professional background, experience in areas similar to spheres of activity of the Committee, skills of work with documentation and other special knowledge required for exercise of authorities of members of the Committee are to be taken into consideration. Members of the Committee may have the opportunity to receive and improve knowledge necessary for effecting functions imposed on them, by way of training (trainings, seminars).

### **5. Meetings of the Committee.**

5.1. Meetings of the Committee are to be held in accordance with a work schedule approved at a meeting of the Committee and in case of necessity but not less than once per a quarter.

A work schedule of the Committee is formed on the basis of an approved work schedule of the Board of Directors of the Company, proposals of members of the Committee and is to be enclosed to a work schedule of the Board of Directors.

5.2. An agenda of a meeting is defined by the Chairman of the Committee. Whereas any member of the Committee is entitled to initiate introducing an additional issue related to competence of the Committee into an agenda. On mutual agreement of members of the Committee, an agenda may be modified and expanded. If necessary, the Committee may decide not to discuss issues defined in an agenda of a current meeting, for the benefit of another issues having the priority, in opinion of members of the Committee.

Members of the Board of Directors not being members of the Committee, the President of the Company, members of the Audit Commission of the Company and retained experts of the Committee may apply to the Chairman of the Committee with a suggestion to consider any issue related to competence of the Committee. Such an issue may be considered whether at a next scheduled meeting of the Committee or, in case of a special significance of an issue and urgency, at a specially convoked meeting of the Committee.

5.3. The decisions to convoke a meeting of the Committee, on a date, timing, venue of a meeting and issues on an agenda and the decision on a list of persons invited to participate in a meeting are to be taken by the Chairman of the Committee on his (her) own initiative or upon a request of a member of the Committee.

5.4. The Secretary of the Committee shall notify members of the Committee about a forthcoming meeting of the Committee and deliver appropriate materials to them in a reasonable and adequate term prior to the beginning of a meeting by a way agreed upon between members of the Committee. The President of the Company, members of the Board of the Company, members of the Audit Commission of the Company, other officials and employees of the Company, shall be invited to attend a meeting of the Committee and experts shall be retained in an order providing for a reasonable and adequate term for invited persons to get ready to a meeting of the Committee.

5.5. Meetings of the Committee are to be held whether in a form of joint attendance or by a written interrogation of members of the Committee. Communication means may be used for carrying out meetings of the Committee (telephone conferences). Persons invited to participate in a meeting including members of the Committee may submit their opinions regarding an agenda in a written form.

5.6. A meeting is considered to be competent (having a quorum) when a majority of members of the Committee is in attendance (written opinions have been received before the beginning of a meeting). Lack of quorum causes postponement of a meeting of the Committee.

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5.7. All decisions of the Committee are to be taken by a majority of votes of members of the Committee participating in a meeting, whereas each member of the Committee has one vote. Transfer of a vote by a member of the Committee to other persons, including other members of the Committee, is inadmissible. In case of votes equality of members of the Committee, a vote of the chair of a meeting is decisive.

5.8. Any information about personal interest of a member of the Committee in consideration of any issue is to be disclosed at a meeting of the Committee.

5.9. The Committee may instruct a member (members) of the Committee to review a certain issue of competence of the Committee and advise the Committee of results received in course of such a review.

5.10. A meeting of the Committee is to be guided by the Chairman of the Committee. In case of his (her) absence at a meeting, members of the Committee shall elect the chair of a meeting out of present members of the Committee.

The minutes of a meeting is to be kept by the Secretary of the Committee and signed by the Chairman of the Committee responsible for correctness of the minutes. Opinions expressed by members of the Committee and invited persons at a meeting of the Committee are to be heard and reflected in the minutes (enclosed to the minutes).

5.11. The minutes of a meeting of the Committee is to be made by the Secretary of the Committee in two copies, not later than in 3 business days after a meeting of the Committee.

One copy of the minutes is to be kept by the Secretary of the Committee who is to ensure access of all members of the Committee to the minutes of the Committee and materials considered at meetings of the Committee.

The second copy of the minutes is to be kept by the Corporate Secretary who is to ensure access of members of the Board of Directors not being members of the Committee to the minutes of the Committee and materials considered at meetings of the Committee.

The minutes of a meeting of the Committee shall include:

- a date and a venue of a meeting or a date of an absentee voting;
- a list of members of the Committee who participated in consideration of issues on an agenda of a meeting of the Committee, with a participation form and a list of persons invited to attend a meeting of the Committee;
- an agenda;
- proposals of members of the Committee regarding issues on an agenda;
- issues put to the vote and voting results;
- approved decisions.

5.12. Resulting from a meeting of the Committee, the Committee may issue a recommendation (hereinafter referred to as «the Recommendation»). The Recommendation is to be presented to a meeting of the Board of Directors at which an appropriate issue is being considered. The Recommendation reflects opinion of the Committee as a whole. Should opinions of members of the Committee do not coincide, specific opinions are to be indicated in the Recommendation separately.

5.13. The Recommendation is to be signed by the Chairman of the Committee. Materials considered at a meeting of the Committee may be enclosed to the Recommendation. The Chairman of the Committee is responsible to keep the Corporate Secretary duly and completely informed of the Recommendation. The Recommendation considered at a meeting of the Board of Directors shall be enclosed to the minutes of appropriate meetings of the Committee and the Board of Directors.

5.14. If possible, the Recommendation to the Board of Directors is to be made by the Committee before delivery of materials related to a meeting of the Board of Directors to members of the Board of Directors.

Should it appears to be impossible, the Chairman of the Committee, having received information about an agenda of a forthcoming meeting of the Board of Directors, if necessary, shall notify the Corporate Secretary that the Recommendation will be made related to a specific issue on an agenda.

The Corporate Secretary, on his (her) turn, is to deliver the stated information to all members of the Board of Directors, in order to let members of the Board of Directors intending to use absentee voting to consider Recommendations of the Committee.

## **6. Rights and responsibilities of members of the Committee.**

6.1 Members of the Committee are obliged:

- 6.1.1 to thoroughly and completely participate in work of the Committee;
- 6.1.2 to review documents submitted before a meeting and at a meeting of the Committee;
- 6.1.3 without delay, to inform the Committee about personal interest in approval of any decision;
- 6.1.4 to avoid actions which may compromise the Committee or question proficiency of its members;
- 6.1.5 not to disclose confidential information about activity of the Company which becomes known to them.

6.2 Members of the Committee are entitled:

6.2.1. to request the Board of Directors, the Board, the President of the Company, the Audit Commission of the Company to provide them with information and documents related to competence of the Committee;

6.2.2. to participate at meetings with representatives of the business community within a framework of competence of the Committee.

## **7. Fee to members of the Committee.**

7.1. Members of the Committee, in a period of performance of their duties, may have fee paid and expenses related to performance of functions of members of the Committee recovered.

7.2. An order of fee payment to members of the Committee being members of the Board of Directors is regulated by the Bylaw on the Board of Directors of the Company.

7.3. Size of fee to members of the Committee not being members of the Board of Directors is fixed by a decision of the Board of Directors.

## **8. Interaction of the Committee with bodies of the Company.**

8.1. Members of executive bodies of the Company, heads of structural subdivisions of the Company, as well as other employees of the Company, shall in reasonable terms and in accordance with an existing procedure provide complete and reliable information and documents related to competence of the Committee. The Chairman of the Committee is to sign a written request to provide information and documents. Delivery of inquiries of the Committee and information and documents requested by the Committee shall be effected through the Secretary of the Committee.

8.2. Executive bodies of the Company shall advise the Committee of all significant modifications related to competence of the Committee.

8.3 The Committee is to submit an annual report of the Committee on results of its activity to the Board of Directors of the Company and to the Corporate Secretary, in order to include it into an annual report of the Company, not later than 2 days before delivery of materials regarding a meeting of the Board of Directors at which an annual report of the Company will be considered to members of the Board of Directors. This report of the Committee is to be included into an annual report of the Company, in a section devoted to work of Committees of the Board of Directors.

## **9. Concluding provisions.**

9.1. The present Bylaw is to be approved by the Board of Directors. Any modifications and addenda to the present Bylaw are to be introduced by the Board of Directors.