

REMUNERATION AND INCENTIVES

Remuneration of members of the Board of Directors, executive bodies and other key employees is paid in accordance with the Company's remuneration policy, which is outlined in the documents listed below.

Role	Regulations
Board of Directors	<ul style="list-style-type: none"> Regulations on Remuneration and Compensation for Members of FESCO's Board of Directors¹
Executive bodies (President, CEO, and Executive Board)	<ul style="list-style-type: none"> Regulations on Bonus Payment to FESCO's Top Management² Short-Term Employee Incentive Programme (covering all employees of FESCO Group)³

The Company seeks to establish the level of remuneration of its governing bodies and the relevant payment procedure in line with the principles and recommendations of the Corporate Governance Code.

provides sufficient motivation to grow their performance and attract and retain highly qualified employees.

In 2022, the Company did not revise the by-laws establishing the level of remuneration of members of the Board of Directors and executive bodies.

The current level of remuneration of members of the Board of Directors and executive bodies

REMUNERATION OF THE BOARD MEMBERS

Members of the Board of Directors are paid a fixed annual remuneration (which includes base pay and additional pay).

ADDITIONAL REMUNERATION FOR THE CORPORATE YEAR

Remuneration type	Remuneration, % ⁴
Chairman of the Board of Directors	50
Committee Chairman	50
Committee member	25

The level of annual remuneration of members of the Board of Directors is established in accordance with the Regulations on Remuneration and Compensation for Members of FESCO's Board of Directors.

Each member of the Board of Directors is paid a base remuneration of RUB 12 million for the corporate year⁵.

¹ Approved by the Extraordinary General Shareholders Meeting on 2 December 2021, Minutes No. 56 dated 3 December 2021.

² Approved by resolution of the Board of Directors on 3 December 2021, Minutes No. 25/21 dated 6 December 2021.

³ The calculation period for payment of remuneration and compensation is established from the election date of the Board of Directors at an annual General Shareholders Meeting of the Company to the date of the next annual General Shareholders Meeting of the Company at which new members of the Board of Directors will be elected.

⁴ Additional remuneration is calculated as a percentage of the base remuneration for the corporate year.

Annual remuneration is paid in equal instalments on a quarterly basis within 30 calendar days of the end of the respective reporting quarter, provided that the member of the Board of Directors attended at least 75% of meetings of the Company's Board of Directors and meetings of the Company's committees on which he sits in the reporting period.

Fixed pay is the only form of monetary remuneration for the members of the Board of Directors. The Company has no other forms of motivation or financial incentives.

The Company compensates to members of the Board of Directors for expenses related to their work on the Company's Board of Directors. Compensation is payable only for actually incurred, documented and reasonable expenses.

Total remuneration paid to the members of the Board of Directors in 2022 was RUB 180.94 million. Total compensation paid amounted to RUB 335,890.

No loans were granted by the Company to the members of the Board of Directors in the reporting year.

REMUNERATION OF MEMBERS OF THE EXECUTIVE BODIES

The remuneration of the sole executive bodies and the Executive Board members as the Company's top executives consists of an official salary paid on a monthly basis and a bonus paid after summing up the results of achieving the key performance indicators (KPIs) for six months.

The Board of Directors may resolve to pay an additional remuneration to the top management for their special contribution to the achievement of the Company's financial results and implementation of particularly important and prominent projects for the Group.

The Company's remuneration policy for members of executive bodies is established by the Board of Directors based on recommendations of the Human Resources and Remuneration Committee.

The remuneration paid to the members of the Executive Board and the sole executive bodies in 2022 totalled RUB 3,194.32 million.

The Human Resources and Remuneration Committee assesses the effectiveness of the remuneration policy twice a year and provides recommendations on how to improve it and draws final conclusions on whether the Company's management has achieved the KPIs.

Neither reimbursement for expenses was paid, nor loans were granted to the members of the Executive Board in the reporting period.

The KPIs are set individually for each top executive, include operational, financial, and strategic criteria, and are approved by a meeting of the Board of Directors for each six-month period.

REMUNERATION OF THE GOVERNING BODIES, RUB MLN

