

**APPROVED № 5**

By decision of the Board of Directors  
JSC TransContainer (Minutes №6  
dated 15 December 2010)

Chairman of the Board of Directors

\_\_\_\_\_ D. K. Novikov

**REGULATIONS**  
**for HR and Remuneration Committee**  
**JSC TransContainer**

Moscow

## **1. General Provisions**

1.1. These Regulations are prepared in accordance with the laws of the Russian Federation, Articles of Association of Open Joint-Stock Company Centre for the Transport of Goods in Containers (TransContainer) (hereinafter "the Company"), Regulations for the Board of Directors of Open Joint-Stock Company Centre for the Transport of Goods in Containers (TransContainer), requirements of the Corporate Code of Conduct recommended to be applied by joint-stock companies by Order of Federal Commission on Securities of Russia No. 421/p dated April 4, 2002, and Corporate Governance Code of the Company.

1.2. These Regulations govern the status, objectives, functions and election procedure of the HR and Remuneration Committee (hereinafter "the Committee"), rights and duties of the Committee members, and operating procedures of the Committee.

1.3. The Committee is elected by the Board of Directors of the Company and it is an advisory and consultative body at the Board of Directors established to advise the Board of Directors as to personnel policy and remunerations to management bodies and managers of the Company<sup>1</sup>.

1.4. The Committee is accountable to and controlled by the Board of Directors of the Company.

1.5. The Committee's activities are governed by the laws of the Russian Federation, Articles of Association of the Company, Regulations for the Board of Directors, these Regulations, and other internal documents of the Company and decisions of the Board of Directors of the Company.

## **2. Objectives and Functions of the Committee**

2.1. The primary objective of the Committee is providing for efficient functioning of the Company Board of Directors by means of prior reviewing and advising on issues falling within the competence of the Board of Directors regarding:

2.1.1. priorities of the Company's activity related to the HR policy and remuneration of management bodies and managers of the Company;

2.1.2. policy and standards of the Company related to selection of candidates to the management bodies of the Company to ensure involvement of highly qualified specialists in the management of the Company;

2.1.3. other issues related to its activity.

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<sup>1</sup> Hereinafter, managers of the Company shall mean: Director General, First Deputy Director General, Deputies Director General, Chief Accountant, Chief Engineer, directors of governance bodies of the Company.

2.2. To meet the assigned tasks the Committee has the following functions:

2.2.1. to prepare proposals concerning terms and conditions of employment contract with the person acting as Director General of the Company, and advise as to the amount of his/her remuneration and other payments;

2.2.2. to advise as to the system of motivation of members of management and control bodies, including the system of performance appraisal of the Board of Directors of the Company, committees of the Board of Directors of the Company, Internal Audit Committee and managers of the Company;

2.2.3. to appraise compliance of members of the Board of Directors of the Company with the independence criteria;

2.2.4. to supervise regular performance appraisals of the General Director, the Board of Directors and committees at the Board of Directors of the Company;

2.2.5. to monitor the system of remuneration applicable in the Company to members of the Board of Directors, members of committees at the Board of Directors, General Director and managers of the Company;

2.2.6. to advise the Board of Directors on terms of optional programs offered by the Company and other long-term incentive programs for members of the Board of Directors, General Director and managers of the Company;

2.2.7. to advise the Board of Directors as to the issues related to the personnel policy of the Company.

2.3. The Board of Directors of the Company may decide to charge the Committee with other functions.

### **3. Rights and Duties of the Committee Members**

3.1. In exercising their rights and duties, members of the Committee shall act to the benefit of the Company, and exercise their rights and duties in the Company prudently and in good faith.

In exercising their functions, the Committee members may:

3.1.1. request (through Chairman of the Committee) any documents or materials/information that the Committee needs to meet its objectives;

3.1.2. where necessary, engage in the Committee's operation experts and specialists possessing required professional skills, however the order and terms of engaging the said experts and specialists in the Committee's operation is determined by the Board of Directors;

3.1.3. when approved by the General Director, invite the Company's employees and other persons (members of other committees at the Board of Directors of the Company, etc.) to participate in the Committee's meeting.);

- 3.1.4. make proposals as to the Committee's action plan;
- 3.1.5. propose to include issues in the agenda of the meeting of the Committee in the manner provided for by these Regulations;
- 3.1.6. demand to convene the meeting of the Committee.
- 3.2. Members of the Committee shall:
  - 3.2.1. observe requirements of the laws of the Russian Federation, Articles of Association and internal documents of the Company;
  - 3.2.2. give reasonable advice (opinion) to the Board of Directors on issues falling within the competence of the Committee;
  - 3.2.3. when exercising his/her functions of the Committee member and during 1 (one) year after termination of powers as the Committee member, observe the nondisclosure requirement in respect of any information constituting a trade secret or other legally protected secret received by him/her during the Committee's activities. Information which is not generally available in connection with the Company's activity and composition of such information are determined in accordance with internal documents of the Company.

Any member of the Committee who fails to observe the nondisclosure requirement in respect of any information constituting a trade secret or other legally protected secret received by him/her during the Committee's activities or other requirements specified by the Articles of Association or other internal documents of the Company, shall be liable in accordance with the laws of the Russian Federation.

#### **4. Composition and Election of the Committee**

4.1. The number of members of the Committee is determined by the Board of Directors of the Company and shall be at least 3.

4.2. Members of the Committee are elected by the Board of Directors of the Company from among candidates proposed by members of the Board of Directors of the Company.

4.3. Members of the Committee are elected for a term equal to the term of powers of the Board of Directors by which they were elected. An election decision is passed by a simple majority of votes of members of the Board of Directors.

4.4. Members of the Committee shall only be individuals. A member of the Committee shall not be a member of the Board of Directors of the Company.

4.5. Members of the Committee shall meet the following requirements:

- 4.5.1. higher education;
- 4.5.2. knowledge and work experience in the field of corporate management/HR management;
- 4.5.3. knowledge and experience in the field of personnel motivation.

4.6. Powers of any member of the Committee can be terminated earlier by decision of the Board of Directors of the Company.

4.7. Chairman of the Committee and members of the Committee can terminate their powers by submitting an application to Chairman of the Board of Directors of the Company and Chairman of the Committee. Powers of the member of the Committee are considered terminated, and his/her vote is no longer counted for quorum purposes and counting of votes, starting from the date specified in the application, and if no date is specified, starting from the date of receipt of such application by Chairman of the Board of Directors of the Company.

4.8. The Board of Directors of the Company, within 30 calendar days from the date of receipt of an application of a member of the Committee stating his/her intention to terminate his/her powers, shall decide to re-elect the Committee.

## **5. Chairman of the Committee**

5.1. Chairman of the Committee is responsible for managing the Committee's activities.

5.2. Chairman of the Committee is elected by a simple majority vote of members of the Board of Directors from among members of the Committee.

5.3. The Board of Directors of the Company may re-elect Chairman of the Committee at any time.

5.4. When Chairman of the Committee is absent, his/her duties are exercised by Vice President of the Committee who is elected at the first meeting of the Committee by a majority vote of the Committee members.

5.5. Chairman of the Committee shall:

5.5.1. convene and hold ordinary and extraordinary meetings of the Committee;

5.5.2. approve agenda of the meetings of the Committee;

5.5.3. organize taking and signing of minutes of the meeting of the Committee;

5.5.4. represent the Committee in interaction with the Board of Directors of the Company, other committees at the Board of Directors, and General Director of the Company;

5.5.5. distribute duties between members of the Committee;

5.5.6. prepare action plan of the Committee and submit the said plan to the Committee for approval;

5.5.7. supervise implementation of the action plan of the Committee;

5.5.8. supervise implementation of decisions passed by the meeting of the Committee;

5.5.9. organize the Committee's correspondence, sign letters, information requests or other documents on behalf of the Committee taking account of the rights granted to the Committee.

## **6. Secretary of the Committee**

6.1. Secretary of the Committee is elected at the first meeting of the Committee as proposed by Chairman of the Committee.

6.2. Secretary of the Committee is accountable to Chairman of the Committee, is not a member of the Committee and has the following functions:

6.2.1. provide organization and information support of the Committee's activities;

6.2.2. prepare and submit for approval to Chairman of the Committee draft agenda of the meeting of the Committee in accordance with the action plan of the Committee and proposals filed by members of the Committee, members of the Board of Directors of the Company and General Director of the Company;

6.2.3. arrange for preparation and delivery of documents/materials necessary for arranging and holding of the meeting of the Committee (notice of the meeting, Materials/information related with the agenda of the meeting);

6.2.4. prepare requests to the Company's units, including requests for information/materials related with the agenda of the meeting of the Committee, and reply to letters on behalf of the Committee;

6.2.5. arrange for taking minutes of the meeting of the Committee, including on magnetic carriers subject to the present members' consent;

6.2.6. prepare minutes of the meeting of the Committee and make extracts from minutes of the meeting of the Committee;

6.2.7. arrange distribution of documents approved by the Committee;

6.2.8. arrange for supervision over the implementation of decisions of the Committee;

6.2.9. prepare action plan of the Committee;

6.2.10. deliver copies of minutes of the meeting of the Committee to members of the Committee and Chairman of the Board of Directors of the Company;

6.2.11. develop and maintain a file register of the Committee;

6.2.12. ensure the fulfillment of assignments given by Chairman of the Committee;

6.2.13. arrange for keeping of minutes of the meeting of the Committee, documents and materials associated with the Committee's activities and their transfer in case of re-election of Secretary of the Committee;

6.2.14. Carries out other powers in accordance with these Regulations.

## **7. Operating Procedures of the Committee**

7.1. The first meeting of the Committee is held within a month after the date of meeting of the Board of Directors that elected the Committee.

7.2. The meeting of the Committee is held in presentia in accordance with the action plan approved by the Committee, but at least once in a quarter, or as proposed by the Board of Directors, General Director of the Company or members of the Committee.

The action plan of the Committee is approved at the first meeting of the Committee taking account of the approved action plan of the Board of Directors of the Company, proposals of Chairman of the Board of Directors, General Director of the Company or members of the Committee.

The agenda of the meeting of the Committee is formed in accordance with the approved action plan of the Committee, decisions of the Board of Directors of the Company, proposals of Chairman of the Board of Directors of the Company, members of the Committee or General Director of the Company.

The said proposals shall be filed with Chairman of the Committee at least 10 business days before the date of the meeting and shall include formulation of the issue, substantiation of the need to discuss the issue at the meeting of the Committee, and the related materials and information.

A proposal shall be signed by the person who files such proposal. A copy of the proposal with all enclosures in electronic form shall at the same time be delivered to Secretary of the Committee.

Chairman of the Committee puts the proposed issues on the agenda of the nearest scheduled meeting of the Committee or convenes an extraordinary meeting of the Committee.

Chairman of the Committee may refuse to put an issue on the agenda of the meeting of the Committee if the proposed issue does not fall within the competence of the Committee.

7.3. A decision to convene the ordinary or extraordinary meeting of the Committee is taken by Chairman of the Committee or his/her deputy in accordance with the approved action plan of the Committee, and taking account of proposals filed with his/her name.

7.4. The notice of meeting of the Committee shall be made and delivered to members of the Committee at least 7 calendar days before the date of the meeting.

The notice shall specify date of the meeting of the Committee, time and place of the meeting, the agenda, and the way of delivery to members of the Committee of materials related with the agenda of the meeting of the Committee.

7.5. Materials and information related with the agenda are delivered to members of the Committee at least 7 calendar days before the date of the meeting.

7.6. Materials/information related with the agenda of meeting include:

7.6.1. summary of issues put on the agenda of the meeting;

7.6.2. draft documents to be approved by or agreed with the Board of Directors of the Company;

7.6.3. materials supporting the data stated in the summary;

7.6.4. other information materials related with issues on the agenda of the meeting of the Committee.

Materials/information related with the agenda of the meeting of the Committee are delivered to members of the Committee by mail, facsimile, e-mail (to the address specified in the questionnaire) or personally.

7.7. If an issue needs to be urgently discussed, terms of convening of the extraordinary meeting and delivery of materials/information on the agenda of such meeting can be reduced as decided by Chairman of the Committee.

7.8. Upon receipt of a notice of the meeting of the Board of Directors which agenda includes issues referred by these Regulations to the competence of the Committee, Chairman of the Committee within 10 calendar days ensures that the meeting of the Committee is convened and held in order to prepare advice on the said issues of the agenda of meeting of the Board of Directors of the Company.

7.9. Secretary of the Committee is responsible for preparation to the meeting of the Committee.

## **8. Extraordinary Meeting of the Committee**

8.1. The Extraordinary meeting of the Committee is held when so is decided by Chairman of the Committee.

8.2. Persons who are entitled by par. 7.2 hereof to propose holding of the meeting of the Committee file such proposal to hold the extraordinary meeting of the Committee with Secretary of the Committee at least 10 days before prospective date of the meeting.

8.3. Secretary of the Committee informs Chairman of the Committee of such proposal not later than the next day after its receipt.

8.4. Within 2 (two) days from the date of receipt of a proposal to convene the extraordinary meeting, Chairman decides to hold an extraordinary meeting of the Committee or to refuse to convene the meeting. Such decision is advised to the person requesting convocation within 2 days from the date of Chairman's decision.

8.5. Chairman of the Committee may decide to refuse to convene the extraordinary meeting if:



8.5.1. issues proposed to be put on the agenda of the meeting of the Committee are not referred to its competence by these Regulations;

8.5.2. the agenda issue containing a proposal to convene the extraordinary meeting is already put on the agenda of the next meeting of the Committee;

8.5.3. the term of filing proposals to convene the extraordinary meeting of the Committee specified by par. 8.2 hereof is not observed.

8.6. If Chairman of the Board of Directors of the Company proposes to convene the extraordinary meeting of the Committee, Chairman is obliged to convene the meeting within 5 (five) business days.

## **9. Procedures at the Meeting**

9.1. Chairman of the Committee opens the Meeting of the Committee.

9.2. Secretary of the Committee determines if there is a quorum required for holding of the meeting of the Committee.

9.3. The meeting of the Committee has the quorum if at least half of elected members of the Committee are present.

If there is no quorum, a repeated meeting is convened within 5 (five) business days with the same agenda.

9.4. Chairman may invite other persons or employees of the Company to participate in the meeting.

9.5. Decisions at the meeting of the Committee are passed by a majority vote of members of the Committee present at the meeting.

If a member of the Committee can not be present at the meeting of the Committee for a valid reason (illness, business trip, etc.) he/she may submit to the Committee his/her proposals as to draft decisions on the agenda issues in writing.

Each member of the Committee has one vote for the purposes of passing decisions at the meeting. In the event of equality of votes, Chairman has the casting vote.

Any member of the Committee may also express his/her special opinion which shall be attached to the advice of the Committee.

A member of the Committee may not transfer his/her vote to another member of the Committee.

9.6. Results of voting on the agenda of the meeting of the Committee are finalized relying on voting results at the meeting.

If less than half of members of the Committee are present at the meeting, written opinions of absent members of the Committee are counted for the purposes of voting results.

## **10. Minutes of the Meeting of the Committee**

10.1. Minutes of the meeting of the Committee specify:

10.1.1. date, place and time of the meeting;

10.1.2. form of the meeting;

10.1.3. members of the Committee participating in the meeting and other persons present at the meeting;

10.1.4. presence of quorum;

10.1.5. agenda;

10.1.6. issues put to vote and voting results;

10.1.7. passed decisions.

Minutes of the meeting are made within 2 (two) business days from the date of the meeting.

10.2. Minutes are signed by Chairman and Secretary of the Committee in two copies. The copies of signed minutes are bound and sealed by the Company. One copy of signed and bound minutes is transferred to Secretary of the Board of Directors of the Company within 1 (one) business day after drawing, and another one is kept in the Committee's archives.

10.3. Chairman and Secretary of the Committee are responsible for accurate making of the minutes.

10.4. Secretary of the Committee within 3 (three) business days after signing delivers a copy of the minutes to all members of the Committee.

Minutes of the meeting of the Committee shall be made available to all members of the Committee and the Board of Directors of the Company. Upon written request of any member of the Committee or the Board of Directors, or upon written request of a manager of the Company, Secretary of the Committee issues extracts from minutes of the meeting of the Committee.

## **11. Accountability of the Committee to the Board of Directors of the Company**

11.1. The Committee submits an annual performance report to the Board of Directors of the Company by which it was elected at least 45 days before the date of annual General meeting of shareholders.

The report shall comprise information on the Committee's activities of during the year.

11.2. The Board of Directors of the Company examines the report of the Committee at the nearest meeting of the Board of Directors, but not later than one month before the date of annual General meeting of shareholders.

11.3. Chairman of the Committee submits the report to the Board of Directors of the Company.

11.4. The Board of Directors of the Company may request that the Committee gives its opinion of individual issues. In such case, the Board of Directors in its assignment shall specify reasonable date of completion of such assignment by the Committee.

11.5. The Board of Directors of the Company may at any time during a year request that the Committee reports on its current performance. Term of preparation and submission of such report is set by decision of the Board of Directors of the Company.

## **12. Financial Support of the Committee's Activities**

12.1. The Committee's budget for a year is approved by the Board of Directors of the Company within the scope of budget of the Board of Directors of the Company.

12.2. The Committee's expenses specifically include compensation for expenses incurred by Chairman, members and Secretary of the Committee in exercising their functions, costs of engaging by the Committee of external advisers (experts), administrative and other expenses, and remuneration for participation in the Committee's operation and annual remuneration to Chairman, members and Secretary of the Committee.

12.3. Budget size and manner of spending budget funds for engaging of external advisers (experts) by the Committee is at the discretion of Chairman of the Committee.

12.4. The Committee shall fulfill the budget of the Committee approved by the Board of Directors of the Company, and be responsibility for timely and quality budgeting and targeted use of budgetary funds.

12.5. Size of remuneration and/or compensation for expenses incurred by Chairman, members and Secretary of the Committee is set by the Board of Directors of the Company.

## **13. Final Provisions**

13.1. These Regulations are approved by the Board of Directors of the Company. Proposals as to amendments hereto are prepared by the Committee.

13.2. Amendments to these Regulations are introduced upon decision of the Board of Directors of the Company.

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