

**APPROVED**

by resolution of the Board of Directors  
of OJSC PhosAgro on 17 August 2015  
(Minutes No. n/a dated 20 August 2015)

**REGULATION  
ON THE REMUNERATION AND NOMINATION  
(HUMAN RESOURCES AND APPOINTMENTS) COMMITTEE  
OF THE BOARD OF DIRECTORS OF OJSC PHOSAGRO  
(new version)**

**Moscow  
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## CONTENTS

<b>1. General Provisions</b> .....	3
<b>2. Committee Purpose and Role</b> .....	3
<b>3. Committee Composition</b> .....	5
<b>4. Committee Establishment</b> .....	5
<b>5. Committee Meetings</b> .....	6
<b>6. Rights and Obligations of the Committee Members</b> .....	7
<b>7. Remuneration of the Committee Members</b> .....	8
<b>8. Committee Interaction with the Company's Bodies</b> .....	8
<b>9. Final Provisions</b> .....	8

## 1. General Provisions

1.1. This Regulation on the Remuneration and Nomination (Human Resources and Appointments) Committee (hereinafter, the "Regulation") shall govern the proceedings, composition, membership and interaction procedures of the Remuneration and Human Resources Committee of the OJSC PhosAgro Board of Directors (hereinafter, the "Committee").

1.2. The Committee shall be an arm of the OJSC PhosAgro Board of Directors (hereinafter, the "Board of Directors" or the "Board") designed to conduct a preliminary review of the matters reserved to the Board pursuant to the Charter of OJSC PhosAgro (hereinafter, the "Company"). The Committee shall not be deemed the Company's body, and the Company shall not assume any civil rights or responsibilities through the Committee.

1.3. The Committee shall be guided by the applicable laws of the Russian Federation, the Company's Charter, the Regulation on the Company's Board of Directors, this Regulation, the recommendations of the Corporate Governance Code (approved by the Russian Central Bank's Board of Directors on 21 March 2014), and the MICEX Stock Exchange Listing Rules.

1.4. For the purpose of this Regulation, any references to the Company shall be references to OJSC PhosAgro; any references to the Company's Charter and Regulation on the Company's Board of Directors shall be references to the latest versions of the OJSC PhosAgro Charter and Regulation on the OJSC PhosAgro Board of Directors, respectively, and all amendments thereto; any references to the board of directors shall be references to the OJSC PhosAgro Board of Directors; any references to the Company's internal regulations shall be references to the duly adopted and applicable binding internal regulations of OJSC PhosAgro.

## 2. Committee Purpose and Role

2.1. The Committee was established to develop an efficient and transparent remuneration system for the Board members, members of the Company's executive bodies and other key executives, conduct a preliminary review of any matters related to the human resources (succession) planning, as well as composition and efficiency of the Board of Directors, and provide recommendations for nomination of the Board members with a view to adding necessary expertise to the Board and strengthening its performance.

The key objectives and responsibilities of the Committee as regards remuneration include the following:

1) to develop and regularly review the Company's policy on remuneration of the Board members, members of the Company's executive bodies and other key executives, and develop short-term and long-term incentive programmes for executive body members;

2) to oversee the introduction and implementation of the Company's remuneration policy and various incentive programmes;

3) to carry out a preliminary year-end performance appraisal in respect of the Company's executive bodies and key executives based on the criteria set forth in the remuneration policy, and preliminary assessment of their performance against the targets set forth by the long-term incentive programme;

4) to develop early termination provisions for employment contracts with members of the Company's executive bodies and other key executives, including any payment obligations of the Company and terms and conditions thereof;

5) to develop recommendations to the Board of Directors regarding the amount of remuneration and principles underlying payment of bonuses to the Company's Corporate Secretary, and carry out a preliminary year-end appraisal of the Corporate Secretary's performance and preliminary assessment of the relevant bonus proposal;

6) to prepare a report on the implementation of the policy on remuneration of the Board members, members of the Company's executive bodies and other key executives to be included in the Company's annual report and other documents.

As regards nominations (human resources and appointments):

1) to analyse the Board's composition by way of assessing its members' professional skills, expertise, independence and involvement in the Committee's work, and identify priority areas for improvement;

2) to interact with shareholders (without limitation to major shareholders) when selecting candidates to the Company's Board, with a view to ensuring that the Board's composition best meets the Company's goals and objectives;

3) to assess qualifications and independence of every nominee to the Company's Board of Directors using all information available to the Committee; to make voting recommendations in respect of nominees to the Company's Board and communicate them to the Company's shareholders;

4) to arrange a detailed formal annual self-appraisal or third-party appraisal of the Board of Directors' and its Committees' efficiency, as well as individual contribution of each Board member, make recommendations to the Board on the improvement of procedures used by it and its Committees, and prepare a report on such self-appraisal or third-party appraisal to be included in the Company's annual report;

5) to develop an induction programme to enable new members of the Board to become aware of the Company's key assets, strategy, business practices, organisational structure, key executives, and the Board's procedures, as well as oversee the implementation of this programme;

6) to develop a training and professional development programme for the Board members adjusted for each director's individual needs, and oversee the implementation thereof;

7) to make recommendations to the Board of Directors on candidates for the Company's Corporate Secretary;

8) to make recommendations to the Board of Directors on candidates to the Company's executive bodies and for other key executive positions;

9) appointments planning for the executive body and the sole executive body members, in a way that ensures, inter alia, continuity and sustainability, preparing recommendations to the Board of Directors as to candidates for the post of the Corporate Secretary (head of the structural unit, performing the functions of the Corporate Secretary), members of the Issuer's executive body and the Issuer's sole executive body.

10) to prepare a report on the Committee's performance to be included in the Company's annual report and other documents.

2.3. The Board of Directors may also decide to present for Committee consideration any other matters related to the lines of activity specified in Clause 2.1 hereof.

The Remuneration Committee of the Board shall oversee the disclosure of information on remuneration policy and practices, as well as on shareholdings by the Board members, members of

collegial executive bodies and other key executives, in the Company's annual report and on the corporate website.

### **3. Committee Composition**

3.1. The Committee shall consist of at least three members.

3.2. The Committee shall consist of independent members of the Board.

3.3. The Board of Directors shall appoint a Chair to manage Committee operations. The Chair's key responsibility shall be to ensure that the Committee makes recommendations on an unbiased basis.

3.4. The Committee shall be chaired by an independent director meeting the requirements (criteria) provided in the Regulation on the Company's Board of Directors and other internal regulations.

The Committee Chair may not be the Chair of the Board. The Committee Chair may not be elected the Chair of another Committee.

3.5. No Committee members (including the Chair of the Board) may be elected to more than three Committees of the Board.

3.6. The Committee may engage appropriately qualified experts and advisers who are not members of the Committee to contribute to the Committee's work.

The Chair or any other member of the Committee shall have the right to request, on behalf of the Committee, engagement of a person (business entity) as an expert or adviser on matters of public (non-confidential) nature, subject to the Company's allocated budget. No personal interest in engaging a person (business entity) as an expert or adviser shall be tolerated.

3.7. The Company's CEO, the Board members other than the Committee members, the Company's Corporate Secretary, other officers and employees of the Company, as well as advisers and experts, may be invited to attend the Committee meetings.

3.8. The Committee Secretary shall be appointed by the Committee's resolution to provide organisational support for the Committee.

### **4. Committee Establishment**

4.1. The Board shall decide on the establishment of the Committee, the overall number of its members, and persons to be appointed as members and the Chair thereof upon each re-election of the Board.

The overall number of the Committee members shall be determined with a view to ensuring an in-depth discussion of any matters reserved thereto and due consideration of any opinions.

When establishing a new Committee, the Board of Directors shall be informed of the work of the Committees appointed by the previous Board.

The Board shall have the right to reshuffle the Committee at any time, as proposed by any of the Board members.

4.2. When electing the Committee Chair and members, consideration shall be given to their willingness to serve on the Committee, educational and professional background, track record in the Committee's area of responsibility, and experience and expertise required to exercise their respective powers.

## **5. Committee Meetings**

5.1. Committee meetings shall be held in accordance with the schedule approved by the Committee at one of the meetings, but also as the need may arise.

5.2. The Committee Chair shall set the meeting agenda, with each Committee member entitled to propose additional items related to the Committee's area of responsibility for inclusion in the agenda. The agenda may be amended by common consent of the Committee members. Whenever necessary, the Committee may abandon certain issues included in the meeting agenda to discuss other issues of higher priority as considered appropriate by the Committee members.

The Board members other than the Committee members, the Company's CEO, the Company's Corporate Secretary, as well as experts and advisers engaged by the Committee, may submit proposals to the Committee Chair to discuss any matters related to the Committee's area of responsibility. Such matters may be discussed at the next scheduled Committee meeting or, should the issue be of particular importance and admit no delay, at an ad hoc Committee meeting.

5.3. Committee meetings shall be called by the Committee Chair on their own initiative or at the request of a Committee member.

5.4. Notification of the forthcoming Committee meeting shall be given and all necessary materials shall be circulated to the Committee members in reasonable and adequate time prior to the meeting, in a form and manner agreed upon by the Committee members, generally at least three (3) working days prior to the meeting. The Committee Chair shall take all necessary measures to make sure that timely notification has been duly given. Invitation of the Company's CEO, members of the Company's Review Committee (inspector), other officers and employees of the Company, as well as experts and advisers, to the Committee meetings shall be made in such a manner so as to allow the invitees to get duly prepared for the Committee meeting.

5.5. Committee meetings shall be held either in person or by inviting the Committee members to submit their opinions in writing. Meetings may also be held by teleconference, via a conference call. Invitees to the meeting (including the Committee members) may submit their opinions on the agenda items in writing.

5.6. The meeting shall be properly constituted (quorate) if attended by a majority of the Committee members (if written opinions submitted by a majority of the Committee members have been received by the start of the meeting). Failure to meet the quorum shall lead to the postponement of the Committee meeting.

5.7. All resolutions of the Committee shall be adopted by a majority vote of the participating Committee members, with members having one vote each.

5.8. Any personal interest of a Committee member in the item under consideration shall be disclosed at the Committee meeting.

5.9. The Committee may appoint a Committee member/members to investigate into a particular matter reserved to the Committee and report the findings back to the Committee.

5.10. The Chair shall preside at Committee meetings. The meeting minutes shall be taken by the Committee Secretary and signed by the Committee Chair. Opinions of the Committee members and invitees to the Committee meeting shall be heard and recorded during the meeting (attached to the meeting minutes).

5.11. The Committee meeting minutes shall be made in two copies.

One copy shall be retained by the Committee Secretary, who shall provide access to the Committee minutes and the materials reviewed at Committee meetings to all Committee members.

The other copy shall be retained by the Board Secretary, who shall provide access to the Committee minutes and the materials reviewed at Committee meetings to the Board members.

5.12. Based on the results of the meeting, the Committee may come up with a recommendation (hereinafter, the "Recommendation") to the Company's Board. The Recommendation shall reflect general opinion of the Committee as a whole. Should there be no consensus among the Committee members, all divergent opinions shall be listed in the Recommendation separately.

5.13. The Recommendation shall be signed by the Committee Chair. Materials reviewed at the Committee meeting may be attached to the Recommendation. The Committee Chair shall be responsible for the timely and proper communication of the Recommendation to the Board members. The Recommendation reviewed at a Board meeting may be attached to the minutes of the respective Board meeting.

## **6. Rights and Obligations of the Committee Members**

6.1. The Committee members shall:

6.1.1 participate in the Committee's proceedings;

6.1.2 thoroughly review the documents provided before or during Committee meetings;

6.1.3 promptly notify the Committee of any personal interest associated with decision-making;

6.1.4 avoid any actions that may discredit the Committee or cast doubts on the competence of its members;

6.1.5 not disclose any confidential information contained in any of the Company's documents or materials;

6.1.6 not use internal corporate information for personal gain or transfer it to third parties.

6.2. The Committee members shall have the right to:

6.2.1 request the Board of Directors, the CEO, the Review Committee (inspector) and the Company's Auditor to provide information and documents relating to the Committee's area of responsibility;

6.2.2 participate in meetings with shareholders and representatives to discuss the Committee's responsibilities.

## **7. Remuneration of the Committee Members**

7.1. The Committee members, for the length of their tenure, may receive remuneration and reimbursement of costs incurred in relation to their duties as the Committee members, at the expense of the Company.

7.2. The amount of remuneration and the relevant payment procedure shall be determined by a resolution of the General Meeting of the Company's Shareholders and/or internal regulations of the Company.

## **8. Committee Interaction with the Company's Bodies**

8.1. The Committee Secretary shall be responsible for technical and procedural matters as regards interaction of the Committee with other bodies of the Company.

8.2. The Company's executive bodies shall inform the Committee Chair in writing of all material changes related to the Committee's responsibilities within two days from the occurrence of such changes.

8.3. The Committee Chair shall provide the Board of Directors with a report on the Committee's work pursuant to the procedure established by the Board of Directors.

## **9. Final Provisions**

9.1. This Regulation shall be approved by the Board of Directors. Any amendments and additions hereto shall be made by resolution of the Board of Directors.

9.2. This Regulation shall be effective until the Board adopts a new version hereof.