



SISTEMA
PUBLIC JOINT STOCK FINANCIAL CORPORATION

Annual General Meeting of Shareholders of Sistema PJSFC on 29 June 2019

Explanatory note to the materials of the annual General Meeting of Shareholders of Sistema PJSFC on agenda item No 7 “Approval of the revised Policy on Remuneration and Compensations for Members of the Board of Directors of Sistema PJSFC”

The General Meeting of Shareholders is invited to adopt a resolution on the approval of the revised Policy on Remuneration and Compensations for Members of the Board of Directors of Sistema PJSFC (hereinafter, “the Regulation”). Changes from the current version of the Policy are related to the procedure for calculating a supplementary part of remuneration for participation in the work of the Board of Directors.

Under the proposed remuneration system, supplementary remuneration shall be paid to members of the Board of Directors if the weighted average price¹ of one ordinary share of Sistema PJSFC (hereinafter, “the Share”) on the Moscow Exchange at the end of the reporting year exceeds the weighted average price of the Share at the beginning of the reporting year and at the same time exceeds RUB 9.71.

The amount of supplementary remuneration depends on the amount of the increase in the market capitalisation of Sistema PJSFC in the relevant reporting year and is as follows:

- for members of the Board of Directors who are tax residents of the Russian Federation: 0.1% of the amount of the increase in the market capitalisation of Sistema PJSFC in the relevant reporting year, but not more than RUB 13,700,000;
- for members of the Board of Directors who are not tax residents of the Russian Federation: 0.125% of the amount of the increase in the market capitalisation of Sistema PJSFC in the relevant reporting year, but not more than RUB 17,800,000.

The maximum amount of supplementary remuneration does not change compared with the current version of the Policy.

Supplementary remuneration is to be paid to members of the Board of Directors in the form of Shares. The number of Shares to be transferred is determined on the basis of the weighted average price of one Share as of the date of the next annual General Meeting of Shareholders.

Other components of remuneration and compensations payable to members of the Board of Directors of Sistema PJSFC remain unchanged.

¹ For the period of 60 trading days preceding the corresponding reporting date.