

Remuneration Report

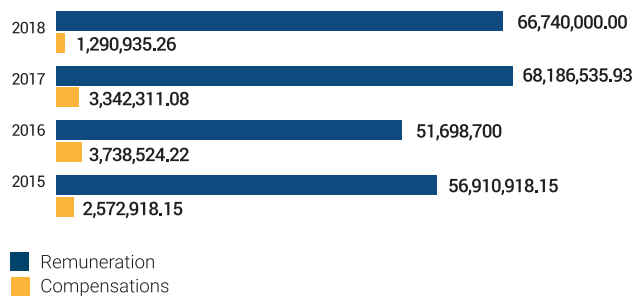
The remuneration policy for members of the Board of Directors, the Chief Executive Officer, members of the Executive Board and the management is aimed at acquiring, incentivising and retaining persons who have the required competencies to steer the Company efficiently towards its strategic goals and objectives.

Remuneration Policy for Members of the Board of Directors and its Committees¹

	For participating in a meeting of the Board of Directors	Annual remuneration for membership in the Board of Directors	Compensations
Total remuneration and compensations paid to members of the Board of Directors in 2018, RUB	(1,702,500.00)	65,037,500.00	(1,290,935.26)
Total, RUB	68,030,935.26		
Purpose	Incentivising members to participate in Board meetings in person	Offering competitive remuneration to attract highly qualified professionals to the Board of Directors	Compensating for expenses related to participation in Board and committee meetings
Description	RUB 30,000 for participating in a meeting in person; RUB 15,000 for submitting a written opinion or participating in a meeting in absentia.	The basis for calculating the annual remuneration in the amount of RUB 4.3 mln adjusted for a coefficient that takes into account the presence of a member of the Board of Directors at meetings. The basis for calculating additional remuneration for participating in the work of committees of the Board of Directors in the amount of RUB 4.3 mln adjusted for a coefficient that takes into account the presence of a member of the Board of Directors at committee meetings and an additional coefficient that takes into account the contribution of a member of the Board of Directors to the committee activities (member of the committee – 25%, Chair of the committee – 33%). Additional annual remuneration is calculated separately for participating in a meeting of each committee	Compensations are paid for the amount of actual documented expenses, including expenses on travel to the venue of a meeting of the Board of Directors, VIP services at airports and railway stations, hotel expenses, communication expenses and other expenses related to participation in meetings of the Board of Directors and its committees.
Additional payments for the performance of duties	Increased by:	Increased by:	–
Chair	100%	100%	
Deputy Chair	25%	25%	
Member of a committee of the Board of Directors	–	25%	
Chair of a committee of the Board of Directors	–	33%	
Terms of payments	Payable within one month after the Board meeting	Payable within one month after the annual general meeting of shareholders	Payable within a month after the submission of documents confirming the expenses incurred

1. Pursuant to the Regulation on Remuneration and Compensation to Members of TransContainer's Board of Directors approved by the Annual General Meeting of Shareholders of the Company on 22 June 2017 (Minutes No. 6 dated 23 June 2017).

Remuneration Paid to Members of the Board of Directors in 2015-2018



In 2018, remuneration to members of the Board of Directors and committees was paid in accordance with the Regulation on Payment of Remuneration and Compensation to the Members of TransContainer's Board of Directors approved by the Annual General Meeting of Shareholders of the Company on 22 June 2017 (Minutes No. 6 dated 23 June 2017)¹, according to which remuneration is paid for the participation in meetings of the Board of Directors and annual remuneration is paid to members of the Board of Directors, depending on the participation of a member of the Board of Directors in meetings of the Board of Directors and the meetings of Board Committees during the corporate year.

The Annual General Meeting of Shareholders of the Company held on 15 May 2018 (Minutes No. 37 dated 16 May 2018) approved a revised version of the Regulation on Payment of Remuneration and Compensation to the Members of TransContainer's Board of Directors² that states that the Company shall not pay a fee for participation in individual meetings of the Board or of Board Committees. The remuneration is calculated according to the basic (maximum) amount and depends on the number of meetings attended by the member of the Board of Directors during the reporting period. In 2018, there were no payments of remuneration and compensations in line with the revised Regulation.

Annual remuneration to members of the Board of Directors is paid pursuant to the resolution of the general meeting of shareholders.

Members of TransContainer's Board of Directors do not participate in pension, insurance (except for D&O insurance), option and investment programmes or receive any other benefits and privileges.

In the reporting period, there were no loans extended by the Company to members of the Board of Directors.

Remuneration of Members of the Executive Bodies and the Management in 2018

Remuneration of the Company's management is paid in accordance with the Regulation on Labour Incentives for the Management.

The Regulation sets forth the amount and procedure of remuneration payable to the CEO, First Deputy CEOs, Deputy CEOs, First Deputy CFO, executive officers in business lines, the Chief Accountant and the Chief Engineer (21 key executive officers).

Incentives for the management are aimed at increasing management efficiency, achieving the Company's strategic goals, and retaining qualified personnel based on the following key principles:

- transparency in determining the amount and the structure of total remuneration;
- simplicity of calculating the amount of total remuneration;
- competitiveness in terms of the level and the structure of remuneration;
- striking a balance between the interests of shareholders and the management.

Total remuneration (the incentives package) of the management consists of a fixed part of the remuneration (basic salary or fixed wages) established by the employment contract and a variable part of the remuneration including bonuses and long-term incentives (employee stock plan), as well as other payments stipulated by labour legislation of the Russian Federation, the Collective Bargaining Agreement or local regulations.

The level of remuneration of the management is determined depending on the levels of remuneration observed in the labour market for positions that are comparable to those of the management.

1. Reference to document: https://trcont.com/documents/20143/69792/170727-Amendments_to_Regul_on_Payments_to_BoD_rus+%281%29.pdf/74945fa2-fc3b-c4b0-93dd-11bceae01ec

2. Reference to document: https://trcont.com/documents/20143/474466/180517_Regulation_on_payment.pdf/333cc1a7-9c8e-cdb8-43d2-7976f1b53819