

## Committees of the Board of Directors

Per the provisions of corporate documents, the Board of Directors has established Committees to ensure it works efficiently and to make preparations on the most important issues.

The Committees of the Board of Directors were formed in accordance with the resolution of the Board of Directors dated June 21, 2018 (unnumbered minutes dated June 21, 2018) and July 25, 2019 (unnumbered minutes dated July 26, 2018). During the reporting period, all members of the relevant Committees participated in all meetings of the Committees of the Board of Directors.

In 2018, in addition to the existing Audit Committee and the HR and Remuneration Committee, the Strategy Committee and Capital Markets Committee were created for the first time.

The Committees are formed by the Board of Directors from among the members of the Board of Directors who have the relevant professional experience and knowledge.

When electing members of the Committees (including the chairmen of the Committees), the following aspects must be taken into account: the education and professional training of the candidates, their work experience within the Committee's area of focus, document handling skills as well as any other specialist knowledge, skills, and experience that are necessary for the Committee members to exercise their powers effectively and responsibly.

According to the Company's Regulation on the Committees of the Board of Directors, the Audit Committee and the HR and Remuneration Committee of the Board of Directors should consist of independent directors only, but if this is not possible for objective reasons, independent directors should make up the majority of the Committee members, while the other committee members may be members of the Board of Directors who are not the CEO or members of the Company's Management Board. Only an independent director may be the Chairman of the Committee.

Independent directors should make up the majority of the members of the Strategy Committee and the Financial Markets Committee, while the other members may be members of the Board of Directors who are not the CEO and/or members of the Company's Management Board.

### Audit Committee of the Board of Directors

Key functions of the Committee:

- Verification and monitoring of the completeness of financial statements
- Verification of the internal control and risk management systems
- Monitoring the effectiveness of internal audits
- Monitoring relations with the external auditor, etc.

Committee members:

Committee member and role	Status
Gregor Mowat – Chairman	Independent Non-Executive Director
James Simmons	Independent Non-Executive Director
Alexander Prysyzhnyuk	Independent Non-Executive Director

Committee's work in 2018

Issues considered by the Audit Committee of the Board of Directors in 2018 included the Regulation on Internal Audit, the nominations of candidates for the director of the internal audit unit, and the key performance indicators of the director of the internal audit unit.

### HR and Remuneration Committee of the Board of Directors

Key functions of the Committee:

- Drafting and monitoring the remuneration policy (long-term/short-term incentive)
- Endorsement and monitoring of senior management hiring (CEO-1/CEO-2 levels)
- Drafting of a talent management strategy
- Annual evaluation of the Board of Directors and management performance
- Other matters within its competence

Committee members:

Committee member and role	Status
James Simmons – Chairman	Independent Non-Executive Director
Paul Foley	Independent Non-Executive Director
Alexander Prysyzhnyuk	Independent Non-Executive Director

Committee's work in 2018

Over the course of 2018, the HR and Remuneration Committee of the Board of Directors conducted a compliance assessment of the members of the Board of Directors to determine whether they have the necessary experience and skills; comply with independence criteria set out in the Company's policies on evaluation of candidates for the Company's Management Board; and also tentatively considered the conditions of long-term incentive programs for management and key employees of the Company and other matters within its competence.

## Strategy Committee of the Board of Directors

Key functions of the Committee:

- Strategic and investment planning
- Identification of priority areas of focus
- Endorsement and verification of the business plan/budget
- Other matters within its competence

Verification of mergers and acquisitions, large investment projects, etc.

Committee members:

Committee member and role	Status
Paul Foley – Chairman	Independent Non-Executive Director
Alexey Makhnev	Non-Executive Director
James Simmons	Independent Non-Executive Director

Committee's work in 2018

In 2018, the Strategy Committee of the Board of Directors considered the main principles of the Company's investment policy, approved the business transformation strategy, and considered certain issues concerning the pharmaceutical development strategy.

## Capital Markets Committee of the Board of Directors

Key functions of the Committee:

- Development and strengthening of corporate governance systems
- Preparation, development, and introduction of investor relations strategies
- Evaluation of the dividend policy and recommendations for the Board
- Other matters within its competence

Committee members:

Committee member and role	Status
Paul Foley – Chairman	Independent Non-Executive Director
Alexey Makhnev	Non-Executive Director
Charles Ryan	Independent Non-Executive Director

Committee's work in 2018

The Capital Markets Committee of the Board of Directors was formed in August 2018. From the time it was formed until the end of the reporting year, the Committee tentatively considered a change in the Regulations on the Company's Board of Directors and other matters within its competence.

## Corporate secretary

The Corporate Secretary function and responsibilities are performed by the Corporate Governance Department.

The Corporate Governance Department is a structural unit that performs the functions of a corporate secretary, constituted in accordance with the recommendations of the Corporate Governance Code and the requirements of the Listing Rules of PJSC Moscow Exchange to assist the company to effectively interact with shareholders, coordinate the Company's actions to protect shareholder rights and interests, and to support the effective work of the Board of Directors in accordance. The Department is headed by the Corporate Governance Director, who is an officer of the Company.

The main functions of the Corporate Governance Department are:

- involvement in improving the Company's corporate governance system and practices;
- involvement in preparing for and holding the Company's General Meetings of Shareholders;
- supporting the work of the Board of Directors and the Committees of the Board of Directors;
- taking part in implementing the Company's disclosure policy and ensuring the storage of the Company's corporate documents;
- supporting the Company's interaction with its shareholders and involvement in the prevention of corporate conflicts;
- supporting the Company's interaction with regulatory bodies, trade organizers, the registrar, and other securities market professionals within the purview assigned to the Corporate Governance Department;
- immediately notifying the Company's Board of Directors about all violations of the law that are identified as well as the provisions of the Company's internal documents for which the Corporate Governance Department is responsible for compliance;
- ensuring the implementation of procedures prescribed by the law and the Company's internal documents to support the exercising of the rights and legitimate interests of shareholders and monitoring their execution.