

PJSC "AVTOVAZ"
REMUNERATION POLICY FOR MEMBERS OF THE BOARD OF DIRECTORS

1. Introduction

This remuneration policy (this "**Policy**") establishes the remuneration rules for members of the Board of Directors (the "**Board**") of PJSC AVTOVAZ (the "**Company**").

2. Remuneration / Remunerated Board Members

Remuneration for participation in the activities of the Board shall only be paid to the members of the Board who were not, during their term as a member of the Board, members of the Company's management board (the "**Remunerated Board Members**").

2.1 Quarterly remuneration for 2017 and thereafter

The total amount of annual remuneration to be paid by the Company to all of the Remunerated Board Members for their service on the Board for their participation in the activities of the Board starting from the date of the Company's annual general shareholders meeting (the "**GSM Date**") in 2017 and until the GSM Date in 2018, and each following period determined by reference to the dates of subsequent annual general shareholders meetings of the Company accordingly) shall be EUR 790,000 (the "**Aggregate Remuneration**"). Following the end of each quarter, the Company's Remuneration and Nomination Committee (the "**Committee**") shall prepare its recommendations for the Board (the "**Recommendations**") as to the allocation of (and not less than) 25 per cent. of the Aggregate Remuneration among the Remunerated Board Members (the "**Allocation**"), and submit them to the Board along with the common rationale behind such Recommendations. The Board may take such Recommendations into account when deciding on the matter of Allocation.

If the Committee fails to prepare its Recommendations in respect of a particular quarter, its Recommendation in effect for the immediately preceding quarter shall apply. If the Committee fails to decide on the Allocation in respect of a particular quarter, the Allocation in effect for the immediately preceding quarter shall apply.

2.2 Annual remuneration for 2016

The total amount of annual remuneration to be paid by the Company to all of the Remunerated Board Members for their service on the Board from the GSM Date in 2016 and until the GSM Date in 2017 shall be EUR 790,000 (the "**2016-2017 Remuneration**"). Following the expiration of 6 and 12 months from the date of the GSM Date in 2016, the Committee shall prepare its recommendations for the Board as to the allocation of (and not less than) 50 per cent. of the 2016-2017 Remuneration among the Remunerated Board Members (the "**2016-2017 Allocation**"), and submit them to the Board along with the common rationale behind such recommendations. The Board may take such

recommendations of the Committee into account when deciding on the matter of the 2016-2017 Allocation.

The rules for the 2016-2017 Remuneration shall apply to relations that arose before the effective date of this Policy following its approval by the Company's shareholders' meeting.

2.3 General rules

An approval of the Allocation or 2016-2017 Allocation shall require an affirmative vote of no less than 10 elected members of the Board, whereas each member of the Board, including the Remunerated Board Members, shall be entitled to vote on the matter of Allocation or 2016-2017 Allocation.

The method of payment of the remuneration, which shall be paid to the Remunerated Board Members for their service on the Board (i) on a quarterly basis from the GSM Date in 2017 and for each following quarter, and (ii) by two parts from the GSM Date in 2016 and until the GSM Date in 2017, may in each case be agreed individually between the Company and relevant Remunerated Board Member. All payments to any Remunerated Board Member in accordance with this Policy shall be made in Russian Rubles at the EUR/RUB exchange rate set forth by the Central Bank of Russia in effect on the payment date.

3. Disclosure of Policy

This Policy shall be published on the Company's website: www.avtovaz.ru.

The annual report on remuneration of the Board and reference to this Policy shall be included in materials provided to the General Shareholders' Meeting of the Company and / or in the Company's annual report.

No amendment to this Policy shall be effective unless approved by the General Shareholders' Meeting of the Company.