TERMS OF REFERENCE
on Assessment of Performance Put Up By the Board of Directors of KAMAZ PTC

1. INTRODUCTION

1.1. The Terms of Reference on Assessment of Performance Put Up By the Board of Directors of KAMAZ PTC (hereinafter referred to as the Terms of Reference) have been developed pursuant to the law of the Russian Federation, the Charter of KAMAZ PTC (hereinafter referred to as the Company), the Company's Corporate Governance Code subject to the guidelines of the Corporate Governance Code recommended by the Bank of Russia for application by the joint stock companies whose securities are admitted to organized trading (Letter of the Central Bank of the Russian Federation dated 10.04.2014 Ref. No. 06-52/2463 "On Corporate Governance Code"), as well as subject to informational letter of the Central Bank of the Russian Federation dated 26.04.2019 Ref. No. ИН-06-28/41 "On Guidelines as to How to Organize and Conduct Self Assessment of Efficiency of the Board of Directors (Supervisory Board) in Publicly Traded Companies".

1.2. Assessment of performance put up by the Company's Board of Directors (hereinafter referred to as Assessment) shall be carried out for purposes of determining the extent of efficiency of the Company Board of Directors' performance, conformity of their activities to the needs for the Company's development, the stepping-up of the Company Board of Directors' work and identifying the areas in which its activities can be improved upon.

1.3. Conduct of the Assessment allows the role of the Company's Board of Directors to be enhanced in achieving the goal of the Company's successful development and elaborating the proposal aimed at improving the operation of the Board of Directors and the Committees.

1.4. The principles underlying conduct of the Assessment shall be as follows:

– Regularity: Assessment shall be made annually in the form of self-assessment, once every 3 (three) years by independent external consultants.

– Comprehensiveness: encompasses all the spheres and the lines of business pursued by the Company's Board of Directors.

– Confidentiality: the information contained in the Report on Assessment Results as well as in the documents on which it is based refers to the information which represents a commercial secret. The information about the results of the Assessment shall be provided within the framework of the Annual Report in summarized form.

– Effectiveness: based on the results of conducting the Assessment, if necessary, a corrective action plan shall be designed and implemented aimed at improving the performance efficiency of the Company Board of Directors' operations.

– Accountability: the results of the Assessment and the status of implementing a package of measures based on the results of conducting it shall be annually communicated to the Human Resources and Remunerations Committee of the Company's Board of Directors.

2. KEY PARAMETERS OF ASSESSMENT

2.1. The following can act as the tools of conducting the Assessment: getting the members of the Company's Board of Directors to fill in questionnaires, interviewing the members of the Company's Board of Directors, analyzing the Company's internal documents and other tools subject to the guidelines of the Human Resources and Remunerations Committee of the Company's Board of Directors.

2.2. The target of the Assessment shall be the Company's Board of Directors as the governing body and the Committees of the Company's Board of Directors, the Company's Corporate Secretary.

Targets of the assessment can be the Chairman of the Company's Board of Directors, senior independent director, members of the Company's Board of Directors (individual assessment).

2.3. Possible perimeter of the Assessment:

– The Company's Board of Directors: lineup and structure; role of the Company's Board of Directors; procedures of the Company Board of Directors' operations.

– Committees of the Company's Board of Directors: lineup and structure of the Committees; effectiveness of the Committees' operation; Committees' operating procedures.

– Chairman of the Board of Directors: consistency of the Company Board of Directors' activities, efficiency of passing and following up on the decisions and enforcing them; resolution of differences and conflicts of interest; liaisoning with the shareholders and the management.

– Senior Independent Director: assisting the Chairman of the Company's Board of Directors and the Company's General Director in liaisoning with the shareholders; assisting the Chairman of the Company's Board of Directors in resolving and settling the differences and conflicts of interest; liaisoning with investors and analysts; coordinating work done by Independent Directors.

– Members of the Board of Directors: competence; professional and personal qualities; participation in the Board of Directors' activities.

3. PROCEDURE OF CONDUCTING ASSESSMENT

3.1. Conducting self assessment of the Company Board of Directors' activities:

3.1.1. Determining the methodology, organization of the Company Board of Directors' self assessment procedure shall be handled by the Human Resources and Remunerations Committee of the Company. Participating in the conduct of self assessment shall be the Company's Corporate Secretary, while carrying out the coordination functions in liaisoning with the members of the Company's Board of Directors (sending and collecting questionnaires, summing up the polling results).

3.1.2. The principal stages of the Company Board of Directors' self assessment shall be the following ones:

– Submittal by the Human Resources and Remunerations Committee of the Company's Board of Directors for consideration by the Company's Board of Directors of the topic of conducting self assessment with determination of its form and methodology.

– Passage by the Company's Board of Directors of the decision to conduct self assessment.

– Conduct of self assessment (collection and analysis of the data on operation of the Company Board of Directors).

– Establishment by the Company's Corporate Secretary of the draft report on self assessment results and, if necessary, a remedial action plan aimed at increasing performance efficiency of the Company's Board of Directors.

– Consideration by the Human Resources and Remunerations Committee of the Company's Board of Directors of the draft report on self assessment results and, if necessary, the remedial action plan aimed at increasing performance efficiency of the Company's Board of Directors.

– Consideration by the Company's Board of Directors of the draft report on self assessment results and, if necessary, approval of the remedial action plan aimed at increasing performance efficiency of the Company's Board of Directors.

3.2. Conducting independent assessment of the Company Board of Directors' performance:

3.2.1. Technical assignment to the independent external consultant for conduct of external independent assessment shall be approved by the Human Resources and Remunerations Committee of the Company's Board of Directors and shall contain the following requirements:

– On accounting in the conduct of external independent assessment of the results of conducting previous assessments of the Company Board of Directors' activities.

– On conduct of external independent assessment subject to these Terms of Reference.

– On establishing the report on the results of conducting external independent assessment of the Company Board of Directors' performance, incorporating:

(a) Analysis of each assessment activity from the point of view of strengths, areas for improvement, as well as disputable issues in relation to which the opinions of the Company Board of Directors' members significantly differ.

(b) Comparative analysis of the practice of the Company Board of Directors' activities with advanced Russian and international practices.

(c) Practical solutions and recommendations aimed at increasing efficiency of the Company Board of Directors' activities.

4. DISCLOSURE OF INFOMRATION ABOUT THE ASSESSMENT RESULTS

After the Company's Board of Directors has reviewed the report on the Assessment results , a summary on the Assessment results shall be prepared which shall be incorporated as part of the Company's annual report. Such a summary shall contain particulars regarding the timing, the form of conducting the Assessment and their consideration at the meeting of the Board of Directors as well as an update on the key results of the Assessment.

Appendix: Specimen forms of assessing the activities of the Company's Board of Directors

Grade	Meaning
5	I fully agree
4	I partially agree
3	I find it difficult to answer this question
2	I partially disagree
1	I disagree

N	Approval/criterion	Grade	Comments/proposal on improving the existing practice
1.	Composition of the Company's Board of Directors (quantitative, by qualification, professional experience) is sufficient for its effective operation.	5 4 3 2 1	
2.	Chairman of the Company's Board of Directors is instrumental in performing most effectively the functions entrusted to the Company's Board of Directors ensuring effective process of decision making.	5 4 3 2 1	
3.	Senior Independent Director is instrumental in performing most effectively the functions entrusted to the Company's Board of Directors ensuring effective process of decision making.	5 4 3 2 1	
4.	The Company provides sufficient information: - on performance of the Company's Business Plan; - on the Company's strategic aims; - on specific features of the industry in which the Company operates.	5 4 3 2 1	
5.	The members of the Company's Board of Directors have access to documents and information necessary for making well thought through decisions, send their inquiries and promptly receive answers to them.	5 4 3 2 1	
6.	Briefing materials in preparation for the meetings of the Company's Board of Directors, the Committees of the Company's Board of Directors are sent in advance to ensure that the members of the Company's Board of Directors can prepare for the meetings properly.	5 4 3 2 1	
7.	The briefing materials for meetings of the Company's Board of Directors are provided in accessible appropriate format and scope necessary for well thought through and effective decisions to be made.	5 4 3 2 1	
8.	The Committees of the Company's Board of Directors are invested with sufficient powers and obligations.	5 4 3 2 1	

	Question	Answer
9.	What issues of the greatest priority, in your opinion, need to be considered at the meetings of the Company's Board of Directors?	
10.	What topics, in your opinion, have not been given proper review by the Company's Board of Directors?	
11.	Do you have any further questions, proposals or comments on the activities of the Company's Board of Directors?	