

## **MARKETING POLICY**

### **KORSTON FRIEND LOYALTY PROGRAM**

This marketing policy incorporates terms and condition of *Korston Friend Loyalty Program* (“Loyalty Program”) implying the use of electronic bonus cards.

The purpose of Loyalty Program is to unite corporate members of Kortson Group to

- attract and encourage long-standing customers for the purpose of increasing sales and earnings;
- develop sustainable loyalty among customers;
- create a customer database and maintain a direct communication channel with customers;
- run promotion campaigns among employees of companies participating in the Program;
- retain and grow market share;
- receive significant competitive advantages;
- encourage employees of Bonus Program participants to purchase goods and services from Korston Group.

For the purpose of this marketing policy - *Korston Friend Loyalty Program*, Korston Group means

- Korston-Serpukhov LLC (taxpayer identification number (INN) 5043042220);
- Korston-Kazan LLC (taxpayer identification number (INN) 1655059173);
- Korston-Zoloto LLC (taxpayer identification number (INN) 1655116022).

#### **1. TERMS AND DEFINITIONS**

- 1.1. *Korston Friend Loyalty Program* means a marketing strategy to encourage customers of Bonus Program participating companies that involves allocation of bonus points by Korston to personal accounts of customers for further purchases of goods and services from the companies participating in the Bonus Program.
- 1.2. Korston Bonus Point (“bonus point, bonus or korston”) means an accounting unit based on purchase activity of Customer awarded by a Program participant to the Customer at the moment of purchase of goods or services. Bonus points accrued in a personal account of Customer imply the obligation of any participating company to provide the Customer at his or her request with goods and services in accordance with the current Price Policy under the Program and the currently available bonus points in the Customer’s personal account. Bonus points are not exchangeable for cash.
- 1.3. Loyalty Program Price Policy means the aggregate amount of deductions from personal accounts of Customers as agreed upon by Program participating companies to be used for purchase of goods and services from the companies participating in the Loyalty Program. The amount of bonus points to be deducted for the relevant product or service may be defined for marketing purposes as a price in korstons. The Bonus Program Price Policy will be adopted independently by each company participating in the Loyalty Program and may differ between participants and/or commodity or service groups or may be agreed upon among participants for the purpose of concerted actions and other marketing actions.

- 1.4. A participating customer means an individual duly authorized to hold a bonus card registered in the Bonus Program and entitled to the award of bonus points at the moment of purchase of and payment for goods and services in rubles.
- 1.5. Electronic Bonus Card means an electronic document incorporated in a Wallet of mobile device for identifying a holder (a participating customer), running operations within the infrastructure of Loyalty Program, maintaining a personal account of customer and recording the executed transactions. This card may be issued to an individual only.
- 1.6. A personal account means a software component connected with ID, number of customer's bonus card and designed for the accumulation and maintenance of holder's bonus points and recording of transactions executed with the use of bonus card.
- 1.7. Loyalty Program participating company means an entity engaged in the Loyalty Program through the allocation of bonus points to customers' personal accounts at the moment of purchase of goods and services, provision of customers with the opportunity to make further purchases for the awarded bonus points and contributing to the collective Bonus Program Fund.
- 1.8. Allocation of bonus points means an operation resulted in an increase in the number of bonus points in personal accounts of Customers in accordance with the Loyalty Program.
- 1.9. Deduction of bonus points means an operation resulted in a reduction of the number of bonus points in personal accounts of Customer in accordance with the Loyalty Program.
- 1.10. Loyalty Program Fund means a cash fund created from advances paid by Customers upon making purchases of goods (work, services) for rubles from Bonus Program Participating Companies. The fund is created to pay for their further purchases of goods (work, services) through the deduction of bonus points earned by the Customer. The Fund is managed by Korston Zoloto LLC.
- 1.11. The privileged status of participant's card means the Silver, Gold, Platinum or Brilliant status of card that provides a participant of Loyalty Program with additional points and privileges. The list and extent of privileges are determined by an order of Program participating companies.
- 1.12. Purchase for bonus points means the purchase of goods (work, services) by the Customer from Bonus Program participating companies for the money this customer has contributed to the Bonus Program Fund and accumulated as bonus points.
- 1.13. Loyalty Program Price Policy means the aggregate amount of deductions from personal accounts of Customers as agreed upon by Program participating companies to be used for purchase of goods and services from the companies participating in the Loyalty Program. The amount of bonus points to be deducted for the relevant product or service may be defined for marketing purposes as a price in korstons. The Loyalty Program Price Policy will be adopted independently by each company participating in the Loyalty Program and may differ between participants and/or commodity or service groups or may be agreed upon among participants for the purpose of concerted actions and other marketing actions.

## **2. BONUS PROGRAM PARTICIPATING COMPANIES**

- 2.1. Any entity entered into a cooperation agreement with other participating companies and committed to the collective marketing policy under the Bonus Program may become a Bonus Program participating company.

## **3. RUNNING COSTS OF LOYALTY PROGRAM**

- 3.1. Korston-Zoloto LLC will be a holder of Bonus program
- 3.2. Korston-Zoloto LLC will be responsible for the setup and maintenance of Bonus Program to the extent of advertizing and marketing actions, creation of customized database of information and analytic data related to Customers, data service and technical support.
- 3.3. Korston-Zoloto LLC will be entitled to a remuneration to be paid by participating companies for the setup and maintenance of Bonus Program.
- 3.4. Bonus Program participating companies should transfer money received from Customers as advances in the course of purchase of goods (work, services) in rubles to Korston-Zoloto LLC at least on the 3<sup>rd</sup> day of each month following the reporting month.
- 3.5. On a monthly basis, Bonus Program participating companies shall prepare and submit to Korston-Zoloto LLC a report of goods (work, services) sold for bonus points at least on the 3<sup>rd</sup> day of the month following the reporting month. On the basis of such reports, Korston-Zoloto LLC will effect payments for the sold goods (work, services) to participating companies from the money contributed to the Bonus Program Fund by the relevant Customers through transfers to current accounts of Bonus Program participating companies or by set-off.

## **4. PROCEDURE OF ISSUE OF ELECTRONIC BONUS CARDS**

- 4.1. Electronic bonus cards are issued against the completion of forms available on the website: <https://www.korston.ru/bonus> or after the Customer contacts an authorized representative of Bonus Program participating company.
- 4.2. Electronic bonus cards are issued against the delivery of completed questionnaire and acceptance of Loyalty Program participation offer.
- 4.3. All fields in the questionnaire of Loyalty Program participant should be filled in (other than the field in which the number of plastic card shall be specified, this field shall be filled in only if a participant holds a plastic card), otherwise no electronic bonus card will be issued.
- 4.4. The questionnaire of Loyalty Program participant shall be completed strictly in accordance with Annex 2 to this Bonus Program.
- 4.5. Prime Hill is a partner company of the issue of electronic bonus cards.
- 4.6. For stimulating purchases, one of several statuses is attributed to a card holder when a Customer complies with the relevant conditions:

- **Standard:** this status is attributed on the basis of completed questionnaire (see Annex 2).
- **Silver:** this status is attributed when purchases with the use of electronic bonus card exceed 30 000 rubles but not more than 100 000 rubles per 1 (one) calendar year. The card status is valid for 1 (one) calendar year.
- **Gold:** this status is attributed when purchases with the use of electronic bonus card exceed 100 000 rubles but not more than 1 000 000 rubles per 1 (one) calendar year. The card status is valid for 1 (one) calendar year.
- **Platinum:** this status is attributed when purchases with the use of electronic bonus card exceed 1 000 000 rubles per 1 (one) calendar year. The card status is valid for 1 (one) calendar year.

4.7. In order to renew a card status for the next period, the Customer shall make purchases with the use of electronic bonus card for the amount corresponding to a card status within the period of card validity. In order to upgrade a card status, the Customer shall make purchases with the use of such card for the amount corresponding to the new status of card within the last calendar year of the date of previous change of card status. If neither of the above requirements is met, the card status will be downgraded to the level at which all requirements are met.

4.8. If the agreed bonus rate for relevant goods or services is less than the basic rate (<5%), no status upgrade will be available (see Section 6. Allocation of bonuses for events).

## 5. ALLOCATION PROCEDURE AND BONUS ACTIVATION PERIOD

5.1. For the purpose of general marketing policy, all participating companies of Bonus Program will award bonus points to Customers under the Bonus Program for purchases of any goods (work, services) in rubles. Bonus points will accrue depending on the total amount paid for goods (work, services) in rubles.

5.2. Bonus points will be earned on payments of any type, other than special accommodation rates and payments specified in Section 6\*.

- Bonuses will be earned depending on card status in accordance with Table 1

Card status	One-time purchase amount				
	Up to 1000 rubles	From 1000 to 10 thousand rubles	From 10 to 30 thousand rubles	From 30 to 100 thousand rubles	Above 100 thousand rubles
<b>Standard</b>	5%	5%	6%	7%	8%
<b>Silver</b>	5%	6%	7%	8%	9%
<b>Gold</b>	5%	7%	8%	9%	10%
<b>Platinum</b>	5%	8%	9%	10%	11%

This table does not apply to the accrual of bonuses for events (the rules governing the allocation of bonuses for events are discussed in Section 6).

5.3. The standard bonus rate for a basic card will be 5 percent of the total payment amount.

- Bonus points are awarded in korstons. Provided that any fractional krostons will be round up to second decimal according to the generally accepted rules.

- Such 5 percent operates as a basis for making additional allocations of bonus points.

For example: a guest paid 1000 rubles for a purchased article. In this case, 5 percent is deducted from the payment amount as an advance for further purchases of such guest, i.e. his or her bonus card will be credited with 50 korstons.

5.4. Additional allocations help to stimulate purchase behavior under certain circumstances and in certain periods.

5.4.1. The maximum bonus amount is not limited.

5.4.2. The list of additional awards and their amount are provided in the Annex to this policy. An additional list of awards will be adopted by separate orders.

5.5. All participating companies of Loyalty Program may award bonus points to the Customers of Bonus Program as a remuneration for provided services. The amount of such remuneration and the allocation procedure shall be determined in an agreement made between a participating Customer and a participating company of Loyalty Program.

5.6. To get awarded bonuses, a Customer shall present an electronic bonus card on the smartphone or provide the number of bonus card. If the bonus card is unavailable, the Customer shall enable an employee of Loyalty Program service center to verify his or her identity by providing the last 4 (four) figures of his or her mobile phone number specified in the records of the card. At the same time, the Customer may be identified by an ID documents (a passport, driving license or military card). In the event of discrepancies, no bonus points will be awarded.

5.7. Korston card activation period:

- 14 days - for trading companies that grant customers the right to return goods;
- 0 days (immediately) - for all other participating companies that do not impose restrictions.

If discounts are provided during actions involving any goods/services, bonus points will not be awarded.

5.8. Bonus points will be credited to an electronic bonus card at the moment of payment for purchased goods (work, services) at the checkout, unless bonus points are awarded by a customer service center against an application filed by a Customer and accompanied with receipts and official memos from managers of participating companies.

5.9. Bonus points will not be awarded to employees of Kotston Group for purchase of services subject to discounts, for example:

- a hotel room provided at the price reserved for employees;
- dry cleaning services at the price reserved for employees;
- business lunch at the price reserved for employees;
- confectionary sold at the price reserved for employees.

5.10. Manual allocation of bonuses (for any goods and services).

- Access to the manual allocation of bonuses is restricted (IT department)
- Manual allocation of bonuses is possible only against an official memo issued in the name of General Director of Complex, provided that a scan of such signed memo shall be attached to the note field of manual allocation transaction in NAV.

## **6. ALLOCATION OF BONUSES FOR EVENTS**

- 6.5. Bonus points for events may be awarded, if no discounts are available in connection with such event.
- 6.6. The amount of bonus points awarded for events to individuals (customers, decision makers, secretaries, etc.) will be 1 percent of the amount of event and such points will be allocated manually and should be linked to the actual payment.
- 6.7. The amount of bonus points earned for events involving agents (who are not employed with the company) will be 7 percent of the event amount and such allocation shall be accompanied with an official memo\*.
- 6.8. The amount paid for an event will not affect the status of customer's bonus card.
- 6.9. No event may be paid up in bonus points.

\* - if bonus points are allocated at the rate of 7 percent, an agent will not be entitled to an agent fee for the arrangement of event (net 7% according to the current motivation scheme).

## **7. ALLOCATION OF BONUS POINTS FOR GROUP ACCOMMODATION**

- 7.5. Bonus points for group accommodation will be 1 percent of the amount payable for a separate group reservation (10 rooms and more). Bonus points at the published rates will be credited according to Table 1.\*
- 7.6. No bonus points will be awarded to organizers of accommodation, if special rates apply (less than 10 rooms).
- 7.7. Payments for group accommodation cannot be made in bonus points.

\* - if the requirement specified in clause 1.4 is met. Otherwise no bonus points will be awarded.

\*\* - unless otherwise agreed with the general director of hotel in an official memo.

## **8. USE OF BONUS POINTS WITHIN THE LOYALTY PROGRAM**

- 8.1. According to the general marketing policy, all participating companies of Loyalty Program will provide Customers with the opportunity to buy goods (work, services) for the accrued Korston bonus points in order to encourage the most active and loyal buyers.
- 8.2. One piece of goods or services may be paid up in whole in rubles or received in exchange for deducted bonus points (and therefore, it is impossible to pay for and get the deduction of bonus points in respect of the same piece of goods or services).
- 8.3. The following exchange rate is established for the exchange of accrued korstons for goods:

**1 korston = 1 ruble.**

**Given the above, a customer's account shall be debited with 100 korstons to provide the payment for an article sold at the price of 100 rubles.**

## **9. PROCEDURE OF BONUS DEDUCTION AND RESTORATION OF DEDUCTED BONUS POINTS IN THE EVENT OF GOODS RETURN**

- 9.1.If any goods paid for with or a payment (credit) bank card are returned, bonus points awarded to the Customer for such purchase will be deducted from the Personal Account of Customer.
- 9.2.If a Customer returns any goods bought in exchange for the deduction of korston bonus points, the bonus points used for the purchase of returned goods will be refunded to the Personal Account of Customer, unless the Customer's account has a negative balance.
- 9.3.In case of a negative balance in the Personal Account of Customer, the Customer should buy the required number of bonuses if the Customer returns goods.
- 9.4.In case of a negative balance in the Personal Account of Customer, the Customer should buy the required number of bonuses if the Customer cancels an event or requests the return of an advance.
- 9.5.If no bonus point is credited to or deducted from the Personal Account of Customer within 365 days of the last transaction involving bonus points earned by the Customer on his or her bonus card, it will be deemed that the Customer has withdrawn from the agreement of participation in the bonus program and in this case the balance of such bonus card will be cancelled upon the expiration of the above period. If the Customer terminates the agreement in such way, the Customer will not be entitled to claim any refund of unused advances recorded as a balance of unused bonus points. In this case the obligation of Korston-Zoloto as a holder of bonus program towards the Customer to pay for goods, services or work to the extent of relevant amount terminates. The Customer is entitled to restore the cancelled bonus points within 730 days of the last transaction by personal contact with Korston.

## **10. REPLACEMENT OF ELECTRONIC BONUS CARD**

- 10.1. An electronic bonus card may be replaced if the Customer contacts a card issue service and his or her personal data can be obtained from the database (phone number, email address). The Customer will receive an SMS confirmation of replacement to his mobile phone number.

## **11. REQUIRED DOCUMENTS**

- 11.1. The following three situations that may arise in connection with the Loyalty Program require different documentation:
- Ordinary purchasers not participating in the Bonus Program - a receipt for tax purposes shall be issued.
  - Program participants, if korstons are awarded - a receipt for tax purposes plus an additional receipt of korstons awarded shall be issued
  - Program participants, if goods or services are purchased for korstons - a receipt for tax purposes (zero amount) plus an additional receipt for deducted korstons shall be issued.

## **12. CONFIDENTIALITY**

- 12.1. The companies participating in the Loyalty Program agree to maintain strict confidentiality in respect of information received during their participation in Korston Club bonus program and take all reasonable steps to prevent any disclosure of received information.
- 12.2. No disclosure of confidential information to third parties, publication or any other disclosure of such information can be made without the written consent of Loyalty Program participants and Customer notwithstanding the grounds for termination of Loyalty Program.
- 12.3. The Companies participating in the Loyalty Program will not be liable for a disclosure of information to public agencies authorized to claim such information under the law of the Russian Federation.
- 12.4. Korston-Zoloto LLC will delegate the processing of personal data of Customers to the companies participating in the Loyalty Program under contracts made with such companies, and such companies, in their turn, shall ensure the confidentiality and safety of personal data of Customers.
- 12.5. The Companies participating in the Loyalty Program will maintain confidentiality of received information and personal data of Customers, unless (1) personal data of Customers is depersonalized; 2) personal data is a part of the public domain.
- 12.6. If a company participating in the Loyalty Program fails to meet confidentiality requirements in respect of received information and personal data of Customers, the companies participating in the Loyalty Program will be liable for such failure under such program in accordance with the applicable law of the Russian Federation and agree to indemnify Korston-Zoloto LLC against all incurred losses.



## Annex 1

### Type and Extent of Additional Awards and Privileges under Korston Club Bonus Program

#### 1. List of additional rewards

Category	Type	Extent*	Purpose	Description
Personal	Birthday of guest	%Rate +5%	Encouragement of guests to celebrate their birthdays with us	For purchases within 3 days before and 7 days after the Birthday.

#### 2. List of additional privileges:

Card Status	Purpose	Privilege
Silver	Encouragement of guests to spend more with the use of card	<ul style="list-style-type: none"> <li>• Upgrade, if rooms are available</li> </ul>
Gold		<ul style="list-style-type: none"> <li>• One room of Superior category for free for 1 night</li> <li>• Upgrade, if rooms are available</li> </ul>
Platinum		<ul style="list-style-type: none"> <li>• One room of Club Studio or Club Suite category for free for 1 night</li> <li>• Upgrade, if rooms are available</li> <li>• One ticket to the new-year's event</li> </ul>

The privileges are provided once a year in accordance with the card status.

## **Annex 2**

### **Questionnaire of Bonus Program Participant**

**Please complete this form and receive an electronic bonus card!**

Surname

Name

Phone number

Email

Birth date

Plastic card number

**Please issue me the card**

If you select an option “Please issue me the card”, you accept the terms and conditions of offer.

