

**APPROVED**

by Resolution of the General Shareholders Meeting  
of JSC INK-Capital

Minutes No. 48 dated September 30, 2020

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**CORPORATE GOVERNANCE CODE  
OF JSC INK-CAPITAL**

**Revision 2**

Irkutsk

2020

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## **I. GENERAL PROVISIONS**

- 1.1 Joint Stock Company INK-Capital (hereinafter referred to as the Company) is a non-public joint stock company. The Company owns the legal entities (including through its subsidiary companies) that perform geological study, exploration and production of hydrocarbons in Eastern Siberia and neighboring regions.
- 1.2 The Corporate Governance Code (hereinafter referred to as the Code) is drafted in accordance with the laws of the Russian Federation, the Corporate Governance Code recommended by the Central Bank of Russia in its Letter No. 06-52/2463 dated April 10, 2014 (hereinafter referred to as the CBR Code), the Company Charter, and the best international practices in corporate governance.
- 1.3 The purpose of adopting the Code by the Company is to develop and implement in the Company's daily activities the principles and rules of corporate governance ensuring:
  - successful development of the Company and companies that constitute one group with the Company in accordance with laws of the Russian Federation or that are controlled by the Company in accordance with the International Financial Reporting Standards (hereinafter together referred as the Group of companies, the Group), their capitalization growth,
  - observance of the rights and legitimate interests of all shareholders,
  - creation of a positive image of the Company among the shareholders, employees, contractors, potential investors, securities market actors, and other stakeholders,
  - support of sustainable growth of the financial and operational results in the long term of the Group's development.
- 1.4 The principles and rules of corporate governance set out by the Code represent a higher level of requirements, as compared with those provided for by the applicable law, in respect of operation of the management and supervisory bodies, business culture, and compliance with high ethical standards.
- 1.5 For the purposes of this Code, the term "corporate governance" shall mean a system of relationships between the executive bodies of the Company, its Board of Directors, its shareholders, and other stakeholders.
- 1.6 In relation to corporate governance, the Company pays particular attention to the following:
  - observing the shareholders rights, including the right to information, and creating most favorable conditions for its shareholders enabling them to participate in the General Shareholders Meeting and develop informed positions on the agenda issues of the General Shareholders Meeting, as well as providing them with an opportunity to express their opinions on the reviewed issues;
  - organizing efficient work of the Board of Directors and presence of the balanced composition of the Board, in particular, in terms of qualifications,

expertise, and business skills of its members who also should enjoy the confidence of the Company's shareholders;

- developing efficient systems of risk management and internal control.

1.7 The system of corporate governance in the Company is based on the principles of full compliance with the requirements of the laws of the Russian Federation and aimed at establishment and support of reliable trust-based relationships with its shareholders and Board members.

## II. TERMS AND DEFINITIONS

2.1 For the purposes of the Code, the following terms and definitions shall be used:

<b>Term</b>	<b>Definition</b>
<b>Group of companies, Group</b>	The Company and companies that constitute one group in accordance with laws of the Russian Federation or that are controlled by the Company in accordance with the International Financial Reporting Standards.
<b>Code</b>	The Corporate Governance Code of the Company.
<b>CBR Code</b>	The Corporate Governance Code recommended by the Central Bank of Russia in its Letter No. 06-52/2463 dated April 10, 2014.
<b>Audit Committee</b>	The Audit Committee under the Board of Directors.
<b>Ethics Committee</b>	The Committee, created by the order of the General Director of OOO Irkutsk Oil Company and authorized to monitor compliance with the Code of Ethics, as well as review other issues related to combating fraud, corruption and legalization (laundering) of income.
<b>Corporate Secretary</b>	The Corporate Secretary of the Company.
<b>General Meeting</b>	The General Shareholders Meeting of the Company (its supreme management body).
<b>Company</b>	Joint Stock Company INK-Capital.
<b>OOO Irkutsk Oil Company</b>	Limited liability company "Irkutsk Oil Company" (the main operating company of the Group).
<b>Official website of the Group</b>	The Official website of the Group: <a href="http://irkutskoil.ru">http://irkutskoil.ru</a> (Russian language version) и <a href="http://irkutskoil.com">http://irkutskoil.com</a> (English language version).
<b>Board of Directors</b>	The Board of Directors of the Company.

### **III. RIGHTS OF THE COMPANY'S SHAREHOLDERS**

#### **3.1 The Company shall ensure equal and fair treatment of all its shareholders in exercise of their right to participate in the management of the Company.**

3.1.1. The Company creates most favorable conditions for its shareholders enabling them to participate in the General Shareholders Meeting of the Company, to develop informed positions on the agenda issues of the General Shareholders Meeting, and to coordinate their actions, as well as provides them with an opportunity to express their opinions on the reviewed issues.

3.1.2. Procedures for convocation, preparation and holding of the General Shareholders Meeting are set out in the Regulations on the General Shareholders Meeting which are available on the Official website of the Group.

#### **3.2 Procedures of notification of the General Shareholders Meeting and provision of supporting materials to the meeting shall enable the shareholders to get properly prepared for participation therein.**

3.2.1. A notification of holding the General Shareholders Meeting contains all information provided for by applicable laws of the Russian Federation and required for the shareholders to make a decision regarding their participation in the General Shareholders Meeting.

3.2.2. A notification of holding the General Shareholders Meeting in the form of joint presence additionally contains the following information: (i) exact location of the General Shareholders Meeting and (ii) documents required for admission to the premises on which the General Shareholders Meeting is to be held.

3.2.3. A notification of holding the General Shareholders Meeting and all materials to it are sent to the shareholders in paper and electronic formats (to e-mail addresses provided to the Company by the shareholders). In addition, the Group may inform the shareholders through various virtual data rooms (VDRs) that all shareholders have access to.

To ensure equal treatment of all shareholders, including foreign ones (if any), the Company provides information on holding the General Shareholders Meeting and information (documents) thereto not only in Russian, but also in the English language.

3.2.4. In order to form an objective opinion of shareholders on the agenda issue, information on the General Shareholders Meeting indicates who proposed each issue or nominated a particular candidate to a management body or other body of the Company.

#### **3.3 During preparation and holding the General Shareholders Meeting, shareholders shall be able to freely and timely receive information on the meeting and supporting materials thereto, pose questions to executive bodies, Board of Directors and Corporate Secretary, as well as communicate with each other.**

- 3.3.1. In order to strengthen the foundations for resolutions passed by the General Shareholders Meeting, in addition to the materials being mandatory under laws of the Russian Federation, the persons entitled to participate in the General Shareholders Meeting of the Company are provided with additional materials (information) as stipulated in the Company Charter and Regulations on the General Shareholders Meeting of the Company.
- 3.3.2. The Company provides its shareholders with the right to review the General Shareholders Meeting materials (additional materials), including the receipt of their copies, if, notwithstanding typos or other insignificant flaws, the shareholder's request overall enables the Company to determine his/her will and confirm his/her right to access the requested materials. If there are significant flaws in the shareholder's request, the Company informs the shareholder about them immediately to enable the latter to correct such flaws in due time.
- 3.3.3. The Company provides its shareholders owning at least 1 (One) percent of votes, with the right to review the list of persons entitled to participate in the General Shareholders Meeting.
- 3.4 **The shareholders shall be able to exercise their right to request convocation of the General Shareholders Meeting, to nominate candidates to the management and supervisory bodies of the Company, and to place proposals on the agenda of the General Shareholders Meeting.**
- 3.4.1. The Charter of the Company provides extension of a period during which its shareholders are allowed to propose issues to be included in the agenda of the Company's Annual General Shareholders Meeting and candidates to the Company's management bodies, from 30 days as provided for by laws of the Russian Federation of the Russian Federation to 60 days after the end of a respective calendar year.
- 3.4.2. If there are typos and other insignificant flaws in a shareholder's proposal, the Company does not refuse to include this issue on the agenda or the proposed candidate to the list of nominees for election to a respective body of the Company as long as the contents of the proposal overall are sufficient to determine the will of the shareholder and confirm his/her right to submit the proposal. If there are significant flaws the Company reports them in a timely manner to the shareholder so that it is possible to correct them before the Board of Directors approves the agenda of the General Shareholders Meeting and the list of candidates to respective bodies of the Company.
- 3.4.3. Provided that it has required technical means, the Company seeks to put in place a shareholder-friendly procedure for sending any requests regarding convocation of the General Shareholders Meeting, nomination of candidates to the Company's bodies, and proposals of issues to be included in the agenda of the Company's General Shareholders Meeting.

At determining the said procedure, the Company seeks to use modern means of communication and electronic information exchange.

- 3.5 **Each shareholder shall be able to freely exercise his/her right to vote in the simplest and most convenient way.**

- 3.5.1. The procedure of registration of the Company's shareholders for participation in the General Shareholders Meeting is set out in the Regulations on the General Shareholders Meeting of the Company.

The Regulations on the General Shareholders Meeting of the Company provide an exhaustive list of documents to be submitted to the ballot committee for registration.

- 3.5.2. In order to avoid errors and abuse during registration of the General Shareholders Meeting's participants and calculation of voting results the Company engages a registrar and/or notary to act as a ballot committee. A contract for rendering services of the ballot committee shall include conditions that in exercising functions of the ballot committee the registrar shall act in accordance with applicable laws of the Russian Federation, the Company Charter and the Regulations on the General Shareholders Meeting; the registrar also has property responsibility for any failure to perform or improper performance of its functions.
- 3.5.3. The General Shareholders Meeting is held within one day. If, for objective reasons, it is not possible to close the Company's General Shareholders Meeting at the end of the day, it is closed on the following day.
- 3.5.4. The Charter of the Company provides that the General Shareholders Meetings may be held in the place of the Company's location (Irkutsk, (Russian Federation), Moscow (Russian Federation) or London (United Kingdom of Great Britain and Northern Ireland).

In case the General Shareholders Meeting of the Company is to be held in a place other than the Company's location, such place is designated with due account of the interest of the shareholders and their ability to take part in such General Shareholders Meeting in person.

- 3.5.5. Provided that there are respective legislative conditions and technical means, the Company may use the systems enabling the shareholders to take part in voting (including filling out voting ballots) by electronic means.
- 3.5.6. Results of voting are summed up and announced prior to the end of the General Shareholders Meeting.

The Regulations on the General Shareholders Meeting of the Company provide that a person filling out a voting ballot may, until the end of the General Shareholders Meeting, request that a copy of the ballot filled out thereby be certified by the Company's ballot committee (or representative of the registrar who carries out the functions of such ballot committee, and/or the notary). For that purpose, the Company provides any person taking part in the General Shareholders Meeting with an opportunity to make, at such person's expense, a copy of his/her filled out voting ballot.

- 3.6 The procedure for holding the General Shareholders Meeting set by the Regulations on the General Shareholders Meeting of the Company shall provide equal opportunities to all persons present at the General Shareholders Meeting to express their opinions and ask questions that might be of interest to them.**

- 3.6.1. Participants of the General Shareholders Meeting are able to freely communicate and consult with each other on issues relating to their voting at the General Shareholders Meeting, without violating the General Shareholders Meeting procedures.
- 3.6.2. The Company may use telecommunication systems to provide the shareholders with remote access to the General Shareholders Meeting of the Company (for example, by using tele-conferencing or video-conferencing).
- 3.7 The shareholders shall have equal and fair opportunities to participate in the profits of the Company by means of receiving dividends.**
- 3.7.1. The Company has developed, adopted and complies with the Regulations on Dividend Policy (Dividend Policy) that set out a transparent and clear mechanism for determining the amount of dividends and their payment, and which are amended from time to time.
- The Dividend Policy of the Company in the Russian and English languages is available on the Official website of the Group.
- 3.7.2. A resolution to pay out dividends passed by the General Shareholders Meeting always enables the shareholders to receive exhaustive information relating to the amount of dividends payable on the shares of each category (type). Payment of dividends is generally made in cash.
- 3.7.3. The Dividend Policy of the Company stipulates it is the shareholders' obligation to provide current information required for dividend payments and contains provisions regarding the consequences and risks related to failure to timely inform the Company and registrar about the change of such information
- 3.8 The system and practices of corporate governance of the Company shall ensure equal terms and conditions for all shareholders owning shares of the same category (type), including minority and foreign shareholders, as well as their equal treatment by the Company.**
- 3.8.1. The Company creates all conditions which would enable its management bodies and controlling persons to treat each shareholder fairly, in particular, which would rule out the possibility of any abuse of minority shareholders by major shareholders.
- 3.8.2. The shareholders shall not abuse the rights granted to them. The shareholders are permitted neither perform any actions intended to cause harm to other shareholders or the Company nor abuse their rights otherwise.
- 3.9 The shareholders shall be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares (unless applicable laws of the Russian Federation and/or agreements between the company's shareholders provide any restrictions to dispose of shares of a non-public joint stock company).**
- 3.9.1. Protection of a shareholder's ownership rights and the guarantee of freedom to dispose of the shares owned by such shareholder are achieved through:

- 1) keeping and maintaining the Company's Shareholders register by an independent registrar that holds a respective license, has high reputation, utilizes well established and reliable technologies enabling it to record, in a most efficient way, ownership rights of the Company's shareholders and help them exercise their rights;
- 2) taking actions, together with the registrar, aimed at updating information on the shareholders contained in the Shareholders Register;
- 3) facilitating clear coordination between the Company and the independent registrar.

#### **IV. BOARD OF DIRECTORS**

**4.1 The Board of Directors shall carry out strategic management of the Company, determine major principles and approaches to organization of the risk management and internal control systems within the Company, and also monitor the activity of the Company's executive body.**

4.1.1. One of the main ways to carry out the strategy-setting function is that the Board of Directors approves the Company's Business plan (Budget) for a respective year and the long-term Development plan of the Company.

The Board of Directors regularly reviews issues on the interim results of implementation of the Business plan (Budget) during a respective reporting year.

4.1.2. Pursuant to the Company Charter, the Board of Directors is responsible for passing resolutions to appoint or remove the executive body of the Company, including in connection with its failure to properly perform its duties.

4.1.3. The Board of Directors determines principles and approaches to organization of the risk management and internal control systems in the Company.

The Company Charter reserves approval of the Policy related to risk management and internal control to the competence of the Board of Directors.

4.1.4. The Board of Directors makes assessment of both financial and non-financial risks to which the Company and the Group are exposed to, including operational, social, ethical, environmental and other non-financial risks; the competence of the Board also includes determining on a regular basis an acceptable level of risk (risk appetite) for the Company and the Group.

4.1.5. The incentive system for the Group's employees is developed taking into account the general risk management policy of the Group.

**4.2 The Board of Directors shall play a key role in prevention, detection and resolution of internal conflicts between the Company's bodies and its shareholders.**

4.2.1. The Company takes any and all necessary and possible measures for prevention and resolution of conflicts (as well as for mitigation of their consequences) between a Company's body and its shareholder (shareholders), as well as between

its shareholders, where such conflict affects the Company's interests, and in particular, in case of out-of-court dispute resolution procedures, including mediation.

- 4.2.2. The procedures for prevention, detection and resolution of internal conflicts between the Company's bodies and its shareholders are set out in the Regulations on Corporate Conflicts and Conflicts of Interest of the Company that have been approved by the Board of Directors.

**4.3 The Board of Directors shall be accountable to the Company's shareholders.**

- 4.3.1. Information about the Board of Directors' work is disclosed in the annual report of the Company that is provided to the shareholders for their approval at the Annual General Shareholders Meeting.

The annual report of the Company discloses information about the number of meetings of the Board and its committees held during the reporting year, indicating the form of the meetings and information about the presence of the Board members at such meetings.

**4.4 The Chairman of the Board shall be available to communicate with the Company's shareholders.**

- 4.4.1. The shareholders are given an opportunity to pose questions to the Chairman of the Board relating to any issues falling within the competence of the Company's Board, as well as to communicate their opinion (position) on such issues through the Corporate Secretary or using any other available and convenient ways.
- 4.4.2. The Chairman of the Board arranges for drafting the work plan of the Board of Directors, monitors the fulfilment of the Board resolutions, compiles the agenda of the Board meetings, proposes the most effective solutions to issues on the agenda and, if necessary, moderates a free and constructive discussion of such issues.

**4.5 The Board of Directors shall be an efficient and professional management body of the Company which is able to make objective and independent judgements and pass resolutions in the best interests of the Company and its shareholders.**

- 4.5.1. Only persons with impeccable business and personal reputation are elected to the Board of Directors; such persons also have knowledge, skills, and experience necessary to pass resolutions that fall within competence of the Board and to perform their functions efficiently.

**4.6 The Board members shall be elected pursuant to a transparent procedure enabling the shareholders to obtain information about respective candidates sufficient for them to get an idea of the candidates' personal and professional qualities.**

- 4.6.1. The shareholders are able to obtain information about the candidates to the Board of Directors that is sufficient for them to get an idea of such candidates' personal and professional qualities. Such information includes the candidate's age and education, positions held by him/her during the last five years, his/her position as

of the time of his/her nomination, his/her membership in boards of directors of other legal entities, and any other information that might affect the candidate's ability to perform his/her respective duties, along with other information about him/her provided by the candidate. In addition, the shareholders may obtain information on whether or not a particular candidate meets the criteria established for independent directors. If the candidate or the shareholder who has nominated him/her failed to provide all or part of the above information, the Company informs thereof.

4.6.2. The Company requires the candidate's written consent to be elected to the Board of Directors and work as a member of its committee, where such candidate is expected to participate in work of a committee (committees) of the Board of Directors, as well as shall state whether such consent has been obtained.

4.6.3. Information on candidates to the Board of Directors is provided as part of materials made available in the course of preparation for and holding the General Shareholders Meeting.

**4.7 The Board of Directors shall include a sufficient number of independent directors.**

4.7.1. An independent director is a person identified as such in the CBR Code.

4.7.2. The Board of Directors evaluates whether candidates nominated to the Board of Directors meet the independence criteria and reviews, on a regular basis, whether or not independent Board members meet the independence criteria.

4.7.3. Minutes of the General Shareholders Meeting at which the Board of Directors is elected include information which Board members were elected as independent directors.

**4.8 The Board members shall act reasonably and in good faith in the best interests of the Company (the Group) and its shareholders, being sufficiently informed, with due care and diligence.**

4.8.1. The duty to act reasonably and in good faith in best interests of the Company is imposed on the Board members and executive body of the Company by law. However, in order to prevent any losses of the Company (the Group), its Board members, and third parties caused by actions of the Board members and/or executive body of the Company, the Company, at its own expense, arranges liability insurance cover for its Board members and executive body of the Company.

Liability insurance allows the Company (the Group) and/or the Board members not only compensate their losses but also attract competent specialists to the Board of Directors where such specialists would otherwise be afraid of major potential claims that could have been brought against them.

**4.9 Rights and duties of the Board members shall be stated and documented in the Company Charter and Regulations on the Board of Directors of the Company.**

- 4.9.1. All Board members have an equal opportunity to access the Company's documents and information. Newly elected Board members are provided with sufficient information about the Company's and the Group's strategy, existing corporate governance and internal control systems.

The executive body of the Company, within the time limits set out by the Regulations on the Board of Directors of the Company and through the Corporate Secretary, provides each newly elected Board member with access to the Company Charter, internal documents related to the management and supervisory bodies of the Company, information on the Company's strategy, its corporate governance system, and other material information required for a Board member to perform his/her duties.

- 4.9.2. The Board members are able to obtain all required information as well as to request information from the Company and promptly receive answers thereto. All Board members have equal rights to access documents of the Company and its controlled legal entities. If any document requested by a Board member contains confidential information, including commercial secrets, this may not prevent such document from being provided to the Board member. The Regulations on the Board of Directors of the Company stipulate that the Board members shall maintain confidentiality of the provided information, and shall not use it in the personal interests or interests of third parties, or disclose to third parties information classified as a commercial secret of the Company (its controlled entities, subsidiaries or affiliates) as provided in accordance with the laws of the Russian Federation and internal documents of the Company.

- 4.10 Board meetings shall be held as needed, with due account of the scope of activities and the current goals of the Company (the Group), but as a rule, at least once a quarter.**

- 4.10.1. The Board meetings are held in accordance with the Board's Work plan which includes a list of issues to be reviewed at respective meetings and which is annually approved at the corresponding Board meeting.

- 4.10.2. The Board meetings are held both in person (joint presence) and as absentee meeting (by ballot).

- 4.10.3. Minutes of a Board meeting contain information on how each Board member voted on the issues included in the meeting agenda.

- 4.10.4. The first meeting of the newly elected Board of Directors at which the Board of Directors elects its Chairman, forms its committees, and elects their chairpersons, is held, if possible, on the closing date of the General Shareholders Meeting at which the Board of Directors was elected.

- 4.11 The Regulations on the Board of Directors set out a procedure for preparation and holding of Board meetings that enables shareholders to get prepared properly for such meetings.**

- 4.11.1. For the purpose of holding the Board meetings by ballot, the Charter and Regulations on the Board of Directors of the Company set out a procedure and time limits for sending voting ballots to each Board member and receiving

completed ballots therefrom. In addition to the completed ballot, the Board members are entitled to send to the Company their written opinions on the issues included in the meeting agenda.

The Regulations on the Board of Directors of the Company in the Russian and English languages are available on the Official website of the Group.

4.11.2. At the Board meetings held in person, when determining the quorum and summing up voting results, written opinions on any agenda issues presented by the Board members who are absent from the meeting are taken into account. A procedure for receiving written opinions of the Board members is set out by the Company Charter and Regulations on the Board of Directors.

4.11.3. Those Board members who are away from the place where a meeting is held are able to participate in discussing and voting on the agenda issues remotely, via tele conference and videoconference calls.

4.11.4. The shareholders (shareholder) of the Company holding jointly at least 2 (Two) percent of voting shares of the Company, are entitled to request convocation of a Board meeting and propose issues to the meeting agenda.

4.11.5. To enable Board members to get properly prepared for a Board meeting, the Charter of the Company sets out reasonable and justified time limits for notification thereof. The Board members are notified of the convocation of a Board meeting, its form and agenda, as well as provided with materials on the agenda issues, not later than 14 (Fourteen) calendar days prior to the date of the Board meeting.

4.11.6. To ensure equal treatment of all Board members, including foreign ones, the Company provides information on the Board meeting and supporting materials thereto not only in Russian, but also in the English language.

4.11.7. A notification of holding of the Board meeting and all materials thereto are sent to the Board members in electronic format to the e-mail addresses provided to the Company by the Board members. In addition, the Group may inform the Board members through various virtual data rooms (VDRs) that all Board members have access to.

**4.12 The form of a Board meeting shall be determined with due account of importance of issues on the meeting agenda.**

4.12.1. The most important issues, including approval of the Business plan (Budget) for a respective year and/or long-term Development plan of the Company are reviewed at the meetings held in person.

**4.13 The Board of Directors shall be entitled to resolve to establish necessary committees.**

4.13.1. For instance, for a preliminarily review of any issues relating to control over the Company's financial and business activities, settlement of any other financial and business issues, or issues related to risk management and internal control systems, the Audit Committee was established.

4.13.2. The Audit Committee is chaired by an independent director.

4.13.3. The main objectives of the Audit Committee are as follows:

- 1) control over completeness, accuracy, and reliability of the Company's accounting (financial) statements;
- 2) participation in review of material issues and opinions in relation to the Company's accounting (financial) statements;
- 3) ensuring independence and objectivity of the internal audit;
- 4) review of the work plan of the internal audit department;
- 5) assessment of independence, objectivity and lack of conflict of interest of external auditors of the Company, including assessment of candidates to the auditors of the Company, development of proposals regarding appointment, re-election and dismissal of the external auditors of the Company, their remuneration, terms and conditions of their engagement;
- 6) control over external audits and assessment of the quality of the external audits and the auditor's reports;
- 7) other objectives set out in the Regulations on the Audit Committee under the Board of Directors of the Company.

Main functions of the Audit Committee, rights and obligations of its members are set out in the Regulations on the Audit Committee under the Board of Directors of the Company.

4.13.4. All members of the Audit Committee have experience and knowledge in preparation, analysis, assessment, and audit of accounting (financial) statements.

4.13.5. The Audit Committee annually reports on its work to the Board of Directors and approves the work plan for the corresponding year.

**4.14 The Board of Directors shall carry out assessment of the Board's performance and that of its members.**

4.14.1. Assessment of the quality of the Board's performance is aimed at determining the efficiency of the Board of Directors and its members, whether their performance meets the Company's development needs, thus, identifying areas of improvement.

4.14.2. Assessment of the Board of Directors and its members is carried out on a regular basis.

4.14.3. The Board of Directors annually and independently determines the form of assessment of its performance efficiency.

**4.15 The Board of Directors shall monitor the Company's corporate governance practices.**

- 4.15.1. The Board of Directors regularly performs analysis of the compliance of the Company's corporate governance system and its corporate values with the goals and objectives of the Company, as well as with the scope of its activities and risks assumed thereby.
- 4.15.2. In assessment of corporate governance practices, special attention is paid to distribution of powers, determining the responsibility of each of the Company's bodies and assessment of performance thereby of their respective functions and duties.
- 4.15.3. Upon the results of assessment of corporate governance practices, the Board of Directors makes proposals aimed at improving such practices, and, if necessary, making proposals on introducing respective amendments to the Charter and internal documents of the Company.

## **V. REMUNERATION SYSTEM FOR THE BOARD MEMBERS**

- 5.1 **The Company's policy regarding remuneration of the Board members shall regulate any and all types of payments, benefits, and privileges provided to them.**
  - 5.1.1. The Company approved the Regulations on Remunerations and Compensations that ensure transparency of all financial benefits by providing a clear explanation of existing approaches and principles, as well as disclosing detailed information on all types of payments, benefits, and privileges granted to the Board members for performance of their duties.
  - 5.1.2. The Regulations on Remunerations and Compensations of the Company set out a list of reimbursable expenses the Board members may claim during performance of their duties.
  - 5.1.3. The Board members are compensated (reimbursed) for their expenses associated with travelling to/from the place of the meetings and other trips during performance of duties by the above said persons.
- 5.2 **The remuneration system for the Board members shall ensure financial interests of the directors are aligned with long-term financial interests of the shareholders.**
  - 5.2.1. The Regulations on Remunerations and Compensations of the Company stipulate fixed annual monetary remuneration to be paid to the Board members, as well as additional monetary remuneration to a Board member performing functions of the Chairman of the Board or functions of the Chairman of the Audit Committee.
  - 5.2.2. The Board members are not paid any remuneration for participation in individual Board meetings or its Committees meetings.
  - 5.2.3. No short-term incentives are provided to the Board members.

## **VI. CORPORATE SECRETARY**

**6.1 The Corporate Secretary shall be responsible for current interaction with shareholders, coordination of the Company's actions designed to protect the rights and interests of the shareholders, and support of efficient work of the Board of Directors.**

6.1.1. The Corporate Secretary has knowledge, experience, and qualifications sufficient for performance of his/her duties, has impeccable reputation and enjoys the confidence of the shareholders.

6.1.2. A person to be appointed as the Corporate Secretary shall have a degree in law and at least three years of experience in the area of corporate governance or as a manager.

6.1.3. The Official website of the Company and its annual report disclose information on the Corporate Secretary with the same detail level as for the Board members and executive body of the Company.

**6.2 The Corporate Secretary shall report directly to the Board of Directors and act on the basis of the Charter and Regulations on the Corporate Secretary of the Company approved by the Board of Directors.**

6.2.1. Functions of the Corporate Secretary include:

- 1) arranging for preparation and holding of the General Shareholders Meetings;
- 2) ensuring preparation and holding of the Board meetings in accordance with the law requirements, the Charter, and other internal documents of the Company;
- 3) supporting implementation of the Company's policy on information disclosure and ensuring maintenance of the Company's corporate documents;
- 4) ensuring interaction of the Company with its shareholders and preventing corporate conflicts;
- 5) ensuring compliance, and exercising control over compliance, with procedures provided for by the legislation and the Company's internal documents and ensuring the exercise of rights and protection of legitimate interests of the shareholders;
- 6) promptly informing the Board of Directors about any and all identified violations of law, or provisions of the internal documents of the Company, the compliance therewith is within the duties of the Corporate Secretary;
- 7) contributing to improvement of the Company's corporate governance system and practices.

## **VII. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS**

### **7.1 The Board of Directors shall determine the principles and approaches to organization of the risk management and internal control systems of the Company and the Group.**

7.1.1. The Board of Directors is responsible for determining the principles and approaches to organization of the risk management and internal control systems in the Company and the Group.

7.1.2. For establishing the risk management and internal control systems of the Company, generally accepted concepts and practices in the area of risk management and internal control were applied, in particular, international standards ISO31000:2009, and COSO:ERM.

### **7.2 Executive body of the Company shall ensure continuous operation of the risk management and internal control systems in the Company and the Group.**

7.2.1. The executive body of the Company ensures, within its competence set out in the Company Charter, continuous operation of the risk management and internal control systems in the Company and the Group and is responsible for fulfilment of resolutions passed by the Board of Directors related to organization of the risk management and internal control systems.

7.2.2. The executive body of the Company distributes the powers, duties, and responsibilities in respect of specific risk management and internal control procedures among the heads of departments of the Company or the Group who report to or are supervised by such executive body. The heads of departments of the Company or the Group are responsible, in accordance with their duties, for designing, documenting, implementing, monitoring, and developing the risk management and internal control systems within their respective scope of functions assigned by the Company and/or the Group.

7.2.3. For efficient operation of the risk management and internal control systems, the Company has established (designated) special structural units in charge of risk management and internal control.

### **7.3 Risk management and internal control systems of the Company shall give an objective, fair and clear picture of the current state and prospects of the Company, integrity and transparency of its reports, rationale and level of risks being assumed by the Company or the Group.**

7.3.1. The Group has approved the Code of Ethics and Anti-Fraud, Anti-Corruption and Anti-Legalization (Anti-Money Laundering) Policy that ensure prevention of corruption and identify measures aimed at creating elements of corporate culture, rules and procedures in the following areas: relations with employees, health, safety, personal safety, corporate image and style, environmental protection, performance efficiency, preservation of assets, monitoring and reporting, relations with governmental authorities, relations with third-parties, conflicts of interest.

7.3.2. In order to implement and maintain high ethical standards and to prevent corruption, the Group has established the Ethics Committee. The Group has

mechanisms available to all its employees, as well as to employees of contractors, to contact the Ethics Committee and inform about gifts received, in addition, a system allowing to inform about a possible conflict of interest has been built.

Any person who provided respective information is protected from any pressure whatsoever (including dismissal, harassment, or other forms of discrimination). Information on the person who sent such information is confidential. In addition, through the hotline, the Ethics Committee may receive proposals on improvement of anti-corruption and other internal control procedures.

**7.4 The Board of Directors shall take required measures to procure that the existing risk management and internal control systems of the Company and the Group are consistent with the principles and approaches to their establishment set out by the Board of Directors and that they operate efficiently.**

7.4.1. At least once a year, the Board of Directors (the Audit Committee) reviews organization, operation, and efficiency of risk management and internal control systems and, should this be necessary, makes recommendations on their improvement.

## **VIII. DISCLOSURE OF INFORMATION ABOUT THE COMPANY, INFORMATION POLICY OF THE COMPANY**

**8.1 The Company and its activities shall be as transparent as possible to its shareholders and other stakeholders.**

8.1.1. The Board of Directors has approved the Information Policy of the Company ensuring efficient information exchange between the Company, its shareholders, and other stakeholders.

The Information Policy of the Company sets out purposes and principles of information disclosure by the Company, contains a list of information (above the level required by law) which the Company undertakes to disclose as well as a procedure for its disclosure, time periods during which the information to be disclosed should be accessible, a procedure for communication between members of the management bodies, officials, and employees of the Company, on the one hand, and its shareholders and other stakeholders, on the other hand, as well as measures aimed at ensuring control over compliance with the Company's Information Policy.

The Information Policy of the Company in the Russian and English languages is available on the Official website of the Group.

8.1.2. The executive body of the Company is in charge of implementing the Company's Information Policy. The Board of Directors exercises control over compliance with the Information Policy of the Company.

**8.2 The Company shall disclose information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of this Code.**

8.2.1. The Company discloses the following information about its corporate governance system:

- 1) information on organization and general principles of corporate governance applied by the Company;
- 2) information on the executive body and his/her personal details (including information about his/her education, skills and experience) which should be sufficient to get an idea of the executive body's personal and professional qualities;
- 3) information on the members of the Board of Directors, indicating the name of the Chairman, personal details of the Board members (including information about their education, current position/employment, skills, and experience) which should be sufficient to get an idea of such Board member's personal and professional qualities, as well as the date when each Director was first elected to the Board of Directors, and information whether they are qualified as independent directors;
- 4) information if a Board member may no longer be qualified as an independent director;
- 5) information on the members of the Board Committees indicating the names of the chairpersons and independent directors in the Committees.

**8.3 The Company shall strive to disclose, on a timely basis, full, updated and reliable information about itself so as to enable its shareholders and investors to make informed decisions.**

8.3.1. The Company discloses information in accordance with the principles of regularity, consistency and timeliness, as well as accessibility, reliability, completeness and comparability of disclosed data.

8.3.2. The Official website of the Group is the main channel for information disclosure about the Company and the Group.

8.3.3. The Official website of the Group contains sufficient information enabling to form an objective picture of material aspects of the activities of the Company and the Group.

**8.4 The Company shall provide information and documents requested by the shareholders in accordance with the principle of equal and unhindered accessibility.**

8.4.1. Exercise by the shareholders of their right to access the Company's documents and information is not unreasonably hindered.

8.4.2. The Company sets out the procedure for providing its shareholders with access to its information and documents in the Information Policy of the Company.

8.4.3. The Company does not and is not planning to artificially overvalue its costs for making and sending copies of any of the Company's documents.

- 8.4.4. Provided that it has required technical means, the Company seeks to put in place a shareholder-friendly procedure for sending any requests regarding access to the Company's information and documents (in particular, by using modern means of communication and electronic information exchange).
- 8.4.5. The Company provides information and documents to the shareholders in such a way and in such a form as would be convenient for them, including, using electronic media and modern means of communications provided that it is allowed by applicable law of the Russian Federation (taking account of wishes of the shareholders who have requested such documents and information regarding their preferred form of obtaining the same, verification of copies of documents and their preferred delivery method of the same).

## **IX. FINAL PROVISIONS**

- 9.1 This Code shall come into effect upon its approval by the General Shareholders Meeting of the Company.
- 9.2 The Company undertakes to improve this Code taking into account new corporate governance standards in the Russian and international practices, interests of the shareholders, Company and other stakeholders, and amendments of applicable laws of the Russian Federation.
- 9.3 The Code in the Russian and English languages is available on the Official website of the Group.
- 9.4 The Corporate Secretary exercises control over compliance with the Code.