

REPORT
on compliance of OJSC Kubanenergo with principles and recommendations
of Corporate Governance Code

Item No.	Principle (principles) of corporate governance or key criteria (recommendation)	Brief description of a part where principle or key criteria is not observed	Explanation of key reasons, factors and circumstances because of which principle or key criteria are not observed or not observed in full; description of alternative mechanisms and tools of corporate governance used
1	2	3	4
I. Rights of shareholders and equality of conditions for shareholders in exercising their rights			
1.1.	The Company shall ensure fair and equitable treatment of all shareholders in exercising their rights to participate in Company's management. Corporate governance system and practice shall ensure fair treatment of all shareholders, owners of shares of one category (type) including minority (small) shareholders and foreign shareholders, and equitable treatment by the Company.		
1.1.1.	<p>The Company approved an internal document defining basic procedures for preparing, convening and holding general shareholders' meeting complying with recommendations of the Corporate Governance Code including the following Company's duties:</p> <p>Inform shareholders about holding the general shareholders' meeting and provide access to materials, as well as post materials and messages on web-site on the Internet not less than 30 days prior to the meeting (if a longer period of time is not envisaged by the law of the Russian Federation).</p> <p>Disclose information about the date of compiling the list of persons entitled to attend the general shareholders' meeting not less than 7 days prior to this date.</p> <p>Provide additional information and materials on the agenda for the general shareholders' meeting in accordance with the recommendations of the Corporate Governance Code.</p>	Observed in part	<p>The Regulation on the procedure for convening and holding General Shareholders' Meeting is approved.</p> <p>The specified document does not secure the requirement to disclose information about the date of compiling the list of persons entitled to attend the general shareholders' meeting not less than 7 days prior to this date but this requirement is actually put into effect.</p> <p>When providing an additional information and materials on the agenda for the general shareholders' meeting the Company aims at following specific recommendations of Corporate Governance Code of the Bank of Russia.</p>
1.1.2.	The Company is responsible for providing the shareholders with an opportunity to ask members of management and control bodies, members of audit committee, chief accountant, auditors and candidates for the management and control bodies questions about the Company's activity during preparation and holding of the general shareholders' meeting. These responsibilities are enshrined in the Charter or in the internal documents of the Company.	Observed in part	<p>The Company Charter and internal documents thereof do not contain this provision, as the legislation of the Russian Federation does not establish requirements for compulsory presence of the specified persons at the general shareholders' meeting. The Corporate Governance Code of OJSC Kubanenergo contains provisions on the Company's desire to ensure the presence of members of the management and control bodies, as well as Company's Auditor at the general shareholders' meeting.</p> <p>In accordance with established practice, the General Director of the Company, Chairman of the Board of Directors and members of the Board of Directors are presented at the General Shareholders' Meeting.</p>
1.1.3.	The Company is responsible for adhering to the principle of unacceptability of actions which lead to an artificial redistribution of corporate control (for example, voting by quasi-treasury shares, making a decision to pay dividends on preferred shares with limited	Observed in part	The Company Charter and internal documents do not contain this provision, so it is used in practice. The Company Charter and internal documents stipulate that the members of the management

	financial possibilities, making a decision on non-payment of dividends specified in the Charter on preferred shares while having sufficient resources for this payment). These responsibilities are enshrined in the Charter or in the internal documents of the Company.		bodies, while exercising their rights and performing their duties, shall act in the interests of the Company, exercise their rights, and perform their duties with regard to the Company in good faith and reasonably.
1.1.4.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
1.2	Shareholders shall be given an equal and fair opportunity to participate in profit-sharing of the Company by receiving dividends.		
1.2.1.	<p>The Company approved an internal document that defines Company's Dividend Policy complying with the recommendations of the Corporate Governance Code and establishes the following:</p> <p>Procedure for determining part of net profit (for companies with consolidated financial statements this is a minimum part (share) of consolidated net income) allocated to dividend payment and conditions under which dividends are declared.</p> <p>Minimum amount of dividends on the Company's shares of different categories (types).</p> <p>Obligation to disclose a document defining Company's Dividend Policy on the Company's website on the Internet.</p>	Observed in part	<p>Dividend Policy Regulation of OJSC Kubanenergo is approved and disclosed on a corporate web-site. This document does not specify the minimum amount of dividends and the procedure for determining minimum share of net profit of a joint stock company allocated to dividend payment.</p> <p>The obligation to disclose the Dividend Policy Regulation on the corporate website of the Company is specified by the mentioned document.</p>
1.2.2.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
II. Board of Directors of the Company			
2.1	The Board of Directors determines major strategic objectives of company's activity in the long term and key performance indicators of the company, performs company's strategic management, defines basic principles and approaches to risk management and internal control systems, supervises executive bodies activities, determines company's policy of remuneration of the members of the Board of Directors and executive bodies, as well as perform other key functions.		
2.1.1.	<p>The company has the Board of Directors which performs the following functions:</p> <p>It determines major strategic objectives of company's activity in the long term and key performance indicators of the company.</p> <p>It supervises executive bodies activities.</p> <p>It defines basic principles and approaches to risk management and internal control activities.</p> <p>It determines the Company's policy of remuneration of the members of the Board of Directors and executive bodies, as well as of other high-level personnel.</p>	Observed	These provisions are regulated by the Charter of the Company, the Regulation on Procedure for Convening and Holding Meetings of the Board of Directors, and by the Regulation on the Payment of Remuneration and Compensation to the Members of the Board of Directors.
2.1.2.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
2.2.	The Board of Directors shall be an effective and professional management body of the Company capable of making objective, independent judgments and make decisions which meet the interests of the company and its shareholders. Chairman of the Board of Directors shall promote the most effective implementation of the functions of the Board of Directors. Meetings of the Board of Directors, preparations for them and participation of the members of the Board of Directors in them shall ensure efficient operation of the Board of Directors.		
2.2.1	The Chairman of the Board of Directors is an independent director, or the senior independent director is elected among independent directors that coordinates the work of independent directors, and is responsible for interaction with the Chairman of the Board of Directors.	Not observed	Chairmen of the Board of Directors in the reporting year were persons engaged in labor relationships with the majority shareholder of the Company - OJSC Russian Grids.
2.2.2.	Internal documents of the company secured the procedure for preparing and holding the meetings of the Board of Directors that allows the members of the Board of Directors to adequately prepare for these meetings, and stipulates, in particular, the following:	Observed	Regulated by the Regulation on Procedure for Convening and Holding Meetings of the Board of Directors.

	<p>periods of notice of board members about the forthcoming meeting; deadlines for sending voting documents (ballots) and receiving completed documents (ballots) in case of a meeting in praesentia; possibility of sending and accounting written opinion on the agenda for absent members of the Board of Directors; possibility of discussing and voting using conference call and video conferencing.</p>		
2.2.3.	The most important issues shall be decided on the meeting of the Board of Directors in praesentia. List of such issues shall comply with recommendations of the Corporate Governance Code. ¹	Not observed	In the reporting year meetings of the Board of Directors in praesentia were not held.
2.2.4.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
2.3.	The Board of Directors shall include a sufficient number of independent directors.		
2.3.1.	Independent directors shall make up at least one third of elected members of the Board of Directors.	Not observed	Major part of the members of the Board of Directors is engaged in a labor relationships with the majority shareholder of the Company - OJSC Russian Grids). Such composition is due to the structure of the share capital of the Company which allows OJSC Russian Grids to elect at least 10 of 11 members of the Board of Directors.
2.3.2.	Independent directors fully meet the independence criteria recommended by the Corporate Governance Code.	Not observed	
2.3.3.	The Board of Directors (nominating (HR) committee) shall assess compliance of candidates of the Board of Directors with the independence criteria.	Not observed	Such procedure is not performed.
2.3.4.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
2.4.	The Board of Directors shall establish committees for preliminary consideration of the most important issues associated with Company's activity.		
2.4.1.	The Board of Directors established an audit committee that consists of independent directors; their functions are enshrined in the internal documents and comply with the recommendations of the Corporate Governance Code. ²	Observed in part	Audit committee has been established by the Board of Directors, and there are no independent directors in it. The Regulation on the Audit Committee of the Board of Directors determines its functions the content of which generally complies with the Corporate Governance Code.
2.4.2.	The Board of Directors of the Company established remuneration committee that can be integrated with the nominating (HR) committee and consists of independent directors. This Committee's functions comply with the recommendations of the Corporate Governance Code. ³	Observed in part	HR and Remuneration Committee has been established by the Board of Directors, and there are no independent directors in it. The Regulation on the Human Resources and Remuneration Committee determines its functions and the content of which generally complies with the Corporate Governance Code.
2.4.3.	The Board of Directors established nominating (HR) committee that can be integrated with the Remuneration Committee, the major part of its members is independent directors, and its functions comply with the recommendations of the Corporate Governance Code. ⁴	Observed in part	HR and Remuneration Committee has been established by the the Board of Directors, and there are no independent directors in it. The functions of HR and Remuneration Committee partly comply with the Corporate Governance Code.

¹ Specified in Part B § 168 of the Corporate Governance Code.

² Specified in Part B § 172 of the Corporate Governance Code.

³ Specified in Part B § 180 of the Corporate Governance Code.

⁴ Specified in Part B § 186 of the Corporate Governance Code.

2.4.4.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
2.5.	The Board of Directors shall provide assessment of performance of the Board, its committees and members.		
2.5.1.	Assessment of performance of the Board shall be made on a regular basis at least once a year, while at least once every three years such assessment shall be made with the assistance of an external organization (consultant).	Not observed	Such procedure is not performed.
2.5.2.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
III. Corporate Secretary of the Company			
3.1	Effective interaction with the shareholders, coordination of company's activities to protect the rights and interests of the shareholders and support of effective work of the Board of Directors are provided by the Corporate Secretary (special structural division headed by the Corporate Secretary).		
3.1.1.	The Corporate Secretary is accountable to the Board of Directors and shall be appointed and discharged by the decision or upon the consent of the Board of Directors.	Observed	Prescribed by the Regulation on Procedure for Convening and Holding Meetings of the Board of Directors.
3.1.2.	The company approved an internal document that defines rights and obligations of the Corporate Secretary (Regulation on the Corporate Secretary) the content of which complies with the recommendations of the Corporate Governance Code. ⁵	Observed	The Regulation on the Corporate Secretary of the Board of Directors. Its content generally complies with the recommendations of the Corporate Governance Code.
3.1.3.	The Corporate Secretary may not perform other functions in the Company. The Corporate Secretary has functions in accordance with the recommendations of the Corporate Governance Code. ⁶ The Corporate Secretary has sufficient resources to perform his/her functions.	Observed	The Corporate Secretary does not perform other functions in the Company except those of the Corporate Secretary that comply with the recommendations of the Corporate Governance Code. Resources of the Corporate Secretary are sufficient to perform his/her functions.
3.1.4.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
IV. System of remuneration of the members of the Board of Directors and executive bodies, as well as of other high-level personnel.			
4.1.	Level of remuneration paid by the Company should be sufficient to acquire, motivate and retain persons with the necessary competence and qualification. Remuneration of the members of the Board of Directors and executive bodies, as well as of other high-level personnel of the Company shall be paid in accordance with Company's Remuneration Policy.		
4.1.1.	The Company regulates all payments, benefits and privileges granted to the members of the Board of Directors and executive bodies, as well as of other high-level personnel of the Company.	Observed	Remuneration and compensation payments to the members of the Board of Directors are regulated by the Regulation on the Payment of Remuneration and Compensation to the Members of the Board of Directors. The Members of the Management Board are classified as top managers by the Board of Directors. Payments are made in accordance with the Regulation on Financial Incentives and a Social Package of Top Managers of OJSC Kubanenergo (approved by the Board of Directors) by way of establishing their monthly personal increment for exercising powers of the Member of the Management Board. Bonus payments depend on the results of implementation of key performance indicators (KPI) approved by the Company's Board of Directors.

⁵ Specified in Part B § 217 of the Corporate Governance Code.

⁶ Specified in Part B § 218 of the Corporate Governance Code.

			Remuneration payments to the General Director are regulated by the Regulation on Financial Incentives of the General Director of OJSC Kubanenergo (approved by the Board of Directors). Bonus payments depend on the results of implementation of KPIs.
4.1.2.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
4.2.	System of remuneration of the members of the Board of Directors shall ensure rapprochement of financial interests of directors with the long term financial interests of the shareholders.		
4.2.1.	The Company does not use other forms of remuneration of the members of the Board of Directors except fixed annual remuneration.	Not observed	The Regulation on the Payment of Remuneration and Compensation to the Members of the Board of Directors envisages the fixed payment for participating in each meeting of the Board of Directors. In additional, an additional remuneration for net profit indicator and market capitalization growth is envisaged.
4.2.2.	The members of the Board of Directors of the Company do not have an opportunity to participate in stock options plan and a right to sell Company's shares is not determined by achievement of certain performance indicators.	Observed	This opportunity is not available, the stock options plan is not implemented.
4.2.3.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
4.3.	The system of remuneration of the executive bodies and other high-level personnel shall envisage dependence between remuneration and Company's performance, as well as their personal contribution to this result.		
4.3.1.	The Company introduced a program of long-term motivation of the members of executive bodies, and other high-level personnel of the Company.	Not observed	Such program was not introduced.
4.3.2.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
V. Risk Management and Internal Control Systems			
5.1.	The Company shall introduce effectively functioning risk management and internal control systems designed to provide reasonable confidence of achievement of the Company's objectives.		
5.1.1.	The Board of Directors defined basic principles and approaches to risk management and internal control systems.	Observed	The Board of Directors approved the following internal documents: - Internal Control Policy (determines the procedures, objectives and principles of internal control system organization, roles, responsibilities and relations of its participants, types and levels of internal control over business activities of the Company). - Internal Audit Policy (determines objectives, principles and functions of internal audit, powers of internal auditors, responsibilities of the Company's managers and personnel, requirements for the internal auditors, control over their operation, and provision of reports). - Risk Management Policy (determines risk management objectives, principles of the risk management system functioning, general approaches to risk identification, assessment and management, functions and responsibility of participants,

			procedure for assessing effectiveness of the risk management system).
5.1.2.	The Company created a separate structural unit for risk management and internal control.	Observed	According to the Risk Management Policy and Internal Control Policy of the Company approved by the Board of Directors of the Company, responsibilities for risk management and organization of an effective control environment for supervised processes (activities) shall be assigned to process owners (managers of structural divisions and units). Methodological support in area of internal control and risk management, coordination of actions of internal control and risk management system participants, as well as consolidation of information about risks shall be assigned to the Department of Internal Audit and Control.
5.1.3.	The Company developed and implemented Anti-Corruption Policy of the Company defining measures aimed at formation of corporate culture elements, organizational structure, rules and procedures for preventing corruption.	Observed	Anti-Corruption Policy of OJSC Russian Grids and S&A of OJSC Russian Grids defining measures aimed at formation of corporate culture elements, organizational structure, rules and procedures for preventing corruption was approved and implemented.
5.1.4.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
5.2.	For a systematic independent evaluation of risk management and internal control systems reliability and efficiency as well as of corporate governance practices the Company shall organize an internal audit.		
5.2.1.	The Company created a separate structural unit performing functions of internal audit which is functionally subordinate to the Board of Directors. Functions of such unit comply with the recommendations of the Corporate Governance Code. These functions, in particular, include the following: evaluation of the internal control system performance; evaluation of the risk management system performance; evaluation of the corporate governance (if there is no Corporate Governance Committee).	Observed in part	The Department of Internal Audit and Control has been created. It is functionally subordinate to the Audit Committee of the Board of Directors of the Company, its functions comply with the recommendations of the Corporate Governance Code.
5.2.2.	The head of the internal audit unit is accountable to the Board of Directors of the Company, and shall be appointed and discharged by the decision of the Board of Directors.	Observed in part	Candidacy of the head of the Department of Internal Audit and Control, his/her appointment and dismissal shall be pre-approved by the Audit Committee of the Board of Directors.
5.2.3.	The Company approved the Internal Audit Policy (Regulation on Internal Audit) defining objectives, tasks and functions of the internal audit.	Observed	Internal Audit Policy defining objectives, principles and functions of internal audit, powers of internal auditors, responsibilities of the Company's managers and personnel, requirements for the internal auditors, control over their operation, and provision of reports.
5.2.4.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
VI. Disclosing Information about the Company. Information Policy of the Company			
6.1.	The Company and its activities shall be transparent for shareholders, investors and other interested parties.		
6.1.1.	The Company approved an internal document that defines Company's Information	Observed in part	Regulation on Information Policy is approved. The Company

	<p>Policy complying with the recommendations of the Corporate Governance Code. Information Policy of the Company includes the following modes of interaction with investors and other interested parties:</p> <p>Creating special web-page on the Internet to post answers to common questions from shareholders and investors, regularly updated calendar of the Company's corporate events, as well as other useful information for shareholder and investors.</p> <p>Holding regular meetings of the members of the executive bodies and other high-level personnel of the Company with analysts.</p> <p>Holding regular presentations (including teleconferences and web casts) and meetings of the members of the executive bodies and other high-level personnel of the Company related to Company's accounting (financial) reports or major investment projects and strategic development plans of the Company.</p>		<p>provides a high level of informational transparency, corporate web-site contains a complete and accurate information for shareholders, investors and other interested parties.</p> <p>However, giving small percentage of free float shares (0.4%), their low liquidity and associated lack of investment community interest, the Company does not hold regular meetings, web casts, etc. with analysts and representatives of the investment community.</p>
6.1.2.	<p>Implementation of the Company's Information Policy is carried out by the executive bodies of the Company. Proper information disclosure and compliance with the Information Policy are controlled by the Board of Directors of the Company.</p>	Observed	<p>The Regulation on Information Policy is approved and modified by the Board of Directors of the Company. The General Director ensures that information is disclosed under the terms and conditions established by current legislation and the Regulation on Information Policy. In addition, quarterly report of the General Director about the compliance with the Regulation on Information Policy is considered by the majority shareholder.</p>
6.1.3.	<p>The Company established procedures ensuring coordination between all Company's services and structural divisions related to information disclosure or activities which may lead to the disclosure.</p>	Observed	<p>The Company has local regulations governing the interaction between structural divisions during disclosure process.</p>
6.1.4.	<p>According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.</p>	-	-
6.2.	<p>The Company shall timely disclose full, actual and accurate information about the Company in order to allow shareholders and investors to make informed decisions.</p>		
6.2.1.	<p>If there is a significant share of foreign investors in the Company's capital, the disclosure of the most relevant information about the Company (including notices about general shareholders' meeting and Company's annual report) shall be performed in Russian and in foreign language which should be a common language of a financial market.</p>	Observed	<p>The share of Company's non-resident shareholders is not significant (0.0003% of charter capital of OJSC Kubanenergo), but the Company maintains almost equal English version of the corporate web-site, which contains all necessary information allowing a shareholder to make a decision in relation to its shares (in accordance with the Regulation on Information Policy).</p>
6.2.2.	<p>The Company shall ensure the disclosure of information related not only to the Company itself but to its important legal entities.</p>	Observed	<p>Corporate web-site of the Company has a section related to Company's subsidiaries. It contains information about their location, management bodies, financial condition, web-page, where information about this subsidiary (as an issuer of securities) is disclosed according to the current legislation, etc.</p>
6.2.3.	<p>The Company shall disclose annual and interim (semi-annual) consolidated or individual financial statements prepared in accordance with International Financial Reporting Standards (IFRS). Annual consolidated or individual financial statements shall be disclosed along with auditor's report, and interim (semi-annual) consolidated or individual financial statements shall be disclosed along with results of review audits or the auditor's report.</p>	Observed in part	<p>The annual consolidated financial statements prepared in accordance with IFRS standards shall be disclosed along with the auditor's report, however, interim financial statements shall not be disclosed in such a way.</p>
6.2.4.	<p>The Company disclosed a special memorandum containing plans with regard to the</p>	Not observed	<p>Such memorandum was not disclosed to OJSC Kubanenergo by</p>

	company of an entity controlling the Company. This memorandum is compiled in accordance with the recommendations of the Corporate Governance Code. ⁷		OJSC Russian Grids controlling the Company.
6.2.5.	The Company shall ensure the disclosure of detailed biographical information about the members of the Board of Directors including information on whether they are independent directors, as well as prompt disclosure of information about loss of independent director status of a member of the Board of Directors.	Observed	The Company quarterly collects, validates and discloses the biographical information about the members of the Board of Directors which makes it possible to promptly monitor their status.
6.2.6.	The Company shall disclose information on capital structure according to the recommendations of the Corporate Governance Code.	Observed	Corporate web-site contains information about the structure of the share capital according to the Corporate Governance Code of the Bank of Russia. At the same time statistical information about number of shareholders and their shares, in terms of types of shareholders, is updated monthly. Structure of the share capital is disclosed to a share fraction exceeding 5% and is updated as the Company becomes aware of changes. There is a statement of the Company's management about the absence of information on availability of other share fractions exceeding 5%, as well as other information stipulated by the Corporate Governance Code.
6.2.7.	<p>The Company's annual report contains additional information suggested by the Corporate Governance Code:</p> <p>Overview of the most significant transactions including related transactions made by the Company and its accountable legal entities for the last year.</p> <p>Report of performance of the Board of Directors (including committees of the Board of Directors) for the year containing, inter alia, information on a number of meetings in praesentia/in absentia, participation of each member of the Board of Directors in the meetings, the most significant issues and the most difficult problems discussed at the meetings of the Board of Directors and committees of the Board of Directors, as well as main recommendations the committees gave to the Board of Directors.</p> <p>Information about direct or indirect possession of the Company's shares by the Company's members of the Board of Directors and executive bodies.</p> <p>Information about conflict of interest between the members of the Board of Directors and executive bodies (including those related to the participation of the mentioned persons in management bodies of Company's competitors).</p> <p>Description of the remuneration system of the members of the Board of Directors including amount of individual remuneration of each member of the Board of Directors by the end of the year (divided to basic remuneration, additional remuneration for the chairmanship in the Board of Directors, remuneration for presidency (membership) in the committees of the Board of Directors including the amount of participation in a long-term motivation program and the amount of participation of each member of the Board of Directors in the stock options plan, if any), amount of refund of charges associated with participation in the Board of Directors as well as Company's costs for liability insurance of directors as members of governing bodies.</p>	Observed	All listed information is provided in the Company's annual report.

⁷ Specified in Part B § 279 of the Corporate Governance Code.

	<p>Information about the total remuneration for the year:</p> <p>a) For a group of at least five highest paid members of the executive bodies and other high-level personnel of the Company, divided to each type of remuneration.</p> <p>b) For all members of the executive bodies and other high-level personnel of the Company covered by the Company's policy in the field of remuneration divided to each type of remuneration.</p> <p>Information on annual remuneration for a sole executive body which was received or will be received from the Company (legal entity of group of companies including the Company) for the performance of its duties as the sole executive body as well as on other grounds divided to each type of remuneration.</p>		
6.2.8.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
6.3.	The Company shall provide information and documents upon requests of shareholders in accordance with the principles of fairness and unburdensomeness.		
6.3.1.	According to the Company's Information Policy, shareholders of the Company holding the same number of voting shares have equal access to the Company's information and documents.	Observed	Prescribed by the Regulation on the Company Information Policy.
6.3.2.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
VII. Significant Corporate Actions			
7.1.	Actions that significantly affect or may affect the structure of the share capital, financial condition of the Company and, thus, shareholders' position (significant corporate actions) should be performed under fair conditions that respect rights and interests of shareholders and other interested parties.		
7.1.1.	<p>The Company's Charter contains a list (criteria) of transactions and other actions considered as significant corporate actions. Review of the following actions falls within the competence of the Board of Directors:</p> <p>Reorganization of the Company, acquisition of 30% or more of voting shares (takeover), increasing or decreasing share capital of the Company, listing and delisting of the Company's shares.</p> <p>Sale of shares (fractions) of important accountable legal entities of the Company which results in loss of control over such legal entities.</p> <p>Transactions including related transactions associated with the property of the company or its accountable legal entities, the cost of which is bigger than the one specified in the Charter of the Company or which is essential to economic activity of the Company.</p> <p>Creation of accountable legal entity of the Company which is essential to economic activity of the Company.</p> <p>Disposal of Company's treasury and quasi-treasury shares.</p>	Observed	Prescribed by the Charter of the Company (except transactions associated with treasury and quasi-treasury shares due to absence of such shares).
7.1.2.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-
7.2.	The Company shall provide such a procedure for significant corporate actions implementation which allows shareholders to timely receive complete information about such actions and gives them an opportunity to influence such actions, as well as guarantees the compliance and adequate level of protection of their rights during the implementation of such actions.		
7.2.1.	Internal documents of the Company establish the principle of ensuring equal conditions for all shareholders during the implementation of significant corporate actions affecting rights and legitimate interests of the shareholders. These documents also establish additional	Not observed	Internal documents of the Company do not declare these provisions and they are not used in practice.

	<p>measures to protect the rights and legitimate interests of the Company's shareholders specified in the Corporate Governance Code including:</p> <p>Involvement of an independent appraiser with an unblemished reputation on a market and evaluation experience in the relevant field or showing cause for non-involvement of the independent appraiser when determining the value of assets acquired or disposed through a major transaction or an interested party transaction.</p> <p>Determination of the Company's shares price in case of their acquisition and retirement by an independent appraiser with an unblemished reputation on a market and evaluation experience in the relevant field taking into account weighted average share price for a reasonable period of time excluding an effect associated with the respective transaction made by the Company (also excluding share price changes associated with disclosure of information about the Company's relevant transaction), as well as excluding discount for disposal of shares as a part of non-controlling package.</p> <p>Expansion of a list of grounds according to which the members of the Board of Directors and other parties provided for by legislation are deemed to be interested persons in the Company's transactions in order to evaluate an actual connectivity between concerned persons.</p>		
7.2.2.	According to the Company, other key criteria (recommendations) of the Corporate Governance Code related to this principle (principles) of corporate governance.	-	-

There are no planned (indicative) actions and activities of the joint stock company for improving corporate governance practice and model.