

Corporate Management System and Practice

Company Corporate Management System (hereinafter Model) complies with requirements of legislation of the Russian Federation and requirements stated to issuers of securities included to section "Second Level" of the list of securities admitted to trades at MICEX. Company Corporate Management Model ensures efficiency of the Corporate Management System, its compliance with shareholders' interests and high standards of information disclosure. The Model provides for functioning of efficient internal control and risk management system.

Main Elements of the Corporate Management System

Ensuring and protecting shareholders' rights	Company creates favorable opportunities for execution of rights and legal interests by shareholders and for cushioning of violation risks related to such rights and interests. Best practices are introduced during preparation and holding of Company General Meeting of Shareholders, transparency of Company dividend policy is improved
Management and control bodies. Corporate Secretary	Efficient system of interaction between management and control bodies was established in the Company. Members of the Board of Directors have sufficient experience and qualification to be a member of the Board, independent directors play a key role in well-balancing of resolutions being passed. Corporate Secretary ensures work of the Board of Directors through interaction between members of the Board and Company management
Risk management, internal control and internal audit	Efficient internal control and risk management system was established in the Company. The system is aimed at provision of reasonable confidence in achievement of Company goals. The Company regularly holds an internal audit in order to provide systematic independent assessment of reliability and efficiency of risk management and internal control system and corporate management practices
Transparency and information disclosure	The Company ensures timely, full and accurate disclosure of information on its activity and securities, in compliance with the current legislation
Corporate social responsibility, business ethics	The Company is a socially responsible organization that pays a great deal of attention to ecology, labor protection and implementation of social programs. The Company follows high ethical standards and values stated in the Corporate Ethics Code

ANNOUNCEMENT ON COMPLIANCE WITH CORPORATE MANAGEMENT PRINCIPLES MADE BY THE BOARD OF DIRECTORS

The Company pays a great deal of attention to the improvement of corporate management system efficiency. We strive to observe corporate management principles provided for by the Corporate Management Code, to improve Company investment appeal and adhere to interests of all Company shareholders.