

Appendix No. 3

Information on observance of principles and recommendations of the Corporate Governance Code

The report on observance of principles and recommendations of the Corporate Governance Code was considered by the Board of Directors of PJSC IDGC of Siberia at the meeting dated _____ (Minutes No. 322/19). The Board of Directors certifies that data specified herein contain full and reliable information on observance of principles and recommendations of the Corporate Governance Code in 2018.

Assessment methodology: Observance of corporate governance principles fixed in the Corporate Governance Code was assessed in accordance with a form proposed in recommendations for preparation of a report on observance of principles and recommendations of the Corporate Governance Code (letter of the Bank of Russia No. IH-06-52/8 dated 17.02.2016)

No.	Principles of corporate governance	Criteria for assessment of corporate governance principle observance	Status of corporate governance principle observance	Reasons of deviations from criteria for assessment of corporate governance principle observance
1.1	The Company shall ensure equal and fair attitude to all shareholders during their enforcement of the right for participation in Company management			
1.1.1	The Company establishes maximally favorable conditions for shareholders' participation in the General Meeting; conditions for development of a justified position on the issues included in General Meeting's agenda; coordination of their activity and a possibility to express their opinion on the issues under consideration	1. Company's internal document approved by the General Shareholders Meeting and regulating procedures of General Meeting conduct is publicly available. 2. The Company ensures an available means of communication with the Company, such as "hot line", email or Internet forum enabling shareholders to express their opinion and file questions related to the agenda while preparing for General Meeting conduct. These actions were undertaken by the Company on the eve of every General Meeting conducted during the report period	Observed	
1.1.2	A procedure for notification about conduct of the General Meeting and provision of materials thereto helps shareholders to duly prepare for participation in the Meeting	1. The notice about General Meeting conduct is placed (published) on the website in the Internet at least 30 days prior to its conduct. 2. The notice about Meeting conduct specifies a place of its conduct and documents necessary to be admitted inside. 3. Shareholders were given access to information about people suggesting items on the agenda and people proposing candidates for Company's Board of Directors and the Audit Commission	Observed	
1.1.3	During preparation and conduct of the General Meeting shareholders could unrestrictedly and timely obtain information about the Meeting and materials thereto, put questions to Company's executive bodies and members of the Board of Directors, as well as to communicate with each other	1. In the reporting period shareholders were given an opportunity to put questions to members of Company's executive bodies and members of the Board of Directors on the eve and during conduct of annual General Meeting. 2. Position of the Board of Directors (including special opinions registered in the minutes) for every issue on the agenda of General Meetings conducted during the reporting period was included within materials to the General Shareholders Meeting. 3. The Company provided shareholders entitled to it with an access to a list of persons entitled to participate in the General Meeting, from the date of its receipt by the Company, in all cases of conduct of the General Meetings in the reporting period	Observed	
1.1.4	Enforcement of shareholder's right to ask for convening of the General Meeting, propose candidates for managerial bodies and make suggestions to General Meeting's agenda was not associated with unjustified difficulties	1. In the reporting period shareholders could make suggestions to annual General Meeting's agenda within at least 60 days after ending of the relevant calendar year. 2. In the reporting period the Company did not refuse to accept suggestions to the agenda or candidates to Company's bodies because of misprints and other insignificant drawbacks in a shareholder's proposal	Observed	
1.1.5	Every shareholder could unrestrictedly exercise the right to vote using the simplest and the most comfortable means	1. Company internal document (internal policy) contain provisions in accordance with which every member of the General Meeting may ask for a copy of a filled in bulletin certified by the Counting Commission before ending of the relevant Meeting	Observed	
1.1.6	Procedure of General Meeting conduct established by the Company ensures equal ability of all people present at the Meeting to express their opinion and ask their questions of interest	1. Position of the Board of Directors (including special opinions registered in the minutes) for every issue on the agenda of General Meetings conducted during the reporting period was included within materials to the General Shareholders Meeting	Observed	
1.2	Shareholders were given equal and fair possibility to participate in Company profit by collecting dividends			
1.2.1	The Company developed and implemented transparent and clear mechanism for assessment of dividends and their payment	1. Company dividend policy was developed, approved by the Board of Directors and disclosed. 2. In case Company dividend policy uses indices of Company reporting to assess dividends, the relevant provisions of the dividend policy take into account consolidated indices of financial reporting	Observed	

1.2.2	The Company does not make a decision on payment of dividends, in case such decision does not formally break restrictions imposed by Law but is economically unjustified and can lead to formation of false idea about Company activity	1. Company dividend policy contains clear indication of financial/economic circumstances in case of which the Company shall not pay dividends	Observed	
1.2.3	The Company prevents deterioration of dividend rights of the existing shareholders	1. In the reporting period the Company did not take actions leading to deterioration of dividend rights of the existing shareholders	Observed	
1.2.4	The Company tries to prevent usage by shareholders of other means of profit (revenue) making at Company's expense, except for dividends and liquidation cost	1. In order to prevent usage by shareholders of other means of profit (revenue) making at Company's expense, except for dividends and liquidation cost, Company's internal documents provide for control mechanisms securing timely identification and procedure for approval of transactions with persons affiliated (related) with substantial shareholders (people entitled to use votes falling on voting shares) in cases when the Law formally does not consider such transactions as interested party transactions	Not observed	<p>Company internal documents does not provide for control mechanisms securing timely identification and procedure for approval of transactions with persons affiliated (related) with substantial shareholders (people entitled to use votes falling on voting shares) in cases when the Law formally does not consider such transactions as interested party transactions. Within the report period Company did not make such transactions, therefore, Company did not need to design special control mechanisms in regard to such transaction. This principle was previously represented in Corporate Management Code recommended by Bank of Russia (hereinafter – CMC), therefore, Company is guided by the Charter that provides for a reliable protection of dividend rights held by owners of common and privileged Company shares (subitems 6.2, 6.5 Cl. 6 of Company's Charter).</p> <p>Pursuant to norms of Company's Charter shareholders-owners of privileged shares shall be entitled to receive dividends together with shareholders owning Company's common shares.</p> <p>Should Company be liquidated by shareholders, owners of ordinary shares are entitled to obtain part of its property. In addition, shareholders owning privileged shares are entitled to receive the value paid upon liquidation of the Company (liquidation value) on privileged shares in the amount of 100% of the nominal value of preferred shares in a manner specified by the Federal Law "On Joint Stock Companies".</p> <p>These provisions of the Charter are sufficient to protect rights of shareholders owning ordinary and privileged shares of the Company.</p> <p>Should transaction condition change, Company shall take steps to develop control mechanisms in its internal documents that will ensure timely identification and approval of transactions with persons affiliated (linked) to significant shareholders by persons affiliated (linked) to significant shareholders (by persons entitled to dispose votes attributable to voting shares), in cases where the law does not formally recognize such transactions as transaction of interest.</p>
1.3	System and practice of corporate governance ensure equal conditions for all shareholders owning shares of one category (type), including minority (small) shareholders and foreign shareholders, as well as equal attitude of the Company towards them			
1.3.1	The Company established conditions for equal attitude towards every shareholder on the part of managerial bodies and controlling authorities of the Company, including conditions preventing abuse on the part of principal shareholders in relation to minority shareholders	1. During the reporting period management procedures for potential conflicts of interest between substantial shareholders were efficient, while conflicts between shareholders, if any, were properly treated by the Board of Directors	Observed	
1.3.2	The Company takes no actions that lead or may lead to artificial distribution of corporate control	1. Quasi-treasury shares are absent or did not participate in voting throughout the reporting period	Observed	
1.4	Shareholders are provided with reliable and efficient means of share rights accounting, as well as with a possibility of free and light carve-out of shares belonging to them			
1.4	Shareholders are provided with reliable and efficient means of share rights accounting, as well as with a possibility of free and light carve-out of shares belonging to them	1. Quality and reliability of activity performed by Company's registrar in relation to keeping a register of placement owners comply with needs of the Company and its shareholders	Observed	
2.1	The Board of Directors performs strategic management of the Company, defines main principles and approaches to organization of a system of risk management and internal control in the Company, controls activity of Company's executive bodies, as well as implements other key functions			

2.1.1	The Board of Directors is responsible for making decisions related to appointment and removal from offices of the executive bodies, including due to improper performance of their obligations. The Board of Directors also controls that Company executive bodies act in accordance with the approved strategy of development and main directions of Company activity	1. The Board of Directors has authorities fixed in the Articles of Association to appoint, remove from office and determine conditions of agreements related to members of the executive bodies. 2. The Board of Directors considered the report (reports) of the sole executive body and members of the collegial executive body on performance of Company's strategy	Observed
2.1.2	The Board of Directors sets the main objectives of Company activity for a long-term perspective, assesses and approves key indices of activity and main business goals of the Company, assesses and approves a strategy and business plans for the main types of Company activity	1. During the reporting period the Board of Directors considered issues related to a course of execution and updating of the strategy, approval of Company financial and business plan (budget), as well as consideration of criteria and indices (including intermediate ones) of Company strategy and business plan implementation	Observed
2.1.3	The Board of Directors defines principles and approaches to organization of a system of risk management and internal control in the Company	1. The Board of Directors defined principles and approaches to organization of a system of risk management and internal control in the Company. 2. The Board of Directors assessed a system of risk management and internal control in the Company during the reporting period	Observed
2.1.4	The Board of Directors defines Company's policy for remuneration and (or) reimbursement of expenses (compensations) to members of the Board of Directors, executive bodies and other key managers of the Company	1. The Company developed and implemented a policy (policies) approved by the Board of Directors for remuneration and reimbursement of expenses (compensations) to members of the Board of Directors, executive bodies and other key managers of the Company. 2. During the reporting period the Board of Directors considered issues related to the specified policy (policies)	Observed
2.1.5	The Board of Directors plays a key role in prevention, identification and settlement of internal conflicts between Company's bodies, shareholders and employees	1. The Board of Directors plays a key role in prevention, identification and settlement of internal conflicts. 2. The Company established a system of identification of transactions related to a conflict of interests and a system of measures aimed at settlement of such conflicts	Observed
2.1.6	The Board of Directors plays a key role in securing Company transparency, timeliness and completeness of information disclosure by the Company, and easy access of shareholders to Company documents	1. The Board of Directors approved a provision on information policy. 2. The Company determined people responsible for implementation of information policy	Observed
2.1.7	Information on work of the Board of Directors is disclosed and provided to shareholders	1. The Board of Directors is accountable to Company shareholders	Observed
2.2	The Board of Directors is accountable to Company shareholders		
2.2.1	Information on work of the Board of Directors is disclosed and provided to shareholders	1. Company report for the reporting period includes information on attendance of meetings of the Board of Directors and Committees by separate directors. 2. The annual report contains information about the main results of work of the Board of Directors conducted in the reporting period	Observed
2.2.2	The Chairman of the Board of Directors is available for communication with Company's shareholders	1. The Company has a transparent procedure enabling shareholders to file questions to the Chairman of the Board of Directors and their relevant position	Observed
2.3	The Board of Directors is an efficient and professional managerial body of the Company capable of making objective and independent judgments and decisions complying with interests of the Company and its shareholders		
2.3.1	Only people with perfect business and personal reputation having knowledge, skills and experience necessary to make decisions belonging to the competence of the Board of Directors and to efficiently perform its functions are elected as members of the Board of Directors	1. Procedure for assessment of efficiency of Board of Directors' work adopted in the Company also includes assessment of professional qualification of members of the Board of Directors. 2. In the reporting period the Board of Directors (or its Nomination Committee) assessed candidates to the Board of Directors in terms of their possession of the required experience, knowledge and business reputation, absence of a conflict of interests etc.	Observed

2.3.2	Members of the Board of Directors are elected using a transparent procedure enabling shareholders to obtain information about the candidates that is sufficient to form an idea of their personal and professional qualities	1. In all cases of conduct of the General Shareholders Meeting in the reporting period agenda of which included issues on election of the Board of Directors, the Company provided shareholders with biographical data on all candidates to the Board of Directors, results of their assessment held by the Board of Directors (or its Nomination Committee), as well as information on compliance of the candidate with independence criteria subject to recommendations 102-107 of the Code and a written consent of the candidates to be elected within the Board of Directors	Observed
2.3.3	Composition of the Board of Directors is balanced, including in terms of qualification of its members, their experience, knowledge and business qualities, and is in the confidence of the shareholders	1. Within the procedure for assessment of Board of Directors' work held in the reporting period, the Board of Directors analyzed its own needs in the field of professional qualification, experience and business skills	Observed
	Quantitative composition of Company's Board of Directors enables organization of the most efficient work of the Board of Directors and enables substantial minority shareholders of the Company to elect a candidate they vote for within the Board of Directors	1. Within the frames of procedure for assessment of Board of Directors held in the reporting period, the Board of Directors considered an issue on compliance of quantitative composition of the Board of Directors with needs of the Company and interests of the shareholders	Observed
2.4	Composition of the Board of Directors has sufficient number of independent directors		
2.4.1	An independent director is a person possessing professionalism, experience and independence sufficient to form own position, able to make objective and good faith judgments independent from influence of Company's executive bodies, separate groups of shareholders or other interested parties. Whereby, it shall be noted that under usual conditions a candidate (an elected member of the Board of Directors) may not be deemed independent in case he/she is related to the Company, its substantial shareholder, substantial contractor or Company's competitor, or is related to a state	1. During the reporting period all independent members of the Board of Directors complied with independence criteria specified in recommendations 102-107 of the Code, or were recognized independent by the decision of the Board of Directors	Observed
2.4.2	Assessment of compliance of candidates to the Board of Directors with independence criteria is performed, as well as regular analysis of compliance of independent members of the Board of Directors with independence criteria. During such assessment content must prevail over form	<p>1. In the reporting period the Board of Directors (or its Nomination Committee) formed an opinion about independence of every candidate to the Board of Directors and submitted the corresponding report to the shareholders.</p> <p>2. During the reporting period the Board of Directors (or its Nomination Committee) at least once considered independence of current members of the Board of Directors specified by the Company in the annual report as independent directors.</p> <p>3. The Company developed procedures determining the required actions to be taken by a member of the Board of Directors in case he/she ceases to be independent, including obligation for timely notification of the Board of Directors thereabout</p>	Observed

2.4.3	Independent directors constitute at least one-third of the elected composition of the Board of Directors	1. Independent directors constitute at least one-third of the composition of the Board of Directors	Not observed	<p>In 2018 Board of Directors included 11 directors, 2 of them were independent: Pinkhasik Veniamin Shmulilovich and Trubitsyn Kirill Andreevich.</p> <p>Within the report period during preparation of the Annual General Meeting of Company Shareholders candidates, not being independent directors, were nominated.</p> <p>However, Company strives to observe recommendations of Corporate Management Code to the extent of independency of Board of Directors members. Therewith, management shall regularly interact with representatives of shareholders (including interaction through meetings and negotiations) in order to form balanced content of Board of Directors that includes at least 1/3 of independent directors.</p> <p>Company ensures presentation for consideration of Company board of Directors on an issue of recognition of separate members of Company Board of Directors as independent thought formally these members do not meet independency criteria, taking into account quality of their work, qualification and voting for agenda issues of Board of Directors members.</p> <p>However, Company's management cannot influence content of Company Board of Directors, including issue on inclusion of a bigger number of independent directors, because candidates to members of Company Board of Directors are nominated by shareholders.</p> <p>Should Company shareholders nominate a sufficient number of independent directors during preparation to General Meeting of Shareholders, such recommendation shall be observed by Company</p>
2.4.4	Independent directors play a key role in prevention of internal conflict in company and implementation of corporate actions by company	1. Independent directors (having no conflict of interests) preliminary assess significant corporation actions related to a potential conflict of interest, while results of such assessment are submitted to the Board of Directors	Observed	
2.5	Chairman of the Board of Directors facilitates the most efficient performance of functions imposed on the Board of Directors			
2.5.1	An independent director is elected as the Chairman of the Board of Directors, or a senior independent director is elected out of the selected independent directors to coordinate their work and interact with the Chairman of the Board of Directors	<p>1. The Chairman of the Board of Directors is an independent director, or a senior independent director is elected out of the independent directors.</p> <p>2. Role, rights and obligations of the Chairman of the Board of Directors (and, if applicable, of the senior independent director) are duly specified in Company's internal documents</p>	Observed	
2.5.2	The Chairman of the Board of Directors ensures constructive atmosphere for conduct of the meetings, free discussion of items on the meeting agenda, and control over execution of decisions made by the Board of Directors	1. Efficiency of Chairman of the Board of Directors' work was assessed within the procedure for assessment of Board of Directors' efficiency in the reporting period	Observed	
2.5.3	The Chairman of the Board of Directors takes measures required for timely provision of members of the Board of Directors with information necessary to make decisions on issues on the agenda	1. Obligation of the Chairman of the Board of Directors to take measures required for timely provision of members of the Board of Directors with materials related to issues on the agenda of the meeting of the Board of Directors is fixed in Company's internal documents	Observed	
2.6	Members of the Board of Directors act reasonably and in good faith for the benefit of the Company and its shareholders subject to sufficient awareness, with due care and diligence			
2.6.1	Members of the Board of Directors make decisions inclusive of all available information in the absence of a conflict of interests, subject to equal attitude to Company shareholders, within the frames of usual entrepreneurial risk	<p>1. According to Company internal documents, a member of the Board of Directors shall inform the Board of Directors in case of emergence of a conflict of interests in relation to any issue on the agenda of the meeting of the Board of Directors or Committee of the Board of Directors before discussing the relevant issue in the agenda.</p> <p>2. According to Company's internal documents, a member of the Board of Directors shall refrain from voting on any issue in which he/she has a conflict of interests.</p> <p>3. The Company has a procedure enabling the Board of Directors to get professional advice on issues belonging to its competence at Company's expense</p>	Observed	

2.6.2	Rights and obligations of members of the Board of Directors are clearly formulated and fixed in Company internal documents	1. The Company adopted and published an internal document clearly defining rights and obligations of members of the Board of Directors	Observed	
2.6.3	Members of the Board of Directors have enough time perform their obligations	1. Individual attendance of the meetings of the Board and Committees, as well as time spent on preparation for participation in the meetings were taken into account within the procedure for assessment of the Board of Directors in the reporting period. 2. According to Company's internal documents, members of the Board of Directors shall notify the Board of Directors about their intention to join managerial bodies of other organization (except for Company's subsidiary and affiliated organizations), as well as about a fact of such appointment	Observed	
2.6.4	All members of the Board of Directors have equal possibility to access Company's documents and information. Newly elected members of the Board of Directors get sufficient information about the Company and work of the Board of Directors as soon as possible	1. According to Company's internal documents, members of the Board of Directors are entitled to access documents and make requests related to the Company and its subordinate organizations, and Company's executive bodies shall provide the relevant information and documents. 2. The Company has a formal program of introductory activities for newly elected members of the Board of Directors	Observed	
2.7	Meetings of the Board of Directors, preparation for them and participation in them of members of the Board of Directors ensure efficient work of the Board of Directors			
2.7.1	Meetings of the Board of Directors are held as necessary, subject to scales of activity and tasks of the Company during a particular period of time	1. The Board of Directors held at least six meetings during the reporting period	Observed	
2.7.2	Company internal documents set a procedure for preparation and conduct of meetings of the Board of Directors enabling members of the Board of Directors to properly prepare for its conduct	1. The Company approved an internal document setting a procedure for preparation and conduct of meetings of the Board of Directors, which, among other things, defines that notification about conduct of the meeting shall be usually sent at least 5 days prior to its conduct	Observed	
2.7.3	Form of conduct of the meeting of the Board of Directors is determined subject to importance of issues on the agenda. The most important issues are settled at meetings held in presentia	1. Company Charter or internal document defines that the most important issues (according to the list specified in recommendation 168 of the Code) shall be considered at meetings in presentia of the Board	Observed	
2.7.4	Decisions for the most important issues of Company's activity are made at the meeting of the Board of Directors by qualified majority or majority of votes of all elected members of the Board of Directors	1. Company Charter defines that decisions for the most important issues specified in recommendation 170 of the Code are made at the meeting of the Board of Directors by qualified majority of at least three-quarter of votes or majority of votes of all elected members of the Board of Directors	Partially observed	Company Charter does not provide passing resolutions for major issues stated in recommendation 170 to the Code, such resolutions shall be passed by a qualified majority at the meetings of Board of Directors, which shall be at least three third or by majority of votes of all elected members of Company Board of Directors. Item 18.8 of Company Charter determined cases for passing resolutions for major issues of Company activity by a qualified majority from total number of members of Board of Directors. Item 18.10 of Company Charter determined cases when resolutions of Company Board of Directors were passed by three third of members of Company Board of Directors participating in a meeting. Moreover, according to an analysis, Company actually complies with the recommendation of the Code, namely, all resolutions (except resolutions with a special resolution making procedure determined by legislation of the Russian Federation) shall be passed by majority of votes of all members of Company Board of Directors. In 2019 Company at Annual General meeting of Shareholders plans to make amendments to subitem 18.10 of Company's Charter, pursuant to which resolution for major issues shall be passed at a meeting of Company Board of Directors by majority of votes of all elected members of Company Board of Directors, not dropped out
2.8	The Board of Directors establishes committees for preliminary consideration of the most important issues of Company's activity			

2.8.1 Company's Audit Committee composed of independent directors was established for preliminary consideration of issues related to control over Company's financial and economic activity	<ol style="list-style-type: none"> 1. The Board of Directors formed the Audit Committee composed of independent directors only. 2. Company internal documents define tasks of the Audit Committee, including tasks specified in recommendation 172 of the Code. 3. At least one member of the Audit Committee, who is an independent director, possesses experience and knowledge in the sphere of preparation, analysis, assessment and audit of accounting (financial) reporting. 4. Meetings of the Audit Committee were held at least once a quarter during the reporting period 	Partially observed	<p>Criterion No. 1 is not observed.</p> <p>Audit Committee consists of 5 people, 2 of them are independent directors. (V. S. Pinkhasik and K. A. Trubitsyn)</p> <p>In its turn PJSC MICEX allows inclusion of persons having a professional experience and competence in the field of audit and finance, to the Committee, that allows these members to effectively implement its functions.</p> <p>Apart from the independent members of Company Board of Directors, members of Audit Committee include members of Board of Directors who have knowledge and experience in preparation, analysis, evaluation and audit of accounting (financial) statements that can make independent judgments actively participating in the work of the Committee (if necessary, request additional information on the issues considered at the Committee and require management responses to difficult, critical questions, make decisions guided by long-term interests of Company and its shareholders), as well as non-members of Company executive bodies.</p> <p>The Audit Committee is headed by an independent director, K. A. Trubitsyn. Company strives to form an Audit Committee from independent members of Company Board of Directors. Nevertheless, the implementation of this Codex recommendation is possible only if general number of independent directors for formation of the Committee in the quantitative composition set forth in the Regulations on the Audit Committee is elected at the Annual General Meeting of Shareholders following the results of 2018.</p> <p>To the extent of observation of criterion No. 3.</p> <p>One members of the Audit Committee, being an independent director and experienced and qualified in the field of analysis, evaluation and audit of accounting (financial) statement is V. S. Pinkhasik.</p> <p>Should a sufficient number of independent directors be nominated by Company shareholders in preparation for the General Meeting of Shareholders, the Audit Committee will be formed from independent directors of the Company</p> <p>To the extent of observation of criterion No. 4 .</p> <p>In 2018 5 meeting sin presentia of Audit Committees were held 5 (Q1 – 2 meetings, Q2 – 1 meeting, Q3 – 1 meeting, Q4 – 1 meeting).</p>
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2.8.2 The Remuneration Committee composed of independent directors and headed by an independent director who is not the Chairman of the Board of Directors was established for preliminary consideration of issues related to formation of efficient and transparent practice of remuneration	<p>1. The Board of Directors established the Remuneration Committee composed of independent directors only.</p> <p>2. The Chairman of the Remuneration Committee is an independent director who is not the Chairman of the Board of Directors.</p> <p>3. Company internal documents define tasks of the Remuneration Committee, including tasks specified in recommendation 180 of the Code</p>	Not observed	<p>Criteria No. 1 and 2 are not observed.</p> <p>Company established Committee for Personnel and Remuneration, which includes only one independent director – Trubitsyn K. A.</p> <p>In addition to independent members of Company Board of Directors, Committee for Personnel and Remuneration includes members of Company Board of Directors who have special knowledge attributed to a competence of the Committee, able to make independent judgments actively participating in the work of the Committee (if necessary, request additional information on issues and require management answers to difficult, critical questions, make decisions guided by the long-term interests of the Company and its shareholders) as well as non-members of the executive bodies of the Company. Company seeks to form a Personnel and Remuneration Committee from independent members of Company Board of Directors.</p> <p>Should a sufficient number of independent directors be nominated by shareholders of the Company in preparation for the General Meeting of Shareholders, the Personnel and Remuneration Committee will be formed from independent directors of the Company.</p> <p>Criterion No. 3 is partially observed.</p> <p>The tasks of the Committee for Personnel and Remuneration specified in its Regulation approved at the meeting of Company Board of Directors (Minutes No. 143/14 dated July 25, 2014) partially comply with recommendations of Cl. 180 of the Corporate Management Code. Based on the developed Roadmap for improving an efficiency of corporate management.</p> <p>Main tasks that are not provided by Regulation on the Committee for Personnel and Remuneration in accordance with Cl. 180 of Corporate Management Code include:</p> <ul style="list-style-type: none"> development of recommendations to Board of Directors for determining the amount of remuneration and principles for awarding the corporate secretary, as well as a preliminary assessment of work performed by corporate secretary of the Company and bonus payments proposal. selection of an independent consultant for issues on remuneration of members of Company executive bodies and other key management employees, and should Company policy provide for a compulsorily holding of competition procedures for selection of competition procedures and implementation of a role to be played by competition committee; supervision over introduction and implementation of Company's policy for remuneration and various motivation programs; Competence of the Committee for Personnel and Remuneration in accordance with the Regulations includes the following issues containing recommendations of Cl. 180 of the Corporate Management Code: Regular assessment of activities of a person acting as a sole executive body (management company, manager) and members of the collective executive body of the Company and preparing proposals for Board of Directors on the possibility of their reappointment; Development of principles and criteria for determining the amount of remuneration to be paid to members of Board of Directors, members of collegial executive body and person acting as a sole executive body of the Company, including the management company or manager. <p>In 2019 Company plans to develop, coordinate and initiate amendments to the Regulation on the Personnel and Remuneration Committee with inclusion of tasks contained of Cl. 180 of the Corporate Management Code.</p>
2.8.3 The Nomination (Appointment, Staff) Committee mainly composed of independent directors was established for preliminary consideration of issues	1. The Board of Directors established the Nomination Committee (or its tasks specified in recommendation 186 of the Code are realized	Partially observed	To the extent of observation of criterion No. 1.

related to staff planning (succession planning), professional composition and efficiency of work of the Board of Directors

within the frames of another committee) mainly composed of independent directors.

2. Company internal documents define tasks of the Nomination Committee (or the relevant committee with combined functions), including tasks specified in recommendation 186 of the Code

Company has established the Personnel and Remuneration Committee, which also performs as Committee on Nominations (subitem 4, item 2, clause 2 of the Regulation on committee for Personnel and Remuneration determined criteria for selection of members of candidates to members of Company Board of Directors, members of collegiate executive body, as well as a preliminary assessment of these candidates, etc.). To the extent of independent directors the information is presented in sub. 2.8.2.

Criterion No. 2 is partially observed 2.

Tasks of the Personnel and Remuneration Committee of Company Board of Directors specified in the Regulation on Committee on Personnel and Remunerations approved at the meeting of Company Board of Directors (Minutes No. 143/14 of 25.07.2014) partially comply with the recommendations of Cl. 186 of Corporate Management Code.

Main tasks that are not provided by Regulations on the Committee for Personnel and Remuneration in accordance with Cl. 186 of Corporate Management Code include:

analysis of professional qualifications and independence of all candidates nominated to Company Board of Directors; supervision over introduction and implementation of Company's remuneration policy and various motivation programs;

development of recommendations to Board of Directors for determining the amount of remuneration and principles for awarding the corporate secretary, as well as a preliminary assessment of work performed by corporate secretary of the Company and bonus payments proposal; preparation of report on the practical implementation of the principles of remuneration policy in regard to members of Board of Directors, members of Company's executive bodies and other key executives for inclusion in the Company's annual report and other documents; control over disclosure of information on policies and practices of remuneration and ownership of Company shares by members of the Board of Directors, as well as members of collegial executive bodies and other key executives in the annual report and on Company's corporate website on the Internet;

evaluation of content of Company Board of Directors from the point of professional specialization, experience, independence and involvement of its members in the work of Board of Directors, identification of priority areas for strengthening the content of Company Board of Directors; description of individual responsibilities of the directors and the chairman of Company Board of Directors, including determining the time to be given to issues on Company activities, within and outside the meetings, in the course of planned and unplanned work. This description (separate for a member of the Board of Directors and for its Chairman) must be approved by Company Board of Directors and handed over for examination to each new member of the Board of Directors and its Chairman after their election.

annually conducting a detailed formalized self-assessment procedure or external evaluation of Company Board of Directors and committees of Company Board of Directors from a standpoint of the effectiveness of their work as a whole, as well as individual contribution of members of the Board of Directors to the work of Company Board of Directors and its Committees; Company Board of Directors and its Committees, preparing a report on the results of self-assessment or external evaluation for inclusion in the Company's annual report;

the formation of an introductory course program for newly elected members of Company Board of Directors, aimed at familiarizing new directors with key assets of the Company, its strategy, business practices adopted

				<p>in the Company, the organizational structure of the Company and key executives of the Company, as well as the procedures of the Board of Directors of the Company as well as overseeing the practical implementation of the introductory course;</p> <p>development of a program of training and advanced training for members of Company Board of Directors, taking into account individual needs of its members, as well as overseeing practical implementation of this program;</p> <p>making recommendations to the Board of Directors of the Company in relation to candidates for the position of the Company's corporate secretary.</p> <p>Nevertheless, Committee on Personnel and Remuneration, guided by Art. 186 of Corporate Management Code considered the following issues related to the competence of Nomination Committee in the reporting period:</p> <p>"On the preliminary assessment of candidates to the Board of Directors of IDGC of Siberia, PJSC (Minutes No. 91 dated 27. 04. 2018)";</p> <p>"On recommendations to Board of Directors to determine the status of a member of Company Board of Directors" (Minutes No. 95 of June 15, 2017)</p> <p>"On preliminary consideration of the report of the Personnel and Remuneration Committee of Company Board of Directors on the work done in the 2017-2018 corporate year" (Minutes No. 93 dated May 31, 2017);</p> <p>"On recommendations to the Board of Directors of IDGC of Siberia, PJSC on the issue "On consideration of results of self-assessment of the performance of the Board of Directors and Committees of the Board of Directors of IDGC of Siberia, PJSC for the 2017-2018 corporate year" (Minutes No. 98 dated December 7, 2018).</p> <p>In 2019 Company plans to develop, coordinate and initiate amendments to the Regulation on the Personnel and Remuneration Committee with inclusion of tasks contained of Cl. 180 of the Corporate Management Code.</p>
2.8.4	Subject to scales of activity and level of risks, the Board of Directors made sure that composition of its committees absolutely complies with goals of Company activity. Additional committees were either formed or recognized unnecessary (Strategy Committee, Corporate Governance Committee, Ethics Committee, Risk Management Committee, Budgets Committee, Health Care, Safety and Environmental Committee etc.)	1. In the reporting period Company Board of Directors considered an issue on compliance of composition of its committees with tasks of the Board of Directors and goals of Company activity. Additional committees were either formed or recognized unnecessary	Not observed	<p>In 2018 Company Board of Directors did not consider the issue of compliance of content of its committees with objectives of the Board of Directors and objectives of the Company. Additional committees were not created in connection with the established practice of corporate governance in Company.</p> <p>Based on results of the self-assessment of work performed by Board of Directors and Committees of Company Board of Directors for 2017-2018 corporate year, it can be concluded that number and specialization of existing committees under the Board of Directors are optimal in terms of performing their functions of supporting the work of the Board on all key issues of competence and changes not required.</p> <p>However, in 2019 Company plans to consider an inclusion of the competence of the Committee for Strategy, Development, Investments and Reform with Company Board of Directors to consider issues related to implementation of innovation activities to the Company</p>
2.8.5	Composition of the committees is defined so as to enable thorough discussion of preliminary considered issues inclusive of different opinions	<p>1. Committees of the Board of Directors are headed by independent directors.</p> <p>2. Company internal documents (policies) contain provisions subject to which people not included within the Audit Committee, Nomination Committee and Remuneration Committee may attend meetings of these committees only at the invitation of the relevant committee</p>	Partially observed	<p>Criterion No. 1 is partially observed.</p> <p>Information on observation of criterion No. 1 is presented in subitem 2.8.1, 2.8.2.</p> <p>Criterion No. 2 is observed</p>
2.8.6	Chairmen of the committees regularly inform the Board of Directors and its Chairman about work of their committees	1. During the reporting period Chairmen of the committees regularly reported about work of their committees to the Board of Directors	Observed	
2.9	The Board of Directors ensures assessment of quality of work performed by the Board of Directors, its committees and members of the Board of Directors			

2.9.1	Assessment of quality of made performed by the Board of Directors is aimed at determination of degree of efficiency of work performed by the Board of Directors, committees and members of the Board of Directors, compliance of their work with needs of Company development, activation of work of the Board of Directors and identification of areas activity in which can be improved	1. Self-assessment or exterior assessment of work performed by the Board of Directors made in the reporting period included assessment of work performed by committees, separate members of the Board of Directors and the Board of Directors in general. 2. Results of self-assessment or exterior assessment of the Board of Directors made in the reporting period were considered at the meeting in presentia of the Board of Directors	Observed	
2.9.2	Assessment of work performed by the Board of Directors and its committees and members is made on a regular basis at least once a year. In order to make an independent assessment of Board of Directors' work, an external organization (consultant) is engaged at least once per three years)	1. In order to make an independent assessment of quality of Board of Directors' work during the last three reporting periods, an external organization (consultant) was engaged by the Company at least once)	Not observed	<p>In accordance with i. 5.4 of the Regulation on Company Board of Directors, Company Board of Directors shall annually appraise efficiency of work performed by Board of Directors, independently (self-appraisal) or with engagement of independent external organization (consultant) sufficiently qualified for such appraisal.</p> <p>In accordance with cl. 2.9.2 of the Code work of Board of Directors, Committees and members of Board of Directors shall be evaluated regularly, at least once a year. In order to hold an independent evaluation of work performed by Board of Directors it is recommended to periodically, at least once in three years, to engage an external organization (consultant).</p> <p>At the meeting of Company Board of Directors, Methodology for evaluating the work of the Board of Directors and Committees of the Board of Directors of IDGC of Siberia, PJSC was approved (Minutes dated 25.05.2018 No. 282/18).</p> <p>In 2018 self-assessment of the performance by Board of Directors and Committees of the Board of Directors was held for the 2017-2018 corporate year.</p> <p>Results of self-assessment were reviewed at the meeting of the Personnel and Remuneration Committee on 07.12.2018 (Minutes dated December 7, 2017 No. 98) and the meeting of the Board of Directors on 28.12.2018 (Minutes dated December 28, 2017 No. 306/18).</p> <p>In accordance with the sub. 1.1. Methodology for evaluating the work of Board of Directors and Committees of Board of Directors of PJSC IDGC of Siberia evaluation of the activities performed by Board of Directors and Committees of Company Board of Directors is carried out once every three years (if necessary) by an independent external organization (consultant) engaged on a competitive basis.</p> <p>In 2020 Company plans to involve an external organization (consultant) when evaluating the work of Board of Directors and Committees of the Company Board of Directors for 2019-2020 corporate year</p>
3.1	Company Corporate Secretary performs efficient current interaction with shareholders, coordinates Company activity on protection of shareholders' rights and interests, and supports efficient work of the Board of Directors			
3.1.1	The Corporate Secretary possesses knowledge, experience and qualification sufficient for performance of obligations placed on him/her and perfect reputation, and is in the confidence of the shareholders	1. Company adopted and disclosed an internal document – Provision on the Corporate Secretary. 2. Company website in the Internet and its annual report contain biographical information about the Corporate Secretary with the same details as about members of the Board of Directors and Company's executive management	Observed	
3.1.2	Corporate Secretary possesses sufficient independence from Company's executive bodies and has authorities and resources necessary to perform his/her tasks	1. The Board of Directors approves appointment, removal from office and additional remuneration of the Corporate Secretary	Observed	
4.1	Level of remuneration paid by the Company is sufficient for attraction, motivation and retention of people possessing competence and qualification required by the Company. Remuneration to members of the Board of Directors, Company executive bodies and other key managerial officers are paid subject to the remuneration policy adopted in the Company			

4.1.1	Level of remuneration paid by the Company to members of the Board of Directors, executive bodies and other key managerial officers creates motivation sufficient for their efficient work, and enables the Company to attract and retain competent and qualified specialists. Therewith, the Company avoids paying remuneration that is bigger than necessary, as well as creating unjustifiably great gap between remuneration levels of these persons and Company employees	1. Company adopted internal document (document), namely, policy for remuneration of members of Board of Directors, executive bodies and other key employees, that strictly determines approaches to remuneration of the persons	Observed
4.1.2	Company Remuneration Policy was developed by the Remuneration Committee and approved by Company's Board of Directors. The Board of Directors with support of the Remuneration Committee ensures control over implementation and realization of the Remuneration Policy in the Company and, if necessary, revises and amends it	1. During the reporting period the Remuneration Committee considered the Remuneration Policy (Policies) and practice of its (their) implementation and, if necessary, gave the corresponding recommendations to the Board of Directors	Observed
4.1.3	Company Remuneration Policy contains transparent mechanisms for assessing remunerations for members of the Board of Directors, Company's executive bodies and other key managerial officers, as well as regulates all types of payments, benefits and perquisites due to such people	1. Company Remuneration Policy (Policies) contains (contain) transparent mechanisms for assessing remunerations for members of the Board of Directors, Company's executive bodies and other key managerial officers, as well as regulates (regulate) all types of payments, benefits and perquisites due to such people	Observed
4.1.4	The Company defines a policy on reimbursement of expenses (compensations) specifying a list of expenses subject to reimbursement and a level of servicing which members of the Board of Directors, Company's executive bodies and other key managerial officers may seek. Such policy can be a component part of Company's Remuneration Policy	1. The Remuneration Policy (Policies) or other Company's internal documents define rules of reimbursement of expenses incurred by members of the Board of Directors, Company's executive bodies and other key managerial officers	Observed
4.2	System of remuneration of members of the Board of Directors ensures approximation of directors' financial interests with shareholders' long-term financial interests		
4.2.1	The Company pays fixed annual remuneration to members of the Board of Directors. The Company does not pay remuneration for participation in separate meetings of the Board or committees of the Board of Directors. The Company does not use forms of short-term motivation and additional material encouragement in relation to members of the Board of Directors	1. Fixed annual remuneration was the only monetary form of remuneration of member of the Board for Directors for their work in the Board of Directors during the reporting period	Observed
4.2.2	Long-term holding of Company shares to the maximum extent facilitates approximation of financial interests of members of the board of Directors with long-term shareholders' interests. Therewith, the Company does not condition rights for disposition of shares by achievement of particular performance indicators, and members of the Board of Directors do not participate in stock option plans	1. In case internal document (documents) – Company's Remuneration Policy (Policies) stipulates provision of Company shares to members of the Board of Directors, clear rules of holding of the shares by members of the Board of Directors shall be developed and disclosed in order to stimulate long-term holding of the shares	Observed
4.2.3	The Company does not provide for any additional payments or compensations in case of early termination of authorities of members of the Board of Directors due to change of control over the Company or other circumstances	1. The Company does not provide for any additional payments or compensations in case of early termination of authorities of members of the Board of Directors due to change of control over the Company or other circumstances	Observed
4.3	System of remuneration of members of Company's executive bodies and other key managerial officers implies for dependence of remuneration on result of Company's work and their personal contribution into achievement of this result		

4.3.1	Remuneration of members of Company executive bodies and other key managerial officers is determined so as to ensure reasonable and justified correlation of fixed part of remuneration and variable part of remuneration depending on results of Company work and personal (individual) contribution of an employee into the final result	<ol style="list-style-type: none"> 1. During the reporting period annual efficiency indicators approved by the Board of Directors were used to assess variable remuneration of members of Company's executive bodies and other key managerial officers. 2. During the last evaluation of the system of remuneration of members of Company's executive bodies and other key managerial officers, the Board of Directors (the Remuneration Committee) made sure that the Company efficiently correlates fixed and variable parts of remuneration. 3. The Company provides for a procedure securing return of premium payments illegally received by members of Company's executive bodies and other key managerial officers to the Company 	Observed	
4.3.2	The Company implemented a program of long-term motivation of members of Company's executive bodies and other key managerial officers using Company's shares (options or other derivative financial instruments using Company's shares as underlying assets)	<ol style="list-style-type: none"> 1. The Company implemented a program of long-term motivation of members of Company's executive bodies and other key managerial officers using Company's shares (financial instruments based on Company's shares). 2. The program of long-term motivation of members of Company's executive bodies and other key managerial officers implies that a right to dispose of shares and other financial instruments used in such program arises only in three years after their provision. Whereby, the right for their disposal is conditioned by achievement of particular indicators of Company's activity 	Not observed	Company did not adopt a long-term motivation program for members of the executive bodies and other key managers of Company using the Company's shares (financial instruments based on Company's shares). However, a number of the Company's free float (ree – float) is less than 4%. Use of this tool, as well as motivation programs tied to growth of capitalization, will be ineffective, because the smaller the number of shares in circulation and the higher the volumes, the greater the price movements can be. In order to reduce the impact of changes in price of shares, Company entered into two agreements with market makers. This measure will make it possible to consider the possibility of implementing a program of long-term motivation of members of the executive bodies and other key managers of the company using the Company's shares. In 2019-2020 Company plans to develop, coordinate and initiate the approval by Company Board of Directors of a long-term motivation program for members of executive bodies and other key managers of the company using the company's shares
4.3.3	A sum of compensation (golden parachute) payable by the Company in case of early termination of authorities of members of executive bodies or key managerial officers at the initiative of the Company and in the absence of unfair act on their part shall not exceed twofold of the fixed part of annual remuneration	1. A sum of compensation (golden parachute) payable by the Company in case of early termination of authorities of members of executive bodies or key managerial officers at the initiative of the Company and in the absence of unfair act on their part did not exceed twofold of the fixed part of annual remuneration in the reporting period	Observed	
5.1	Company established an efficiently functioning system of risk management and internal control aimed at securing reasonable confidence in achievement of goals set to the Company			
5.1.1	The Board of Directors determined principles and approaches to organization of a system of risk management and internal control in the Company	1. Functions of various Company's managerial bodies and subdivisions within the system of risk management and internal control are clearly defined in internal documents/relevant policy of the Company approved by the Board of Directors	Observed	
5.1.2	Company executive bodies ensure creation and maintenance of functioning of an efficient system of risk management and internal control in the Company	1. Company executive bodies ensured distribution of functions and authorities in relation to risk management and internal control between their accountable managers (heads) of subdivisions and departments	Observed	
5.1.3	The system of risk management and internal control in the Company ensures objective, fair and clear idea about Company current status and perspectives, integrity and transparency of Company's reporting, soundness and acceptability of risks accepted by the Company	<ol style="list-style-type: none"> 1. Company approved anti-corruption policy. 2. The Company organized an available means of informing the Board of Directors or the Audit Committee within the Board of Directors about facts of breach of legislation, internal procedures and Company's code of ethics 	Observed	
5.1.4	Company Board of Directors takes the required measures to make sure that current system of risk management and internal control of the Company complies with principles and approaches to its organization defined by the Board of Directors, and effectively functions	1. During the reporting period the Board of Directors or the Audit Committee within the Board of Directors assessed efficiency of the system of risk management and internal control of the Company. Information about main results of such assessment is included in Company annual report	Observed	
5.2	In order to make systematic independent assessment of reliability and efficiency of the system of risk management and internal control and practice of corporate governance, the Company organizes an internal audit			

5.2.1	For the purposes of conduct of an internal audit, the Company established a separate structural subdivision or engaged an independent external organization. Functional and administrative accountability of the internal audit subdivision are separated. Functional internal audit subdivision is subordinate to the Board of Directors	1. For the purposes of conduct of an internal audit, the Company established a separate structural subdivision on internal audit that is functionally subordinate to the Board of directors or the Audit Committee, or engaged an independent external organization with the same principle of accountability	Observed	
5.2.2	The internal audit subdivision makes assessment of efficiency of the system of internal control, assessment of efficiency of the system of risk management, as well as of the system of corporate governance. The Company uses general performance standards in the sphere of internal audit	1. During the reporting period within the frames of internal audit the system of internal control and risk management was assessed. 2. The Company uses general approaches to internal control and risk management	Observed	
6.1	The Company and its activity are transparent for the shareholders, investors and other interested parties			
6.1.1	The Company developed and implemented information policy ensuring efficient informational interaction of the Company, shareholders, investors and other interested parties	1. The Board of Directors approved Company's information policy developed subject to recommendations of the Code. 2. The Board of Directors (or one of its committees) considered issues related to compliance of the Company with its information policy at least once in the reporting period	Not observed	To the extent of observation of criterion No. 1. At a meeting of Company Board of Directors Regulation on the information policy, developed taking into account the recommendations of the Code, was approved (the Minutes No. 273/18 on 30.03.2018). Criterion No. 2 is not observed. In accordance with the sub. 10.4. Regulation on Company's information policy, sole executive body (General Director) annually, not later than 90 days after the end of a reporting year, submits to Board of Directors a report on compliance with the Company's Information Policy. In 2019 Company plans to implement measures to include in a work plan of Board of Directors an issue related to Company's compliance with its information policy
6.1.2	The Company discloses information about the system and practice of corporate governance, including detailed information about compliance with principles and recommendations of the Code	1. The Company discloses information about the system of corporate governance in the Company and general principles of corporate governance used in the Company, including on Company's website in the Internet. 2. The Company discloses information about composition of executive bodies and the Board of Directors, independence of members of the Board and their membership in committees of the Board of Directors (subject to definition of the Code). 3. If there is a person controlling the Company, the Company publishes a memorandum of the controlling person in regard to plans of such person related to corporate governance in the Company	Partially observed	Criterion No. 1 is observed. Criterion No. 2 is observed. Criterion No. 3 is not observed. Information on the fact that controlling shareholder has a special memorandum regarding plans for corporate governance in PJSC IDGC of Siberia is missing. Procedure for the interaction of a controlling person with the Company is determined by the document – the Procedure for interaction of PJSC "Russian Grids" with business entities whose shares are owned by the Company. This document is published on the website of the person controlling IDGC of Siberia. Subject to the receipt of this document by Company, it will be published in accordance with the recommendations of the Corporate Management Code
6.2	The Company timely discloses complete, up-to-date and reliable information about the Company to ensure a possibility of Company shareholders and investors to make justified decisions			
6.2.1	The Company discloses information subject to principles of regularity, sequencing and efficiency, as well as availability, reliability, completeness and comparability of data being disclosed	1. Company information policy defines approaches and criteria for identification of information capable of having significant influence with Company's assessment and cost of its securities, as well as procedures ensuring timely disclosure of such information. 2. In case Company securities are circulated at foreign organized markets, significant information shall be disclosed synchronously and equivalently in the Russian Federation and at such markets during the reporting period. 3. In case foreign shareholders own a significant number of Company's shares, information shall be disclosed not only in the Russian language but also in one of the most widely spread foreign languages during the reporting period	Observed	

6.2.2	The Company avoids formal approach to disclosure of information and discloses significant information about its activity even if disclosure of such information is not implied by Law	1. During the reporting period the Company was disclosing annual and semiannual financial reporting formed subject to IFRS. Company's annual report for the reporting period included annual financial reporting formed subject to IFRS and the audit opinion. 2. The Company discloses complete information about structure of Company's capital in accordance with Recommendation 290 of the Code in the annual report and on Company's website in the Internet	Observed
6.2.3	Annual report, being one of the most important instruments of informational cooperation with shareholders and other interested parties, contains information enabling assessment of results of Company's activity for a year	1. Company annual report contains information about key aspects of Company's operational activity and its financial results. 2. Company annual report contains information about environmental and social aspects of Company activity	Observed
6.3	Company provides information and documents at requests of shareholders subject to principles of fairness and unburdenness		
6.3.1	The Company provides information and documents at requests of shareholders subject to principles of fairness and unburdenness	1. Company information policy defines an unburdensome procedure for provision of shareholders with access to information, including information about legal entities subordinate to the Company, at request of shareholders	Observed
6.3.2	When providing shareholders with information, the Company secures reasonable balance between interests of particular shareholders and interests of the Company interested in preservation of confidentiality of important commercial information that can have great influence with its competitive ability	1. During the reporting period the Company did not refuse to satisfy shareholders' requests for provision of information, or such refusals were justified. 2. In cases defined by Company's information policy, shareholders were warned about confidential nature of information and undertook to preserve its confidentiality	Observed
7.1	Actions that influence or may significantly influence on structure of Company authorized capital and its financial status and, accordingly, status of shareholders (significant corporate actions) are performed under fair conditions ensuring observance of rights and interests of shareholders and other interested parties		
7.1.1	Significant corporate actions are reorganization of the Company, acquisition of 30 and more % of Company's voting shares (merger), making significant transactions by the Company, increase or decrease of Company's authorized capital, listing or delisting of Company's shares, as well as other actions that can lead to significant change in shareholders' rights or abuse of their interests. Company's Articles of Association has a list (criteria) of transactions or other actions constituting significant corporate actions; such actions belong to competence of Company's Board of Directors	1. Company Charter has a list of transactions or other actions constituting significant corporate actions and criteria for their identification. Making decisions related to significant corporate actions belong to competence of the Board of Directors. In cases when performance of these corporate actions is directly referred to competence of the General Shareholders Meeting by Law, the Board of Directors gives relevant recommendations to the shareholders. 2. According to Company Charter, significant corporate actions include at least: reorganization of the Company, acquisition of 30 and more % of Company voting shares (merger), making significant transactions by the Company, increase or decrease of Company authorized capital, and listing or delisting of Company shares	Observed
7.1.2	The Board of Directors plays an important role in making decisions or giving recommendations related to significant corporate actions; the Board of Directors relies on opinion of Company independent directors	1. The Company has a procedure in accordance with which independent directors claim their position in relation to significant corporate actions prior to their approval	Observed
7.1.3	When performing significant corporate actions influencing rights and legal interests of shareholders, equal conditions for all Company's shareholders shall be created; and if there are not enough legal mechanisms aimed at defense of shareholders' rights, – additional measures protecting rights and legal interests of Company's shareholders. Whereby, the Company follows not only formal legal requirements, but also principles of corporate governance listed in the Code	1. Company has a procedure in accordance with which independent directors claim their position in relation to significant corporate actions prior to their approval. 2. Company Charter sets lower minimal criteria for inclusion of Company transactions within significant corporate actions as compared to those defined by Law due to specificities of Company activity	Observed
7.2	The Company ensures a procedure for performance of significant corporate actions enabling shareholders to timely obtain complete information about such actions and to influence performance of such actions, as well as guarantees observance and adequate level of protection of their rights when performing such actions		

7.2.1	Information about performance of significant corporate actions is disclosed with explanation of reasons, conditions and consequences of their performance	1. During the reporting period the Company timely and in detail was disclosing information about Company's significant corporate actions, including grounds and terms of their performance	Observed	
7.2.2	Rules and procedures related to performance of significant corporate actions by the Company are fixed in Company's internal documents.	<p>1. Company internal documents provide a procedure for engagement of an independent appraiser for assessment of cost of property disposed of or purchased within a big transaction or related-party transaction.</p> <p>2. Company internal documents provide a procedure for engagement of an independent appraiser for assessment of cost of purchase and repurchase of Company shares.</p> <p>3. Company internal documents contain an extended list of grounds due to which members of Company Board of Directors and other persons defined by Law are recognized interested in Company transactions</p>	Partially observed	<p>Criterion No. 1 is observed. Criterion No. 2 is not observed. Criterion No. 3 is not observed.</p> <p>Company internal documents do not provide for an expanded list of grounds on which members of Board of Directors and other persons provided for by law are deemed to be interested in the Company's transactions.</p> <p>In accordance with the established corporate governance practice, persons interested in the transaction are recognized as such in accordance with requirements of the Federal Law "On Joint-Stock Companies".</p> <p>In addition, all key executives of the Company are members of the collegial executive body and may be recognized as interested parties in the execution of transactions in accordance with the requirements of the Federal Law "On Joint Stock Companies".</p> <p>Therewith, Company plans to consider the possibility of expanding the list of grounds on which members of the Board of Directors and other persons provided for by law are deemed interested in the company's transactions</p>