

Approved by the Board of Directors
of PJSC «PIK SHb»
Minutes No. 11 dated 27 August 2021

*CORPORATE
GOVERNANCE
CODE*

Moscow
2021

1. Introduction

1.1 Public Joint Stock Company «PIK-specialized homebuilder» (hereinafter referred to as the Company) is the largest investment and construction holding in the Russian real estate market.

PIK Group means a group of legal entities in which respect the Company is able to influence their activities, to determine decisions made by these entities, including giving instructions binding on them.

The Company's shares are traded on the organized market and are included in the first (highest) level of the quotation list of the Moscow Exchange.

In this regard, the Company recognizes the importance of good corporate governance for successful doing business and for achieving mutual understanding among all persons interested in the Company's activities. The Company undertakes to follow the principles and provisions set forth in this Code and to make every reasonable effort to ensure their observance by the Company in its daily activities.

1.2 The provisions of this Corporate Governance Code (hereinafter, the Code) have been developed on the basis of the Federal Law "On Joint-Stock Companies", the Company's Articles of Association, the Code of Corporate Conduct recommended for use by the Bank of Russia, as well as on the basis of other recommendations and best practices in the field of corporate governance.

2. General Principles of Corporate Governance

2.1 The purpose of this Code is to implement and apply the good corporate governance practices that meet Russian and international standards and are based on compliance with legal requirements, business ethics (conduct) standards and taking into account the interests of stakeholders, participants of corporate relations.

2.2 The Company's corporate governance system is based on the following principles

- Observance of shareholders' rights and interests;
- Accountability of the Board of Directors, General Director and Management Board of the Company to shareholders;
- Ensuring transparency and openness of information on material facts related to the Company's activities, including its financial position, performance, ownership structure and management of the Company;
- Legality and objectivity. The Company's governing bodies carry out their activity impartially on legal grounds and provide effective protection of the rights of the Company's shareholders;
- Ensuring an effective system of internal control and audit of the Company;
- Building and maintaining trust between corporate governance participants;
- Responsibility. The Company's governing bodies recognize and provide the rights of stakeholders stipulated by the Russian legislation;
- Striving for further development. In order to ensure sustainable development of the Company and to increase return on equity investments in the long term, the Company's governing bodies recognize the need to continuously improve the Company's corporate governance system taking into account its development and influence of external factors, as well as the need for continuous control over observance of the rights and interests of shareholders and other interested parties.

Adherence to the rules and principles of this Code will ensure effective and timely control over the Company's activities, reduce risks, maintain and improve its financial position, and form a positive image of the Company.

3. Corporate Governance System

3.1 The Company's corporate governance system includes the system of governing bodies, control bodies and other bodies of the Company and the system of relations between the management, control bodies, other bodies of the Company and its shareholders, as well as their interaction with stakeholders.

3.2 The following management bodies have been established in the Company for effective management:

- General Meeting of Shareholders, which is the supreme governing body;
- The Board of Directors, which is in charge of general management of the Company;
- The Management Board, which is in charge of the day-to-day collegial operational management of the Company;
- General Director, who is responsible for the day-to-day management of the Company.

3.3 In order to ensure an effective system of control and audit of financial and economic activities, the Company has established a system of control bodies of the Company:

- Audit Commission is a body for control of financial and economic activities, accountable to the General Meeting of Shareholders;
- Independent Auditor (hereinafter referred to as the Auditor);
- Internal Audit Department, functionally reporting to the Board of Directors.

The Company's governing bodies and committees of the Board of Directors also exercise control functions.

3.4 To observe the rights and interests of shareholders, as well as for the purpose of effective and in-depth consideration of issues in the Company, the Board of Directors:

- Has appointed Corporate Secretary and has established a Corporate Secretary's office;
- Establishes permanent advisory and consultative bodies: Audit and Risk Committee, Personnel and Remuneration Committee and Strategic Committee of the Board of Directors; other committees may also be established.

4. Principles of Interaction Between the Company and the Group Companies

4.1 In its interactions with the Group companies, the Company aims for balanced development and also strives to introduce modern corporate governance principles into the practices of controlled companies, allowing for effective surveillance over them, taking into account the nature, scale and complexity of risks.

4.2 Subsidiaries are managed through their management bodies.

In managing its subsidiaries, the Company is guided by the following objectives:

- Business development;
- Increased profitability;
- Market share expansion;

- Industry leadership;
- Performing the full production and construction cycle and maximizing customer satisfaction in the acquisition of housing and related services;
- Ensuring the production and sale of high-quality products and services, working respectfully, honestly and openly with customers.

4.3 The Company makes decisions on key issues related to the operations and development of PIK Group companies and implements managerial decisions through its representatives in the governing bodies of these companies.

The Company ensures that the governing bodies of PIK Group companies operate within a unified legal framework through the development of standard internal documents and subsequent approval of these documents by the governing bodies of the subsidiaries.

5. Ensuring Shareholders' Rights

The Company ensures equal treatment of all shareholders and guarantees all shareholders the opportunity to exercise their rights, including the right to participate in the management of the Company.

5.1 Shareholders' Right to Participate in the Management of the Company

5.1.1 When preparing and holding general meetings of shareholders, the Company provides shareholders with the following opportunities related to exercising their rights to manage the Company:

- In preparation for the General Meeting, in accordance with the applicable law, the Company's shareholders holding in aggregate at least 2% of the Company's voting shares are entitled to make proposals on agenda items and (or) nominate candidates for election to the Company's bodies at the annual General Meeting within 60 days after the end of the calendar year;
- The Company strives to post materials for the General Meeting of Shareholders on its website, which eliminates the need for shareholders to familiarize themselves with them at the Company's location, and provides equal opportunities for shareholders to review the materials regardless of their location and status.
- General meetings of the Company's shareholders are held in Moscow, and the venue is selected taking into account the possible number of shareholders present. Based on the results of the meetings held, the Company analyzes the turnout and activity of shareholders at general meetings and selects the place, premises, time and duration of the general meeting of shareholders in such a way that participation of shareholders in the general meeting does not entail high material and time costs for them, ensuring equal treatment of all shareholders;
- Each shareholder has the opportunity to participate in person at the General Meeting of Shareholders held in the form of joint attendance. At the same time, the Board of Directors of the Company is entitled to make a decision on providing the shareholders with the opportunity to vote electronically by filling out the electronic form of the voting ballot on the website;
- The Company ensures translation of voting ballots into English, which makes it convenient for foreign shareholders to vote.

5.1.2 Shareholders have equal opportunity to publicly express their opinions on agenda items of the General Meeting of Shareholders, ask questions within the established meeting procedure. For this purpose, the Regulation on the General Meeting of Shareholders provides for giving the floor not only to

the speakers, but also to other participants of the General Meeting of Shareholders who wish to speak on the agenda items and to discuss these issues.

5.1.3 Shareholders are provided with an opportunity to communicate with the Company's management at the General Meetings. Members of the executive bodies, members of the Board of Directors, members of the Internal Audit Commission, the Auditor (the Auditor's authorized person(s)), candidates nominated for election to the Board of Directors, the Internal Audit Commission and the Auditor (the Auditor's authorized person) invited to participate in the Annual General Shareholders Meeting. The candidates nominated for election to the relevant body of the Company shall be invited to the Extraordinary General Shareholders' Meeting, which agenda contains the issue of election of the Board of Directors and the Audit Commission. The Company shall ensure access of the candidates nominated for election to the Board of Directors, the Auditing Committee, the position of the Auditor (the Auditor's authorized person(s)) to answer the shareholders' questions.

5.1.4 At the General Meeting of Shareholders held in the form of a meeting, which agenda contains an issue in which respect the General Director, Chief Accountant, the Company's Audit Commission, the Audit and Risk Committee, the Auditor, and the Internal Audit Department have submitted an opinion, the said persons/members of bodies that have prepared the relevant opinion may be invited to give shareholders an opportunity to ask them questions.

5.1.5 To obtain additional information during preparation for the General Meeting of Shareholders, the Company is entitled to set up a special telephone channel (hotline) to communicate with the shareholders, provide a special e-mail address on the Company's website in the Internet. In addition, all materials distributed for the General Meeting of Shareholders shall indicate the contact information of the Corporate Secretary for the purposes of interaction on the issues related to enforcement of the rights of shareholders.

5.1.6 The General Meeting of Shareholders has approved the Regulation on the General Meeting of Shareholders that determines the basic procedures for the shareholders to exercise their right to participate in the General Meeting of Shareholders.

5.2 The Right of the Company's Shareholders to Receive Dividends

5.2.1 The Company provides its shareholders with an opportunity to participate in its profits by receiving dividends.

5.2.2 The Company strives to pay dividends to shareholders on a semi-annual basis. The Company pays dividends in cash in accordance with the good corporate governance practice.

5.2.3 In order to establish a mechanism transparent and clear for shareholders on decision-making on dividend payments and to determine the amount, procedure and timing of dividend payments, the Board of Directors approves the Dividend Policy for a medium term of 3 years. The amount of dividends according to the said policy is calculated as a percentage of the Company's net profit under IFRS in accordance with the consolidated financial statements for the reporting financial year.

5.2.4 On the eve of the General Meeting of Shareholders, which agenda includes an issue of dividend payment, the Company strives to disclose to the shareholders the rationale for the proposed distribution of net profit and assessment of its compliance with the dividend policy adopted by the Company.

6. Board of Directors

6.1 Aims, Principles of Activity and Functions of the Company's Board of Directors

6.1.1 Members of the Company's Board of Directors are accountable to the General Meeting of Shareholders and are responsible for the successful development of the Company.

6.1.2 An efficient professional Board of Directors is one of the main conditions for successful corporate governance. Efficient operation of the Board of Directors is based on the following principles and approaches:

- Understanding the needs of the business and the role of the Board of Directors in the development of the Company;
- Competence and ability to attract professionals to work on the Board of Directors in the main areas of its activities;
- Independence. Members of the Board of Directors shall act and participate in the development of decisions solely in the interests of the Company; at least 1/3 of the Board of Directors shall be independent directors;
- Liability. Members of the Board of Directors shall act for the benefit of the Company in good faith and reasonably, shall reimburse losses caused by their fault to the Company and shareholders, and shall be liable for bad faith or unreasonable actions;
- Accountability. The Board of Directors sets goals for the year and reports on its performance to the General Meeting of Shareholders;
- Effective system of motivation and remuneration of the Board of Directors members;
- Providing modern technological and organizational conditions for the work of the members of the Board of Directors;
- Providing professional development opportunities for members of the Board of Directors;
- Evaluation of the Board of Directors' performance;
- Ethics. Members of the Board of Directors act in a manner consistent with the good reputation of the Company and refrain from conduct that could have a negative impact on its business;
- Effective communications.

6.1.3 The General Meeting of Shareholders of the Company approved the Regulation on the Board of Directors that sets out the procedure for convening, preparing and holding meetings of the Board of Directors, the procedure for passing resolutions by the Board of Directors, and the rights and obligations of members of the Board of Directors. According to the said Regulation, the functions of the Board of Directors include:

- Determination of the main guidelines of the Company's activities in the long term, defining the strategy and priority areas of the Company's development;
- Determination of basic principles and approaches to organization of risk management and internal control system in the Company;
- Ensuring effective control over the Company's financial, economic and business activities;
- Ensuring implementation and protection of shareholders' rights, as well as assistance in resolving corporate conflicts;
- Formation of the Company's executive bodies and ensuring effective control over their activities.
- Ensuring transparency of the Company, timeliness and completeness of information disclosure by the Company;
- Control of corporate governance practices in the Company.

6.1.4 The competence of the Board of Directors is determined by the Company's Articles of Association.

6.1.5 The Board of Directors determines the principles of and approaches to organization of the corporate governance system in the Company, as well as exercises control over efficiency of each of its elements and the corporate governance system. The Board of Directors is the main body supervising the Company's corporate governance practices when taking material corporate actions.

6.1.6 The Board of Directors can analyzes the compliance of the Company's corporate governance system and corporate values with its goals and objectives, as well as the scale of its operations and risks assumed, based on the results of which can formulates proposals aimed at improving such practices and eliminating deficiencies, proposals for making appropriate amendments to the Company's internal documents, as well as adopts staffing decisions, if necessary.

6.1.7 The main results of activity of the Company's Board of Directors for the year can be found in the Company's Annual Report.

6.2.Election of the Company's Board of Directors

6.2.1 The Company strives to form the Board of Directors of the most qualified specialists possessing necessary knowledge, skills and experience.

6.2.2 After the list of candidates is formed, the Company holds a meeting of the Board of Directors, at which candidates nominated to the Board of Directors are approved by voting at the annual general meeting of shareholders.

6.2.3 In preparation for the General Meeting of Shareholders which agenda includes an item on the election of members of the Company's Board of Directors, the Company discloses on its website information that enables shareholders to get an idea of the personal and professional qualities of candidates and make an informed decision. In respect of such information, the Regulation on the General Meeting of Shareholders provides for placing on the Company's website information about their experience and biography, education, including advanced training (name of educational institution, date of graduation, specialty), places of work and positions for the last five (5) years, as well as information about compliance of candidates to the Board of Directors with independence criteria.

6.2.4 Members of the Board of Directors are elected annually by the General Meeting of Shareholders of the Company. Persons elected to the Board of Directors may be re-elected an unlimited number of times, but the Company is aware of the need for periodic rotation of members of the Board of Directors.

6.3.Chairperson of the Company's Board of Directors

6.3.1 The Chairperson of the Board of Directors shall be elected at the first meeting of the newly elected Board of Directors, and the Board of Directors shall be entitled to re-elect the Chairperson at any time.

6.3.2 The Chairperson of the Board of Directors organizes its work, as well as control over implementation of decisions of the Board of Directors; chairs meetings of the Board of Directors and the General Meeting of Shareholders, organizes discussion of issues and decision-making on them; prepares a report and reports to the Annual General Meeting of Shareholders on the activities of the Board of Directors and the measures taken by it, performs other functions as provided for by the Regulation on the Board of Directors.

6.3.3 In cases where the Chairperson of the Board of Directors is not independent, the Board of Directors shall be entitled to elect a senior independent director from among the independent directors. The procedure of election and the main functions of the senior independent director are determined by the Regulation on the Board of Directors.

6.4. Meetings of the Company's Board of Directors

6.4.1 The Company strives to provide proper, up-to-date technological and organizational conditions for the work of the members of the Board of Directors.

6.4.2 In-person meetings of the Board of Directors are usually convened in accordance with the plan approved by the Board of Directors, which enables directors to plan their participation in meetings in advance. When necessary, unscheduled meetings of the Board of Directors may be held in presentia as well as meetings may be held in absentia.

6.4.3 Following the best practices in the field of corporate governance, the Board of Directors considers key issues at in-person meetings, which is stipulated by the Company's Articles of Association.

6.4.5 Members of the Board of Directors understand their responsibilities and strive to attend the meetings of the Board of Directors. However, if it is impossible to be present at the venue of the meeting of the Board of Directors, the Company shall provide an opportunity to participate in the meeting using a video conferencing system or telephone communication or by sending a written opinion on the agenda items by a member of the Board of Directors in the manner prescribed by the Regulation on the Board of Directors.

6.4.6 The Company is aware of the importance of notifying members of the Board of Directors of upcoming meetings and providing them with documents in advance. Notice of the meeting of the Board of Directors together with information materials on agenda items, draft resolutions and other materials for the meeting shall be sent to Directors in the manner prescribed by the Regulation on the Board of Directors no later than 5 business days prior to the meeting.

The Chairperson of the Board of Directors is responsible for ensuring that the materials for the Board of Directors meeting are sent to the members of the Board of Directors in a timely manner.

All of the above terms can also be shortened in case of an urgent need to resolve any issues, provided that none of the members of the Board of Directors objects.

6.4.7. A member of the Board of Directors shall have the right to request documents (information and explanations) from the Company both on the substance of the issue included in the agenda of the meeting of the Board of Directors and to request and receive access to information related to the activities of the Company and the legal entities controlled by the Company outside the meetings of the Board of Directors. The Company's officials shall not refuse to provide the information requested by a member of the Board of Directors, including on the grounds that, in the Company's opinion, the requested information is not related to the agenda of the meeting or the competence of the Board of Directors.

6.4.8 The procedure for preparing, convening and holding meetings of the Board of Directors is regulated by the Regulation on the Board of Directors posted on the Company's website.

6.5. Committees of the Company's Board of Directors

6.5.1. Committees of the Board of Directors are its auxiliary advisory and consultative bodies that preliminarily review the issues that require expert examination of the competence of the Board of Directors and provide it with recommendations for making decisions on such issues.

6.5.2 Chairmen of the committees report to the Board of Directors on the work done at in-person meetings of the Board of Directors.

6.5.3 Recommendations of the committees shall be communicated to the directors when considering relevant items on the agenda of the meeting.

6.5.4 The Board of Directors annually forms the Audit and Risk Committee, the Personnel and Remuneration Committee, the Strategic Committee and may set up other committees.

6.5.5 Only members of the Board of Directors may be members of the above committees of the Board of Directors.

6.5.6. Activities of the committees of the Board of Directors are regulated by the relevant regulations to be approved by the Board of Directors.

6.5.7 The Audit and Risks Committee was established in order to ensure efficient work of the Board of Directors in resolving issues related to control over financial and economic activities of the Company, including assessment of the independence of the Company's auditor and absence of a conflict of interest, assessment of the quality of audit of the Company's accounting (financial) statements. The Audit and Risk Committee also controls reliability and efficiency of the risk management and internal control system, performs analysis and evaluation in the field of risk management and internal control; exercises control in the field of counteraction to unfair actions of the Company's employees and third parties.

6.5.8 The Personnel and Remuneration Committee assists the Board of Directors in resolving issues related to appointments and remuneration of members of the Company's Board of Directors, executive bodies and other key managers of the Company.

6.5.9. The Audit and Risk Committee and the Personnel and Remuneration Committee are formed by the majority from independent directors and meet other requirements imposed on them by the Moscow Exchange, which lists the Company's securities.

6.5.10. The Strategic Committee performs preliminary consideration and preparation of recommendations to the Board of Directors on the issues of elaboration, development and implementation of strategic goals and objectives of the Company.

6.5.11. In order to form committees in accordance with their functions, candidates to the Board of Directors shall be nominated taking into account their professional competence and experience required for election to the above committees.

6.6. Performance Evaluation of the Company's Board of Directors

6.6.1 The Board of Directors conducts an annual performance evaluation of its work and the work of its members and of committees of the Board of Directors to identify opportunities for improving performance and the areas for improvement and development.

6.6.2 The Company also plans engage an independent external consultant for such evaluation.

6.6.3 The performance of the Chairperson of the Board of Directors shall be assessed by independent directors. Generalized results of the evaluation are disclosed in the Bank's annual report.

6.6.4 The evaluation of the Board of Directors' performance makes it possible to determine its staffing needs, to identify its strengths and areas for improvement.

6.6.5 To evaluate the performance of the Board of Directors, the Company shall develop a self-assessment procedure.

6.6.6 Information on the results of performance evaluation of the Board of Directors shall be included in the Company's Annual Report.

6.7. Remuneration of Members of the Board of Directors and Disclosure of Their Remuneration

6.7.1 Remuneration paid to members of the Board of Directors is determined by the General Meeting of Shareholders in accordance with the Regulation on Remuneration and Reimbursement of Expenses to Members of the Board of Directors and the Audit Commission of the Company approved by it. The said Regulation establishes the amount of and procedure for payment of remuneration and compensation of expenses, regulates other payments, benefits and privileges provided to members of the Board of Directors.

6.7.2 Remuneration of members of the Board of Directors shall correspond to market conditions and shall be set by the General Meeting of Shareholders so as to ensure involvement and active participation of highly qualified specialists in the Company's activities and to motivate them to work efficiently.

6.7.3 In its approach to the issue of motivation of members of the Board of Directors, the Company aims to take into account the level of overall responsibility, individual load and professional qualifications of each member of the Board of Directors.

6.7.4 The structure of remuneration paid to the members of the Board of Directors consists of the fixed and variable parts, the latter being determined depending on the workload and the degree of responsibility that the member of the Board of Directors bears when performing his/her functions (Chairperson of the Board of Directors or a committee of the Board of Directors). In addition to remuneration, a member of the Board of Directors is reimbursed for travel, accommodation and a number of other expenses listed in the Regulation on Remuneration and Reimbursement of Members of the Board of Directors and the Internal Audit Commission.

6.7.5 The Company publicly discloses in the Annual Report information on the amount of remuneration to members of the Board of Directors for the past year.

6.7.6 General Meeting of Shareholders approves the Policy on Remuneration of Members of the Board of Directors, which establishes the basic principles of the compensation and benefit system, and periodically evaluates its implementation practices and, if necessary, revises them.

7. Executive Bodies

7.1. Procedures of the Company's Executive Bodies

7.1.1 The Company's executive bodies include the General Director (the sole executive body) and the Management Board (the collegial executive body). The activities of the executive bodies, their functions, rights and obligations are governed by federal laws and the Company's Articles of Association.

7.1.2 Executive bodies manage the current activities of the Company and are guided by the following principles:

Professionalism. Executive bodies have the necessary professional qualifications and experience to develop the Company and to effectively manage it;

Responsibilities. Executive bodies act in the interests of the Company in good faith and reasonably, are responsible for the operational management of the Company and for achievement of its strategic and business objectives, and allocate responsibilities among the Company's subdivisions/employees supervised by them;

Accountability. Executive bodies report on their performance to the Board of Directors and the Annual General Meeting of Shareholders of the Company. The Board of Directors also reviews quarterly reports of the General Director on the Company's activities and makes decisions based on the results of their review;

Ethics. The Company's executive management bodies act in a way that is consistent with the Company's good reputation and refrain from conduct that could have a negative impact on it.

7.1.3 Distribution of powers between the Company's Management Board and the General Director is set forth in the Company's Articles of Association and is based on the principles of promptness and responsibility for the consequences of implementation of decisions made. The powers are distributed in accordance with the level of complexity of decisions made and the need to make decisions collegially or unilaterally.

7.2. Interaction Between Executive Bodies and the Board of Directors. Control Over Executive Bodies by Superior Governing Bodies

7.2.1 In their activities, the executive bodies report to the Board of Directors and the General Meeting of Shareholders. Key functions of control over the executive bodies are vested in the Board of Directors, whose powers include:

- Approval of the terms and conditions of employment contracts concluded with the General Director, members of the Management Board, including establishment of the amount, conditions of and procedure for payment of remuneration, as well as conditions for early termination of contracts, including material obligations of the Company and the terms of their provision;
- Approval of the terms and conditions of the long-term incentive programmes for the General Director and members of the Management Board;
- Approval and assessment of the achievement of key performance indicators (goals) by the General Director and members of the Company's Management Board;
- Consideration of reports of the General Director and members of the Management Board of the Company on the results of their activities, on the implementation of the Company's strategy, as well as of reports on the Company's performance (including its financial performance) and making decisions based on the results of their consideration.

7.2.2 Effective interaction between the Board of Directors and executive bodies and clear delineation of their powers is one of the key factors in ensuring good corporate governance practices.

7.2.3 The Board of Directors, the General Director and the Management Board have a sufficient degree of independence in their work. The Board of Directors does not interfere with day-to-day operations of the executive bodies and does not limit their ability to promptly resolve the issues related to the Company's activities. At the same time, the Company's executive bodies inform the Board of Directors on a regular basis on all important issues and decisions relevant for implementation of the Company's development strategy, planning and business development, and on the status of risk management and internal control systems.

7.2.4 To achieve an optimal level of such interaction, the General Director is a member of the Company's Board of Directors.

7.2.5. Executive bodies submit to the Board of Directors a report of the results of the Company's activity over the past year A report on the Company's performance (including its financial performance) is provided quarterly, for 3,6,9 months of the last year. The Board of Directors makes decisions based on the results of consideration of the above documents.

7.2.6 The Company's shareholders hear the reports on performance of the executive governing bodies at the annual General Shareholders' Meetings as part of the report of the Company's General Director. Shareholders are also entitled to ask questions to the Company's executives present at the said meetings.

7.3. Management Board

7.3.1 The Company's Management Board ensures decision-making on the most important issues of the Company's current activities that fall within the competence of the executive bodies in accordance with the Company's Articles of Association, including, but not limited to, the issues of development of proposals on the Company's main activities, including draft annual budget, mid-term and long-term budgets, strategies and development programmes of the Company, proposals on amendments to the above documents; organisation of preparation of materials and draft decisions on the issues subject to development of the Company's activities, as well as preparation of proposals on the Company's development programmes.

7.3.2 The issues related to organization of the Company's Management Board activity are governed by the Regulation on the Management Board approved by the General Meeting of Shareholders.

7.3.3 Members of the Management Board are appointed and dismissed by resolution of the Board of Directors. Candidate- members of the Management Board shall enjoy confidence of members of the Board of Directors. The number and names of the members of the Management Board is determined by resolution of the Company's Board of Directors on proposal of the Company's General Director and members of the Board of Directors. The Management Board is formed for a term determined by the Company's Board of Directors when appointing its members. The powers of any member (all members) of the Company's Management Board may be terminated early by resolution of the Company's Board of Directors.

7.3.4 The Company's Board of Directors is responsible to the shareholders for reasonable selection of candidates to the Management Board.

No person who is a participant, General Director (manager), member of a governing body or an employee of a legal entity competing with the Company may be a member of the Company's Management Board.

7.3.5. Each member of the Management Board shall refrain from any actions that will or may potentially lead to a conflict between their interests and the interests of the Company, and in case of such conflict, a member of the Management Board shall inform the Personnel and Remuneration Committee and/or the Company's Board of Directors about it.

7.3.6. Members of the Management Board shall notify the Board of Directors in writing of the fact of holding the Company's securities, of their intention to make transactions with the securities of the Company, its subsidiaries and affiliates, as well as of the transactions made with such securities.

7.3.7. The Company's Management Board is aware of its responsibility to the shareholders and the Company's Board of Directors and considers its main objective to perform its duties on operating management of the Company ensuring its successful development in good faith and competently.

7.4. General Director

7.4.1 The Company's day-to-day operations are managed by the General Director, who is the Company's sole executive body.

7.4.2 The General Director organizes implementation of resolutions of the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company and is responsible for implementation of the Company's development strategy and for its financial performance. The General Director is responsible for organizing the system for preparation and reliability of the Company's accounting (financial) statements..

7.4.3. The Company's General Director is the Chairperson of the Company's Management Board.

7.4.4 Following the best practices in the field of corporate governance, issues of election, termination of the powers of the Company's General Director are referred by the Company's Articles of Association to the competence of the Board of Directors.

7.5. Succession Planning

7.5.1 Ensuring succession of members of the Management Board is an important objective of the Company's corporate governance system. The Personnel and Remuneration Committee is directly responsible for timely drawing up of succession plans, accurate identification of management staffing needs and development of existing competencies, search and attraction of the most suitable candidates, primarily through internal resources, for which a talent pool is formed.

7.6. Remuneration of the General Director, Members of the Management Board and Disclosure of Their Remuneration

7.6.1 The system of remuneration of the General Director and members of the Management Board is determined by the Policy on Remuneration of Executive Bodies and Other Key Employees of the Company approved by the Board of Directors.

7.6.2 The system of remuneration of members of executive bodies is aimed at achieving an optimal balance between the dependence of remuneration on the Company's performance and on the personal contribution of each member of executive bodies to such performance.

7.6.3. The Personnel and Remuneration Committee is responsible for adequacy and continuous updating of the remuneration system for the General Director and members of the Management Board, approves individual performance indicators and monitors their successful achievement by analyzing the personal contribution of each manager, his/her development potential and the degree of synergy in the team.

7.6.4 The Board of Directors is responsible for establishing efficient and transparent remuneration practices for executive bodies. To solve the above task, the Board of Directors, taking into account the Personnel and Remuneration Committee, sets the amount of remuneration of members of executive bodies, both fixed and variable, depending on the Company's performance and the individual contribution of the General Director and the Management Board member to the final result.

7.6.5 Principles and main mechanisms of the procedure for determining the amount of remuneration for the members of executive bodies, including remuneration structure, various types of payments, benefits and privileges, as well as conditions, procedure and amounts of expense reimbursement (compensation) and their list are established by the Policy on Remuneration of Executive Bodies and Other Key Employees of the Company. The Board of Directors, with the participation of the Personnel and Remuneration Committee, ensures regular control over the Company's implementation of the Remuneration Policy, and, if necessary, revises or amends the Remuneration Policy.

7.6.6 In order to increase motivation and responsibility of members of the Company's executive bodies and of other key managers, to create dependence of their remuneration on the Company's long-term performance, the Board of Directors has the right to approve the Long-Term Incentive Programmes for the Company managers, including share-based ones.

7.6.7 The Company is aware of the importance of disclosing information on remuneration of the Company's top managers. Therefore, information on the total remuneration of the Management Board with the indication of the amount of all types of remuneration, including salary, bonuses, etc. paid during the reporting year, is published in quarterly and annual reports of the Company.

8. Corporate Secretary

8.1 The Company is aware that shareholders' confidence in it is based on its existing mechanisms for exercising the rights and protecting the interests of the Company's shareholders.

8.2 Corporate Secretary is responsible for maintaining the efficiency of this mechanism.

8.3 The main tasks of the Corporate Secretary are participation in improvement of the system and practice of corporate governance of the Company, maintenance of effective work of the Board of Directors and its committees.

8.4 Requirements to the Corporate Secretary candidature, his/her duties, competence, election procedure, subordination issues, interaction with the Company's management bodies and structural subdivisions are defined in the Regulation on the Corporate Secretary.

8.5. In order to ensure independence of the Corporate Secretary from the executive bodies, the Company's General Director may appoint and dismiss the Corporate Secretary only with the consent of

the Board of Directors and based on a preliminary recommendation of the Personnel and Remuneration Committee. The Board of Directors also approves the terms of the contract with the Corporate Secretary, including the amount of remuneration and any other payments to him/her. The Corporate Secretary is accountable to and controlled by the Board of Directors and is administratively subordinated to the General Director of the Company.

8.6. The Company shall take necessary measures to ensure independence of the Corporate Secretary, create conditions for unhindered and effective performance of his/her functions by the Corporate Secretary.

9. Risk Management and Internal Control System

The Company has a risk management and internal control system in place that complies with the international recommendations on risk management and internal control systems.

The Company's Board of Directors has approved and disclosed on the Company's website the Regulation on the Internal Audit Department developed in accordance with international standards. This Regulation establishes uniform approaches to the organization and building of a risk management and internal control system in the Company.

At least once a year, the Company's Board of Directors reviews the issues of organization, functioning and efficiency of the risk management and internal control system and, if necessary, provides recommendations for its improvement. Information on the results of consideration by the Board of Directors of the issues of efficiency of the risk management and internal control system is provided to shareholders as part of the Company's Annual Report.

9.1 Organization of Internal Control

9.1.1 Internal control is the activity performed by the governing bodies, divisions and employees of the Company aimed at ensuring:

- Efficiency and effectiveness of the Company's business processes, financial and economic activities, including ensuring the safety of assets;
- Efficiency and effectiveness of the risk management system;
- Reliability, completeness, fairness and timeliness of preparation and presentation of financial, accounting, statistical and other reports, as well as information security;
- Compliance with the laws, regulations, Articles of Association and other internal documents of the Company, as well as timely submission of information to public authorities and the Bank of Russia in accordance with the legislation of the Russian Federation;
- Compliance with laws and recommendations in the field of corporate governance;
- Excluding involvement of the Company and its employees in unlawful activities;
- Achievement of other goals defined by the legislation of the Russian Federation, the Articles of Association and internal documents of the Company.

9.1.2. Internal control system is a complex of governing bodies, subdivisions, responsible employees and officers performing functions within the internal control system and organizational measures, methods, procedures, corporate code of ethics and actions taken by the Company to achieve an optimal balance between the Company's value growth, profitability and risks, to ensure financial stability of the Company, efficient conduct of business, safety of assets, compliance with the law, the Company's Articles of Association and internal documents, reliability, completeness, fairness and timeliness of preparation and presentation of financial statements, accounting statements, statistical and other reports (for external and internal users), as well as information security.

9.1.3 Internal control in the Company is exercised by its governing bodies (General Shareholders' Meeting, Board of Directors, General Director and Management Board), Audit and Risk Committee, Auditing Committee, external auditor, Internal Audit Department, Company Vice Presidents,

directors/heads of departments and the Company's employees who exercise control in accordance with the powers determined by the Company internal documents.

9.1.4 The following issues fall within the competence of the General Shareholders' Meeting with regard to internal control: election of members of the Internal Audit Commission; approval of the external auditor; approval of the Articles of Association and other internal documents regulating the activities of the Company's governing and control bodies, approval of annual reports, including annual accounting (financial) statements; approval of decisions on consent to major transactions and interested-party transactions in cases provided for by law.

9.1.5 The Board of Directors considers the key issues related to defining the principles and approaches to organization of the internal control system. Its competence also includes approval of internal documents determining the Company's policy in the field of organization of internal control of anti-corruption policy, the Code of Business Ethics and other internal documents of the Company aimed at prevention of corruption and compliance with ethical norms.

9.1.6 The Audit and Risk Committee ensures effective work of the Board of Directors in resolving the issues related to control over financial and economic activities, including control over the completeness, accuracy and reliability of accounting (financial) statements, as well as consolidated financial statements of the Company, ensures independence and objectivity in the field of internal and external audit, provides assessment of external auditor independence and of the quality of his/her/its audit; controls reliability and efficiency of functioning of the risk management and internal control systems, conducts analysis and assessment in the field of risk management and internal control; exercises control in the field of countering unethical practices of the Company's employees and third parties.

9.1.7. The Company's executive bodies are responsible for creation and maintenance of internal control and for implementation of decisions of superior bodies as well as elimination of revealed violations and shortcomings. Executive bodies are responsible for effective distribution of powers, duties and responsibility for specific internal control procedures between the Company's subdivisions.

9.1.8 The Audit Commission is the body responsible for control over the Company's financial and economic activities on the part of the shareholders. Its members are nominated and elected by the Company's shareholders; it has a sufficient degree of independence from the executive bodies. The Audit Commission carries out an audit (inspection) of financial and economic activities of the Company on the basis of the results of the year, confirms reliability of the data contained in the annual report, annual accounting (financial) statements, including profit and loss statements, and prepares opinions on them. Without an opinion of the Audit Commission, the accounting (financial) statements cannot be approved by the annual General Shareholders Meeting.

The activity of the Audit Commission is governed by the Regulation on the Audit Commission of the Company approved by the General Meeting of Shareholders.

9.1.9. The Internal Audit Department performs internal audit in the following areas: systematic independent evaluation of reliability and efficiency of organization and implementation of internal control, corporate governance practices and business processes of the Company, as well as organization of risk management system; audit of financial and economic activities and evaluation of efficiency of applied methods (ways) of securing the Company's property.

Based on the decision of the Board of Directors, audits in these areas may be carried out with respect to the Group companies.

The Company ensures independence of the Internal Audit Department from the executive bodies by separating its functional and administrative reporting: functionally it reports to the Board of Directors, and administratively it reports to the Company's General Director.

Functional subordination and accountability of the Internal Audit Department to the Board of Directors is achieved through consideration and approval by the Board of Directors of the issues related to organization and functioning of internal audit:

- Definition of principles and approaches to the organization of internal audit;
- Approval of internal documents defining the policy for organization and implementation of internal audit;

- Approval of the internal document defining the procedure for organization and implementation of internal audit, as well as objectives, tasks and powers of the Internal Audit Department;
- Decision-making on appointment and dismissal of the Head of the Internal Audit Department;
- Reviewing the reports of the Head of the Internal Audit Department on the audits conducted by the Internal Audit Department, the results of its activities and the status of implementation of recommendations;
- Approval of the terms and conditions of employment contract with the Head of the Internal Audit Department, including the amount of remuneration paid and any other payments made to him/her;
- Approval of the budget of the Company's Internal Audit Department;
- Consideration of material restrictions of the powers of the Internal Audit Service or other restrictions that may adversely affect the performance of the Company's internal audit.

The Company also provides conditions for unhindered and effective implementation by the Internal Audit Department of its tasks and functions: the Department employees have access to any documents and information necessary for implementation of their tasks and functions, unhindered access to all office premises, to databases of audited subdivisions, are entitled to receive oral and written explanations from responsible employees of audited subdivisions on the issues arising during the audit.

9.1.10. Directors and heads of the Company's subdivisions implement the Regulation on the Internal Audit Department and ensure appropriate control over compliance with its provisions in the reporting structural subdivision.

9.1.11. The Company's internal documents determining the internal control organization policy, as well as the principles and approaches to organization of the internal control system are approved by the Board of Directors. Internal documents determining the procedure for organization of internal control are approved by the executive bodies.

9.2. Risk Management System

9.2.1 The Company has organized a risk management system involving measures aimed at reducing risks, a risk monitoring system ensuring that the necessary information is communicated to the Company's governing bodies, and a process for managing the main groups of risks that may adversely affect its operations.

9.2.2 Risk management functions are distributed among the Board of Directors, the Audit and Risk Committee, the Internal Audit Department, the Company's Vice Presidents, directors/heads of risk management departments and employees of the Company, in accordance with the powers defined in the Company's internal documents.

9.2.3 The Company's Board of Directors analyses and evaluates the risk management system and assesses its effectiveness.

9.2.4 The Audit and Risk Committee makes recommendations to the Board of Directors on determining the priority areas for development of the Company's risk management system, analyses the Company's internal risk management procedures and prepares recommendations on improving their efficiency, considers reports of the Company's management on operation of the risk management system.

9.2.5. The Internal Audit Department assesses the effectiveness of the risk management system, which includes:

- Verification of sufficiency and maturity of the elements of the risk management system for effective risk management (goals and objectives, process structuring, regulatory and methodological support, interaction of structural divisions within the risk management system, reporting);
- Verification of completeness of risk identification and correctness of risk assessment by the Company's management at all levels of its management;
- Reviewing the effectiveness of control procedures and other risk management activities, including the effectiveness of the use of resources allocated for these purposes;
- Analysis of information on realized risks (violations revealed as a result of internal audits, facts in respect of non-achievement of goals, facts in respect of legal proceedings).

9.2.6 The executive bodies of the Company regularly review risk reporting, carry out distribution of powers, duties and responsibilities between the heads of the Company's subdivisions responsible for specific risk management procedures. The Company's General Director controls the establishment and the maintenance of an effective risk management system.

9.3. External Audit

9.3.1 To verify and confirm the accuracy of the accounting (financial) statements prepared in accordance with the legislation of the Russian Federation, as well as of the financial statements prepared in accordance with International Financial Reporting Standards, the Company shall engage on a contractual basis an audit organization engaged in audit activities in accordance with the Russian legislation and the adopted auditing standards.

9.3.2 The procedure for selection and appointment of the Auditor is determined and coordinated by the Audit and Risk Committee. The Company's Board of Directors, upon recommendation of the Audit and Risk Committee, submits a candidate for independent Auditor for approval by the General Meeting of Shareholders.

9.3.3 Regulation on the General Meeting of Shareholders of the Company stipulates that in preparation for the General Meeting, which agenda includes an item on approval of the Company's auditor, the shareholders shall be provided with the following additional information about the candidate for the position of an Auditor:

- Full company name of the legal entity - audit firm (or surname, first name and patronymic of an Auditor being individual);
- Location and contact telephone numbers;
- Number of the audit license, name of the issuing authority and date of its issue;
- License validity period.

When holding such General Meeting of Shareholders, the Company shall ensure the presence of the Auditor's nominee (the Auditor's authorized person) to answer shareholders' questions at the General Meeting of Shareholders. In addition, the Auditor's authorized person shall be invited to the General Meeting of Shareholders held in the form of a meeting, which agenda contains an issue in relation to which the Company's auditor has provided an opinion, in order to provide the shareholders with an opportunity to ask questions.

9.3.4. The terms and conditions of the contract concluded with the Auditor, including the amount of remuneration for his/her/its services, shall be approved by the Board of Directors.

9.3.5 Authorized employees of the external auditor actively interact with the Audit Committee and the Audit and Risk Committee in the course of their work. In the field of external audit, the competence of the Audit and Risk Committee includes:

- Assessment of independence, fairness and absence of a conflict of interests for the external auditor, including assessment of candidates for the company's auditors, development of proposals on appointment,

re-election and dismissal of the Company's external auditors, payment for their services and terms of their engagement;

- Supervising the external audit and assessing the quality of the audit and the auditors' reports;
- Ensuring effective interaction between the Internal Audit Department and the Company's external auditor;
- Development and control over the execution of the Company's policy determining the principles of providing and combining auditor and non-audit services to the Company.

10. Information Policy and Information Disclosure.

10.1. General Provisions on Information Disclosure by the Company

10.1.1 Disclosure of information is an important element of the Company's corporate governance, providing shareholders, investors and other stakeholders with a fair view of the Company's performance, plans and development directions.

The Company shall ensure completeness, reliability of disclosed information, promptness of its provision, availability of information to all shareholders and other stakeholders.

10.1.2 The Company undertakes to comply with all conditions of information disclosure established by the current legislation, and also undertakes a number of additional obligations for information disclosure.

10.1.3 Rules, principles of information disclosure, list of information disclosed by the Company in accordance with the applicable laws, rules and regulations, list of information which the Company deems necessary to disclose additionally, as well as methods of information disclosure are set forth in the Regulation on Information Policy of the Company, which is approved by the Board of Directors.

10.1.4 Information disclosure is characterized by observance of reasonable balance between information transparency and provision of security of the Company's commercial interests.

All the Company employees and members of the Board of Directors have a duty to keep secret the confidential information.

10.1.5. The Company strives to limit the possibility of a conflict of interest and to prevent misuse of insider information. The requirements related to insider information and trade secret protection are set forth in the Regulation on Insider Information and Protection of Trade Secrets approved by the Company's Board of Directors.

10.1.6 The Company uses publicly accessible channels of information disclosure: information is disclosed on its official website on the Internet, as well as by publishing it in the newswire.

10.2. Interaction with Shareholders and Investors

10.2.1 The Company strives to increase its investment appeal by increasing its information openness and transparency and by reducing the risk premium associated with the lack of information and investor uncertainty about the Company's development prospects.

10.2.2 The key factor of interaction with the investment community is timely disclosure of fair, reliable and consistent information in accordance with the applicable laws, regulations and requirements, as well as ensuring an active dialogue with investors and analysts.

10.2.3 As part of its interaction with the information community, the Company shall implement a number of measures aimed at improving the Company's information transparency, including:

- Meetings and presentations for investors and analysts;
- Conference calls;
- Distribution of press releases;
- Publications in the professional media;
- Participation in major international and national industry exhibitions and forums.

10.2.4 The main principles of the Company's PR activities are:

- Unified information policy;
- Constant and up-to-date news flow that covers all aspects of the Company's activities as fully and objectively as possible;
- Providing timely responses to all information requests received by the Company;

10.2.5 The Company pays much attention to control over disclosure of information by subsidiaries whose financial statements the Company consolidates, and ensuring consistency and inconsistency of information policy of the Company and its subsidiaries.

10.2.6 With respect to confidential information, the Company carries out its activities in accordance with the applicable laws, norms and requirements. For this purpose, the Company implements a balanced approach in providing investors and analysts with the necessary information aimed at increasing understanding of the Company's business, its opportunities and development prospects, but at the same time not diminishing the Company's competitiveness.

10.2.7 To manage the processes of communication and interaction with stakeholders, including investors and shareholders, the Company has established the following: Investor Relations and Corporate Communications Committee established under the Board of Directors, position of a Corporate Secretary. Contact details of the Corporate Secretary are available on the Company's web-site in the Internet.

10.2.8 Investors and shareholders may contact the Company via any of the communication channels, including written inquiries in paper or in electronic form. The Company strives to consider the requests received from investors and shareholders as soon as possible and to provide a response on the results of consideration of the request.

11. Major Corporate Actions

11.1. List of the Company's Major Corporate Actions and Their Implementation Principles

11.1.1 The Company's major corporate actions include:

- Reorganization of the Company;
- Increase or decrease in the Company's share capital;
- Listing and delisting of the Company's shares;
- Changes in the Company's core business;
- Execution of material transactions by the Company:
 - Major transactions; related party transactions

- Other actions that may result in a material change in the rights of shareholders or in violation of their interests (if recommended by independent directors to be deemed material).

11.1.2 When carrying out major corporate actions, the Company adheres to the following principles: protection of shareholder rights, timely disclosure of information, shareholders' ability to influence major corporate actions, and compliance with corporate governance principles.

11.1.3 When the issues on approval of major corporate actions are submitted for consideration of the General Meeting of Shareholders, explanations on the reasons and conditions of major corporate actions to be performed, as well as description of possible consequences of their performance for the Company and its shareholders shall be included in the materials to be submitted to the shareholders.

11.1.4 The decision on the scope of disclosure of information about planned major corporate actions to be taken by the Board of Directors, including the grounds and timing of such actions, shall be made by the Company in each specific case with due account of the balance of interests of the shareholders and the Company. Information on approval of major corporate actions submitted for consideration of the Board of Directors shall be publicly disclosed by the Company through publication of a notice of a meeting of the Board of Directors and its agenda.

11.1.5 Depending on the importance of the major corporate action being taken, the Board of Directors may form special working groups/temporary committees.

11.1.6 The Board of Directors plays a key role in making decisions or in making recommendations on major corporate actions, relying on the position of the Company's independent directors.

11.1.7. A special role in assessment of major corporate actions and prevention of corporate conflicts is played by independent directors who preliminarily assess possible actions and draft decisions that may lead to a corporate conflict. The results of such assessment are included in the materials for the meeting of the Board of Directors at which the relevant issue is considered.

11.1.8. Major corporate actions shall be taken by the Company provided that the Board of Directors makes a positive decision or develops a positive recommendation to the General Shareholders' Meeting regarding the taking of such actions. If necessary, the issue of taking a major corporate action shall be preliminarily considered by the relevant committees of the Board of Directors.

11.2. Execution of Major Transactions by the Company

11.2.1 The Company carries out material transactions at fair prices and on transparent terms ensuring the interests of all shareholders.

11.2.2 When making a decision on the Company's major transactions, the Board of Directors pays special attention to determining the transaction price based on the market value.

11.2.3 In order to ensure an objective assessment of property in cases where the value of property alienated or acquired under a major transaction or a related party transaction is determined, in each specific case the Company shall assess the need to engage an independent appraiser and, if no such need exists, shall provide the Board of Directors with a justification for not engaging an independent appraiser.

In order to objectively assess the cost of acquisition and repurchase of shares by the Company from shareholders, the Company engages an independent appraiser.

In other cases, the decision on the advisability of engaging an independent appraiser may be made by the Company's executive bodies or recommended by the Board of Directors based on the nature of the transaction and the assets to be alienated or acquired.

The appraiser is selected in accordance with the Company's internal procedures ensuring efficient and transparent selection.

11.3. Reorganization of the Company

11.3.1 Expediency of the Company's reorganization shall be preliminarily assessed by the Strategic Committee of the Board of Directors.

11.3.2 A decision on reorganization may be proposed to shareholders only if the Board of Directors evaluates all advantages and disadvantages of this procedure and its consequences, including fairness and acceptability of its conditions for all shareholders, including those owning insignificant blocks of shares.

11.3.3. The Board of Directors shall determine the conversion ratio during reorganization based on the market price of the relevant shares (units). To evaluate each of the legal entities involved in the reorganization and to determine the conversion ratio, the Board of Directors shall engage an independent appraiser or provide the shareholders with a detailed justification of the share (unit) price formation procedure.

11.4. Increase in Company's Authorized Capital

11.4.1 If the Company decides to place preference shares, the Board of Directors should make sure that their placement will not violate the dividend rights of the existing shareholders and will not lead to dilution of shares.

11.4.2 If the Company decides to place additional shares with the possibility of their payment in kind, the Company's independent directors shall form a position on the fairness of the conditions of the planned increase in the authorized capital.

11.5. Listing and Delisting of the Company's Shares

11.5.1 When preparing and carrying out activities related to the admission of securities to organized trading, the Company's Board of Directors assesses all benefits and costs associated with the listing.

11.5.2 The General Shareholders' Meeting, the Board of Directors and the Company's executive bodies shall manage the Company so as to prevent any actions that may result in a forced delisting of the Company's shares.

11.5.3 If in the future issues related to delisting of the Company's securities are considered, the Board of Directors shall ensure transparency of the relevant decision, including communicating to shareholders the reasons for it and the risks associated with delisting, as well as ensuring the protection of shareholders' rights in connection with the delisting procedure.

11.6. Acquisition of the Company

11.6.1 The Company monitors the situations of violation of the Russian law in case of the Company's acquisition, in particular, in case of detecting the situations of the Company's acquisition without sending a voluntary or a mandatory offer.

The Board of Directors also intends to verify the terms and conditions of the voluntary or mandatory offer sent to the Company's shareholders, the grounds and conditions for compulsory buyback by the Company's shareholders, including fairness of the acquisition (buyback) price, availability of acceptance of the public offer to shareholders, and to communicate to shareholders its opinion on the Company's acquisition and related procedures.

12. Corporate Social Responsibility and Interaction between the Company and Stakeholders

12.1. Goals and Principles of Corporate Social Responsibility

12.1.1. Corporate social responsibility of the Company is a set of principles and obligations that the Company strives to be guided by in its activities with regard to the management of relationship with stakeholders and impact on the national economy, social sphere and environment.

12.1.2. The Company's goals in the field of corporate social responsibility include:

- Integration of corporate social responsibility principles into the Company's activities and strategy;
- Creation of additional competitive advantage;
- Improving the quality of the Company's management by organizing systematic work and interaction with service users (customers);
- Creating an additional factor of employee loyalty through their greater involvement in solving socially significant issues;
- Implementation of regulatory reforms in system-relevant spheres for the Company;
- Control and management of the level of reputational risk in terms of issues related to corporate social responsibility.

12.1.3 Implementation of corporate social responsibility and building relations with stakeholders is based on the principles of transparency, ethical conduct, respect for stakeholders' interests, and the rule of law.

12.1.4 The Company recognises that the success and competitiveness of its activities are the result of a joint work and largely depend on the actions of stakeholders.

12.2. Eco-efficiency

12.2.1. The Company's procedures in the field of environmental safety and protection are regulated by the Corporate Social Responsibility Policy.

12.2.2. The Company considers environmental protection activities as one of the prerequisites for the successful functioning and development of its business.

12.2.3. The Company undertakes initiatives aimed at increasing environmental responsibility, carries out its activities in accordance with the applicable environmental legislation, promotes the development and distribution of environmentally friendly technologies, and strives to use energy and resources used in the course of its activities as efficiently and economically as possible.

12.3. Interaction Between the Company's Its Customers

12.3.1. The Company strives to build mutually beneficial and sustainable relationships with its customers based on the principles of partnership and mutual respect. When interacting with its customers, the Company:

- Is customer-oriented and strives to guarantee the high quality of its products and services;
- Always makes sure that payments are made by actual suppliers in the course of doing business and reflect the market value of the services provided;
- Operates in accordance with anti-money laundering legislation;
- Opposes all forms of corruption, including extortion and bribery;
- Runs its business only with partners whose financial sources are legal;
- Does not in any form accept unlawful payments or use unethical means to influence its partners and competitors;
- Seeks to expand business only on the basis of fair competition and merit.

12.4. Interaction Between the Company and Other Stakeholders

12.4.1. The Company considers improvement of human resources potential of the Company and its Group companies to be one of the key elements of successful and long-term development.

12.4.2. The purpose of the Company's HR policy is to attract highly professional specialists, to improve the level of professional training of employees, to make all employees of the Company and its Group companies understand their involvement in the results of the Group's activities.

12.4.3. Motivation of employees to high performance, self-improvement and generation of ideas is achieved through competitive remuneration, implementation and improvement of result-oriented remuneration system, staff rotation within the Group companies, creation of corporate culture ensuring free communication of employees at all Company levels.

12.4.4. In accordance with the legislation of the Russian Federation, the Company does not tolerate discrimination at work. The Code of Ethics stipulates that when interacting with employees, the Company respects personal freedom and human rights, supports and respects the protection of internationally proclaimed human rights, provides equal opportunities and does not tolerate discrimination in the area of labor and employment.

12.4.5. In its dealings with governmental authorities, the Company strives to build an official relationship, does not undertake and prohibits its employees from attempting to improperly influence the decisions of governmental authorities or their representatives, and does not make any payments of money or anything else of value if there is reason to believe that such payments would be passed on to a public official or a government official to influence a decision that is being made.

12.4.6. The Company carries out charitable activities. At the same time, the Company and its employees shall not make charitable donations if the purpose of such donations is to preserve and/or expand the Company's business.

13. Conflict of Interest and Corporate Conflict Management

13.1 Measures aimed at managing conflicts of interest arising in cases of conflict between the interests of the Company and personal interests of members of governing bodies due to their business, friendly, family and other relations, as well as in cases of conflict between their duties to the Company and duties to other persons are defined in the Policy on Management of Conflict of Interest and Corporate Conflict of Interest approved by the Board of Directors.

13.2 The Regulation on the Board of Directors of the Company stipulates the obligation of a member of the Board of Directors to:

- Abstain from voting on the issues in which (s)he has an interest;
- Refrain from any actions that will or may potentially lead to a conflict of interest between his/her interests and the interests of the Company, and, if such conflict exists or arises, disclose information about it to the Board of Directors, including notifying the Board of Directors or a committee of the Board of Directors before the beginning of a discussion of the relevant agenda item, and also take measures to comply with the procedure for taking actions or entering into transactions in which a member of the Board of Directors has an interest;
- Refrain from accepting gifts from the parties with an interest in the decisions, as well as from making use of any other direct or indirect benefits provided by such parties;
- Notify the Board of Directors in writing of the fact of holding the Company's securities, of the intention to make transactions with the securities of the Company, its subsidiaries and affiliates, as well as of the transactions made with such securities.

14. Final Provisions

14.1 The Company's Corporate Governance Code shall be approved by the Board of Directors.

14.2 This Code will be reviewed and improved as positive corporate governance experience is accumulated and Russian and international corporate governance standards and requirements change.

14.3 The text of the Code shall be published on the Company's website and shall be available to all interested parties.