

APPENDIX 1

ON COMPLIANCE WITH THE PRINCIPLES
AND RECOMMENDATIONS OF THE CORPORATE
GOVERNANCE CODE

ON COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE, recommended by the Bank of Russia in Letter No.06-52/2463 dated April 10, 2014 for application by joint-stock companies having stock-exchange securities

This report on compliance with the principles and recommendations of the Corporate Governance Code recommended by the Bank of Russia in Letter No. 06-52/2463 dated April 10, 2014 for application by joint-stock companies having stock-exchange securities (hereinafter — the Code) was reviewed by the Board of Directors of Rosseti Kuban Public Joint Stock Company (hereinafter — Rosseti Kuban, the Company) at the meeting on April 28, 2021 (Minutes No. 429/2021 dated April 29, 2021) as a part of the Company's Annual Report for 2020.

The Board of Directors of Rosseti Kuban certifies that all report data contain full and reliable information on the Company's compliance with the principles and recommendations of the Code for 2020.

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
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| 1.1 | The Company shall ensure equal and fair treatment of all shareholders in the exercise of their right to participate in the management of the Company. | | | |
| 1.1.1 | The Company creates the most favorable conditions for shareholders for participation in the General Meeting, conditions for developing a reasonable position on the agenda of the General Meeting, coordination of their actions, and the opportunity to express their opinion on the issues under consideration. | <ol style="list-style-type: none"> The internal document of the Company approved by the General Meeting of Shareholders and regulating the procedures for holding the General Meeting is publicly available. The Company provides an affordable way to communicate with the public such as a hotline, e-mail or a forum on the Internet, which allows shareholders to express their views and send questions about the agenda during preparation to the General Meeting. Actions in question were taken by the Company before every General Meeting held in the reporting period. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |

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| 1.1.2 | The procedure for notifying of a General Meeting and providing materials for the meeting enables the shareholders to prepare for it properly. | <ol style="list-style-type: none"> The notification of the General Meeting of Shareholders is posted (published) on the website at least 30 days before the date of the General Meeting. The notification of the meeting specifies the venue for the meeting and contains the list of documents required for admission to the premises. Shareholders were given access to the information on persons who had proposed agenda items and nominated candidates to the Board of Directors and the Company's Audit Commission. | <p>Observed</p> <p>✓ Partially observed</p> <p>Not observed</p> | <p>Criterion 2 is not observed: the announcement on meeting holding does not contain specification of the documents required for access to the room due to the fact that the Annual General Meeting of Shareholders was conducted in absentee voting in 2020 as per the resolution of the Company's Board of Directors dated April 24, 2020 (Minutes No.385/2020 dated April 27, 2020) taking into account Article 2 of the Federal Law No.50-FZ On Purchase of Ordinary Shares of the Sberbank of Russia Public Joint-Stock Company by the Government of the Russian Federation from the Central Bank of the Russian Federation and on Invalidating the Certain Positions of the Legislative Acts of the Russian Federation dated March 18, 2020.</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the criterion when deciding to hold the General Meeting of Shareholders in the form of in-person meeting(joint presence) starting from 2021.</p> |
| 1.1.3 | During the preparation and conduct of the General Meeting, the shareholders had an opportunity to receive information on the meeting and materials hereto easily and in a timely manner, to ask questions to the executive bodies and members of the Board of Directors of the Company, and communicate with each other. | <ol style="list-style-type: none"> During the reporting period, shareholders were given an opportunity to ask members of the Company's executive bodies and members of the Company's Board of Directors questions in the run-up to the Annual General Meeting of Shareholders and during the meeting itself. The position of the Board of Directors (including the special opinions added to the Minutes) on each item of the agenda of the General Meetings held during the reporting period was specified in the materials for the General Meeting of Shareholders The Company provided authorized shareholders with access to the list of persons eligible for participation in the General Meeting of Shareholders, starting from the date when this list was received by the Company; this applies to all such meetings in the reporting period. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 1.1.4 | A shareholder's right to demand that the General Meeting of Shareholders be convened, nominate candidates to the governing bodies and propose agenda items for the General Meeting was exercised without unnecessary difficulties. | <ol style="list-style-type: none"> In the reporting period, the shareholders were given an opportunity to propose agenda items for the Annual General Meeting of Shareholders for at least 60 days after the end of the respective calendar year. In the reporting period, the Company did not reject proposals regarding agenda items or candidates nominated to the Company's bodies because of misprints and other minor drawbacks in a shareholder's proposal. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |

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| 1.1.5 | Each shareholder had an opportunity to freely exercise the right to vote in the simplest and most convenient way for the shareholder. | 1. An internal document (internal policy) of the Company contains provisions whereby each participant of the General Meeting of Shareholders may request a copy of the ballot filled in by him/her and certified by the Company's Ballot Committee before the end of the respective meeting. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 1.1.6 | The procedure for holding the General Meeting established in the Company provides all persons present at the meeting with equal opportunities for expressing their opinions and asking questions. | <p>1. When conducting the General Meeting of Shareholders in the form of a meeting (joint presence of shareholders), a sufficient amount of time was provided to make reports on agenda items and to discuss these agenda items.</p> <p>2. Candidates nominated to the Company's governing and supervisory bodies were available for answering shareholders' questions at the meeting during which they were put to the vote.</p> <p>3. When making decisions on the preparation and holding of the General Meetings of Shareholders, the Board of Directors addressed the issue of the use of telecommunications to provide shareholders with remote access enabling them to participate in General Meetings of Shareholders in the reporting period.</p> | <p>Observed</p> <p>Partially observed</p> <p>✓ Not observed</p> | <p>In the reporting period, the Company did not conduct the General Meetings of Shareholders in the form of a meeting (joint presence).</p> <p>The Annual General Meeting of Shareholders was conducted in absentee voting in 2020 as per the resolution of the Company's Board of Directors dated April 24, 2020 (Minutes No.385/2020 dated April 27, 2020) taking into account Article 2 of the Federal Law No.50-FZ On the Acquisition by the Government of the Russian Federation of the Ordinary Shares of Sberbank of Russia from the Central Bank of the Russian Federation and Invalidation of Certain Provisions of Legislative Acts of the Russian Federation dated March 18, 2020.</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the criterion when deciding to hold the General Meeting of Shareholders in the form of in-person meeting (joint presence) starting from 2021.</p> |
| 1.2 | The shareholders are given equal and equitable opportunities to receive a share of the Company's profits by receiving dividends. | | | |
| 1.2.1 | The Company has developed and implemented a transparent and clear mechanism for determining the amount of dividends and their payment. | <p>1. The Company has developed and disclosed the Dividend Policy approved by the Board of Directors.</p> <p>2. If the Company's results recorded in its financial statements are used for determining the amount of dividends in accordance with the Company's Dividend Policy, consolidated results recorded in the financial statements are considered in its relevant provisions.</p> | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 1.2.2 | The Company does not make a decision on dividend payment if such a decision is economically unfeasible and may create a misleading impression as to the Company's operations, despite its formal compliance with the legislation. | 1. The Company's Dividend Policy clearly stipulates financial/ economic circumstances, under which the Company should not pay dividends. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 1.2.3 | The Company does not allow a deterioration in terms of dividend rights of existing shareholders. | 1. In order to prevent shareholders from using other means of gaining profit (income) from the Company, except for dividends and liquidation value, the Company's internal documents provide control mechanisms, which ensure timely identification and approval of transactions with affiliates (associates) of major shareholders (persons entitled to exercise votes attached to voting shares) in such cases when the law does not officially recognize these transactions as related-party transactions. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |

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| 1.2.4 | The Company aims to ensure that shareholders do not have any other ways to receive profit (income) from the Company, except for dividends and liquidation value. | 1. In order to prevent shareholders from using other means of gaining profit (income) from the Company, except for dividends and liquidation value, the Company's internal documents provide control mechanisms, which ensure timely identification and approval of transactions with affiliates (associates) of major shareholders (persons entitled to exercise votes attached to voting shares) in such cases when the law does not officially recognize these transactions as related-party transactions. | Observed  Partially observed Not observed | <p>The Company's internal documents approved by the General Meeting of Shareholders or Board of Directors of the Company do not provide control mechanisms, which ensure timely identification and approval of transactions with affiliates of major shareholders in such cases when the law does not officially recognize these transactions as related-party transactions.</p> <p>However, to comply with this element of the Company's Code, the Company has developed and applies the following mechanisms, which, in the opinion of the Company, are effective and sufficient to prevent gaining of unreasonable profit from the Company by anyone, including affiliates (associates) of major shareholders:</p> <ul style="list-style-type: none"> • applicable local regulations: Regulation on Organization of Contractual Works and Procedure for Identification, Conclusion of Large Transactions and Related-party Transactions — the process of qualification and follow-up control of transactions in terms of interest in their execution are defined in accordance with signs specified by the current legislation; • the list of the Company's affiliates that meets all the requirements of the current legislation and includes the most complete and up-to-date information on related parties is compiled; • the current procedure for the procurement of goods (works, services) in the Company established by the unified procurement standard of the controller approved as an internal document of the Company by the resolution of the Board of Directors of the Company is also an effective mechanism aimed at observing principle 1.2.4 of the Code; • according to Clause 3.9 of the Regulation on the Board of Directors of the Company, the Board members are obliged to notify the Company on existence of circumstances by virtue of which they may be recognized as interested in the transactions made by the Company. <p>At the moment, the Company does not plan to make additional changes to the internal documents regarding the introduction of additional control measures and procedures for approving the transactions specified in this clause.</p> |

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| 1.3 | The corporate governance system and practices should ensure equitable treatment of all shareholders owning shares of one class (type), including minority (small) shareholders and foreign shareholders, and equal treatment of them by the Company. | | | |
| 1.3.1 | The Company has created conditions necessary for ensuring that its governing bodies and controllers treat each shareholder fairly, including preventing abuse on the part of large shareholders with respect to minority shareholders. | 1. In the reporting period, management of potential conflicts of interest of major shareholders was efficient, and the Board of Directors paid due attention to conflicts between the shareholders, if any. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 1.3.2 | The Company does not take any actions, which cause or may cause artificial redistribution of corporate control. | 1. There were no quasi-treasury shares in the Company or they did not participate in voting in the reporting period. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 1.4 | Shareholders are provided with reliable and effective methods of registering ownership of shares and an opportunity to freely and quickly dispose of their shares. | | | |
| 1.4.1 | Shareholders are provided with reliable and effective methods of registering ownership of shares and an opportunity to freely and quickly dispose of their shares. | 1. The quality and reliability of activities carried out by the Company's Registrar and related to keeping a register of security holders meet the needs of the Company and its shareholders. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 2.1 | The Board of Directors is responsible for the strategic management of the Company; it formulates the basic principles and approaches to the development of the risk management and internal control system, supervises the work of the Company's executive bodies and performs other core functions. | | | |
| 2.1.1 | The Board of Directors is responsible for making decisions related to the appointment and dismissal of executive bodies, including due to improper performance of their functions. The Board of Directors also ensures that the Company's executive bodies act in accordance with the approved Development Strategy and the Company's key areas of business. | <p>1. The Board of Directors has the power to appoint and dismiss members of executive bodies, as well as to determine the terms and conditions of their contracts; these powers are stipulated in the Articles of Associations.</p> <p>2. The Board of Directors has considered the report(s) of the sole executive body and members of the collective executive body on the implementation of the Company's strategy.</p> | <p>Observed</p> <p>✓ Partially observed</p> <p>Not observed</p> | <p>Criterion 2 is partially observed.</p> <p>The Company's strategy has not been approved as a unified document, thus, the report of the sole executive body and members of the collective executive body on strategy implementation was not reviewed by the Board of Directors in the reporting year.</p> <p>However, the Company strives to comply with the recommendations of the Code. According to Sub-clause 1 of Clause 15.1 of Article 15 of the Company's Articles of Associations, the Board of Directors competences include determination of business priorities and strategy of the Company. According to Sub-clause 19 of Clause 15.1 of Article 15 of the Company's Articles of Association, the Board of Directors quarterly reviews the reports on implementation of the Company's business plan containing signs of the Company's Development Strategy. In addition, according to Sub-clause 34 of Clause 15.1 of Article 15 of the Company's Articles of Associations, the General Director regularly reports to the Board of Directors on the critical issues of the Company's activities, including implementation of the resolutions of the Board of Directors.</p> <p>Non-compliance is not time-limited. The Company plans to achieve compliance with the element of the Code in the future if the Development Strategy is approved by the Board of Directors.</p> |

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| 2.1.2 | The Board of Directors decides on the main long-term strategic targets for the Company's operations, evaluates and approves key performance indicators and the Company's main business goals, evaluates and approves the strategy and business plans for the Company's core business areas. | 1. In the reporting period, the Board of Directors addressed issues related to the implementation and review of the strategy, approval of the financial and economic plan (budget) of the Company, as well as consideration of criteria and indicators (including interim indicators) related to the implementation of the Company's strategy and business plans. | Observed  Partially observed Not observed | In 2020, the Company's Board of Directors addressed issues related to approval of the financial and economic plan (business plan) of the Company, as well as consideration of criteria and indicators (including interim indicators) of the Company's business plan. Due to absence of the approved Company's strategy, issues related to the implementation and review of the strategy, as well as consideration of the criteria and indicators (including interim indicators) related to the implementation of the Company's strategy were not considered by the Company's Board of Directors in 2019. Non-compliance is not time-limited. The Company plans to achieve compliance with the element of the Code if the Development Strategy is approved by the Board of Directors. |
| 2.1.3 | The Board of Directors determines the principles and approaches to the development of the risk management and internal control system in the Company. | 1. The Board of Directors has determined the principles and approaches to the development of the risk management and internal control system in the Company. 2. The Board of Directors assessed the risk management and internal control system of the Company in the reporting period. |  Observed Partially observed Not observed | |
| 2.1.4 | The Board of Directors determines the Company's policy on the payment of remunerations and (or) compensations (reimbursement) to the members of the Board of Directors, executive bodies or other key executives of the Company. | 1. The Company has developed and implemented the policy (policies) on remunerations and (or) compensations (reimbursement) to the members of the Board of Directors, executive bodies and other key executives of the Company; the policy (policies) has (have) been approved by the Board of Directors. 2. In the reporting period, the meetings of the Board of Directors addressed issues related to the said policy (policies). |  Observed Partially observed Not observed | |
| 2.1.5 | The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts between the Company's bodies, its shareholders and employees. | 1. The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts. 2. The Company has created a system for identifying transactions involving a conflict of interest and a system of measures for resolving such conflicts |  Observed Partially observed Not observed | |
| 2.1.6 | The Board of Directors plays a key role in ensuring the transparency of the Company, timeliness and completeness of information disclosure by the Company, and easy access of shareholders to the Company's documents. | 1. The Board of Directors has approved the Regulation on Information Policy. 2. The Company has appointed persons responsible for the implementation of the Information Policy. |  Observed Partially observed Not observed | |

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| 2.1.7 | The Board of Directors oversees the Company's corporate governance practice and plays a key role in the Company's significant corporate events. | 1. In the reporting period, the Board of Directors considered the issue of the corporate governance practice in the Company. | Observed Partially observed ✓ Not observed | In the reporting year, the issue on the corporate governance practice (on assessment of corporate governance efficiency in 2019/2020 corporate year) was not considered by the Board of Directors for reasons beyond control of the Company. However, the assessment of the corporate governance efficiency in 2019/2020 corporate year was conducted; its results were preliminarily considered by the Audit Committee of the Company's Board of Directors. Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code starting from 2021. |
| 2.2 | The Board of Directors is accountable to the Company's shareholders. | | | |
| 2.2.1 | Information on the performance of the Board of Directors is disclosed and provided to shareholders. | 1. The Annual Report of the Company for the reporting period includes information on attendance of meetings of the Board of Directors and Committees by individual Directors. 2. The Annual Report includes information on the main results of performance assessment of the Board of Directors carried out in the reporting period. | Observed ✓ Partially observed Not observed | Criterion 2 is not observed, as the assessment of performance of the Board of Directors was not conducted in the reporting year due to absence of approved Methodology for Assessing the Performance of the Board of Directors and its Committees (hereinafter – Methodology). In November 2020, the Company's Board of Directors approved the Methodology according to which the assessment of the performance of the Board of Directors and its Committees will be conducted as per the results of the completed corporate year starting from 2021. Non-compliance is time-limited. The Company plans to achieve compliance with the criterion starting from 2021. |
| 2.2.2 | The Chair of the Board of Directors is available for communication with the Company's shareholders. | 1. The Company has a transparent procedure enabling shareholders to send their questions and opinions on them to the Chair of the Board of Directors. | ✓ Observed Partially observed Not observed | |
| 2.3 | The Board of Directors is an effective and professional governing body of the Company able to make objective independent judgments and make decisions in the interests of the Company and its shareholders. | | | |
| 2.3.1 | Only persons having an impeccable business and personal reputation and the knowledge, skills and experience required for making decisions within the competence of the Board of Directors and for efficient performance of its functions are elected to the Board of Directors. | 1. The Company's procedure for performance assessment of the Board of Directors also includes evaluation of the professional qualifications of members of the Board of Directors. 2. In the reporting period, the Board of Directors (or the Nomination Committee) assessed candidates for the Board of Directors from the point of view of experience, knowledge, business reputation, lack of conflict of interest, etc. | Observed Partially observed ✓ Not observed | During the reporting year, the Board of Directors and its Personnel and Remuneration Committee did not assess the candidates for the Board of Directors. However, data on the education and work experience of the candidates for the Board of Directors is included in the set of materials for review during general meetings of shareholders and is published on the Company's official website. In addition, a questionnaire survey is conducted for the elected members of the Board of Directors to obtain detailed information on the Board members, their education, work experience, Company's shares ownership, positions held in other organizations, etc. Based on the analysis of the personal data, the current and previous composition of the Company's Board of Directors includes persons with high professional qualifications and work experience in various industries. Non-compliance is not time-limited. The Company intends to achieve compliance with the criterion in the future. |

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| 2.3.2 | Members of the Board of Directors are elected under a transparent procedure enabling shareholders to obtain information about the candidates which is sufficient to form an opinion about their personal and professional qualities. | 1. In all cases when the agenda of a General Meeting Of Shareholders held in the reporting period included election to the Board of Directors, the Company provided its shareholders with biographical details of all candidates for the Board of Directors, results of their assessment carried out by the Board of Directors (or its Nomination Committee), as well as information on whether the candidate met the criteria of independence in accordance with Recommendations 102–107 of the Code and the written consent of the candidates for election to the Board of Directors. | Observed  Partially observed Not observed | In the reporting period, during the Annual General Meeting of Shareholders, the agenda of which contained an issue of electing a member of the Board of Directors, the Company provided all the required information on the candidates for the Board of Directors, except for the assessment results of these candidates. However, based on the analysis of the composition of the Company's Board of Directors, a shareholder conducts a thorough assessment of the candidates when nominating them to the Board of Directors, as evidenced by the fact that the current and previous compositions of the Company's Board of Directors consist of persons with high professional qualifications and work experience in various industries. Non-compliance is not time-limited. The Company intends to achieve compliance with the criterion in the future. |
| 2.3.3 | The composition of the Board of Directors is balanced, including in terms of its members' qualifications, experience, knowledge and business skills, and enjoys the confidence of shareholders. | 1. As part of performance assessment of the Board of Directors in the reporting period, the Board of Directors analyzed its own needs for professional qualifications, experience and business skills. | Observed Partially observed  Not observed | In the reporting year, the performance assessment of the Board of Directors was not conducted due to absence of the Methodology. In November 2020, the Board of Directors approved the Methodology providing for the analysis of own needs for professional qualifications, experience and business skills of the members of the Board of Directors. Non-compliance is time-limited. The Company plans to achieve compliance with the criterion starting from 2021. |
| 2.3.4 | The number of members of the Company's Board of Directors makes it possible to organize its work most effectively, including the opportunity to form Board Committees, as well as gives the Company's substantial minority shareholders an opportunity to elect a candidate for whom they vote to the Board of Directors. | 1. As part of assessment of the Board of Directors carried out in the reporting period, the Board of Directors considered whether the number of its members met the needs of the Company and promoted the interests of its shareholders. | Observed Partially observed  Not observed | In the reporting year, the performance assessment of the Board of Directors was not conducted due to absence of the Methodology. In November 2020, the Board of Directors approved the Methodology for Assessing the Performance of the Board of Directors and its Committees providing for the analysis whether the number of its members meets the needs of the Company and promotes the interests of its shareholders. Non-compliance is time-limited. The Company plans to achieve compliance with the criterion starting from 2021. |

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| 2.4 | An adequate number of Independent Directors sit on the Board of Directors. | | | |
| 2.4.1 | A person shall be qualified as an "Independent Director" if he or she has sufficient professional skills, experience and independence to form his/her own opinion, is able to make objective and fair judgments independently of the executive bodies of the Company, individual groups of shareholders or other stakeholders. At the same time, it should be noted that under normal circumstances a candidate (an elected member of the Board of Directors) associated with the Company, its major shareholder, major counterparty, competitor or the government cannot be considered independent. | 1. In the reporting period, all independent members of the Board of Directors met all independence criteria specified in Recommendations 102–107 of the Code or were recognized as independent by the Board of Directors. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 2.4.2 | The Company assesses whether candidates for the Board of Directors meet the independence criteria, and a regular analysis is carried out to determine whether independent members of the Board of Directors meet the independence criteria. When carrying out the assessment, content should prevail over form. | <p>1. In the reporting period, the Board of Directors (or the Nomination Committee) formed an opinion on the independence of each candidate nominated to the Board of Directors and provided the shareholders with the relevant statement.</p> <p>2. In the reporting period, the Board of Directors (or the Nomination Committee) considered the independence of the current members of the Board of Directors who are specified in the Annual Report as Independent Directors of the Company at least once.</p> <p>3. The Company has developed procedures stipulating the actions to be taken by a member of the Board of Directors if he or she ceases to be independent, including the obligation to inform the Board of Directors of it in a timely manner.</p> | <p>Observed</p> <p>✓ Partially observed</p> <p>Not observed</p> | <p>Criteria 1 and 2 are not observed.</p> <p>In the reporting period, the Board of Directors and Personnel and Remuneration Committee did not carry out the assessment of each candidate and member of the Board of Directors. In the reporting year, the Company determined the independence status of the Board of Directors members by criteria specified by the Code. The Company quarterly asked the members of the Board of Directors to submit information required and sufficient for disclosure of data about them and detailing of their status.</p> <p>The Methodology approved by the Board of Directors established an approximate list of self-assessment criteria, including the criterion concerning the independence of Directors,</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in the future.</p> |
| 2.4.3 | Independent Directors comprise at least one third of the elected members of the Board of Directors. | 1. Independent Directors comprise at least one third of the membership of the Board of Directors. | <p>Observed</p> <p>Partially observed</p> <p>✓ Not observed</p> | <p>In the reporting period, the Board of Directors includes two Independent Directors, which is less than one third of Independent Directors.</p> <p>The Company has no opportunity to affect the compliance with this element of the Code.</p> <p>At the same time, the proportion of Independent Members in the Board of Directors currently meets the requirements for corporate governance of the issuer established by the Listing Rules of the Moscow Exchange.</p> <p>Non-compliance is not time-limited.</p> <p>The Company plans to achieve compliance with the element of the Code in the future.</p> |

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| 2.4.4 | Independent Directors play a key role in preventing internal conflicts in the Company and in significant corporate actions taken by the Company. | 1. Independent Directors (who have no conflict of interest) make a preliminary assessment of significant corporate actions involving potential conflict of interest and submit the results of this assessment to the Board of Directors. | Observed ✓ Partially observed Not observed | <p>The assessment of significant corporate actions involving potential conflict of interest was not submitted to the Board of Directors by the Independent Directors in the reporting year. However, the Regulation on the Board of Directors established the obligation for its members to refrain from actions that will or may lead to a conflict between their and Company's interests, as well as to immediately report the existence of a potential conflict of interests to the Board of Directors of the Company and in any case put interests of the Company above their own interests. The Company considers these measures sufficient for preventing internal conflicts.</p> <p>In the reporting year, the members of the Board of Directors did not have any conflicts of interest.</p> <p>The Company has no opportunity to affect the compliance with this element of the Code.</p> <p>Non-compliance is not time-limited.</p> <p>The Company plans to achieve compliance with the element of the Code in the future.</p> |
| 2.5 | The Chair of the Board of Directors ensures that the functions assigned to the Board of Directors are performed as efficiently as possible. | | | |
| 2.5.1 | The Board of Directors is chaired by an Independent Director, or a Senior Independent Director is selected from among elected Independent Directors to coordinate the activities of the Independent Directors and communicate with the Chair of the Board of Directors. | 1. The Chair of the Board of Directors is an Independent Director or a Senior Independent Director has been selected from among Independent Directors 2. The role, rights and duties of the Chair of the Board of Directors (and, if applicable, of the Senior Independent Director) are properly specified in the Company's internal documents. | Observed ✓ Partially observed Not observed | <p>Criterion 1 is not observed.</p> <p>The Chair of the Board of Directors is not an Independent Director.</p> <p>The Company's Board of Directors has not selected the Senior Independent Director due to absence of initiative of the Board of Directors members concerning election of the Senior Independent Director.</p> <p>The Company has no opportunity to affect the criterion observance. Non-compliance is not time-limited.</p> |
| 2.5.2 | The Chair of the Board of Directors creates a constructive atmosphere at the meetings, facilitates open discussion of agenda items and supervises the implementation of resolutions adopted by the Board of Directors. | 1. The performance of the Chair of the Board of Directors was assessed as part of the procedure for assessing the performance of the Board of Directors in the reporting period. | Observed Partially observed ✓ Not observed | <p>In the reporting year, the performance of the Board of Directors was not assessed due to absence of approved regulating documents.</p> <p>The Methodology for Assessing the Performance of the Board of Directors and its Committees approved in November 2020 provides for the performance assessment of the Chair of the Board of Directors.</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code starting from 2021.</p> |
| 2.5.3 | The Chair of the Board of Directors takes necessary measures to ensure timely provision of the members of the Board of Directors with information required to adopt resolutions on agenda items. | 1. The duty of the Chair of the Board of Directors to take measures to ensure timely provision of the members of the Board of Directors with materials on agenda items of the meeting of the Board of Directors is stipulated in the Company's internal documents. | ✓ Observed Partially observed Not observed | |

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| 2.6 | Members of the Board of Directors of sufficient information, exercising due diligence and care. | act reasonably and in good faith in the interests of the Company and its shareholders on the basis | | |
| 2.6.1 | Members of the Board of Directors adopt resolutions taking into account all available information, with no conflict of interest, ensuring equal treatment of the Company's shareholders, and within the limits of standard business risk. | <ol style="list-style-type: none"> 1. The Company's internal documents stipulate that a member of the Board of Directors shall inform the Board of Directors if there is a conflict of interest in relation to any issue on the agenda of the meeting of the Board of Directors or a Board Committee prior to discussion of that issue. 2. The Company's internal documents stipulate that a member of the Board of Directors shall refrain from voting on any issue in relation to which he or she has a conflict of interest. 3. The Company has established a procedure which allows the Board of Directors to obtain professional advice on issues within its competence at the expense of the Company. | <p>Observed</p> <p>✓ Partially observed</p> <p>Not observed</p> | <p>Criterion 3 is observed partially in terms of the members of the Board of Directors which are also members of the Board Committees.</p> <p>The norm that allows to a member of the Board of Directors and its Committee to get professional advice on issues concerning his/her competence at Company's expense is contained in the Regulations on the Committees. However, the Regulation on the Board of Directors includes an obligation for the Company's executive bodies to submit documents and information required for making decisions on its competence by the Board of Directors to the Board.</p> <p>The Company has no opportunity to affect the criterion observance. Non-compliance is not time-limited.</p> |
| 2.6.2 | The rights and responsibilities of the members of the Board of Directors are clearly worded and set out in the Company's internal documents. | <ol style="list-style-type: none"> 1. The Company has adopted and published an internal document, which clearly determines the rights and responsibilities of the members of the Board of Directors. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
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| 2.6.3 | Members of the Board of Directors have sufficient time to perform their duties. | <ol style="list-style-type: none"> Individual attendance of meetings of the Board and the Committees, as well as the time devoted to preparation for participation in the meetings, were taken into account when performing the assessment of the Board of Directors in the reporting period. In accordance with the Company's internal documents, members of the Board of Directors shall inform the Board of Directors of their intention to join the governing bodies of any other organizations (apart from organizations controlled by or affiliated with the Company), and of the fact of such an appointment. | <p>Observed</p> <p>Partially observed</p> <p>✓ Not observed</p> | <p>Criterion 1. In the reporting year, the performance of the Board of Directors was not assessed due to absence of the approved Methodology.</p> <p>In November 2020, the Board of Directors approved the Methodology, under which the performance of the Board of Directors is assessed, including individual attendance of meetings of the Board of Directors and its Committees and the time devoted to preparation for participation.</p> <p>High level of attendance of members of the Board of Directors in the reporting year confirms that the members of the Board of Directors have enough time to execute their duties.</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code starting from 2021.</p> <p>Criterion 2. The internal documents do not stipulate that members of the Board of Directors shall inform the Board of Directors of their intention to join the governing bodies of any other organizations (apart from organizations controlled by or affiliated with the Company), and of the fact of such an appointment.</p> <p>But in actual practice the Company:</p> <ul style="list-style-type: none"> quarterly requests the data on held positions from the members of the governing bodies, monitors open sources of information on joining the members of the Company's Board of Directors to the governing or control bodies of other organizations on a regular basis. <p>The Company has no opportunity to affect the criterion observance. Non-compliance is not time-limited.</p> |
| 2.6.4 | All members of the Board of Directors have equal access to the Company's documents and information. Newly elected members of the Board of Directors are provided with sufficient information on the Company and the work of the Board of Directors in the shortest time possible. | <ol style="list-style-type: none"> In accordance with the Company's internal documents, members of the Board of Directors have the right to access documents and make inquiries concerning the Company and its affiliated organizations, and the Company's executive bodies shall provide the said information and documents. The Company has a formalized induction program for newly elected members of the Board of Directors. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
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| 2.7 | Meetings of the Board of Directors, preparation for them and participation of the members of the Board of Directors in the meetings enable efficient work of the Board of Directors. | | | |
| 2.7.1 | Meetings of the Board of Directors are held when necessary, given the scale of the Company's operations and challenges facing the Company at any given time. | 1. The Board of Directors held at least six meetings in the reporting year. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 2.7.2 | The Company's internal documents set out a procedure for preparing and holding meetings of the Board of Directors ensuring that the members of the Board of Directors are able to prepare for them properly. | 1. The Company has approved an internal document, which determines the procedure for preparing and holding meetings of the Board of Directors and stipulates, among other things, that notification of the meeting shall be generally given at least five days before the date of the meeting. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 2.7.3 | The form of the meeting of the Board of Directors is determined taking into account the importance of agenda items. The most important issues are addressed at face-to-face meetings. | 1. The Articles of Associations or an internal document of the Company stipulates that the most important issues (according to the list given in Recommendation 168 of the Code) shall be addressed at face-to-face meetings of the Board. | <p>Observed</p> <p>Partially observed</p> <p>✓ Not observed</p> | <p>The list of issues that shall be considered by the Board of Directors at face-to-face meetings is set out in the Regulation on the Board of Directors and does not completely correspond to the list given in the Recommendation 168 of the Code.</p> <p>At the same time, according to this Regulation, the form of a meeting of the Board of Directors is determined by the Chair of the Company's Board of Directors taking into account the importance of agenda items.</p> <p>The Company has no opportunity to affect the criterion observance. Non-compliance is not time-limited.</p> |
| 2.7.4 | Resolutions concerning the most important issues of the Company's business are adopted at the meeting of the Board of Directors by a qualified majority or by a majority of votes cast by all elected members of the Board of Directors. | 1. The Company's Articles of Associations stipulates that resolutions concerning the most important issues specified in Recommendation 170 of the Code shall be adopted at the meeting of the Board of Directors by a qualified majority comprising at least three quarters of votes, or by a majority of votes cast by all elected members of the Board of Directors. | <p>Observed</p> <p>Partially observed</p> <p>✓ Not observed</p> | <p>The Company's Articles of Associations do not stipulate that resolutions concerning the most important issues specified in Recommendation 170 of the Code shall be adopted at the meeting of the Board of Directors by a qualified majority comprising at least three quarters of votes, or by a majority of votes cast by all elected members of the Board of Directors.</p> <p>The Company has no opportunity to affect the criterion observance. Non-compliance is not time-limited.</p> |

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
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| 2.8 | The Board of Directors establishes | Committees for preliminary consideration of the most important | issues related to the Company's business. | |
| 2.8.1 | An Audit Committee consisting of Independent Directors has been established for preliminary consideration of any issues related to the monitoring of the Company's financial and business operations. | <ol style="list-style-type: none"> The Board of Directors has formed the Audit Committee consisting of Independent Directors only. The Company's internal documents set out the duties of the Audit Committee, including, among other things, those specified in Recommendation 172 of the Code. At least one member of the Audit Committee who is an Independent Director has experience in and knowledge of preparation, analysis, evaluation and audit of financial statements. Meetings of the Audit Committee were held at least once a quarter in the reporting period. | <p>Observed</p> <p>✓ Partially observed</p> <p>Not observed</p> | <p>Criterion 1 is not observed. The Audit Committee has one Independent Director who is the Chair of the Committee. In the reporting year, number of independent members of the Board of Directors is less than number of members of the Audit Committee.</p> <p>The Company has no opportunity to affect the criterion observance. Non-compliance is not time-limited.</p> |
| 2.8.2 | A Remuneration Committee consisting of Independent Directors and chaired by an Independent Director who is not the Chair of the Board of Directors has been established for preliminary consideration of any issues related to the establishment of an efficient and transparent remuneration practice. | <ol style="list-style-type: none"> The Board of Directors has formed the Remuneration Committee consisting of Independent Directors only. The Chair of the Remuneration Committee is an Independent Director who is not the Chair of the Board of Directors. The Company's internal documents set out the duties of the Remuneration Committee, including those specified in Recommendation 180 of the Code. | <p>Observed</p> <p>✓ Partially observed</p> <p>Not observed</p> | <p>Criterion 1 is partially observed.</p> <p>The Company has established the Personnel and Remuneration Committee. Independent Directors are not involved in its membership.</p> <p>Criterion 2 is not observed.</p> <p>The Committee is chaired by a person who is not the Chair of the Board of Directors.</p> <p>Criterion 3 is partially observed.</p> <p>The duties of the Committee are determined in the Regulation on the Personnel and Remuneration Committee, but due to the fact that this revision of the document has been approved in 2014, it does not contain all the norms specified in the Recommendation 180 of the Code. The duties of the specified body do not meet the recommendations of the Code in terms of statements on incentives of the Corporate Secretary and on report on feasibility.</p> <p>The Company has no opportunity to affect the specified criteria observance.</p> <p>Non-compliance is not time-limited.</p> |
| 2.8.3 | A Nomination (Appointment, Personnel) Committee consisting mostly of Independent Directors has been established for preliminary consideration of any issues related to workforce planning (succession planning), professional composition and performance of the Board of Directors. | <ol style="list-style-type: none"> The Board of Directors has established the Nomination Committee (or another Committee performs its duties specified in Recommendation 186 of the Code) consisting mostly of Independent Directors. The Company's internal documents set out the duties of the Nomination Committee (or another Committee with shared functions), including those specified in Recommendation 186 of the Code. | <p>Observed</p> <p>Partially observed</p> <p>✓ Not observed</p> | <p>Criterion 1 The Company has established the Personnel and Remuneration Committee. Independent Directors are not involved in its membership.</p> <p>Criterion 2. From the duties specified in Recommendations of the Code only those concerning election and termination of powers of the members of the Management Board, as well as approving of candidates for certain positions of the Executive Office are imposed upon the Committee.</p> <p>The Company has no opportunity to affect the specified criteria observance.</p> <p>Non-compliance is not time-limited.</p> |

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
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| 2.8.4 | Given the scale of business and the risk level, the Company's Board of Directors has made sure that the membership of its Committees meets all objectives of the Company's operations. Additional Committees have been either formed or considered unnecessary (the Strategy Committee, the Corporate Governance Committee, the Ethics Committee, the Risk Management Committee, the Budget Committee, the Health, Safety and Environment Committee, etc.). | 1. In the reporting period, the Company's Board of Directors considered whether the membership of its Committees was consistent with the duties of the Board of Directors and the objectives of the Company's operations. Additional Committees have been either formed or considered unnecessary. | Observed Partially observed ✓ Not observed | <p>The Company has in place five Committees of the Board of Directors: The Audit Committee, the Strategy Committee, Personnel and Remuneration Committee, Reliability Committee, Grid Connection Committee.</p> <p>Key objectives of the activities, competences and powers of the Committees, as well as procedure of their formation and operation are determined by the Regulations approved by the Board of Directors.</p> <p>The Board of Directors is guided by skills and qualifications of the candidates when electing the membership of the Committees.</p> <p>In the reporting period, the Board of Directors did not consider whether the membership of its Committees was consistent with the duties of the Board of Directors and the objectives of the Company's operations due to absence of practice regarding considering this issue.</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in the future.</p> |
| 2.8.5 | The membership of Committees is determined so that it would enable a comprehensive discussion of issues for preliminary consideration, taking into account different opinions. | <p>1. Committees of the Board of Directors are chaired by Independent Directors.</p> <p>2. The Company's internal documents (policies) contain provisions whereby persons who are not members of the Audit Committee, the Nomination Committee or the Remuneration Committee may only attend meetings of the Committees by invitation of the Chair of the relevant Committee.</p> | Observed ✓ Partially observed Not observed | <p>Criterion 1 is observed only relative to the Audit Committee.</p> <p>Criterion 2 is partially observed.</p> <p>It is observed relative to the Audit Committee.</p> <p>According to Clause 10.4.25 of the Regulation on the Audit Committee of the Company's Board of Directors, the third parties can be invited by the Chair of the Committee to attend the meeting.</p> <p>The criterion is not observed relative to the Personnel and Remuneration Committee.</p> <p>According to Clause 10.2.1 of the Regulation on the Personnel and Remuneration Committee, in-person meetings of the Committee can be attended by members of the Committee, as well as invited persons.</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in the future.</p> |
| 2.8.6 | Chairs of the Committees regularly inform the Board of Directors and its Chair on the performance of their Committees. | 1. In the reporting period, the Chairs of the Committees regularly reported to the Board of Directors on the performance of their Committees. | ✓ Observed Partially observed Not observed | |
| 2.9 | The Board of Directors arranges a performance assessment of the Board of Directors, its Committees and members. | | | |
| 2.9.1 | Performance assessment of the Board of Directors is aimed at evaluating the performance of the Board of Directors, its Committees and members, determining whether their work meets the Company's development needs, intensifying the work of the Board of Directors and identifying opportunities for the improvement of its performance. | <p>1. Self-assessment or an external assessment of performance of the Board of Directors carried out in the reporting period included the assessment of performance of its Committees, individual members and the Board of Directors as a whole.</p> <p>2. Results of self-assessment or an external assessment of the Board of Directors carried out in the reporting period were considered at a face-to-face meeting of the Board of Directors.</p> | Observed Partially observed ✓ Not observed | <p>In the reporting year, the performance of the Board of Directors was not assessed due to absence of the approved Methodology for Assessing the Performance of the Board of Directors and its Committees.</p> <p>In November 2020, the Board of Directors approved the specified Methodology.</p> <p>Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code starting from 2021.</p> |

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
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| 2.9.2 | Assessment of performance of the Board of Directors, its Committees and members is carried out on a regular basis at least once a year. An external organization (consultant) is engaged to perform an independent assessment of performance of the Board of Directors at least once every three years. | 1. An external organization (consultant) was engaged to perform an independent assessment of performance of the Board of Directors at least once during the last three reporting periods. | Observed Partially observed ✓ Not observed | An external organization (consultant) was not engaged to perform an independent assessment of performance of the Board of Directors during the last three reporting periods due to absence of the Methodology. In November 2020, the Company's Board of Directors approved the specified Methodology. Non-compliance is time-limited. The Company plans to achieve compliance with the element of the Code in 2021. |
| 3.1 | The Company's Corporate Secretary facilitates efficient ongoing communication with shareholders, coordinates the Company's efforts aimed at protecting the shareholders' rights and interests and supports efficient work of the Board of Directors. | | | |
| 3.1.1 | The Corporate Secretary has knowledge, expertise and qualification sufficient for performing his or her duties; he or she shall also have an excellent reputation and enjoy shareholders' confidence. | 1. The Company has adopted and disclosed an internal document: the Regulation on the Corporate Secretary. 2. Biographical details of the Corporate Secretary are provided on the Company's website and in the Annual Report; they are as detailed as those of the members of the Board of Directors and the Company's executive officers. | ✓ Observed Partially observed Not observed | |
| 3.1.2 | The Corporate Secretary is sufficiently independent from the Company's executive bodies and has the necessary powers and resources to carry out his or her tasks. | 1. The Board of Directors approves the appointment and dismissal of the Corporate Secretary and his or her additional remuneration. | ✓ Observed Partially observed Not observed | |
| 4.1 | The amount of remuneration paid by the Company is sufficient for attracting, motivating and retaining employees who have the competence and qualification required by the Company. Remuneration is paid to members of the Board of Directors, executive bodies and other key executives of the Company in accordance with the Remuneration Policy adopted by the Company. | | | |
| 4.1.1 | Remuneration paid by the Company to members of the Board of Directors, executive bodies and other key executives is sufficient to motivate them to work efficiently, enabling the Company to attract and retain competent and qualified specialists. At the same time, the Company avoids paying remuneration that is larger than necessary and seeks to prevent an unreasonably large gap between the amounts of remuneration paid to the said persons and the Company's employees. | 1. The Company has adopted an internal document (documents): a policy (policies) on remuneration of the members of the Board of Directors, executive bodies and other key executives, which clearly defines approaches to remuneration of the said persons. | ✓ Observed Partially observed Not observed | |
| 4.1.2 | The Company's Remuneration Policy has been developed by the Remuneration Committee and approved by the Board of Directors. The Board of Directors supported by the Remuneration Committee monitors the adoption and implementation of the Remuneration Policy in the Company and, if necessary, revises it and makes adjustments to it. | 1. In the reporting period, the Remuneration Committee considered the Remuneration Policy (policies) and its (their) implementation and, where necessary, provided the Board of Directors with the relevant recommendations. | ✓ Observed Partially observed Not observed | |

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
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| 4.1.3 | The Company's Remuneration Policy includes transparent mechanisms for determining the amount of remuneration for the members of the Board of Directors, executive bodies and other key executives of the Company; in addition, it regulates all types of payments, benefits and privileges provided to the said persons. | 1. The Remuneration Policy (policies) of the Company includes (include) transparent mechanisms for determining the amount of remuneration for the members of the Board of Directors, executive bodies and other key executives of the Company; in addition, it (they) regulates (regulate) all types of payments, benefits and privileges provided to the said persons. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 4.1.4 | The Company formulates the policy on reimbursement of expenses (compensation), which defines the expenses to be reimbursed and the service level, which may be provided to members of the Board of Directors, executive bodies and other key executives of the Company. This policy may form part of the Company's Remuneration Policy. | 1. The Remuneration Policy (policies) or other internal documents of the Company establish the procedures for reimbursement of expenses incurred by members of the Board of Directors, executive bodies and other key executives of the Company. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 4.2 | The system of remuneration for the members of the Board of Directors ensures that the Directors' financial interests are aligned with the long-term financial interests of shareholders. | | | |
| 4.2.1 | <p>The Company pays fixed annual remuneration to the members of the Board of Directors. The Company does not pay remuneration for participating in individual meetings of the Board of Directors or Committees under the Board of Directors.</p> <p>The Company does not offer short-term or additional financial incentives to the members of the Board of Directors.</p> | 1. Fixed annual remuneration was the only form of financial remuneration paid to the members of the Board of Directors for their work in the reporting period. | <p>Observed</p> <p>Partially observed</p> <p>✓ Not observed</p> | <p>In accordance with the current Regulation on Remuneration and Reimbursement Payment to the Board of Directors of the Company:</p> <ul style="list-style-type: none"> – the remuneration to the members of the Board of Directors is paid quarterly in the period starting from the candidate election to the Board and finishing at the end of the Board's office; – members of the Board of Directors have a right for reimbursement of expenses related to participating in meetings of the Board of Directors, its Committees, General Meetings of Shareholders of the Company. <p>An opportunity to approve the Regulation on Remuneration of the Board of Directors in edition meeting the recommendations of the Code depends of position of the Company's shareholders.</p> <p>The Company has no opportunity to affect the specified criterion observance.</p> <p>Non-compliance is not time-limited.</p> |
| 4.2.2 | Long-term ownership of the Company's shares is the most important factor ensuring that financial interests of members of the Board of Directors are aligned with long-term interests of shareholders. At the same time, the Company does not make the right to sell shares dependent on compliance with certain performance targets, and the members of the Board of Directors do not participate in stock options plans. | 1. If an internal document (documents), namely the Company's policy (policies) on remuneration, stipulate(s) that members of the Board of Directors are to be provided with shares, clear rules regarding the ownership of shares by the members of Board of Directors, which are aimed at encouraging long-term ownership of such shares, should be introduced and disclosed. | <p>Observed</p> <p>Partially observed</p> <p>✓ Not observed</p> | <p>The Company has no an internal document (documents), namely the Company's policy (policies) on remuneration, stipulating that members of the Board of Directors are to be provided with shares.</p> <p>An opportunity to approve the Regulation on Remuneration of the Board of Directors in edition meeting the recommendations of the Code depends of position of the Company's shareholders.</p> <p>The Company has no opportunity to affect the specified criterion observance.</p> <p>Non-compliance is not time-limited.</p> |

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
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| 4.2.3 | The Company's internal documents do not provide for any additional payments or compensations in case of early dismissal of the members of the Board of Directors due to a change of control over the Company or other circumstances. | 1. The Company's internal documents do not provide for any additional payments or compensations in case of early dismissal of the members of the Board of Directors due to a change of control over the Company or other circumstances. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 4.3 | The system of remuneration for members of executive bodies and other key executives of the Company ensures that the remuneration is linked to the Company's performance and reflects their personal contribution to this performance. | | | |
| 4.3.1 | Remuneration paid to members of executive bodies and other key executives of the Company is determined in such a way as to ensure a reasonable and justified ratio of fixed components of remuneration to its variable components, which depend on the Company's performance and an employee's personal (individual) contribution to this performance. | <p>1. In the reporting period, annual performance indicators approved by the Board of Directors were used to determine variable components of remuneration for members of executive bodies and other key executives of the Company.</p> <p>2. During the last assessment of the system of remuneration for the members of executive bodies and other key executives of the Company, the Board of Directors (the Remuneration Committee) made sure that the Company used an effective combination of fixed and variable components of remuneration.</p> <p>3. The Company has a procedure ensuring that bonuses wrongfully received by the members of executive bodies and other key executives of the Company are returned to the Company.</p> | <p>Observed</p> <p>✓ Partially observed</p> <p>Not observed</p> | <p>Criterion 1.</p> <p>The criterion is observed in relation to the sole executive body (General Director).</p> <p>It is partially observed in relation to members of the collective executive body (the Company's Management Board) and other key executives.</p> <p>The variable component of their remuneration is determined by the Regulation on Material Incentives and the Social Package of Senior Managers of the Company approved by the Board of Directors.</p> <p>Criterion 2.</p> <p>In the reporting year the Board of Directors took the following measures after preliminary consideration of these measure by the Personnel and Remuneration Committee to create an efficient ratio of fixed and variable components of remuneration to members of the executive bodies and other key executives of the Company:</p> <ul style="list-style-type: none"> • approved the revised Methodology for Calculating and Evaluating KPIs of the General Director; • made amendments to the Regulation on Material Incentives and the Social Package of Senior Managers of the Company (members of the Management Board are included to this category). <p>Criterion 3.</p> <p>Statements of the Company's internal documents regulating payment of remuneration to members of the executive bodies and other key executives of the Company prevent a possibility of wrongful receiving of bonuses by the said persons.</p> <p>Return of bonuses wrongfully received by the members of the executive bodies (members of the Management Board and General Director) and other key executives of the Company to the Company (if such fact has been confirmed) is implemented in accordance with applicable legislation of the Russian Federation, under which this procedure can be provided only due to calculation error or with consent of the employee.</p> |

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
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| 4.3.2 | The Company has implemented a long-term incentive plan for members of executive bodies and other key executives involving the use of the Company's shares (options or other derivatives for which the Company's shares are underlying assets). | <ol style="list-style-type: none"> The Company has implemented a long-term incentive plan for members of executive bodies and other key executives involving the use of the Company's shares (financial instruments based on the Company's shares). The long-term incentive plan for members of executive bodies and other key executives of the Company stipulates that the right to sell shares and other financial instruments used in this plan may be exercised no earlier than three years after their provision. At the same time, the right to sell them is related to achievement of certain performance targets of the Company. | <p>Observed</p> <p>Partially observed</p> <p>✓ Not observed</p> | <p>The long-term incentive plan for members of executive bodies and other key executives involving the use of the Company's shares (financial instruments based on the Company's shares) is not introduced in the Company due to absence of the positive decision of shareholders.</p> <p>The Company has no opportunity to affect the specified criterion observance.</p> <p>Non-compliance is not time-limited.</p> |
| 4.3.3 | The amount of compensation (the golden parachute) paid by the Company in the event of early dismissal of members of executive bodies or key executives on the Company's initiative and in the absence of wrongdoings on their part does not exceed twice the size of the fixed component of annual remuneration. | <ol style="list-style-type: none"> The amount of compensation (the golden parachute) paid by the Company in the event of early dismissal of members of executive bodies or key executives on the Company's initiative and in the absence of wrongdoings on their part did not exceed twice the size of the fixed component of annual remuneration in the reporting period. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 5.1 | The Company has created an effective risk management and internal control system aimed at providing reasonable assurance that the Company will achieve its goals. | | | |
| 5.1.1 | The Board of Directors has established the principles of and approaches to organizing a risk management and internal control system in the Company. | <ol style="list-style-type: none"> Functions of the Company's various governing bodies and divisions within the risk management and internal control system are clearly defined in internal documents/ the relevant policy of the Company approved by the Board of Directors. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 5.1.2 | The Company's executive bodies ensure the creation and support of an efficient risk management and internal control system in the Company. | <ol style="list-style-type: none"> The Company's executive bodies have ensured the distribution of functions and powers in the sphere of risk management and internal control among heads of units and divisions accountable to them. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 5.1.3 | The risk management and internal control system of the Company gives a fair, objective and clear picture of the current situation in the Company and its prospects and ensures integrity and transparency of the Company's statements. It also ensures that risks taken by the Company are reasonable and acceptable. | <ol style="list-style-type: none"> The Company has approved an Anticorruption Policy. The Company has developed a convenient method for informing the Board of Directors or its Audit Committee about violations of the law, internal procedures or the Corporate Code of Ethics. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
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| 5.1.4 | The Company's Board of Directors takes necessary measures to make sure that the Company's risk management and internal control system is in line with the principles of and approaches to its organization formulated by the Board of Directors and that it functions efficiently. | 1. In the reporting period, the Board of Directors or the Audit Committee of the Board of Directors assessed the performance of the Company's risk management and internal control system. The key results of this assessment are included in the Company's Annual Report. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 5.2 | The Company organizes internal audit in order to make an independent and systematic assessment of the reliability and performance of the risk management and internal control system and the corporate governance practice. | | | |
| 5.2.1 | To conduct internal audit, the Company has created a separate unit or has engaged an independent third-party organization. Functional and administrative accountability of the internal audit unit is delineated. The internal audit unit is functionally accountable to the Board of Directors. | 1. To conduct internal audit, the Company has created a separate unit responsible for internal audit, which is functionally accountable to the Board of Directors or the Audit Committee, or an independent third-party organization has been engaged following the same accountability principles. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 5.2.2 | The internal audit unit assesses the performance of the internal control system, the risk management system and the corporate governance system. The Company uses generally accepted performance standards in the sphere of internal audit. | <p>1. In the reporting period, as part of internal audit, the performance of the internal control and risk management system was assessed.</p> <p>2. The Company uses generally accepted approaches to internal control and risk management.</p> | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
|-------|---|--|---|---|
| 6.1 | The Company and its operations are transparent to shareholders, investors and other stakeholders. | | ✓ Observed | |
| 6.1.1 | The Company has developed and implemented an Information Policy ensuring effective communication between the Company, its shareholders, investors and other stakeholders. | <ol style="list-style-type: none"> <li data-bbox="563 378 842 506">1. The Board of Directors has approved the Company's Information Policy developed taking into account the recommendations of the Code. <li data-bbox="563 521 842 674">2. The Board of Directors (or one of its Committees) considered issues related to the Company's compliance with its Information Policy at least once in the reporting period. | <p>Partially observed</p> <p>Not observed</p> | |
| 6.1.2 | The Company discloses information on the system and practice of corporate governance, including detailed information on compliance with the principles and recommendations of the Code. | <ol style="list-style-type: none"> <li data-bbox="563 680 847 831">1. The Company discloses information on its corporate governance system and general corporate governance principles used by it, including disclosure on the Company's website. <li data-bbox="563 846 847 1055">2. The Company discloses information on the membership of executive bodies and the Board of Directors, independence of its members and their membership in the Committees of the Board of Directors (as defined in the Code). <li data-bbox="563 1070 847 1216">3. If there is an entity controlling the Company, the Company publishes a memorandum of this entity (controller) detailing its plans concerning corporate governance in the Company. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
|-------|--|---|---|---|
| 6.2 | The Company discloses comprehensive, up-to-date and accurate information on the Company in a timely manner to ensure that its shareholders and investors are able to make informed decisions. | | | |
| 6.2.1 | The Company discloses information in accordance with the principles of regularity, consistency and promptness, as well as availability, accuracy, comprehensiveness and comparability of disclosed data. | <ol style="list-style-type: none"> The Company's Information Policy stipulates approaches to and criteria for identifying information, which may have a significant impact on the value of the Company and its securities, as well as procedures ensuring timely disclosure of such information. If the Company's securities are traded on foreign organized markets, the disclosure of material information in the Russian Federation and on such markets is simultaneous and equivalent during the reporting year. If foreign shareholders own a considerable number of shares in the Company, information was disclosed not only in Russian, but also in one of the prevailing foreign languages during the reporting year. | <p>Observed</p> <p>Partially observed</p> <p>✓ Not observed</p> | <p>Criterion 1 is not observed.</p> <p>The Company's Information Policy does not stipulate approaches to and criteria for identifying information, which may have a significant impact on the value of the Company and its securities, as well as procedures ensuring timely disclosure of such information.</p> <p>The Company has no opportunity to affect the specified criterion observance.</p> <p>Non-compliance is not time-limited.</p> <p>Criteria 2 and 3 are not applicable for the Company.</p> |
| 6.2.2 | The Company avoids using a formal approach to information disclosure and discloses material information on its operations even if the law does not require disclosing such information. | <ol style="list-style-type: none"> In the reporting period, the Company disclosed IFRS financial statements for the six months and for the full year. The Company's Annual Report for the reporting period includes IFRS annual financial statements and an auditor's report. The Company discloses comprehensive information on its capital structure in accordance with Recommendation 290 of the Code in the Annual Report and on its website. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |
| 6.2.3 | Being one of the most important means of communication with shareholders and other stakeholders, the Annual Report contains information enabling an assessment of the Company's performance during the year. | <ol style="list-style-type: none"> The Company's Annual Report contains information on the key aspects of its operations and its financial results The Company's Annual Report contains information on environmental and social aspects of its operations. | <p>✓ Observed</p> <p>Partially observed</p> <p>Not observed</p> | |

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
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| 6.3 | The Company provides equal and easy access to information and documents at the shareholders' request. | | | |
| 6.3.1 | The Company provides equal and easy access to information and documents at the shareholders' request. | 1. The Company's Information Policy stipulates that shareholders shall be granted easy access to information, including information on legal entities controlled by the Company, at the shareholders' request. | Observed ✓ Partially observed Not observed | The Company's Information Policy stipulates that shareholders shall be granted easy access to information, but it does not defines a procedure for provision of information on legal entities controlled by the Company, at the shareholders' request. The Company has no opportunity to affect the specified criterion observance. Non-compliance is not time-limited. |
| 6.3.2 | When the Company provides information to shareholders, a reasonable balance is maintained between the interests of individual shareholders and those of the Company, as the Company is interested in maintaining confidentiality of important commercial information, which may have a material effect on its competitiveness. | 1. In the reporting period, the Company did not reject shareholders' requests for information, or, if it did, it gave reasons for the refusal to provide information. 2. In the cases stipulated by the Company's Information Policy, shareholders are informed that the information is confidential and undertake to keep it confidential. | ✓ Observed Partially observed Not observed | |

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
|-------|---|---|--|--|
| 7.1 | Actions that have or may have a substantial impact on the Company's share capital structure and financial position and, accordingly, on the shareholders' position (significant corporate actions) are taken on equitable terms safeguarding the rights and interests of the shareholders and other stakeholders. | | | |
| 7.1.1 | Significant corporate actions include reorganization of the Company, purchase of 30 or more percent of the Company's voting shares (acquisition), making major transactions, an increase or reduction of the authorized capital of the Company, listing and delisting of the Company's shares, as well as other actions that may result in a significant change of shareholders' rights or infringement of their interests. The Company's Articles of Associations provides a list (criteria) of transactions or other actions constituting significant corporate actions, and such actions fall within the competence of the Company's Board of Directors. | <ol style="list-style-type: none"> 1. The Company's Articles of Associations provides a list of transactions or other actions constituting significant corporate actions and establishes criteria for their definition. Making decisions about significant corporate actions is within the competence of the Board of Directors. In cases when the legislation specifically states that the exercise of corporate actions falls within the competence of the General Meeting of Shareholders, the Board of Directors provides the shareholders with the relevant recommendations. 2. The Company's Articles of Associations classifies reorganization of the Company, purchase of 30 or more percent of the Company's voting shares (acquisition), making major transactions, an increase or reduction of the share capital of the Company, listing and delisting of the Company's shares as significant corporate actions. | <p>Observed</p> <p>✓ Partially observed</p> <p>Not observed</p> | <p>The Company's Articles of Associations does not provide a list of transactions or other actions constituting significant corporate actions and establishes criteria for their definition. Introduction of respective changes to the Articles of Association depends on position of shareholders. In this case, the following issues within the competences of the General Meeting of Shareholders are considered by the Company's Articles of Associations only at the proposal of the Board of Directors:</p> <ul style="list-style-type: none"> • reorganization of the Company, • increase in the Company's share capital by increasing the nominal value of the shares or by placing additional shares; • making decisions on approval of consummating or on further approval of transactions in cases mentioned in Article 83 of the Federal Law on Joint Stock Companies; • making decisions on approval of consummating or on further approval of major transactions in cases mentioned in Article 79 of the Federal Law on Joint Stock Companies. <p>The following issues are under the competence of the Company's Board of Directors:</p> <ul style="list-style-type: none"> • statement on listing of the Company's shares and (or) equity securities convertible to the Company's shares, • preliminary approval of decisions on consummating certain transactions by the Company: <ul style="list-style-type: none"> – ones, the subject of which is capital assets of the Company exceeding 10% of the carrying amount, – ones related with disposal or a possibility of disposal of property that composes the fixed assets, intangible assets, objects of unfinished construction intended for generation, transmission, dispatching, distribution of the electrical and thermal power, as well as other types of property specified by certain resolutions of the Board of Directors, – ones related with transfer (reception) of real estate and power grid facilities to temporary ownership (use) exceeding five years, – ones related with gratuitous transfer of the Company's property or property rights (claims) regarding itself or the third party; transactions related with relief of property liabilities regarding itself or the third party; transactions related with gratuitous services implemented by the Company for the third parties, – ones that can cause liabilities expressed in foreign currency, transactions with derivatives instruments. <p>Criterion 2 is not observed.</p> <p>Corresponding changes in the Company's Articles of Associations can be introduced under condition of the positive decision made by shareholders.</p> <p>Non-compliance is not time-limited. The Company plans to achieve compliance with the element of the Code in the future.</p> |

| No. | Corporate Governance Principles | Criteria for assessing compliance with the corporate governance principles | Status of compliance with the corporate governance principle | Explanations of deviations from the criteria for assessing the corporate governance principle |
|-------|--|---|---|--|
| 7.1.2 | The Board of Directors plays a key role in making decisions or recommendations with regard to significant corporate actions; the Board of Directors relies on the opinion of Independent Directors of the Company. | 1. The Company has established a procedure whereby Independent Directors express their opinions on significant corporate actions before their approval. | Observed  Partially observed Not observed | This procedure is not set out in the internal documents of the Company. Non-compliance is not time-limited. The Company plans to achieve compliance with the element of the Code in the future. |
| 7.1.3 | When making significant corporate actions affecting the rights and legitimate interests of shareholders, equal conditions are provided for all shareholders of the Company, and in case of insufficiency of statutory mechanisms aimed at the protection of shareholders, additional measures are taken to protect the rights and legitimate interests of shareholders of the Company. At the same time, the Company is guided not only by compliance with the formal requirements of the law but also by the corporate governance principles set out in the Code. | 1. Given the nature of the Company's operations, the minimum criteria established by the Company's Articles of Associations for classifying the Company's transactions as significant corporate actions are lower than those established by law. 2. During the reporting period, all significant corporate actions were approved prior to their implementation. |  Observed Partially observed Not observed | |
| 7.2 | The Company ensures that significant corporate actions are taken in a manner that enables the shareholders to receive full information on such actions, provides them with an opportunity to influence such actions and guarantees that their rights are observed and properly protected when such actions are taken. | | | |
| 7.2.1 | Information on significant corporate actions is disclosed, and an explanation of the reasons, conditions and consequences of such actions is provided. | 1. During the reporting period, the Company promptly and thoroughly disclosed information on its significant corporate actions, including the rationale and timing of such actions. |  Observed Partially observed Not observed | |
| 7.2.2 | The rules and procedures for the implementation of significant corporate actions are set forth in the Company's internal documents. | 1. The Company's internal documents establish the procedure for engaging an independent appraiser to carry out a valuation of the property sold or acquired in a major transaction or a related-party transaction. 2. The Company's internal documents establish the procedure for engaging an independent appraiser to carry out a valuation of the Company's shares for the purposes of purchase or buyback. 3. The Company's internal documents contain an expanded list of reasons why members of the Company's Board of Directors and other persons stipulated by applicable laws can be recognized as related parties for the purpose of transactions of the Company. | Observed  Partially observed Not observed | Criteria 1 and 2 are partially observed. The Company's Articles of Associations stipulates engaging an independent appraiser (appraisers) to carry out a valuation of shares, property and other assets of the Company in cases specified in the Federal Law on Joint Stock Companies, as well as certain resolutions of the Company's Board of Directors. Criterion 3 is not observed. The Company will consider a possibility of corresponding changes development in case of necessity. Non-compliance is not time-limited. The Company plans to achieve compliance with the element of the Code in the future. |