



# APPENDICES



## CORPORATE GOVERNANCE CODE COMPLIANCE REPORT

The present report on compliance with principles and recommendations of the Corporate Governance Code (hereinafter referred to as the report) was scrutinized by the Board of Directors during the 26.04.2024 meeting (Board minutes No. 513 dated as of 26.04.2024). The Board of Directors confirms that the FY2023 report contains full and reliable information about Company's compliance with principles and recommendations of the Corporate Governance Code. The Company evaluates its compliance with principles and recommendations of the Corporate Governance Code in line with the Methodology<sup>84</sup>. The present report is an appendix to the Company's FY2023 annual report, describing the most fundamental aspects of corporate governance model and practices.

No.	Principles of corporate governance	Evaluation-of-compliance criteria	Compliance status	Comments (if not complied or partially complied with the principle)
<b>1.1</b>	<b>A company should ensure equal and fair attitude to all stockholders when they enjoy their right to govern the company.</b>			
1.1.1	The company creates most favorable conditions for its shareholders enabling them to participate in the general meeting and develop informed positions on issues on its agenda, as well as provides them with the opportunity to coordinate their actions and express their opinions on issues being discussed.	1. The Company provides easy-of-access means of communications (hotline, e-mail or message board), enabling stockholders to voice opinions and file agenda-related questions during preparation of the general meeting. A company performed these activities prior to each general meeting conducted during the reported period.	full compliance	
1.1.2	Procedures for notification of the general meeting and provision of materials for it enable the shareholders to get properly prepared for participation therein.	1. During the reported period a notice on a general meeting is posted on the web-site on or before 30 days prior to the meeting, unless the law stipulates a longer period of time. 2. A notice on a meeting stipulates documents required for the access to meeting premises. 3. Stockholders were provided with access to information about entities that proposed agenda items and nominees to the board of directors and board of internal auditors (if the latter is stipulated by the company's charter).	compliance	Comments to criterion 2. During the reported period, there were no general compresence meetings. The Company's Board of Directors decided to convene the annual general meeting of stockholders in the form of absentee voting (Minutes dated 05.05.2023 No. 474). Accordingly, a notice on a general meeting did not stipulate documents required for the access to meeting premises.
1.1.3	During the preparation for and holding of the general meeting, the shareholders were able to freely and timely receive information about the meeting and its materials, to pose questions to members of the company's executive bodies and board of directors, and to communicate with each other.	1. During the reported period, stockholders were able to pose questions to executive bodies and Board members prior and during annual general meetings. 2. Position of the board of directors (incl. special opinions in the minutes) with regard to each agenda item of general meetings, conducted during the reported period, was integrated in materials for general meetings. 3. A company provided access to entitled stockholders to the list of entities entitled to participate in a general meeting, since the day of receipt by the company at all general meetings, conducted during the reported period.	full compliance	
1.1.4	There were no unjustified difficulties preventing shareholders from exercising their right to demand convention of a general meeting, nominate candidates to the company's governing bodies, and to place proposals on its agenda.	1. The Charter stipulates the term for shareholders to introduce items into the annual meeting agenda of at least 60 days following the end of the year. 2. During the reported period, a company has not waived agenda proposals or nominees, if a stockholder's proposal contained mistakes in spelling and other minor mistakes.	full compliance	
1.1.5	Each shareholder was able to freely exercise his right to vote in a straightforward and most convenient way.	1. The Charter stipulates a capability to complete e-ballots using the website indicated in a general meeting notice.	non-compliance	Non-compliance with criterion 1. The Company's Charter (revised in 2011) does not stipulate a capability to complete e-ballots using the website indicated in a general meeting notice. Every year the Company updates the Charter and presents its new version, containing clauses on capabilities to complete e-ballots, for examination by a general meeting. But, in the course of the voting, shareholders cannot adopt the new version of the Charter for reasons beyond the Company's control. In 2023, the AGM approved several alterations to the Charter (change of the corporate name, GM notification procedure), but the list of the stockholder-approved alterations did not contain clauses on capabilities to complete e-ballots. In 2024, the Company plans to revise the Charter, present it for GM's examination and explain the related benefits for the shareholders from the approval of the revised Charter.

1.1.6	Procedures for holding a general meeting set by the company provide equal opportunity to all persons present at the general meeting to express their opinions and ask questions that might be of interest to them.	<p>1. General compresence meetings, conducted during the reported period, provided enough time for reports on agenda issues and debates, shareholders had an opportunity to express their opinions and ask questions that might be of interest to them.</p> <p>2. The Company invited nominees to the governing and oversight bodies and took all steps required for their participation in the relevant general meeting that put the nominees for voting. Nominees to management and control bodies were available to respond to questions posed by stockholders.</p> <p>3. The sole executive body, person liable for accounting, chair or other members of the Audit Committee were available to respond to questions posed by stockholders on general meetings conducted during the reported period.</p> <p>4. During the reported period, the Company used telecom means for remote participation in general meetings or the Board of Directors adopted a well-reasoned resolution on lack of necessity (possibility) to use telecom means during the reported period.</p>	compliance	Comments to criteria 1-4. During the reported period, there were no general compresence meetings. The Company's Board of Directors decided to convene the annual general meeting of stockholders in the form of absentee voting (Minutes dated 05.05.2023 No. 474).
<b>1.2</b>	<b>Shareholders should have equal and fair opportunities to participate in the profits of the company by means of receiving dividends.</b>			
1.2.1	The company has developed and put in place a transparent and clear mechanism for determining the amount of dividends and their payment.	<p>1. A company's Regulations on the dividend policy was adopted by the board of directors and disclosed on the corporate website.</p> <p>2. If the dividend policy of a company preparing consolidated financial statements uses financial statements to determine the amount of dividends, relevant clauses of the dividend policy use consolidated financial statements.</p> <p>3. Rationale of proposed net income allocation, incl. dividend payout and allocation for own needs of a company, its compliance with the company's dividend policy, explanations and economic assessment of allocating a portion of net income for own needs during the reported period were included into materials for a general meeting with income allocation (incl. dividend payout/announcement) on the agenda.</p>	full compliance	
1.2.2	The company does not make a decision on the payment of dividends, if such decision, without formally violating limits set by law, is unjustified from the economic point of view and might lead to the formation of false assumptions about the company's activity.	1. The dividend policy of a company, besides statutory restrictions, itemizes financial and economic conditions when dividend distribution is not allowed.	full compliance	
1.2.3	The company does not allow deterioration of dividend rights of its existing shareholders.	1. During the reported period a company did nothing to deteriorate dividend rights of its stockholders.	full compliance	
1.2.4	The company strives to rule out any ways through which its shareholders can obtain any profit or gain at the company's expense other than dividends and distributions of its liquidation value.	1. During the reported period, other ways through which entities controlling a company could obtain profit or gain at the company's expense other than dividends (for instance, transfer pricing, unreasonable overpriced services rendered to the company by controlling entities, dividend-substituting cash loaned internally) were not used.	full compliance	
<b>1.3</b>	<b>The system and practices of corporate governance should ensure equal terms and conditions for all shareholders owning shares of the same class (category) in a company, including minority and foreign shareholders as well as their equal treatment by the company.</b>			
1.3.1	The company has created conditions, which would enable its governing bodies and controlling persons to treat each shareholder fairly, in particular, which would rule out the possibility of any abuse of minority shareholders by major shareholders.	1. During the reported period, entities controlling a company admitted no abuse of rights of shareholders, conflicts between entities controlling the company and shareholders (if any) were treated by the board of directors in a proper manner.	full compliance	
1.3.2	The company does not perform any acts that will or might result in artificial reallocation of corporate control therein.	1. A company has no quasi-treasury stock or such stock did not vote during the reported period.	full compliance	No quasi-treasury stock.
<b>1.4</b>	<b>The shareholders should be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.</b>			
1.4	The shareholders are provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.	1. Registrar's technologies and conditions of services comply with company's and stockholder needs, provide recording of their rights in shares and realization of rights in the most efficient manner.	full compliance	

<b>2.1</b>	<b>The board of directors shall be in charge of strategic management of the company, determine major principles of and approaches to creation of a risk management and internal control system within the company, monitor the activity of the company's executive bodies, and carry out other key functions.</b>		
2.1.1	The board of directors is responsible for decisions to appoint and remove [members] of executive bodies, including in connection with their failure to properly perform their duties. The board of directors also procures that the company's executive bodies act in accordance with an approved development strategy and main business goals of the company.	1. The Charter stipulates the authorities of the board of directors with regard to appointment/removal of executive bodies and determination of conditions of contracts with executive bodies. 2. During the reported period, a nominations (appointment, personnel) committee (hereinafter referred to as the nominations committee) examined compliance of professional qualifications, skills and experience of members of executive bodies with current and expected needs of the company imposed by approved strategy of the company. 3. The board of directors has examined a progress report (reports), prepared by the SEB or CEB, with regard to company's strategy.	full compliance
2.1.2	The board of directors establishes basic long-term targets of the company's activity, evaluates and approves its key performance indicators and principal business goals, as well as evaluates and approves its strategy and business plans in respect of its principal areas of operations.	1. During the reported period the board reviewed issues related to execution and update of the strategy, approval of company's budget, criteria and indicators (incl. interim) of implementation of company's strategy and business plans.	full compliance
2.1.3	The board of directors determines principles of and approaches to creation of the risk management and internal control system in the company.	1. Tenets and approaches to creation of the risk management and internal control system in the company are determined by the board of directors and set forth by company's bylaws regulating risk management and internal control policies. 2. During the reported period, the board of directors adopted (revised) acceptable risk appetite of a company or an audit committee and/or risk committee (if any) examined whether submission of an issue related to risk appetite revision for consideration by the board of directors is required.	full compliance
2.1.4	The board of directors determines the company's policy on remuneration due to and/or reimbursement of costs incurred by its board members, members of its executive bodies and other key managers.	1. The company has prepared and implemented the policy on remuneration due to and/or reimbursement of costs incurred by its board members, members of its executive bodies and other key managers. 2. During the reported period, the Board has reviewed issues related to the policy.	full compliance
2.1.5	The board of directors plays a key role in prevention, detection and resolution of internal conflicts between the company's bodies, shareholders and employees.	1. The board of directors plays a key role in prevention, detection and resolution of internal conflicts. 2. The company has created a system to identify transactions related to conflict of interest and a system to resolve such conflicts.	full compliance
2.1.6	The board of directors plays a key role in procuring that the company is transparent, discloses information in full and in due time, and provides its shareholders with unhindered access to its documents.	1. Company's bylaws have determined persons, liable for implementing information policy.	full compliance
2.1.7	The board of directors monitors the company's corporate governance practices and play a key role in its material corporate events.	1. During the reported period, the board of directors has examined self-evaluation and/or external evaluation of company's corporate governance practices.	full compliance
<b>2.2</b>	<b>The board of directors should be accountable to the company's shareholders.</b>		
2.2.1	Information about the board of directors' work is disclosed and provided to the shareholders.	1. Company's annual report contains information on attendance of board and committee meetings by directors. 2. The annual report contains information on evaluation of board's work, performed during the reported period.	full compliance
2.2.2	The chair of the board of directors must be available to communicate with the company's shareholders.	1. The company has a transparent procedure facilitating stockholders to file requests with the chair (or, if applicable, to senior independent director) and get relevant feedback.	full compliance
<b>2.3</b>	<b>The board of directors should be an efficient and professional governing body of the company, which is able to make objective and independent judgments and pass resolutions in the best interests of the company and its shareholders.</b>		
2.3.1	Only persons with impeccable business and personal reputation are elected to the board of directors; such persons should also have knowledge, skills, and experience necessary to make decisions that fall within the jurisdiction of the board of directors and to perform its functions efficiently.	1. During the reported period the board of directors (or its nominations committee) evaluated nominees to the board of directors to see whether they possess required background, knowledge, reputation and lack conflict of interests, etc.	full compliance
2.3.2	Board members are elected pursuant to a transparent procedure enabling the shareholders to obtain information about respective candidates sufficient for them to get an idea of the candidates' personal and professional qualities.	1. In all cases when the company conducted general meetings with election to the board on the agenda during the reported period, it provided stockholder with biographies of all nominees, results of nominee evaluation performed by the board (or its nominations committee) and information whether a nominee complies with independence criteria in line with recommendations 102–107 of the Code and written consent of nominees to be elected to the board.	full compliance



2.3.3	The composition of board of directors is balanced, in particular, in terms of qualifications, expertise, and business skills of its members. The board of directors enjoys the confidence of the shareholders.	1. During the reported period, the board of directors analyzed its requirements in credentials, background, skills, and determined competencies that the board of directors will require in the short-term and long-term perspective.	partial compliance	<p>Partial non-compliance with criterion 1.</p> <p>During the reported period, the Board of Directors has analyzed its requirements in credentials, background, skills. Though, it has not determined its competencies for the short-term and long-term perspective. Targets, components and criteria of the 2023 evaluation Board of Directors are disclosed in the Annual Report's Section "Evaluation of the Board of Directors".</p> <p>The Company slates to determine competencies that the board of directors will require in the short-term and long-term perspective in future periods (2025-2026).</p>
2.3.4	The membership of the board of directors of the company must enable the board to organize its activities in a most efficient way, in particular, to create committees of the board of directors, as well as to enable substantial minority shareholders of the company to elect a candidate to the board of directors for whom they would vote.	1. During the reported period, the board of directors has examined whether the membership of the board of directors complies with company's needs and stockholders' interests.	full compliance	
<b>2.4</b>	<b>The board of directors should include a sufficient number of independent directors.</b>			
2.4.1	An independent director means any person who has required professional skills and expertise and is sufficiently able to have his/her own position and make objective and bona fide judgments, free from the influence of the company's executive bodies, any individual group of its shareholders or other stakeholders. It should be noted that, under normal circumstances, a candidate (or an elected director) may not be deemed to be independent, if he/she is associated with the company, any of its substantial shareholders, material trading partners or competitors, or the government.	1. During the reported period, all independent members of the board of directors complied with all independence requirements, stipulated in recommendations 102–107 of the Code or were deemed independent by the board of directors.	full compliance	
2.4.2	The company evaluates whether candidates nominated to the board of directors meet independence criteria as well as to review, on a regular basis, whether or not independent board members meet the independence criteria. When carrying out such evaluation, substance takes precedence over form.	<p>1. During the reported period, the board of directors (or nominations committee) has formed an opinion on independence of each nominee and presented a relevant report on that to stockholders.</p> <p>2. During the reported period, the board of directors (or nominations committee) has, at least once, examined independence of the current board members (after their election).</p> <p>3. The company has prepared procedures to determine required action of a board member if s/he ceases to be independent, incl. liability to inform the board of directors about that.</p>	full compliance	
2.4.3	Independent directors account for at least one-third of all directors elected to the board of directors.	1. Independent directors account for at least one-third of all directors elected to the board of directors.	non-compliance	<p>Non-compliance with criterion 1.</p> <p>The June 09, 2023 AGSM (Minutes dated 09.06.2023 No.20), elected the Board of Directors that included 2 independent directors (less than one-third of the Board of Directors composition).</p> <p>Whereas the Company is unable to exercise direct influence on director election by shareholders, the Company keeps communicating to its shareholders rationality and feasibility of having as much independent directors serving on the Board of Directors as possible and dependency of investment prospects of any firm on high transparency and independence of decision taking by its governing bodies.</p> <p>The Company will keep on actively briefing its shareholders to increase the proportion of independent directors in the Board of Directors.</p>
2.4.4	Independent directors play a key role in prevention of internal conflicts in the company and performance by the latter of material corporate actions.	1. Independent directors (with no conflict of interests) have a preliminary evaluation of material corporate events, related to a possible conflict of interests, with evaluation results filed with the board of directors.	full compliance	

**2.5 The chair of the board of directors should help it carry out the functions imposed thereon in the most efficient manner.**

2.5.1	It is recommended to either elect an independent director to the position of the chair of the board of directors or identify the senior independent director among the company's independent directors who would coordinate work of the independent directors and liaise with the chairman of the board of directors.	1. The chair of the board of directors is an independent director or a senior independent director is identified among independent directors. 2. Role, rights and duties of the board chair (and senior independent director, if applicable) should be stipulated by the company's bylaws in a proper manner.	partial compliance	Non-compliance with criterion 1. The Board of Directors Chair is not an independent director. A senior independent director has not been identified among independent directors. Pursuant to the Regulations on the Board of Directors, the Chairperson is elected among Board members by the majority of votes and the Board is entitled to elect a new Chairperson by the majority of votes at any time. The right of independent directors to elect a senior independent director, if the Chair is not an independent director, is stipulated by the Regulations on the Board of Directors. The Company does not limit the right of independent directors to come up with an initiative of establishing a senior independent directorship or the right of Board of Directors members to elect an independent director as the Board Chair, should this need arise. The Company deems that at present the absence of the senior independent director bears no additional risks for the Company and its stakeholders. The Company does not rule out the possibility of electing an independent director as the Chair or designating a senior independent director in future. Compliance with criterion 2.
2.5.2	The board chair ensures that board meetings are held in a constructive atmosphere and that any items on the meeting agenda are discussed freely. The chair also monitors fulfillment of decisions made by the board of directors.	1. Efficiency of the chair's performance was evaluated as a part of total board's evaluation during the reported period.	full compliance	
2.5.3	The chair of the board of directors takes any and all measures as may be required to provide the board members in a timely fashion with information required to make decisions on issues on the agenda.	1. A duty of the chair to take any and all measures as may be required to provide the board members in a timely fashion with information required to make decisions on issues on the agenda is documented in company's bylaws.	full compliance	

**2.6 Board members must act reasonably and in good faith in the best interests of the company and its shareholders, being sufficiently informed, with due care and diligence.**

2.6.1	Board members make decisions considering all available information, in the absence of a conflict of interest, treating shareholders of the company equally, and assuming normal business risks.	1. Company's bylaws stipulate that a Board member must inform the board on the conflict of interests with regard to any agenda item (of a board or committee meeting) prior to the beginning of debates on the issue. 2. Company's bylaws stipulate that a board member must abstain from voting on any issue when s/he has a conflict of interests. 3. The company has established a procedure that enables the board of directors to obtain professional consulting on issues under its competence at the company's expense.	full compliance	
2.6.2	Rights and duties of board members are clearly stated and documented in the company's bylaws.	1. The company has adopted and posted a bylaw that clearly determines rights and duties of board's members.	full compliance	
2.6.3	Board members have sufficient time to perform their duties.	1. Personal attendance of board and committee meetings and time spent to prepare for meetings were taken into account when the board was (self-) evaluated during the reported period. 2. In line with company's bylaws board members are obliged to notify the board on intention to enter management bodies of other companies (except for subsidiaries and associates) and appointments.	full compliance	
2.6.4	All board members have equal opportunity to access the company's documents and information. Newly elected board members are provided with sufficient information about the company and work of its board of directors as soon as practicable.	1. In line with bylaws members of the Board are entitled to have an access to documents and to file requests related to the company and its subsidiaries and executive bodies are obliged to provide such information and documents. 2. The company has a formal familiarization program for newly elected directors.	full compliance	
<b>2.7 Meetings of the board of directors, preparation for them, and participation of board members therein should ensure efficient work of the board.</b>				
2.7.1	Meetings of the board of directors are held as needed, with due account of the company's scope of activities and its then current goals.	1. The board of directors had at least 6 meetings during the reported period.	full compliance	
2.7.2	The company's bylaws stipulate a procedure for preparing for and holding meetings of the board of directors enabling the shareholders to get prepared properly for such meetings.	1. The company has a bylaw stipulating a procedure for preparing and holding meetings of the board of directors and setting out that meeting notice should be, as a rule, distributed at least 5 days prior to the meeting. 2. During the reported period, directors, who were away from the meeting venue, had the opportunity of remote participation in the debates on the agenda items and voting (AC and VC).	full compliance	

2.7.3	The form of a meeting of the board of directors is determined with due account of importance of issues on the agenda of the meeting. Most important issues are decided at the meetings held in person.	1. The charter or bylaws stipulate that most important issues (listed in recommendation 168 of the Code) should be decided at the meetings held in person.	full compliance	
2.7.4	Decisions on most important issues relating to the company's business are made at a meeting of the board of directors by a qualified majority vote or by a majority vote of all elected board members.	1. The charter stipulates that most important issues (as stated by recommendation 170 of the Code) should be decided at a meeting of the board of directors by a qualified majority vote or by a majority vote of all elected board members.	partial compliance	<p>Partial non-compliance with criterion 1.</p> <p>The Charter does not stipulate that most important issues (as stated by Code's recommendation No.170) should be decided on a Board of Directors meeting by a qualified majority vote or by a majority vote of all elected Board members.</p> <p>Pursuant to the Charter, the majority of votes decides the majority of issues under the Board of Directors purview. Clauses 18.8 and 18.10 of the Charter define issues that are passed in a unanimous, three-fourth or two-thirds majority vote. The list also contains the issues envisaged by Code's recommendation No.170 (examination of major aspects of controlled entities' performance, authorization of major transactions).</p> <p>The Company deems that: i) implementation of stricter decision-taking procedures at present is unjustifiable, as it may have an adverse impact on the velocity of managerial solutions; ii) risks related to partial compliance with the recommendation as yet are smoothed by historically high attendance of meetings by Board of Directors members and preliminary scrutiny of agenda items by Board Committees.</p> <p>The Company does not slate to revise the Charter on the matter.</p>

**2.8 The board of directors should form committees for preliminary consideration of most important issues of the company's business.**

2.8.1	For the purpose of preliminary consideration of any matters of control over the company's financial and business activities, it is recommended to form an audit committee comprised of independent directors.	<p>1. The board of directors has formed an audit committee, comprised of independent directors.</p> <p>2. Company's bylaws stipulate objectives of the committee, including objective stated in recommendation 172 of the Code.</p> <p>3. At least one committee member, being an independent director, has credentials in preparation, analysis, evaluation and audit of financial statements.</p> <p>4. Meetings of the committee were conducted at least quarterly during the reported period.</p>	partial compliance	<p>Non-compliance with criterion 1.</p> <p>Only 2 out of 3 Audit Committee members is independent due to intrinsic reasons: only two independent directors (R.A. Dmitrik and A.V. Shevchuk) serve on the Board of Directors</p> <p>The Company does not rule out staffing of the Audit Committee solely with independent directors, provided that the Board of Directors has a sufficient amount of independent directors.</p> <p>Compliance with criteria 2-4.</p>
2.8.2	For the purpose of preliminary consideration of any matters of development of efficient and transparent remuneration practices, it is recommended to form a remuneration committee comprised of independent directors and chaired by an independent director who should not concurrently be the board chair.	<p>1. The board of directors created a remunerations committee, comprised of independent directors.</p> <p>2. The chair of the committee is an independent director who is not the board's chair.</p> <p>3. Company's bylaws determine objectives of the committee, including objectives stated in recommendation 180 of the Code, as well as conditions (events) which occurrence initiates remuneration committee's examination of an issue related to revisions of the company's policy on remunerations due to the board of directors, executive bodies and other key managers.</p>	partial compliance	<p>Non-compliance with criterion 1.</p> <p>Functions of a remunerations committee are performed by the Company's Personnel and Remunerations Committee. In 2023, the Board of Directors has formed the Committee with no independent directors serving on it.</p> <p>The Board of Directors strives to foster highest engagement of independent directors into Committee activities, but at present, the number of independent directors elected to the Board of Directors is a natural restrictive factor. Forming Committee composition the Board of Directors takes into account specificity of director's professional and practical experience and desire to serve on a certain Committee. This enables to intensify director's efficiency in Committee activities.</p> <p>The Company does not rule out staffing of the Personnel and Remunerations Committee solely with independent directors, provided that the Board of Directors has a sufficient amount of independent directors.</p> <p>Partial non-compliance with criterion 2.</p> <p>In 2023, the Board of Directors has formed the Committee with no independent directors serving on it. As the Committee lacks independent directors, the Chair of the Committee is not an independent director.</p> <p>The Company does not rule out that the independent director may chair the Committee, provided that the Board of Directors has a sufficient amount of independent directors.</p> <p>Partial non-compliance with criterion 3.</p> <p>Company's bylaws determine objectives of the committee, including objectives stated in recommendation 180 of the Code but Company's bylaws do not stipulate conditions (events) which occurrence initiates remuneration committee's examination of an issue related to revisions of the company's policy on remunerations due to the board of directors, executive bodies and other key managers.</p> <p>The Company explores options for introducing related revisions into relevant bylaws.</p>

2.8.3	For the purpose of preliminary consideration of any matters relating to human resources planning (making plans regarding successor directors), professional composition and efficiency of the board of directors, it is recommended to form a nominating committee (a committee on nominations, appointments and human resources) with a majority of its members being independent directors.	<p>1. The board has formed a nominations committee (or other committee to perform its functions stated in recommendation 186 of the Code), majority of members being independent directors.</p> <p>2. Company's bylaws determine objectives of the nominations committee (or relevant committee with relevant functions), including objectives stated in recommendation 186 of the Code.</p> <p>3. To form a board of directors that fully meets the goals and objectives of a company, during the reported period, a nominations committee (alone or in collaboration with other board of directors committees) or a company's unit, liable for shareholder relations, worked closely with shareholders (going beyond contacts with the largest shareholders) to select nominees to a company's board of directors.</p>	partial compliance	<p>Partial non-compliance with criterion 1.</p> <p>Functions of a nominations committee are performed by the Company's Personnel and Remunerations Committee. In 2023, the Board of Directors has formed the Committee with no independent directors serving on it.</p> <p>The Board of Directors strives to foster highest engagement of independent directors into Committee activities, but at present, the number of independent directors elected to the Board of Directors is a natural restrictive factor. Forming Committee composition the Board of Directors takes into account specificity of director's professional and practical experience and desire to serve on a certain Committee. This enables to intensify director's efficiency in Committee activities.</p> <p>The Company does not rule out that the independent director may chair the Committee, provided that the Board of Directors has a sufficient amount of independent directors.</p> <p>Partial non-compliance with criterion 2.</p> <p>Functions, objectives and competence of the Personnel and Remunerations Committee, stipulated by the Regulations on the Committee, with little difference of wording, include objectives stated by Code's recommendation No.186, minus items 1,4-7 (mainly related to the evaluation of the Board of Directors performance).</p> <p>The Company slates to keep in mind Recommendation 186, crafting a new version of the Regulations on the Committee in the future.</p> <p>Compliance with criterion 3.</p>
2.8.4	Taking account of its scope of activities and levels of related risks, the board of directors has attested that the composition of its committees fully complies with company's goals. Additional committees were formed or were deemed unnecessary (Strategy, Corporate Governance Ethics, Risk Management, Budget, Health, Safety and Environment Committees, etc.).	1. During the reported period, the board has examined whether the structure of a board of directors complied with the scale and character, goals, needs and risk profile of the company. Additional committees were formed or were deemed unnecessary.	full compliance	
2.8.5	The composition of the committees is determined in such a way that it would allow a comprehensive discussion of issues being considered on a preliminary basis with due account of differing opinions.	<p>1. Audit, remunerations, nominations (or committee with matching functionality) committees were chaired by independent directors during the reported period.</p> <p>2. Bylaws have clauses stipulating that entities who are not members of audit, nominations, remunerations (or committee with matching functionality) committees may attend meetings only if invited by the relevant committee chair.</p>	partial compliance	<p>Partial non-compliance with criterion 1.</p> <p>During the reported period, an independent director chaired the Audit Committee only.</p> <p>The Board of Directors strives to foster highest engagement of independent directors into Committee activities, but at present the number of independent directors elected to the Board of Directors is a natural restrictive factor. The Company also believes that simultaneous service of independent directors on several Committees leads to enhanced load for independent directors and may interfere with scrutiny of issues examined by a certain Committee. Forming Committee composition the Board of Directors takes into account specificity of director's professional and practical experience and desire to serve on a certain Committee. This enables to intensify director's efficiency in Committee activities.</p> <p>The Company does not rule out that independent directors may chair the Committees, provided that the Board of Directors and its Committees have a sufficient amount of independent directors.</p> <p>Compliance with criterion 2.</p>
2.8.6	The chairs of the committees inform the board of directors and its chair of the work of their committees on a regular basis.	1. During the reported period, the chairs of the committees informed the board of directors of the work of their committees on a regular basis.	full compliance	



<b>2.9</b>	<b>The board of directors should procure evaluation of quality of its work and that of its committees and board members.</b>		
2.9.1	Evaluation of quality of the board of directors' work is aimed at determining how efficiently the board of directors, its committees and board members work and whether their work meets the company's needs, as well as at making their work more intensive and identifying areas of improvement.	<ol style="list-style-type: none"> <li>1. Company's bylaws stipulate procedures for evaluation (self-evaluation) of board of directors' work.</li> <li>2. Self-evaluation or external evaluation of board's work, performed during the reported period, included evaluation of committees' work, directors of the board and the board itself.</li> <li>3. Results of self-evaluation or external evaluation of the board, performed during the reported period, were reviewed at the board meeting held in person.</li> </ol>	<p>partial compliance</p> <p>Compliance with criterion 1. Partial non-compliance with criterion 2.</p> <p>In 2023, the Company has conducted a self-evaluation of the performance of the Board of Directors and its Committees, in the course of which Committees' performance, independent directors, Chair and Board of Directors were evaluated. But individual members of the Board of Directors were not evaluated, because the focus of the independent evaluation was made on the efficiency of the Board of Directors and its Committees, assessment of collaboration between the Board and its Committees, exposure of strengths and weaknesses in collaboration between management bodies, assessment whether the structure of the Board and its Committees met the Company's demands.</p> <p>The Company slates to implement individual evaluation of the Board of Directors members in future, based on the goals and objectives set for each (self)evaluation procedure.</p> <p>Partial non-compliance with criterion 3.</p> <p>The self-evaluation report on the efficiency of Board of Directors and its Committees performance was examined by the Personnel and Remunerations Committee and Board of Directors on the in-absentia meetings (Minutes No.129 dated 19.12.2023 and Minutes No.502 dated 20.12.2023, respectively).</p>
2.9.2	Quality of work of the board of directors, its committees and board members is evaluated on a regular basis, at least once a year. To carry out an independent evaluation of the quality of the board of directors' work, it is recommended to engage a third party entity (consultant) on a regular basis, at least once every three years.	1. To carry out an independent evaluation of the quality of the board of directors' work the company, at least once in 3 last reported periods, has engaged a third party entity (consultant).	<p>non-compliance</p> <p>Non-compliance with criterion 1.</p> <p>Earlier, the Company engaged an independent consultant (NP RID) to evaluate CY2019-2020 Board of Directors performance. Next independent evaluation of the Board of Directors' performance was slated for CY2022-2023, but was replaced for a self-evaluation to save Company's costs in existing economic situation.</p> <p>The Company slates to return to independent evaluation of the quality of the Board of Directors' work once in 3 years when the macroeconomic situation improves (2024-2026).</p>
<b>3.1</b>	<b>The company's corporate secretary shall be responsible for efficient interaction with its shareholders, coordination of the company's actions designed to protect the rights and interests of its shareholders, and support of efficient work of its board of directors.</b>		
3.1.1	The corporate secretary has knowledge, experience, and qualifications sufficient for performance of his/her duties, as well as an impeccable reputation and enjoyed the trust of the shareholders.	1. The official website and annual report contain the biography of the corporate secretary (incl. age, education, qualifications, work background) and information on positions in governing bodies of other legal entities, occupied by the corporate secretary for at least 5 last years.	full compliance
3.1.2	The corporate secretary is sufficiently independent of the company's executive bodies and be vested with powers and resources required to perform his/her tasks.	<ol style="list-style-type: none"> <li>1. The company has adopted and disclosed a bylaw on the corporate secretary.</li> <li>2. The board approves appointment, removal and additional remuneration of the corporate secretary.</li> <li>3. Company's bylaws stipulate corporate secretary's right to request, obtain documents and information from the governing bodies, units and officers of the company.</li> </ol>	full compliance
<b>4.1</b>	<b>The level of remuneration paid by the company should be sufficient to enable it to attract, motivate, and retain persons having required skills and qualifications. Remuneration due to board members, the executive bodies, and other key managers of the company should be paid in accordance with a remuneration policy approved by the company.</b>		
4.1.1	The level of remuneration paid by the company to its board members, executive bodies, and other key managers is sufficient to motivate them to work efficiently and enable the company to attract and retain knowledgeable, skilled, and duly qualified persons. The company avoids setting the level of remuneration any higher than necessary, as well as an excessively large gap between the level of remuneration of any of the above persons and that of the company's employees.	1. Remunerations of the board of directors, executive bodies and other key managers were determined on the basis of comparative analysis of remunerations paid by comparable companies.	full compliance
4.1.2	The company's remuneration policy is developed by its remuneration committee and approved by the board of directors. With the help of its remuneration committee, the board of directors monitors implementation of and compliance with the remuneration policy by the company and, should this be necessary, review and amend the policy.	1. During the reported period, remunerations committee has reviewed remuneration policy and practices, evaluated their efficiency and transparency and presented relevant recommendations regarding revisions to the policy to the board (if needed).	full compliance

4.1.3	The company's remuneration policy provides for transparent mechanisms to be used to determine the amount of remuneration due to members of the board of directors, the executive bodies, and other key managers of the company, as well as to regulate any and all types of payments, benefits, and privileges provided to any of the above persons.	1. A policy on remunerations contains transparent mechanisms to be used to determine the amount of remuneration due to members of the board of directors, the executive bodies, and other key managers of the company, as well as to regulate any and all types of payments, benefits, and privileges provided to any of the above persons.	full compliance	
4.1.4	The company develops a policy on reimbursement of expenses which would contain a list of reimbursable expenses and specify service levels provided to members of the board of directors, the executive bodies, and other key managers of the company. Such policy can form part of the company's policy on compensations.	1. A policy on remunerations or other bylaws stipulates rules on reimbursement of expenses incurred by members of the board of directors, the executive bodies, and other key managers of the company.	full compliance	
<b>4.2 The system of remuneration of board members should ensure harmonization of financial interests of the directors with long-term financial interests of the shareholders.</b>				
4.2.1	A company pays a fixed annual fee to the board of directors. A company does not pay a fee for participation in individual meetings of the board of directors or its committees. A company does not use any form of short-term incentives or additional financial incentives in respect of board members.	1. During the reported period, the company paid remunerations to the board of directors in line with company's remunerations policy. 2. During the reported period, the company did not use any form of short-term incentives or additional financial incentives, dependent on company's performance. The company did not pay a fee for participation in individual meetings of the board of directors or its committees.	full compliance	
4.2.2	Long-term ownership of shares in the company contributes most to aligning financial interests of board members with long-term interests of the company's shareholders. However, a company does not make the right to dispose of shares dependent on the achievement by the company of certain performance results; board members do not take part in the company's option plans.	1. If bylaws on remunerations stipulate ownership of shares by the board's members, there should be clear rules of ownership by the board's members aimed at stimulating long-term ownership.	partial compliance	Partial compliance with criterion 1. At present, the Regulations on Remunerations and Compensations Due to the Board of Directors do not stipulate the ownership of shares by the Board's members. Nevertheless, in Company's opinion, risks related to non-compliance with the recommendation are smoothed by the December 2006 Option Program, containing clear rules of ownership by the Board's members aimed at stimulating long-term ownership. Due to weak regulatory environment, meltdown of the Russian economy and associated fluctuations of the Russian stock market and other fundamental factors beyond Company's control, the Company does not slate to revise the Regulations on Remunerations and Compensations Due to the Board of Directors in terms of clear rules of ownership by the board's members.
4.2.3	A company does not provide for any additional allowance or compensation in the event of early dismissal of board members in connection with a change of control over the company or other circumstances.	1. The company has no additional allowance or compensation in the event of early dismissal of board members in connection with a change of control over the company or other circumstances.	full compliance	
<b>4.3 The system of remuneration due to members of the executive bodies and other key managers of the company should provide that their remuneration is dependent on the company's performance results and their personal contributions to the achievement thereof.</b>				
4.3.1	Remuneration due to members of the executive bodies and other key managers of the company is set in such a way as to procure a reasonable and justified ratio between its fixed portion and its variable portion that is dependent on the company's performance results and employees' personal (individual) contributions to the achievement thereof.	1. During the reported period approved annual KPIs were used to determine the amount of variable proportion of remunerations paid to executive bodies and other key managers. 2. During the last evaluation of the system for remuneration of members of executive bodies and other key staff the board (remunerations committee) made sure that the company had a justified ratio of fixed and variable proportions. 3. When determining the amount of remunerations to be paid to executive bodies and other key managers, risks that are accepted by the company to evade impetuses for extremely risky managerial decisions are taken into account.	full compliance	

<p>4.3.2 A company has implemented a long-term incentive program for members of the company's executive bodies and other key managers involving the company's shares (or options or other derivative financial instruments the underlying assets for which are the company's shares).</p>	<p>1. If the company has implemented a long-term incentive program for members of the company's executive bodies or other key managers involving the company's shares (financial instruments based on company's shares), the program stipulates that the right to sell such shares and other financial instruments opens after 3 years since the beginning, the right supported by achieving relevant KPIs.</p>	<p>partial compliance</p>	<p>Partial non-compliance with criterion 1. The Company has adopted a long-term incentive program for members of executive bodies and other key staff on 01.12.2006 (Minutes No.18 dated 01.12.2006). But, due to weak regulatory environment, meltdown of the Russian economy and associated fluctuations of the Russian stock market and other fundamental factors beyond Company's control implementation of a long-term incentive program for members of executive bodies and other key managers was temporarily suspended. To retain management's motivation the Company has adopted the KPI system (visit annual report's section "Remuneration and Compensation System For Governing Bodies" for more details). The Company does not rule out that long-term incentive program may be relaunched in case of capital markets' revival and relevant policy of the Rosseti Group.</p>
<p>4.3.3 The amount of severance pay (so-called "golden parachute") payable by the company in the event of early dismissal of a member of an executive body or other key manager at the initiative of the company, provided that there have been no bad faith actions on the part of such person, does not exceed two times the fixed portion of his/her annual remuneration.</p>	<p>1. The amount of severance pay (so-called "golden parachute") payable by the company in the event of early dismissal of a member of an executive body or other key manager at the initiative of the company, provided that there have been no bad faith actions on the part of such person, did not exceed two times the fixed portion of his/her annual remuneration during the reported period.</p>	<p>full compliance</p>	
<p><b>5.1 The company should have in place an efficient risk management and internal control system designed to provide reasonable confidence that the company's goals will be achieved.</b></p>			
<p>5.1.1 The board of directors determines the principles of and approaches to creation of the risk management and internal control system in the company.</p>	<p>1. Functions of various management bodies and units with regard to the risk management and internal control systems are stipulated by bylaws or relevant policy of the company, approved by the board.</p>	<p>full compliance</p>	
<p>5.1.2 The company's executive bodies ensure the establishment and continuing operation of the efficient risk management and internal control system in the company.</p>	<p>1. The company's executive bodies ensured distribution of functions and mandates regarding risk management and internal control among subordinate heads of units and sections.</p>	<p>full compliance</p>	
<p>5.1.3 The company's risk management and internal control system enables one to obtain an objective, fair and clear view of the current condition and prospects of the company, integrity and transparency of its accounts and reports, and reasonableness and acceptability of risks being assumed by the company.</p>	<p>1. The company has adopted an anticorruption policy. 2. The company arranged secure and available method (hotline) for informing the board or audit committee on violations of legislation, internal procedures, ethic code of the company.</p>	<p>full compliance</p>	
<p>5.1.4 The board of directors takes required and sufficient measures to procure that the existing risk management and internal control system of the company is consistent with the principles of and approaches to its creation as set forth by the board of directors and that it operates efficiently.</p>	<p>1. During the reported period, the board of directors (audit and or risk committee (if any) has arranged evaluation of reliability and efficiency of risk management and internal control system. 2. During the reported period, the board of directors has examined outcomes of the evaluation of reliability and efficiency of risk management and internal control system. Information on key results of such evaluation is described in the annual report.</p>	<p>full compliance</p>	
<p><b>5.2 To independently evaluate, on a regular basis, reliability and efficiency of the risk management and internal control system and corporate governance practices, the company should arrange for internal audits.</b></p>			
<p>5.2.1 A company has created a separate structural division or engaged an independent third-party entity. Functional and administrative reporting of the unit are separated. Functionally, the internal audit department should report to the board of directors.</p>	<p>1. Internal audits are carried out by a separate structural division (internal audit department) with direct reporting line to the board or audit committee or by third party entity with the same reporting line.</p>	<p>full compliance</p>	
<p>5.2.2 Internal audit unit evaluates reliability and efficiency of the internal control system and the risk management system, as well as corporate governance, applies generally accepted standards of internal auditing.</p>	<p>1. During the reported period, the efficiency of the risk management and internal control system was evaluated as a part of internal audit. 2. During the reported period, corporate governance practices (separate practices), incl. information interaction (in particular, on internal control and risk management) on all levels of the company, and interaction with stakeholders were evaluated as a part of internal audit.</p>	<p>full compliance</p>	

**6.1 The company and its activities should be transparent to its shareholders, investors, and other stakeholders.**

6.1.1	The company has developed and implemented an information policy enabling the company to efficiently exchange information with its shareholders, investors, and other stakeholders.	<ol style="list-style-type: none"> <li>The board of directors has adopted the information policy prepared in line with the Code.</li> <li>During the reported period, a board of directors (or one of its committees) examined an issue related to efficiency of information exchange with shareholders, investors and other stakeholders and whether company's information policy should be revised.</li> </ol>	full compliance	
6.1.2	The company discloses information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of this Code.	<ol style="list-style-type: none"> <li>The company discloses information on its corporate governance system and general principles of corporate governance, including official website.</li> <li>The company discloses information on the composition of executive bodies and board of directors, directors' independence and committee membership (in line with the Code).</li> <li>If the company has a controlling stockholder, the company discloses a memo of such stockholder with regard to CG plans.</li> </ol>	full compliance	

**6.2 The company should disclose, on a timely basis, full, updated and reliable information about itself so as to enable its shareholders and investors to make informed decisions.**

6.2.1	The company discloses information in accordance with the principles of regularity, consistency and timeliness, as well as accessibility, reliability, completeness and comparability of disclosed data.	<ol style="list-style-type: none"> <li>The Company has determined a procedure for coordination of all units and employees related to disclosures or which activities can be subject to disclosures.</li> <li>If company's securities are traded on foreign organized markets, information is disclosed in Russia and abroad in a synchronous and equivalent manner during the reported period.</li> <li>If foreign stockholders own a significant block of company's stock, information is disclosed both in Russian and in one of the commonly used foreign languages during the reported period.</li> </ol>	full compliance	
6.2.2	The company avoids a formalistic approach to information disclosure; it discloses material information on its activities, even if disclosure of such information is not required by law.	<ol style="list-style-type: none"> <li>The company's information policy determines approaches to disclosures related to other events (actions) with material influence on prices or quotes of its securities, and disclosures that are not required by law.</li> <li>The company discloses full information on the shareholder capital structure in line with recommendation 290 of the Code in the annual report and at the official web-site.</li> <li>The company discloses information on controlled companies of material significance, incl. key areas of activities, reporting mechanisms, authorities of the board of directors in relation to strategy outlining and performance evaluation.</li> <li>The company discloses non-financial report — sustainable development report, environmental report, social responsibility report or other report, containing non-financial information, incl. factors related to environment (environment and climate factors), society (social factors) and corporate governance, with the exception of issuer's report and annual report.</li> </ol>	partial compliance	<p>Compliance with criteria 1-3. Partial non-compliance with criterion 4.</p> <p>The Company does not disclose a non-financial report as a standalone report. To optimize expenses (time, money, etc.), and for convenience of all stakeholders, the Company discloses information on sustainable development, incl. information on environment, corporate social responsibility, ESG-factors, other non-financial information, in its annual report.</p> <p>At present, the Company does not plan to disclose non-financial report as a standalone report.</p>
6.2.3	The company's annual report, as one of the most important tools of its information exchange with its shareholders and other stakeholders, contains information enabling one to evaluate the company's performance results for the year.	<ol style="list-style-type: none"> <li>Company's annual report contains information on evaluation of the efficiency of external and internal audit by the audit committee.</li> <li>Company's annual report contains information on company's policy in environment and social policy.</li> </ol>	full compliance	

**6.3 The company should provide information and documents requested by its shareholders in accordance with the principle of equal and unhindered accessibility.**

6.3.1	Exercise by the shareholders of their right to access the company's documents and information is not unreasonably burdensome	<ol style="list-style-type: none"> <li>Company's information policy (bylaws regulating information policy) determines an unburdensome procedure for access to information and documents of the company.</li> <li>Company's information (bylaws regulating information policy) contains clauses stipulating that if a shareholder files a request on controlled companies, the company takes relevant measures required to obtain information from relevant controlled companies.</li> </ol>	full compliance	
6.3.2	When providing information to its shareholders, the company maintains a reasonable balance between the interests of individual shareholders and its own interests related to the fact that the company is interested in keeping confidential sensitive business information that might have a material impact on its competitiveness.	<ol style="list-style-type: none"> <li>During the reported period the company has not waived stockholder's requests or such waivers were well-grounded.</li> <li>In cases, stipulated by company's information policy, stockholders are warned of confidentiality of such information and are obliged to keep it confidential.</li> </ol>	full compliance	

**7.1 Any actions which will or may materially affect the company’s share capital structure and its financial position and, accordingly, the position of its shareholders (“material corporate actions”) should be taken on fair terms and conditions ensuring that the rights and interests of the shareholders as well as other stakeholders are observed.**

7.1.1	Material corporate actions are reorganization of the company, acquisition of 30 or more percent of its voting shares (takeover), entering by the company into any material transactions, increasing or decreasing its share capital, listing and delisting of its shares, as well as other actions which might result in material changes in rights of its shareholders or violation of their interests. The company’s charter stipulates a list of (criteria for identifying) transactions or other actions falling within the category of material corporate actions and provide therein that decisions on any such actions should fall within the jurisdiction of the company’s board of directors.	1. The charter stipulates the list of actions (criteria) or other actions that are material corporate actions. Decision-taking with regard to material corporate actions is referred to the competence of the board. In cases when such material corporate actions are referred to the competence of the general meeting by the law, the board provides relevant recommendations to stockholders.	partial compliance	<p>Partial non-compliance with criterion 1.</p> <p>The Company’s Charter does not stipulate the notion of material corporate actions. However, Russian Laws and the Company’s Charter refer decision-taking on items classified as material actions (stipulated in Recommendation 303) to the purview of the General Meeting of Stockholders or Board of Directors. The Board of Directors files relevant recommendations with shareholders if a General Meeting decides on any agenda items, incl. material corporate actions.</p> <p>Every year the Company updates the Charter and presents its new version for examination by a general meeting. But, in the course of the voting, shareholders cannot adopt the new version of the Charter for reasons beyond the Company’s control.</p> <p>The Company plans to keep on revising the Charter and presenting it for examination by a general meeting and explain the related benefits for the shareholders.</p>
7.1.2	The board of directors plays a key role in passing resolutions or making recommendations relating to material corporate actions; for that purpose, it relies on opinions of the company’s independent directors.	1. The company stipulates a procedure that would induce independent directors to announce their position towards material corporate actions prior to approval.	full compliance	
7.1.3	When taking any material corporate actions which would affect rights or legitimate interests of the company’s shareholders, equal terms and conditions are ensured for all of the shareholders; if statutory mechanisms designed to protect the shareholder rights prove to be insufficient for that purpose, additional measures are taken with a view to protecting the rights and legitimate interests of the company’s shareholders. In such instances, the company does not only seek to comply with the formal requirements of law but is also guided by the principles of corporate governance set out in this Code.	<p>1. The charter, factoring in company’s peculiarities, stipulates criteria of referring other transactions to material corporate actions besides those stated by the law.</p> <p>2. During the reported period, all material corporate actions underwent approval prior to implementation.</p>	full compliance	
<b>7.2 The company should have in place such a procedure for taking any material corporate actions that would enable its shareholders to receive full information about such actions in due time and influence them, and that would also guarantee that the shareholder rights are observed and duly protected in the course of taking such actions.</b>				
7.2.1	When disclosing information about material corporate actions, explanations concerning reasons for, conditions and consequences of such actions are given..	1. If, during the reported period, the company had material corporate actions, it disclosed information on the actions, including reasons, conditions and consequences of such actions to shareholders.	full compliance	
7.2.2	Rules and procedures in relation to material corporate actions taken by the company are set out in its bylaws.	<p>1. Bylaws of the company stipulate a procedure of engagement of independent appraiser to determine the value of property, alienated or acquired under major or related-party transactions.</p> <p>2. Bylaws stipulated a procedure of engagement of independent appraiser to determine the value of share acquisition or redemption.</p> <p>3. While a board member, SEB or CEB member or entity controlling the company or entitled to give mandatory instructions to the company have no formal interest in company’s transactions, and in case of a conflict of interest or any other interest, company’s bylaws stipulate that such entities do not participate in the voting on the approval of such transaction.</p>	partial compliance	<p>Compliance with criteria 1-2.</p> <p>Partial non-compliance with criterion 3.</p> <p>Interest of a Board of Directors member in a transaction is determined in line with the Russian laws and Company’s bylaws. Only disinterested Board of Directors members, compliant with art. 81 of the federal law and having no conflicts of interest, participate in the voting on the items related to authorization or approval of a related-party transaction.</p> <p>The bylaws do not stipulate that such entities do not participate in the voting on the approval of such transaction.</p> <p>Every year the Company updates the Charter and presents its new version for examination by a general meeting. But, in the course of the voting, shareholders cannot adopt the new version of the Charter for reasons beyond the Company’s control.</p> <p>The Company plans to keep on revising the Charter and presenting it for examination by a general meeting and explain the related benefits for the shareholders.</p>