

REPORT
on Compliance with the Principles and Recommendations
of the Corporate Governance Code

This Report on Compliance with the Principles and Recommendations of the Corporate Governance Code was reviewed by the Board of Directors PJSC PhosAgro at the meeting held on date – March, 18 2020 (minutes number w/No on date – March, 19 2020). The Board of Directors confirms that the material presented herein contains comprehensive and reliable information on the Company’s compliance with the principles and recommendations of the Corporate Governance Code for the 2019 reporting year.

N	Corporate governance principles	Corporate governance principle compliance criteria	Status <1> of conformity with the corporate governance principle	Explanations <2> of deviation from the assessment criteria of compliance with the corporate governance principle
1.1	The Company shall ensure equal and fair treatment of all shareholders when they exercise their right to participate in the Company’s governance.			
1.1.1	The Company should create the most favourable conditions for its shareholders to enable them to participate in the general meeting and to develop informed positions on issues on its agenda, as well as to provide them with the opportunity to coordinate their actions and express their opinions on issues being discussed.	1. The Company’s internal document approved by the General Meeting of Shareholders and governing the procedures for holding the General Meeting is in the public domain.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

		2. The Company provides an easy-to-access way to communicate with the community, such as a hotline, email or Internet forum that enables shareholders to express their opinion and to put forward issues for the agenda pending preparation for the General Meeting. These actions were taken by the Company the day before each general meeting held in the reporting period.		
1.1.2	Procedures for notification of the General Meeting and the provision of materials for it should enable shareholders to properly prepare for participation therein.	1. The notice of the General Meeting of Shareholders was posted (published) on the website at least 30 days prior to the date of the General Meeting.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
	2. The meeting notice specifies the venue of the meeting and the documents required to get access to the premises.			
	3. Access to the information on the individuals who proposed the agenda items and those who nominated candidates to the Board of Directors and the Internal Audit Commission of the Company was provided to shareholders.			
1.1.3	During the preparation for, and holding of, the General Meeting, shareholders should be able to freely receive information on a timely basis about the meeting and its	1. The shareholders were enabled to ask members of the executive bodies and members of the Company's Board of Directors before and during the Annual General Meeting in the reporting period.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

	<p>materials, to pose questions to members of the Company's executive bodies and Board of Directors, and to communicate with each other.</p>	<p>2. The standpoint of the Board of Directors (including any special opinions included in the minutes) on each agenda item of the General Meetings conducted during the reporting period was included in the materials of the General Meeting of Shareholders.</p>		
		<p>3. The Company provided shareholders with the appropriate entitlement with access to the list of individuals eligible to attend the General Meeting, starting from the date of its receipt by the Company, in all cases of holding General Meetings in the reporting period.</p>		
1.1.4	<p>There should be no unjustified difficulties preventing shareholders from exercising their right to request that a General Meeting be convened, to nominate candidates to the company's governing bodies and to place proposals on its agenda.</p>	<p>1. In the reporting period, shareholders were entitled, within not less than 60 days from the end of the respective calendar year, to put forward proposals to be included on the agenda of the Annual General Meeting.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
		<p>2. In the reporting period, the Company did not refuse to accept proposals for the agenda or candidates to the Company's bodies due to misprints or other insignificant defects in a shareholder's proposal.</p>		

1.1.5	Each shareholder should be able to freely exercise his/her right to vote in a straightforward and convenient way.	1. The Company's internal document (internal policy) contains provisions whereby each participant in the General Meeting may, before completion of the respective meeting, require a copy of the ballot completed by the shareholder and certified by the counting board.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
1.1.6	Procedures for holding a General Meeting set by the Company should 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. When General Meetings of Shareholders are held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time is envisaged for reports on agenda items and the time to discuss these issues.</p> <p>2. Nominees to the Company's management and supervisory bodies were available to answer shareholders' questions at the meeting where they were voted upon.</p> <p>3. The Board of Directors reviewed the use of telecommunications tools to provide shareholders with remote access to participate in the General Meetings in the reporting period when making decisions related to the preparation and holding of General Meetings Shareholders.</p>	<ul style="list-style-type: none"> • complied • <u>partially complied</u> • did not comply 	Criterion 1 is fully met. Criterion 2 is met partially: only some of the candidates were available for answering shareholders' questions. The reason is the tough schedule of the candidates at the main places of work. At the same time, the Company used to invite the candidates to participate in the meetings within the year, and in 2019, some candidates attended at the annual general meeting. Criterion 3 is not met. The Company believes that the opportunity to express their opinions and ask questions is provided to shareholders in other ways, in particular, through the indication of all possible contacts of the corporate secretary and participation at AGMS in-person. In this regard, the possibility to organize a remote participation of shareholders in meetings is not considered by the Company for the current period.
1.2	Shareholders are provided with an equitable and fair opportunity to participate in the Company's profits through the payment of dividends.			
1.2.1	The Company should develop and put in place a transparent and clear mechanism for determining the amount	1. The Company's dividend policy was developed, approved by the Board of Directors and disclosed.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied 	

	of dividends and payment thereof.	2. If the Company's dividend policy uses criteria from the Company's financial accounts to determine the amount of dividends, the dividend policy shall employ the consolidated financial accounts.	<ul style="list-style-type: none"> • did not comply 	
1.2.2	The Company should not make a decision on the payment of dividends if such decision, without formally violating the limits set by the law, is unjustified from an economic perspective or might lead to the formation of false assumptions about the Company's activity.	1. The Company's dividend policy comprises clear-cut indications in relation to the financial/economic circumstances under which no dividends are due to the Company.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
1.2.3	The Company should not allow any deterioration of the dividend rights of its existing shareholder.	1. In the reporting period, the Company did not take any steps that impaired existing shareholders' dividend rights.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
1.2.4	The Company should strive to rule out any ways through which its shareholders can obtain any profit or gain at the Company's expense other than dividends and the payment of the liquidation value thereof.	1. To eliminate other methods for shareholders to generate profit (income) at the Company's expense, other than dividends and the payment of the liquidation value thereof, the Company's internal documents establish controls that ensure the timely identification and procedure for the approval of transactions with individuals affiliated (related) with substantial shareholders (individuals entitled to the votes attached to voting shares), where the law does not formally recognize such transactions as related-party transactions.	<ul style="list-style-type: none"> • complied • <u>partially complied</u> • did not comply 	The Company analyzes on a regular basis information about persons affiliated with significant shareholders by sending periodic requests to these shareholders. The purpose of such requests is the timely identification of possible transactions of the Company with persons affiliated with significant shareholders, including transactions that, by virtue of statutory criteria, cannot be formally recognized as interested parties transactions. Although the internal documents of the Company do not establish the procedure for approving such transactions (and this is the reason why the criterion is partially complied with), the procedures of identification, specified above, guarantee minimizing the

				risk of receiving revenues by shareholders as a result of conflict of interest transactions, formally not controlled as interested party transactions. In this regard, the introduction of additional control procedures for transactions that are not recognized by law as interested parties transactions is not considered for the current period.
1.3	The system and practices of corporate governance should ensure equal terms and conditions for all shareholders owning shares of the same class (category) within a company, including minority and foreign shareholders, as well as their equal treatment by the Company.			
1.3.1	The Company should create conditions that enable its governing bodies and controlling parties to treat each shareholder fairly and, in particular, that rule out the possibility of any abuse of minority shareholders by majority shareholders.	1. During the reporting period, the procedures for management of potential conflicts of interest among existing shareholders were efficient, and the Board of Directors paid enough attention to conflicts among shareholders, where such existed.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
1.3.2	The Company should not perform any acts that will or might result in the artificial reallocation of corporate control therein.	1. Quasi-treasury shares are not available or were not used in the voting during the reporting period.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
1.4	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.			
1.4	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.	1.The Registrar's quality and reliability in keeping the register of securities holders meet the Company's and its shareholders' needs.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

2.1	The Board of Directors shall be in charge of the strategic management of the company, determine the major principles of and approaches to the creation of a risk management and internal control system within the Company, supervise the activity of the Company's executive bodies and carry out other key functions.			
2.1.1	The Board of Directors should be 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 should also ensure that the Company's executive bodies act in accordance with an approved development strategy and the Company's main business goals.	1. The Board of Directors has the powers stipulated in the Articles of Association to appoint and dismiss members of executive bodies, as well as determine the conditions of their contracts.	<ul style="list-style-type: none"> • complied • <u>partially complied</u> • did not comply 	Criterion 1 is met partially, because the Board appoints and removes members of the executive bodies, and determines the terms of the contract with CEO only (not with each member of the Management Board, and this is the reason why the criterion is partially complied with). At the same time, this distribution of powers is optimal, because the Board endorses the budget containing the planned labor costs for executive bodies, the report on the execution of the budget, and also approves reports on the key performance indicators that serve the basis for calculating additional rewards of the executive bodies. In this regard, the introduction the practice of determining by the Board of directors the terms of labor contracts with members of the Management board, other than the CEO, is not considered for the current period. Criterion 2 is fully met.
	2. The Board of Directors reviewed the report(s) of the sole executive body and members of the collegial executive body on the fulfilment of the Company's strategy.			
2.1.2	The Board of Directors should establish the basic long-term objectives of the Company's activity, evaluate and approve its key performance indicators and principal business goals, as well as evaluate and approve its strategy and business plans in respect of its principal areas of operation.	1. During the reporting period, meetings of the Board of Directors reviewed the progress made in the execution and updating of the Company's strategy, the approval of its financial and business plan (budget), and the review of the criteria and measures (including intermediate) to implement the Company's strategy and business plan.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

2.1.3	The Board of Directors should determine the principles of, and approaches to, the creation of the risk management and internal control system within the Company.	<p>1 The Board of Directors determines the principles and approaches to the risk management and internal control system within the Company.</p> <p>2. The Board of Directors assessed the Company's risk management and internal control system during the reporting period.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.1.4	The Board of Directors should determine 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.	<p>1. The Company has developed and implemented the policy(-ies) approved by the Board of Directors on the remuneration and reimbursement of costs incurred by the members of the Board of Directors, the Company's executive bodies and other key Company managers.</p> <p>2. The meetings of the Board of Directors reviewed issues related to the above policy(-ies) during the reporting period.</p>	<ul style="list-style-type: none"> • complied • <u>partially complied</u> • did not comply 	<p>Criterion 1 is met partially, since there is no single document regulating payments for the Board members (and this is the reason why the criterion is partially complied with). However, when each Board is being composed, the General Meeting of Shareholders approves the size and rules for determining and paying remuneration and reimbursement of costs incurred by the members of the Board. The determination of the remuneration of executive bodies and senior officials is regulated by a number of internal documents of the Company and is subject to consideration by the Remuneration and Human Resources Committee of the Board at least twice a year. The Company believes that this procedure ensures the leading role of the Board in determining the principles and rules for calculating and paying remuneration and reimbursement to both the Board members and senior officials. In this regard, the development and introduction a unified policy on remuneration and reimbursement of expenses of members of the board of directors, executive bodies of the company and other key managers of the company are not considered for the current period.</p> <p>Criterion 2 is fully met.</p>

2.1.5	The Board of Directors should play a key role in the prevention, detection and resolution of internal conflicts between the Company's bodies, shareholders and employees.	1. The Board of Directors plays a key part in the prevention, detection and settlement of internal conflicts.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
		2. The Company has established a system to identify the transactions related to conflicts of interest and a system of efforts aimed at the settlement of such conflicts.		
2.1.6	The Board of Directors should play a key role in ensuring that the Company is transparent, discloses information in full and in due time, and provides its shareholders with unhindered access to its documents.	1. The Board of Directors approved the regulations on the information policy.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
		2. The Company determined the individuals in charge of the implementation of the information policy.		
2.1.7	The Board of Directors should monitor the Company's corporate governance practices and play a key role in its material corporate events.	1. During the reporting period, the Board of Directors reviewed the corporate governance practice within the Company.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.2	The Board of Directors should be accountable to the Company's shareholders.			
2.2.1	Information about the Board of Directors' work should be disclosed and provided to the shareholders.	1. The Company's annual report for the reporting period includes information on the attendance rate of meetings of the Board of Directors and its committees by individual directors.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
		2. The annual report contains information on the principal findings of the Board of Directors' performance assessment for the reporting period.		

2.2.2	The Chairman of the Board of Directors must be available to communicate with the Company's shareholders.	1. The Company has a transparent procedure that enables shareholders to submit their questions and their standpoint thereon to the Chairman of the Board of Directors.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.3	The Board of Directors should be an efficient and professional governing body of the Company that is able to make objective and independent decisions and adopt resolutions in the best interests of the Company and its shareholders.			
2.3.1	Only individuals with an impeccable business and personal reputation should be elected to the Board of Directors; such individuals should also have the knowledge, skills and experience necessary to make decisions that fall within the jurisdiction of the Board of Directors and to perform its functions efficiently.	<p>1. The procedure for assessing the efficiency of operations of the Board of Directors adopted in the Company comprises, in particular, an assessment of professional qualifications of members of the Board of Directors.</p> <p>2. In the reporting period, the Board of Directors (or its Nominations Committee) assessed the nominees to the Board of Directors in terms of their required experience, expertise, goodwill, the absence of conflicts of interest, etc.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

2.3.2	Board members should be elected pursuant to a transparent procedure enabling shareholders to obtain information about the respective candidates that is sufficient for them to get an idea of the candidates' personal and professional qualities.	1. In all instances when a General Meeting of Shareholders was held during the reporting period the agenda of which includes the election of the Board of Directors, the Company provided shareholders with biographical information about all the nominees to the Board of Directors, assessments assigned to the nominees by the Board of Directors (or its Nominations Committee) and information on the conformity of the nominees with the independence criteria, according to the recommendations in paragraphs 102 to 107 of the Code and the nominees' written consent to be elected to the Board of Directors.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.3.3	The composition of the Board of Directors should be balanced, in particular, in terms of the qualifications, expertise and business skills of its members. The Board of Directors should enjoy the confidence of the shareholders.	1. As part of the assessment of the Board of Directors in the reporting period, the Board of Directors reviewed its own needs in professional qualifications, experience and business skills.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

2.3.4	The membership of the Company's Board of Directors must enable the Board to organise its activities in the most efficient way possible, in particular, to create Board committees, as well as to enable the Company's substantial minority shareholders to elect a candidate to the Board of Directors for whom they would vote.	1. As part of the assessment of the Board of Directors held in the reporting period, the Board of Directors reviewed the conformity of the number of members of the Board of Directors with the Company's needs and the shareholders' interests.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.4 The Board of Directors should include a sufficient number of independent directors.				
2.4.1	An independent director means any person who has the required professional skills and expertise and is 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 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 competitors or the government.	1. During the reporting period, all independent members of the Board of Directors met the independence criteria specified in recommendations 102 to 107 of the Code or were recognized as such by resolution of the Board of Directors.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

2.4.2	<p>It is recommended to evaluate whether or not candidates nominated to the Board of Directors meet the 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 evaluations, substance should take precedence over form.</p>	<p>1. In the reporting period, the Board of Directors (or the Nominations Committee of the Board of Directors) evaluated the independence of each nominee to the Board of Directors and submitted the relevant opinion to shareholders.</p> <p>2. In the reporting period, the Board of Directors (or the Nominations Committee of the Board of Directors) reviewed the independence of the existing members of the Board of Directors, as indicated by the Company in the annual report as independent directors, at least once.</p> <p>3. The Company has drafted procedures that determine the necessary actions to be taken by a member of the Board of Directors if he/she loses his/her independence, including the obligation to notify the Board of Directors accordingly and in a timely manner.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.4.3	<p>Independent directors should account for at least one-third of all directors elected to the Board of Directors.</p>	<p>1. Independent directors must account for at least one-third of the Board of Directors.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.4.4	<p>Independent directors should play a key role in the prevention of internal conflicts in the Company and the performance by the latter of material corporate actions.</p>	<p>1. Independent directors (who do not have any conflicts of interest) provide a preliminary assessment of substantial corporate actions related to a potential conflict of interest, and the findings of such an assessment are submitted to the Board of Directors.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

2.5	The Chairman of the Board of Directors should help it carry out the functions imposed thereon in the most efficient manner possible.			
2.5.1	It is recommended to either elect an independent director to the position of the Chairman of the Board of Directors or to identify the a senior independent director from among the Company's independent directors who would coordinate the work of the independent directors and liaise with the Chairman of the Board of Directors.	1. The Chairman of the Board of Directors is an independent director or a senior independent director identified from among the independent directors <3>.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	The Chairman of the Board is an independent director. Such practice, from the point of view of the Company, is the best possible option, as an independent Chairman not only coordinates the work of independent directors, but also heads and directs the work of the Board as a whole.
2. The role, rights and duties of the Chairman of the Board of Directors (and, if applicable, the senior independent director) are duly determined in the Company's internal documents.				
2.5.2	The Board Chairman should ensure that Board meetings are held in a constructive atmosphere and that any items on the meeting agenda are discussed freely. The Chairman should also monitor fulfilment of decisions made by the Board of Directors.	1. The performance of the Chairman of the Board of Directors was assessed as part of the Board of Directors' efficiency assessment procedure in the reporting period.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.5.3	The Chairman of the Board of Directors should take any and all measures as may be required to provide Board members, in a timely fashion, with information required to make decisions on issues on the agenda.	1. The duty of the Chairman of the Board of Directors to make an effort to ensure the timely filing of documents for members of the Board of Directors on agenda items of meetings of the Board of Directors is established in the Company's internal documents.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.6	Board members must act reasonably and in good faith in the best interests of the Company and its shareholders, who should be properly informed, with due care and diligence.			

2.6.1	Acting reasonably and in good faith means that Board members should make decisions by considering all available information, in the absence of a conflict of interest, treating the Company's shareholders equally, and assuming normal business risks.	<p>1. The Company's internal documents establish that a member Board of the Directors is obliged to notify the Board of Directors if he/she has a conflict of interest with respect to any item on the agenda for a meeting of the Board of Directors or a committee of the Board of Directors, before the start of the discussion of relevant agenda item.</p> <p>2. The Company's internal documents envisage that a member of the Board of Directors should refrain from voting on any item where he/she has a conflict of interest.</p> <p>3. The Company establishes a procedure that enables the Board of Directors to obtain professional advice on issues falling within its competence, at the Company's expense.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.6.2	The rights and duties of Board members should be clearly stated and documented in the Company's internal documents.	1. The Company adopted and published an internal document that clearly specifies the rights and duties of members of the Board of Directors.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.6.3	Board members should have sufficient time to perform their duties.	1. Individual attendance at meetings of the Board and committees as well as the time spent on preparation for participation in meetings was taken into account as part of the assessment procedure of the Board of Directors in the reporting period.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

		2. According to the Company's internal documents, members of the Board of Directors are obliged to notify the Board of Directors of their intention to join the management bodies of other companies (except for the Company's affiliates and dependent companies) and about such actual appointments.		
2.6.4	All Board members should have an equal opportunity to access the Company's documents and information. Newly elected Board members should be provided with sufficient information about the Company and the work of its Board of Directors as soon as practicable.	<p>1. According to the Company's internal documents, members of the Board of Directors are free to gain access to documents and to make requests pertaining to the Company and its affiliates, and the Company's executive bodies are obliged to provide the relevant information and documents.</p> <p>2. The Company has a formalised programme of introductory events for newly elected members of the Board of Directors.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.7	Meetings of the Board of Directors, preparation for them and participation of Board members therein should ensure efficient work of the Board.			
2.7.1	It is recommended that meetings of the Board of Directors be held as needed, with due account of the Company's scope of activities and its current goals.	1. The Board of Directors held at least six meetings in the reporting year.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

2.7.2	It is recommended that a procedure for preparing for and holding meetings of the Board of Directors be developed and set out in the Company's internal documents. The above procedure should enable the shareholders to prepare properly for such meetings.	1. The Company approved an internal document that governs the procedure for preparing for and holding meetings of the Board of Directors, which stipulates, in particular, that the notice of the meeting should normally be published at least five days prior to the meeting.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.7.3	The form of a meeting of the Board of Directors should be determined with due account of the importance of the issues on the agenda of the meeting. The most important issues should be decided at meetings held in person.	1. The Company's Articles of Association or internal document envisage that the most significant issues (according to the list in Recommendation 168 of the Code) should be considered at personal meetings of the Board.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.7.4	Decisions on the most important issues relating to the Company's business should be 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 Company's Articles of Association envisage that resolutions on the most critical issues set forth in Recommendation 170 of the Code shall be adopted at a meeting of the Board of Directors by a qualified, at least threefourths, majority of votes or by a majority of votes of all elected members of the Board of Directors.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.8	The Board of Directors should form committees for preliminary consideration of the most important issues of the company's business.			
2.8.1	For the purpose of preliminary consideration of any matters of supervision of the company's financial and business activities, it is recommended that an audit committee comprising independent directors be formed.	<p>1. The Board of Directors established an Audit Committee comprising independent directors only.</p> <hr/> <p>2. The Company's internal documents determine the objectives for the Audit Committee, including, in particular, any objectives contained in Recommendation 172 K of the Code.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

		<p>3. At least one member of the Audit Committee, who is an independent director, has experience and expertise in drafting, reviewing, assessment and audit of financial statements (accounts).</p>		
		<p>4. Meetings of the Audit Committee were held at least quarterly during the reporting period.</p>		
2.8.2	<p>For the purpose of preliminary consideration of any matters of development of efficient and transparent remuneration practices, it is recommended that a remuneration committee comprising independent directors be formed and that it be chaired by an independent director who should not concurrently be the Board chairman.</p>	<p>1. The Board of Directors set up a Remuneration Committee consisting of independent directors only.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
		<p>2. The Chairman of the Remunerations Committee is an independent director who is not also the Chairman of the Board of Directors.</p>		
		<p>3. The Company's internal documents determine the objectives of the Remunerations Committee, including those contained in Recommendation 180 of the Code.</p>		
2.8.3	<p>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</p>	<p>1. The Board of Directors established a Nominations Committee (or its objectives specified in Recommendation 186 of the Code are implemented as part of another committee <4>), the majority of whom are independent directors.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	<p>The corresponding tasks are implemented by the Remuneration and Human Resources Committee of the Board, all members of which are independent directors. The tasks of the Remuneration and Human Resources Committee are set by the Regulations on the</p>

	recommended that a nominating committee (a committee on nominations, appointments and human resources) be formed with the majority of its members being independent directors.	2. The Company's internal documents determine the objectives of the Nominations Committee (or the relevant committee with a combined functionality), including those contained in Recommendation 186 of the Code.		Committee, approved by the Board of Directors.
2.8.4	Taking account of its scope of activities and levels of related risks, the Company should form other committees of its Board of Directors, particularly a strategy committee, a corporate governance committee, an ethics committee, a risk management committee, a budget committee or a committee on health, security and the environment, etc.	1. In the reporting period, the Company's Board of Directors reviewed the conformity of the membership in its committees to the objectives assigned to the Board of Directors and to the Company's operating goals. Additional committees were either established or were not recognised as necessary.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.8.5	The composition of the committees should be 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. Committees of the Board of Directors are headed by independent directors.</p> <p>2. The Company's internal documents (policies) contain provisions whereby individuals not included on the Audit Committee, the Nominations Committee and the Remunerations Committee may attend meetings of these committees only upon the invitation of the Chairman of the respective committee.</p>	<ul style="list-style-type: none"> • complied • <u>partially complied</u> • did not comply 	Criterion 1 is met partially, because only 5 out of 6 Committees are headed by independent directors. At the same time, the only Committee, which is not headed by an independent director on Board; its composition is well balanced, and this balance is achieved even without the appointment of an independent director as a Chair of the Committee. This conclusion has been confirmed by the results of external evaluation and self-assessment of the effectiveness of the Board. Criterion 2 is fully met.

2.8.6	The Chairmen of the committees should inform the Board of Directors and its Chairman of the work of their committees on a regular basis.	1. During the reporting period, the Chairmen of the committees reported on the committees' operations to the Board of Directors on a regular basis.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.9	The Board of Directors should ensure that the quality of its work and that of its committees and Board members is evaluated.			
2.9.1	The evaluation of the quality of the work of the Board of Directors should be 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 for improvement.	<p>1. The self-assessment or external assessment of the Board of Directors' performance conducted in the reporting period included an assessment of operations of the committees, individual members of the Board of Directors and the entire Board of Directors.</p> <p>2. The findings of the selfassessment or external assessment of the Board of Directors in the reporting period were reviewed at the personal meeting of the Board of Directors.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
2.9.2	The quality of the work of the Board of Directors, its committees and Board members should be evaluated on a regular basis, at least once a year. To carry out an independent evaluation of the quality of the work of the Board of Directors, it is recommended that a third-party entity (consultant) be retained on a regular basis, at least once every three years.	1. For an independent quality assessment of the Board of Directors' performance, an external company (advisor) was engaged by the Company at least once in three recent reporting periods.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
3.1	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 for the efficient work of its Board of Directors.			
3.1.1	The Corporate Secretary should have sufficient knowledge, experience and qualifications for the performance of	1. The Company adopted and published an internal document called Regulations on the	<ul style="list-style-type: none"> • <u>complied</u> • partially complied 	

	his/her duties, as well as an impeccable reputation and should enjoy the trust of the shareholders.	Corporate Secretary.	<ul style="list-style-type: none"> • did not comply 	
		2. The Company's website and annual report provide background information on the Corporate Secretary with the same level of detail as for members of the Board of Directors and the executive management of the Company.		
3.1.2	The Corporate Secretary should be sufficiently independent of the Company's executive bodies and be vested with powers and resources required to perform his/her tasks.	1. The Board of Directors approved the appointment, dismissal and additional remuneration of the Corporate Secretary.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
4.1	The level of remuneration paid by the Company should be sufficient to enable it to attract, motivate and retain individuals with the required skills and qualifications. Remuneration due to Board members, executive bodies and other key Company managers should be paid in accordance with a remuneration policy approved by the Company.			
4.1.1	It is recommended that the level of remuneration paid by the Company to its Board members, executive bodies and other key managers should be sufficient to motivate them to work efficiently and enable the Company to attract and retain knowledgeable, skilled and duly qualified individuals. The Company should avoid setting the level of remuneration any higher than necessary, and should also avoid excessively large gaps between the level of remuneration of any of the above individuals and that of the Company's employees.	1. The Company has adopted internal remuneration policies (for members of the Board of Directors, executive bodies and other key managers that clearly describe the approaches to the remuneration of these individuals.	<ul style="list-style-type: none"> • complied • <u>partially complied</u> • did not comply 	The criterion is met partially. There are internal documents that clearly define the remuneration approaches to the remuneration of senior officials, including executive bodies. As regards the remuneration of the members of the Board, there is no single internal document regulating payments, and this is a partial non-compliance with the criterion. However, when a Board is being composed, the General Meeting of Shareholders clearly determines the size and rules for calculating and paying remuneration and reimbursement of costs incurred by the members of the Board. This practice has existed in the

				<p>Company for a long time, it has proved viable and optimal, and it ensures minimization of the risk of personnel losses caused by inadequate remuneration. In this regard, the development and introduction a unified policy on remuneration and reimbursement of expenses of members of the board of directors, executive bodies of the company and other key managers of the company are not considered for the current period.</p>
4.1.2	<p>The Company's remuneration policy should be developed by its Remuneration Committee and approved by the Board of Directors. With the help of its Remuneration Committee, the Board of Directors should monitor implementation of, and compliance with, the remuneration policy by the Company and, should this be necessary, review and amend the same.</p>	<p>1. In the reporting period, the Remuneration Committee reviewed the remuneration policy(-ies) and the practice of its/their implementation and, if necessary, submitted the relevant recommendations to the Board of Directors.</p>	<ul style="list-style-type: none"> • complied • <u>partially complied</u> • did not comply 	<p>The criterion is met partially, because the Remuneration Policy has not been considered by the Remuneration and Human Resources Committee as a standalone document. However, the Committee reviewed regularly reports on the implementation of internal documents regulating the remuneration of senior officials, including reports on the achievement of key performance indicators, it has given recommendations on changing the composition and rules of determining the target values of key performance indicators. The Company believes that such approach ensures that the Board and its Remuneration and HR Committee are involved in the process of improving the motivation system of the Company. The development and introduction a unified policy on remuneration and reimbursement of expenses of members of the board of directors, executive bodies of the company and other key managers of the company are</p>

				not considered for the current period.
4.1.3	<p>The Company's remuneration policy should provide 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 Company managers, as well as to regulate any and all types of payments, benefits, and privileges provided to any of the above individuals.</p>	<p>1. The Company's remuneration policy(-ies) contain(s) transparent arrangements on determining the amount of remuneration paid to members of the Board of Directors, executive bodies and other key Company managers and govern(s) all types of fees, benefits and advantages provided to these individuals.</p>	<ul style="list-style-type: none"> • complied • <u>partially complied</u> • did not comply 	<p>The criterion is met partially, as the mechanism of determining the remuneration paid to members of Governance bodies and other senior officials is transparent, but it is not indicated in one document. It is stipulated by a set of internal documents of the Company and resolutions of its Governance bodies. Such approach ensures the availability and clarity of information about the remuneration system in the Company for all interested parties. In this regard, the development and introduction a unified policy on remuneration and reimbursement of expenses of members of the board of directors, executive bodies of the company and other key managers of the company are not considered for the current period.</p>

4.1.4	It is recommended that the Company develop a policy on the reimbursement of expenses that would contain a list of reimbursable expenses and specify service levels provided for members of the Board of Directors, the executive bodies and other key Company managers. Such a policy could form part of the Company's policy on compensation.	1. The remuneration policy(-ies) or other internal documents of the Company establish(-es) the rules on the reimbursement of costs to the members of the Board of Directors, executive bodies and other key Company employees.	<ul style="list-style-type: none"> • complied • <u>partially complied</u> • did not comply 	The criterion is met partially, as the procedure for reimbursing the costs incurred by members of Governance bodies and other senior officials is transparent, but it is not indicated in one document. It is stipulated by a set of internal documents of the Company and resolutions of its Governance bodies. Such approach ensures the availability and clarity of information about the system of costs reimbursement in the Company for all interested parties. In this regard, the development and introduction a unified policy on remuneration and reimbursement of expenses of members of the board of directors, executive bodies of the company and other key managers of the company are not considered for the current period.
4.2	The system of remuneration for Board members should ensure harmonisation of the financial interests of the directors with the long-term financial interests of shareholders.			
4.2.1	A fixed annual fee will be the preferred form of monetary remuneration for Board members. It is not advisable to pay a fee for participation in individual meetings of the Board of Directors or its committees. It is not advisable to use any form of short-term incentives or additional financial incentives in respect of Board members.	1. Fixed annual remuneration was the only monetary form of remuneration for the members of the Board of Directors for work within the Board of Directors during the reporting period.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

4.2.2	Long-term ownership of shares in the Company contributes to aligning the financial interests of Board members with the long-term interests of the Company's shareholders. However, it is not recommended that the right to dispose of shares be made dependent on the Company's achievement of certain performance results; nor should Board members take part in the Company's option plans.	1. If the Company's internal remuneration policy(-ies) envisage(s) the granting of shares to members of the Board of Directors, clear rules for holding shares by members of the Board of Directors, intended to encourage long-term ownership of such shares, should be available and disclosed.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
4.2.3	It is not recommended that any additional allowance or compensation be provided in the event of the early dismissal of Board members in connection with a change in control over the Company or other circumstances.	1. The Company does not envisage any additional benefits or compensation in case of the early termination of authority of the members of the Board of Directors in connection with a change in control over the Company or other circumstances.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
4.3	The system of remuneration due to the executive bodies and other key Company managers should provide that their remuneration is dependent on the Company's performance results and their personal contributions to the achievement thereof.			
4.3.1	Remuneration due to the executive bodies and other key Company managers should be set in such a way as to ensure a reasonable and justified ratio between its fixed portion and its variable portion that is dependent on the Company's performance results and	1. During the reporting period, the annual performance indicators approved by the Board of Directors were used to determine the amount of variable remuneration of members of executive bodies and other key Company managers.	<ul style="list-style-type: none"> • complied • <u>partially complied</u> • did not comply 	Criteria 1 and 2 are fully met. Criterion 3 is not met, however the implemented system of key performance indicators and the practice of establishing target values and calculating actual values exclude the possibility of undue accrual of excessive amounts of variable remuneration. However, the return

	<p>employees' personal (individual) contributions to the achievement thereof.</p>	<p>2. During the most recent assessment of the remuneration system for the members of executive bodies and other key Company managers, the Board of Directors (the Remunerations Committee) made sure the Company applied an efficient ratio of the fixed portion of remuneration to the variable portion.</p> <p>3. The Company has a procedure for refunding to the Company bonuses unlawfully obtained by the members of executive bodies and other key Company managers.</p>		<p>of bonus payments, which could potentially be improperly received, must be carried out within the framework of labor legislation. In this regard, the development and introduction a procedure ensuring the return of bonus payments to the Company are not considered for the current period.</p>
4.3.2	<p>Companies whose shares are admitted to trading at organized markets are recommended to put in place a long-term incentive program for 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. The Company introduced a long-term incentive programme for members of executive bodies and other key Company managers using shares in the Company (financial instruments based on shares in the Company).</p> <p>2. The long-term incentive programme for the members of executive bodies and other key Company managers implies that the right to sell the shares and other financial instruments used in this programme will not arise until three years from their provision provided that the right to sell the same is conditional upon the Company's achievement of certain performance indicators.</p>	<ul style="list-style-type: none"> • complied • partially complied • <u>did not comply</u> 	<p>The Company believes that at the moment the introduced system of motivation of senior officials gives them enough incentives, meets the needs of the company and shareholders, promotes the synchronization of the goals of key employees of the Company and of the Company itself, minimizes the risks of loss of qualified managers. In this regard, the development and introduction incentive programs based on the shares of the Company are not considered for the current period.</p>

4.3.3	The amount of severance pay (a so-called golden parachute) payable by the Company in the event of the early dismissal 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 the individual in question, should not exceed two times the fixed portion of his/her annual remuneration.	1. The amount of compensation (golden parachute) paid by the Company in case of the early termination of the authority of members of the executive bodies or key managers at the Company's initiative and in the absence of unfair actions on their part did not exceed the amount of twice the fixed portion of their annual remuneration in the reporting period.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
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.			
5.1.1	The Board of Directors should determine the principles of, and approaches to, the creation of the risk management and internal control system at the Company.	1. The functions of various management bodies and business units at the Company in the risk management and internal control system are clearly determined in the Company's relevant internal policy approved by the Board of Directors.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
5.1.2	The Company's executive bodies should ensure the establishment and continuing operation of an efficient risk management and internal control system at the Company.	1. The Company's executive bodies ensured the allocation of the functions and powers related to risk management and internal control among their subordinate managers (heads) of business units and divisions.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

5.1.3	The Company's risk management and internal control system should enable one to obtain an objective, fair and clear view of the Company's current condition and prospects, the integrity and transparency of its accounts and reports, and the reasonableness and acceptability of the risks being assumed by the Company.	<p>1. The Company approved an anti-bribery policy.</p> <p>2. The Company established an affordable method to notify the Board of Directors or the Board of Directors Audit Committee on violations of laws, internal procedures or the Company's ethics code.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
5.1.4	It is recommended that the Board of Directors take the required and sufficient measures to ensure that the Company's existing risk management and internal control system is consistent with the principles of, and approaches to, its creation as set forth by the Board of Directors and that it operates efficiently.	1. In the reporting year, the Board of Directors and the Board of Directors Audit Committee assessed the efficiency of the Company's risk management and internal control system. Information on the key findings of this assessment is included in the Company's annual report.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
5.2	To independently evaluate, on a regular basis, the reliability and efficiency of the risk management and internal control system and corporate governance practices, the Company should arrange for internal audits.			

5.2.1	It is recommended that internal audits be carried out by a separate structural division (internal audit department) to be created by the Company or by retaining an independent third-party entity. To ensure the independence of the internal audit department, it should have separate lines of functional and administrative reporting. Functionally, the internal audit department should report to the Board of Directors, while from the administrative standpoint, it should report directly to the company's oneperson executive body.	1. For the purposes of internal audit, the Company established a separate business unit for internal audit, which reports, functionally, to the Board of Directors or the Audit Committee, or it engaged an independent external company that followed the same reporting procedure.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
5.2.2	When carrying out an internal audit, it is recommended that the efficiency of the internal control system and the risk management system be evaluated, that the corporate governance system also be evaluated and that generally accepted standards of internal auditing be applied.	<p>1. In the reporting period, as part of an internal audit, the efficiency of the internal control and risk management system was assessed.</p> <p>2. The Company uses common approaches to internal control and risk management.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
6.1	The Company and its activities should be transparent to its shareholders, investors and other stakeholders.			
6.1.1	The Company should develop and implement an information policy enabling the Company to efficiently exchange information with its shareholders, investors and other	1. The Company's Board of Directors approved the Company's information policy developed with the aim of implementing the Code's recommendations.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

	stakeholders.	2. The Board of Directors (or one of its committees) reviewed the issues related to the Company's compliance with its information policy at least once in the reporting period.		
6.1.2	The Company should disclose information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of this Code.	<p>1. Information about the corporate governance system used by the Company and the general corporate governance principles applied at the Company, in particular, is available on the Company's website.</p> <p>2. The Company discloses the composition of executive bodies and the Board of Directors, the independence of members of the Board and their membership in committees of the Board of Directors (as defined in the Code).</p> <p>3. If there is a person who controls the Company, the Company publishes a memorandum from the controlling person concerning that person's plans for corporate governance at the Company.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
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 should disclose information in accordance with the principles of regularity, consistency and timeliness, as well as accessibility, reliability, completeness and comparability of the disclosed information.	1. The Company's information policy determines the approaches to, and criteria for, determining information that could materially influence the Company's value, the value of its securities and the procedures that ensure the timely disclosure of such information.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

		<p>2. If the Company's securities are traded in foreign markets, material information is disclosed in the Russian Federation and in such markets simultaneously and equivalently in the reporting year.</p>		
		<p>3. If foreign shareholders hold a significant number of shares in the Company, then, in the reporting period, disclosures were carried out not only in Russian but also in one of the most common foreign languages.</p>		
6.2.2	<p>The Company is advised against using a formalistic approach to information disclosure; it should disclose material information on its activities even if the disclosure of such information is not required by law.</p>	<p>1. In the reporting period, the Company disclosed annual and semi-annual IFRS financial statements. The Company's annual report for the reporting period includes annual IFRS financial statements with the auditor's opinion.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
		<p>2. The Company discloses comprehensive information on the Company's capital structure, according to Recommendation 290 of the Code in the annual report and on the Company's website.</p>		
6.2.3	<p>The Company's annual report, as one of the most important tools for information exchange with its shareholders and other stakeholders, should contain</p>	<p>1. The Company's annual report contains information on the key dimensions of the Company's operations and its financial performance.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied 	

	information enabling one to evaluate the Company's performance results for the year.	2. The Company's annual report contains information on environmental and social dimensions of the Company's business.	<ul style="list-style-type: none"> • did not comply 	
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	The exercise by the shareholders of their right to access the Company's documents and information should not be unreasonably burdensome.	1. The Company's information policy specifies an easy procedure for providing access to shareholders to information, in particular, information on the legal entities dependent on the Company, upon the request of a shareholder.	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
6.3.2	When providing information to its shareholders, the Company should maintain a reasonable balance between the interests of individual shareholders and its own interests related to the fact that the Company is interested in maintaining the confidentiality of sensitive business information that might have a material impact on its competitiveness.	<p>1. In the reporting period, the Company did not deny any shareholders' requests for information, or such denials were reasonable.</p> <p>2. In cases specified in the Company's information policy, shareholders are warned of the confidential nature of information and undertake to keep it confidential.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
7.1	Any actions that 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	<p>Material corporate actions shall include the reorganisation of the Company, the acquisition of 30 per cent or more of its voting shares (takeover), the Company's entering into any material transactions, increasing or decreasing its share capital, listing and delisting of its shares, as well as other actions that might result in material changes in the rights of its shareholders or violation of their interests. It is recommended that a list of (criteria for identifying) transactions or other actions falling within the category of material corporate actions be included in the Company's Articles of Association and provide therein that decisions on any such actions should fall within the jurisdiction of the Company's Board of Directors.</p>	<p>1. The Company's Articles of Association specify a list of actions and other efforts that constitute material corporate actions, and their determination criteria. Decision-making on material corporate actions falls within the competence of the Board of Directors. Where the taking of these corporate actions is directly referred by law to the competence of General Meeting of Shareholders, the Board of Directors makes the relevant recommendations to the shareholders.</p> <p>2. The Company's Articles of Association classify as material corporate actions, at least, the reorganisation of the Company, the purchase of 30 per cent or more of the voting shares in the Company (takeover), the Company's entering into material transactions, increasing or decreasing the Company's share capital, listing and delisting of shares in the Company.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
7.1.2	<p>The Board of Directors should play a key role in passing resolutions or making recommendations related to material corporate actions; for this purpose, it should rely on the opinions of the company's independent directors.</p>	<p>1. The Company envisages a procedure whereby independent directors announce their standpoint on material corporate actions before their approval.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	

7.1.3	<p>When taking any material corporate actions that would affect the rights or legitimate interests of the Company's shareholders, equal terms and conditions should be ensured for all shareholders; if statutory mechanisms designed to protect shareholder rights prove to be insufficient for that purpose, additional measures should be taken with a view to protecting the rights and legitimate interests of the Company's shareholders. In such instances, the Company should not only aim to comply with the formal requirements of the law but should also be guided by the principles of corporate governance set out in this Code.</p>	<p>1. The Company's Articles of Association, taking into account the particular features of its operations, established lower minimum criteria for classifying the Company's transactions as major corporate actions than envisaged by law.</p> <p>2. During the reporting period, all material corporate actions were approved before their implementation.</p>	<ul style="list-style-type: none"> • complied • <u>partially complied</u> • did not comply 	<p>Criteria 1 has been met.</p> <p>Criteria 2 has been met partially since some significant transactions were completed before obtaining prior consent of the relevant management bodies.</p> <p>All these transactions were standard and were subsequently duly approved, which excludes any risks for shareholders.</p> <p>Transactions made before obtaining the relevant consent is an exemption from the rule due to their urgency. The Company will in future obtain due consent of the relevant management bodies before the transactions are made.</p>
7.2	<p>The Company should have in place such a procedure for taking any material corporate actions that would enable its shareholders to receive complete information about such actions in due time and to influence them, and this would also guarantee that shareholder rights are observed and duly protected in the course of taking such actions.</p>			
7.2.1	<p>When disclosing information about material corporate actions, it is recommended that explanations concerning reasons for, conditions and consequences of, such actions be provided.</p>	<p>1. In the reporting period, the Company disclosed information on the Company's material corporate actions in a timely manner and in detail, including the reasons for, and timing of, the taking of such actions.</p>	<ul style="list-style-type: none"> • <u>complied</u> • partially complied • did not comply 	
7.2.2	<p>Rules and procedures in relation to material corporate actions taken by the Company should be set out in its internal documents.</p>	<p>1. The Company's internal documents envisage the procedure for engaging an independent appraiser in evaluating the assets disposed of or purchased under a major transaction or a related-party transaction.</p>	<ul style="list-style-type: none"> • complied • <u>partially complied</u> • did not comply 	<p>The Company's Charter defines a list of actions that are recognized as material corporate actions (including material transactions of the Company). The internal document adopted in the Company in 2018 provides for the duty of engaging an</p>

		<p>2. The Company's internal documents envisage a procedure for engaging an independent appraiser in evaluating the purchase and redemption price for shares in the Company.</p>		<p>independent appraiser to determine the value of property alienated or acquired by a major transaction or a significant interested party transaction, as well as to assess the cost of acquiring and redeeming shares of the Company. Criteria 1 and 2 are not met only in the part that for the above cases, separate procedures for commissioning an appraiser have not been established. In spite of this, the Company has adopted an internal document regulating the general (universal) procedure for the acquisition by the Company of all goods (works, services) - the Regulations on purchase of inventories, works and services of PJSC PhosAgro. The provisions of this document will be applied in selection (engagement) of an independent appraiser to determine the value of the property being alienated or acquired in a major transaction or a material interested party transaction, as well as to assess the value of the acquisition and repurchase of shares of the Company. Criterion 3 is met, as the Company's Regulations on Conflicts of Interests, the Regulations on the Board of Directors provide for mechanisms to identify interest in the Company's transactions and procedures that minimize the risks of obtaining by the Company employees or the Board members an income as a result of conflict of interest transactions, which are not controlled as interested party transactions. The development and introduction additional to the described rules and procedures related to the implementation of significant corporate actions are not considered for the current period</p>
		<p>3. The Company's internal documents envisage an expanded list of reasons for the members of the Company's Board of Directors and other individuals envisaged in the law to be recognised as interested in the Company's transactions.</p>		

<1> The 'complied with' status is only indicated if the Company meets all the criteria of the corporate governance principle compliance assessment. Otherwise, the 'partially complied with' or 'not complied with' status is displayed.

<2> They are shown for each criterion of the corporate governance principle compliance if the Company meets only part of the criteria or fails to meet any of the principle compliance assessment criteria. If the Company indicated the 'complied with' status, no explanations are required.

<3> Please specify which of the two alternative approaches admitted by the principle is implemented in the Company and explain the reasons for the selection made.

<4> If the objectives of the Nomination Committee are only implemented as part of another committee, indicate its name.

<5> List the established additional committees.