

# Appendix

# Major and Related-Party Transactions

# Major Transactions of PJSC MegaFon in 2017

GOVERNING BODY THAT APPROVED THE TRANSACTION	SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• No. 165(229) dated 10 April 2012;</li> <li>• No. 200(264) dated 12 November 2013;</li> <li>• No. 232(296) dated 26 November 2015;</li> <li>• No. 241(305) dated 21 July 2016;</li> <li>• No. 255(319) dated 06 February 2017.</li> </ul>	<p>Addendums to the Interrelated Non-Revolver Credit Facility Agreements between PJSC MegaFon (Borrower) and PJSC Sberbank (Lender) No. 5541 dated 19 April 2012 (Credit Facility 1) and No. 5542 dated 19 April 2012 (Credit Facility 2).</p> <p>In 2012, PJSC MegaFon (Borrower) signed the Interrelated Non-Revolver Credit Facility Agreements with PJSC Sberbank (Lender/Bank) No. 5541 dated 19 April 2012 and No. 5542 dated 19 April 2012.</p> <p>In 2017, Addendums were signed changing material terms of the Credit Facilities: Credit Facility 1 – revised early repayment fee, lower interest rate; Credit Facility 2 – revised early repayment fee, lower interest rate.</p> <p>Sum of interrelated transactions: RUB 145,406,000,000</p>
<p>General Meeting of Shareholders</p> <ul style="list-style-type: none"> <li>• Minutes w/n dated 19 September 2016</li> </ul>	<p>Lease and/or Use Agreements for communications installations (parts thereof), means of communication (parts thereof), and other property (parts thereof) between PJSC MegaFon (Customer) and JSC FTC (Contractor).</p> <p>Under the Lease and/or Use Agreements for communications installations (parts thereof), means of communication (parts thereof), and other property (parts thereof) PJSC MegaFon uses communications installations (parts thereof), means of communication (parts thereof), and other property (parts thereof) owned or otherwise lawfully held by JSC FTC.</p> <p>JSC FTC compensates PJSC MegaFon for electricity costs incurred by PJSC MegaFon in relation to the property transferred to JSC FTC, as well as for property insurance and JSC FTC's civil liability to third parties insurance costs incurred by PJSC MegaFon in relation to the property transferred to JSC FTC.</p> <p>Total price of the property (services) under the Interrelated Lease and/or Use Agreements for communications installations (parts thereof), means of communication (parts thereof), and other property (parts thereof) between PJSC MegaFon and JSC FTC does not exceed RUB 418,500,000,000.</p>

# Related-Party Transactions of PJSC MegaFon in 2017

GOVERNING BODY THAT APPROVED THE TRANSACTION	SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION	RELATED PARTIES INVOLVED IN THE TRANSACTION
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Transactions (groups of interrelated transactions) worth less than two percent of the book value of MegaFon's assets

Board of Directors

- Minutes: № 253(317) dated 23 December 2016

Interrelated Surety Agreements imposing liability on PJSC MegaFon (Surety) for the obligations of PJSC MegaFon's subsidiaries (Debtors) to banks and partner companies.

Subject matter of the Surety Agreements:

- PJSC MegaFon's guarantee of performance of obligations to banks undertaken by PJSC MegaFon's subsidiaries under bank guarantee agreements (including guarantees issued to secure fulfilment of subsidiaries' obligations under public contracts);
- PJSC MegaFon's guarantee of performance of obligations to partner companies undertaken by PJSC MegaFon's subsidiaries under distribution agreements and supply agreements;
- PJSC MegaFon's guarantee of performance of obligations undertaken by PJSC MegaFon's subsidiaries under bank financing and factoring agreements.

Total price of property (services) under the Interrelated Surety Agreements providing for PJSC MegaFon's liability for performance by PJSC MegaFon's subsidiaries of their obligations to banks and partner companies shall not exceed RUB 5,000,000,000.

USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding; Ya.I.Kukhalsky.

Board of Directors

Minutes:

- № 203(267) dated 24 December 2013;
- № 214(278) dated 30 July 2014;
- № 253 (317) dated 23 December 2016.

Revolving Credit Facility Agreement between PJSC MegaFon (Borrower) and JSC MegaLabs (Lender).

Facility amount: RUB 3,000,000,000.

Facility maturity date: until 23 May 2020 (inclusive).

Interest rate: up to eight (8) percent per annum.

USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding; Ya.I. Kukhalsky.

<b>GOVERNING BODY THAT APPROVED THE TRANSACTION</b>	<b>SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION</b>	<b>RELATED PARTIES INVOLVED IN THE TRANSACTION</b>
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• No. 149(213) dated 11 July 2011;</li> <li>• No. 200(264) dated 12 November 2013;</li> <li>• No. 203(267) dated 24 December 2013;</li> <li>• No. 214(278) dated 30 July 2014;</li> <li>• No. 253(317) dated 23 December 2016.</li> </ul>	<p>Revolving Credit Facility Agreement between PJSC MegaFon (Lender) and NetByNet Holding LLC (Borrower).</p> <p>Facility amount: RUB 2,902,000,000.</p> <p>Facility maturity date: until 19 July 2020 (inclusive).</p> <p>Interest rate: up to eight (8) percent per annum.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p>
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• № 138(203) dated 30 December 2010;</li> <li>• № 186(250) dated 31 December 2012;</li> <li>• № 219(283) dated 25 December 2014;</li> <li>• № 233(297) dated 25 December 2015;</li> <li>• № 253(317) dated 23 December 2016.</li> </ul>	<p>Revolving Credit Facility Agreement between PJSC MegaFon (Borrower) and Metrocom CJSC (Lender).</p> <p>Facility amount: RUB 1,140,000,000.</p> <p>Facility maturity date: until 16 May 2020 (inclusive).</p> <p>Interest rate: up to eight (8) percent per annum.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p>
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• No. 149(213) dated 11 July 2011;</li> <li>• No. 203(267) dated 24 December 2013</li> <li>• No. 253(317) dated 23 December 2016.</li> </ul>	<p>Revolving Credit Facility Agreement between PJSC MegaFon (Lender) and Debton Investments Limited (Borrower).</p> <p>Facility amount: RUB 200,000,000.</p> <p>Facility maturity date: until 27 October 2020 (inclusive).</p> <p>Interest rate: up to eight (8) percent per annum.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p>
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• No. 160(224) dated 10 January 2012;</li> <li>• No. 253(317) dated 23 December 2016.</li> </ul>	<p>Loan Agreement between PJSC MegaFon (Lender) and CJSC TT Mobile (Borrower).</p> <p>Facility amount: US\$ 5,000,000.</p> <p>Facility maturity date: until 09 May 2020 (inclusive).</p> <p>Interest rate: up to nine (9) percent per annum.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding; G.A. Vermishyan; A.Yu. Shishkovsky.</p>

GOVERNING BODY THAT APPROVED THE TRANSACTION	SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION	RELATED PARTIES INVOLVED IN THE TRANSACTION
<p>Board of Directors :</p> <ul style="list-style-type: none"> <li>Minutes № 255 (319) dated 06 February 2017</li> </ul>	<p>Mutual Information Services Agreement between PJSC MegaFon and Mail.Ru LLC.</p> <p>Pursuant to the Agreement, the parties provide each other with information services.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Mutual Information Services Agreement between PJSC MegaFon and Mail.Ru LLC does not exceed RUB 720,000,000.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p>
<p>Board of Directors</p> <ul style="list-style-type: none"> <li>Minutes № 255 (319) dated 06 February 2017</li> </ul>	<p>MVNO Agreement between PJSC MegaFon and VKontakte LLC.</p> <p>Pursuant to the Agreement, the parties cooperate to create and promote the branded VKmobile product.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the MVNO Agreement between PJSC MegaFon and VKontakte LLC does not exceed RUB 1,700,000,000.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p>
<p>Board of Directors</p> <ul style="list-style-type: none"> <li>Minutes № 258(322) dated 28 February 2017</li> </ul>	<p>Revolving Credit Facility Agreement between PJSC MegaFon (Lender) and JSC Mobicom Volga (Borrower).</p> <p>Facility amount: RUB 780,000,000.</p> <p>Facility maturity date: until 31 December 2017 (inclusive).</p> <p>Interest rate: up to eight (8) percent per annum.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p>
<p>Board of Directors</p> <ul style="list-style-type: none"> <li>Minutes № 258(322) dated 15 March 2017</li> </ul>	<p>Master Agreement between PJSC MegaFon and JSC SMARTS-Penza.</p> <p>Under the Master Agreement, PJSC MegaFon provides to JSC SMARTS-Penza services, performs work, and transfers property/rights/obligations as follows:</p> <ul style="list-style-type: none"> <li>provision of radio access network infrastructure to enable communications services based on MVNO business model;</li> <li>enabling shared use of means of communication and/or communications lines, including, without limitation, communications nodes (equipment comprising communications nodes), including maintenance, operation and repair of equipment comprising communications nodes, as well as other equipment), equipment of base stations and repeaters of LTE mobile networks, and communications channels;</li> <li>enabling a technical capability for JSC SMARTS-Penza subscribers to sign agreements with an electronic signature, as well as a technical capability for JSC SMARTS-Penza employees and other persons engaged by JSC SMARTS-Penza to sign documents with an electronic signature;</li> </ul>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p>

GOVERNING BODY THAT APPROVED THE TRANSACTION	SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION	RELATED PARTIES INVOLVED IN THE TRANSACTION
<p>Board of Directors</p> <p>• Minutes № 258(322) dated 15 March 2017</p>	<ul style="list-style-type: none"> <li>• technical support for international roaming, and billing support;</li> <li>• services related to processing personal data of JSC SMARTS-Penza employees (collection, collation, accumulation, storage, clarification (update, modification), use, anonymisation, blocking and destruction) and other personal data transferred by JSC SMARTS-Penza;</li> <li>• enabling the use (including shared use) of PJSC MegaFon's software (SAP, Microsoft, MS SQL software and software for help desk set-up and support), including, without limitation, execution of licence (sub-licence), agency, technical support and other services agreements (including those related to software), tripartite agreements with software owners, as well as services related to equipment and software maintenance and support;</li> <li>• lease of telecommunications equipment (SORM system, switches, servers, and other technical equipment);</li> <li>• spectrum sharing;</li> <li>• arrangements for access from a connection point to PJSC MegaFon's information centre and traffic generation;</li> <li>• agency services to arrange for interconnection between JSC SMARTS-Penza communications networks and communications networks of other operators, and other agency services;</li> <li>• information, consulting, and legal services;</li> <li>• accounting, tax, financial control, treasury, HR management services;</li> </ul> <p>as well as provides other services, performs work and transfers property/rights/obligations.</p> <p>JSC SMARTS-Penza provides to PJSC MegaFon services, performs work, and transfers property/rights/obligations as follows:</p> <ul style="list-style-type: none"> <li>• provision of radio access network infrastructure to enable communications services based on MVNO business model;</li> <li>• spectrum sharing;</li> <li>• information and analytical services related to collection and processing of aggregated data used for PJSC MegaFon's internal and external analytical services.</li> </ul> <p>as well as provides other services, performs work and transfers property/rights/obligations;</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Master Agreement between PJSC MegaFon and JSC SMARTS-Penza does not exceed RUB 400,700,000.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p>

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<p>Board of Directors</p> <ul style="list-style-type: none"> <li>Minutes № 258(322) dated 15 March 2017</li> </ul>	<p>Master Agreement between PJSC MegaFon and JSC SMARTS-Saransk.</p> <p>Under the Master Agreement, PJSC MegaFon provides to JSC SMARTS-Saransk services, performs work and transfers property/rights/obligations as follows:</p> <ul style="list-style-type: none"> <li>provision of radio access network infrastructure to enable communications services based on MVNO business model;</li> <li>enabling shared use of means of communication and/or communications lines, including, without limitation, communications nodes (equipment comprising communications nodes), including maintenance, operation and repair of equipment comprising communications nodes, as well as other equipment), equipment of base stations and repeaters of LTE mobile networks, and communications channels;</li> <li>enabling a technical capability for JSC SMARTS-Saransk subscribers to sign agreements with an electronic signature, as well as a technical capability for JSC SMARTS-Saransk employees and other persons engaged by JSC SMARTS-Saransk to sign documents with an electronic signature;</li> <li>technical support for international roaming, and billing support;</li> <li>services related to processing personal data of JSC SMARTS-Saransk employees (collection, collation, accumulation, storage, clarification (update, modification), use, anonymisation, blocking and destruction) and other personal data transferred by JSC SMARTS-Saransk;</li> <li>enabling the use (including shared use) of PJSC MegaFon's software (SAP, Microsoft, MS SQL software and software for help desk set-up and support), including, without limitation, execution of licence (sub-licence), agency, technical support and other services agreements (including those related to software), tripartite agreements with software owners, as well as services related to equipment and software maintenance and support;</li> <li>lease of telecommunications equipment (SORM system, switches, servers, and other technical equipment);</li> <li>spectrum sharing;</li> <li>arrangements for access from a connection point to PJSC MegaFon's information centre and traffic generation;</li> <li>agency services to arrange for interconnection between JSC SMARTS-Saransk communications networks and communications networks of other operators, and other agency services;</li> <li>information, consulting, and legal services;</li> <li>accounting, tax, financial control, treasury, HR management services;</li> </ul>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p>



GOVERNING BODY THAT APPROVED THE TRANSACTION	SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION	RELATED PARTIES INVOLVED IN THE TRANSACTION
	<p>as well as provides other services, performs work and transfers property/rights/obligations.</p> <p>JSC SMARTS-Saransk provides to PJSC MegaFon services, performs work, and transfers property/rights/obligations as follows:</p> <ul style="list-style-type: none"> <li>• provision of radio access network infrastructure to enable communications services based on MVNO business model;</li> <li>• spectrum sharing;</li> <li>• information and analytical services related to collection and processing of aggregated data used for PJSC MegaFon's internal and external analytical services.</li> </ul> <p>as well as provides other services, performs work and transfers property/rights/obligations.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Master Agreement between PJSC MegaFon and JSC SMARTS-Saransk does not exceed RUB 403,200,000.</p>	
<p>Board of Directors</p> <ul style="list-style-type: none"> <li>• Minutes № 258(322) dated 15 March 2017</li> </ul>	<p>Master Agreement between PJSC MegaFon and JSC SMARTS-Ulyanovsk.</p> <p>Under the Master Agreement, PJSC MegaFon provides to JSC SMARTS-Ulyanovsk services, performs work and transfers property/rights/obligations as follows:</p> <ul style="list-style-type: none"> <li>• provision of radio access network infrastructure to enable communications services based on MVNO business model;</li> <li>• enabling shared use of means of communication and/or communications lines, including, without limitation, communications nodes (equipment comprising communications nodes), including maintenance, operation and repair of equipment comprising communications nodes, as well as other equipment), equipment of base stations and repeaters of LTE mobile networks, and communications channels;</li> <li>• enabling a technical capability for JSC SMARTS-Ulyanovsk subscribers to sign agreements with an electronic signature, as well as a technical capability for JSC SMARTS-Ulyanovsk employees and other persons engaged by JSC SMARTS-Ulyanovsk to sign documents with an electronic signature;</li> <li>• technical support for international roaming, and billing support;</li> <li>• services related to processing personal data of JSC SMARTS-Ulyanovsk employees (collection, collation, accumulation, storage, clarification (update, modification), use, anonymisation, blocking and destruction) and other personal data transferred by JSC SMARTS-Ulyanovsk;</li> </ul>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p>

GOVERNING BODY THAT APPROVED THE TRANSACTION	SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION	RELATED PARTIES INVOLVED IN THE TRANSACTION
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- enabling the use (including shared use) of PJSC MegaFon's software (SAP, Microsoft, MS SQL software and software for help desk set-up and support), including, without limitation, execution of licence (sub-licence), agency, technical support and other services agreements (including those related to software), tripartite agreements with software owners, as well as services related to equipment and software maintenance and support;
- lease of telecommunications equipment (SORM system, switches, servers, and other technical equipment);
- spectrum sharing;
- arrangements for access from a connection point to PJSC MegaFon's information centre and traffic generation;
- agency services to arrange for interconnection between JSC SMARTS-Ulyanovsk communications networks and communications networks of other operators, and other agency services;
- information, consulting, and legal services;
- accounting, tax, financial control, treasury, HR management services;

as well as provides other services, performs work and transfers property/rights/obligations.

JSC SMARTS-Ulyanovsk provides to PJSC MegaFon services, performs work and transfers property/rights/obligations as follows:

- provision of radio access network infrastructure to enable communications services based on MVNO business model;
- spectrum sharing;
- information and analytical services related to collection and processing of aggregated data used for PJSC MegaFon's internal and external analytical services.

as well as provides other services, performs work and transfers property/rights/obligations.

Total price of property (services) acquired (disposed) by PJSC MegaFon under the Master Agreement between PJSC MegaFon and JSC SMARTS-Ulyanovsk does not exceed RUB 404,000,000

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<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• No. 138(203) dated 30 December 2010;</li> <li>• No. 161(225) dated 31 January 2012;</li> <li>• No. 166(230) dated 18 April 2012;</li> <li>• No. 184(248) dated 30 November 2012;</li> <li>• No. 200(264) dated 12 November 2013;</li> <li>• No. 231(295) dated 28 October 2015;</li> <li>• No. 259(323) dated 26 April 2017.</li> </ul>	<p>Interrelated Agreements (multilateral agreement) on special accounts (Pool of Accounts) between PJSC MegaFon, JSC CB CITIBANK, CITIBANK N.A. DUBLIN and PJSC MegaFon's subsidiaries.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Interrelated Agreements (multilateral agreement) on special accounts (Pool of Accounts) between PJSC MegaFon, JSC CB CITIBANK, CITIBANK N.A. DUBLIN and PJSC MegaFon's subsidiaries does not exceed US\$ 79,800.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding; Ya.I. Kukhalsky.</p>
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• No. 147(211) dated 29 April 2011;</li> <li>• No. 154(218) dated 29 September 2011;</li> <li>• No. 166(230) dated 18 April 2012;</li> <li>• No. 184(248) dated 30 November 2012;</li> <li>• No. 192(256) dated 14 May 2013;</li> <li>• No. 200(264) dated 12 November 2013;</li> <li>• No. 231(295) dated 28 October 2015;</li> <li>• No. 233(297) dated 25 December 2015;</li> <li>• No. 248(312) dated 26 October 2016;</li> <li>• No. 259(323) dated 26 April 2017.</li> </ul>	<p>Interrelated Surety Agreements (multilateral agreement) between PJSC MegaFon (Surety), JSC CB CITIBANK (Lender) and PJSC MegaFon's subsidiaries (Debtors).</p> <p>Interrelated Surety Agreements provide for PJSC MegaFon's liability for performance by PJSC MegaFon's subsidiaries located in the territory of the Russian Federation of their obligations to JSC CB CITIBANK under the Interrelated Agreements on special accounts (Pool of Accounts) with a right of overdraft.</p> <p>Total price of property (services) to be disposed of under the Interrelated Surety Agreements (multilateral agreement) due to execution of a transaction shall not exceed RUB 2,420,000,000.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding; Ya.I. Kukhalsky.</p>
<p>Board of Directors</p> <ul style="list-style-type: none"> <li>• Minutes № 259(323) dated 26 April 2017</li> </ul>	<p>Revolving Credit Facility Agreement between PJSC MegaFon and JSC FTC.</p> <p>Facility amount: RUB 2,500,000,000.</p> <p>Facility maturity date: 5 years from the date of the Agreement.</p> <p>Interest rate: zero (0) percent per annum.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding</p>

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<p>Board of Directors</p> <ul style="list-style-type: none"> <li>Minutes № 259(323) dated 26 April 2017</li> </ul>	<p>Revolving Credit Facility Agreement between PJSC MegaFon (Borrower) and LLC FTC (Lender).</p> <p>Facility amount: Five million roubles (RUB 5,000,000).</p> <p>Facility maturity date: 5 years from the date of the Agreement.</p> <p>Interest rate: zero (0) percent per annum.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p>
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>No. 248(312) dated 26 October 2016;</li> <li>No. 264(328) dated 26 July 2017.</li> </ul>	<p>Revolving Credit Facility Agreement between PJSC MegaFon (Lender) and Combell LLC (Borrower).</p> <p>Facility amount: Seven hundred sixty five million roubles (RUB 765,000,000 ).</p> <p>Facility maturity date: until 19 January 2022 (inclusive).</p> <p>Interest rate: up to ten (10) percent per annum.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p>
<p>Board of Directors</p> <ul style="list-style-type: none"> <li>Minutes № 266(330) dated 28 August 2017</li> </ul>	<p>Surety Agreement between PJSC MegaFon (Surety) and JSC UniCredit Bank (Lender) to secure performance of CJSC TT Mobile's obligations (Borrower, Beneficiary).</p> <p>The Surety Agreement provides for PJSC MegaFon's joint liability for performance of CJSC TT Mobile's obligations to JSC UniCredit Bank under the General Credit Facility Agreement signed between CJSC TT Mobile and JSC UniCredit Bank for a maximum amount of US\$ 20,000,000 for up to 24 months.</p> <p>The term of the Surety Agreement: 36 months from the date of the Surety Agreement.</p> <p>Total price of the property (services) disposed of (acquired) by PJSC MegaFon under the Surety Agreement between PJSC MegaFon and JSC UniCredit Bank to secure performance of CJSC TT Mobile's obligations does not exceed twenty two million US dollars (US\$ 22,000,000).</p>	<p>AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, G.A. Vermishyan.</p>
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>№ 253(317) dated 23 December 2016;</li> <li>No. 267(331) dated 25 October 2017.</li> </ul>	<p>Trademark Licence Agreement between PJSC MegaFon (Licensor) and LLC AF Telecom Holding (Licensee).</p> <p>Under the Agreement, PJSC MegaFon uses the MegaFon trademark.</p> <p>PJSC MegaFon uses the MegaFon trademark while communicating with international operators and providing services to foreign subscribers (including representative offices of foreign companies), and places it on customised subscriber devices.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Trademark Licence Agreement between PJSC MegaFon and LLC AF Telecom Holding does not exceed RUB 218,400,000 in 2017 and shall not exceed RUB 792,000,000 in 2018–2020.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p>

GOVERNING BODY THAT APPROVED THE TRANSACTION	SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION	RELATED PARTIES INVOLVED IN THE TRANSACTION
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• № 259(323) dated 26 April 2017;</li> <li>• No. 271(335) dated 22 December 2017.</li> </ul>	<p>Master Agreement between PJSC MegaFon and JSC FTC.</p> <p>Under the Master Agreement, PJSC MegaFon provides to JSC FTC services, performs work and transfers property/rights/obligations as follows:</p> <ul style="list-style-type: none"> <li>• transfer of rights and obligations pursuant to agreements aimed at granting the right to use land plots that are necessary to maintain and operate communications facilities and other property of JSC FTC;</li> <li>• works/services related to the maintenance and operation of communications facilities and other property of JSC FTC;</li> <li>• lease of property;</li> <li>• sale/purchase of property, contribution to the property of JSC FTC;</li> <li>• services/works related to the maintenance and support of equipment, including, without limitation, the equipment used by JSC FTC pursuant to agreements with PJSC MegaFon;</li> <li>• use (including shared use) of PJSC MegaFon's available software, including, without limitation, execution of licence (sub-licence), agency, technical support and other services agreements (including those related to software), and tripartite agreements with software owners;</li> <li>• agreement maintenance services in the context of JSC FTC property siting on land plots;</li> <li>• services related to the collection of the input data necessary in searching for sites for JSC FTC communication facilities (services related to the search of sites, designing, building and operating JSC FTC communication facilities), searching for land plots and other real estate subject to use in the context of designing, building, siting and operating JSC FTC communications facilities;</li> <li>• title documents preparation services for the use of land plots and other real estate in the context of designing, building, siting and operating JSC FTC communications facilities;</li> <li>• agreement maintenance and performance services in the context of JSC FTC communications facilities siting;</li> <li>• services related to designing, building and upgrading JSC FTC communications facilities;</li> <li>• marketing support and advertising services;</li> <li>• services related to goods/works/services purchasing organisation to provide for the business operations of JSC FTC;</li> <li>• services related to provision of technical specifications for siting at JSC FTC communications facilities;</li> <li>• archive and documentation storage organisation;</li> </ul>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p>

GOVERNING BODY THAT APPROVED THE TRANSACTION	SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION	RELATED PARTIES INVOLVED IN THE TRANSACTION
	<ul style="list-style-type: none"> <li>• services related support of JSC FTC administrative activities;</li> <li>• agreement maintenance and performance services in the context of JSC FTC communications facilities siting;</li> <li>• information, advisory, and legal services;</li> <li>• accounting, tax, financial control, treasury, HR management services;</li> <li>• services related to processing personal data of JSC FTC employees (collection, collation, accumulation, storage, clarification (update, modification), use, anonymisation, blocking and destruction) and other personal data transferred by JSC FTC;</li> <li>• full range of agency services;</li> <li>• services related to implementing and ensuring financial and information security in JSC FTC;</li> <li>• preparation and handling services in respect of documentation related to JSC FTC property.</li> </ul> <p>as well as provides other services, performs work and transfers property/rights/obligations.</p> <p>JSC FTC provides to PJSC MegaFon services, performs work and transfers property/rights/obligations as follows:</p> <ul style="list-style-type: none"> <li>• sale/purchase of property owned by JSC FTC;</li> <li>• full range of agency services, including legal and other actions related to the purchase of, and payment for, electricity.</li> </ul> <p>as well as provides other services, performs work and transfers property/rights/obligations.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Master Agreement between PJSC MegaFon and JSC FTC does not exceed RUB 1,011,500,000.</p>	
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• № 253 (317) dated 23 December 2016;</li> <li>• № 271(335) dated 22 December 2017.</li> </ul>	<p>Accounting, tax accounting, financial control and treasury, and HR accounting and management services addenda to Master Agreements with PJSC MegaFon's subsidiaries.</p> <p>Under the addenda to Master Agreements with subsidiaries, PJSC MegaFon provides to its subsidiaries a range of accounting and tax accounting, financial control and treasury, as well as HR accounting and management services.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the accounting, tax accounting, financial control and treasury, and HR accounting and management services addenda to Master Agreements with PJSC MegaFon's subsidiaries does not exceed RUB 500,000,000.</p>	<p>USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding; G.A. Vermishyan.</p>

**GOVERNING BODY  
THAT APPROVED  
THE TRANSACTION****SUBJECT MATTER  
AND MATERIAL TERMS  
OF THE TRANSACTION****RELATED PARTIES  
INVOLVED  
IN THE TRANSACTION****Transactions (groups of interrelated transactions) worth two percent or more of the book value of PJSC MegaFon's assets**

Extraordinary General Meeting of Shareholders

• Minutes w/n dated 23 January 2017

Share Purchase Agreement between PJSC MegaFon (Buyer) and New Media and Technology Investment LP, New Media Technologies Capital Partners Limited and Ardoe Finance Limited (Sellers).

PJSC MegaFon purchases from New Media and Technology Investment LP, New Media Technologies Capital Partners Limited and Ardoe Finance Limited 11,500,100 Class A shares and 21,940,148 ordinary shares representing 15.2% of the charter capital and a 63.8% voting stake in Mail.Ru Group Limited.

Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Share Purchase Agreement does not exceed US\$ 740,000,000.

**Related parties:** USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.

**Grounds for recognising them as related parties:** counterparties to the transaction are New Media and Technology Investment LP, New Media Technologies Capital Partners Limited and Ardoe Finance Limited controlled by USM HOLDINGS LIMITED also controlling PJSC MegaFon.

**Related parties' percentage share ownership in PJSC MegaFon:**

- USM HOLDINGS LIMITED: nil;
- USM TELECOM HOLDINGS LIMITED: nil;
- Garsdale Services Investments Limited: nil;
- AF Telecom Holding Limited: nil;
- LLC AF Telecom Holding: 56.3178%.

**Related parties' percentage share ownership in the counterparties:** nil.

GOVERNING BODY THAT APPROVED THE TRANSACTION	SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION	RELATED PARTIES INVOLVED IN THE TRANSACTION
<p>General Meeting of Shareholders</p> <p>• Minutes w/n dated 19 September 2016</p>	<p>Lease and/or Use Agreements for communications installations (parts thereof) and other property (parts thereof) between PJSC MegaFon (Customer) and JSC FTC (Contractor).</p> <p>Under the Lease and/or Use Agreements for communications installations (parts thereof), means of communication (parts thereof), and other property (parts thereof) PJSC MegaFon uses communications installations (parts thereof), means of communication (parts thereof), and other property (parts thereof) owned or otherwise lawfully held by JSC FTC.</p> <p>JSC FTC compensates PJSC MegaFon for electricity costs incurred by PJSC MegaFon in relation to the property transferred to JSC FTC, as well as for property insurance and JSC FTC's civil liability to third parties insurance costs incurred by PJSC MegaFon in relation to the property transferred to JSC FTC.</p> <p>Total price of the property (services) under the Interrelated Lease and/or Use Agreements for communications installations (parts thereof), means of communication (parts thereof), and other property (parts thereof) between PJSC MegaFon and JSC FTC does not exceed RUB 418,500,000,000.</p>	<p><b>Related parties:</b> USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p> <p><b>Grounds for recognising them as related parties:</b> counterparty to the transaction is JSC FTC controlled by parties also controlling PJSC MegaFon.</p> <p><b>Related parties' percentage share ownership in PJSC MegaFon:</b></p> <ul style="list-style-type: none"> <li>• USM HOLDINGS LIMITED: nil;</li> <li>• USM TELECOM HOLDINGS LIMITED: nil;</li> <li>• Garsdale Services Investments Limited: nil;</li> <li>• AF Telecom Holding Limited: nil;</li> <li>• LLC AF Telecom Holding: 56.3178%.</li> </ul> <p><b>Related parties' percentage share ownership in the counterparty:</b> nil.</p>



GOVERNING BODY THAT APPROVED THE TRANSACTION	SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION	RELATED PARTIES INVOLVED IN THE TRANSACTION
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• No. 160(224) dated 10 January 2012;</li> <li>• No. 185(249) dated 09 December 2012;</li> <li>• No. 191(255) dated 01 April 2013;</li> <li>• No. 192(256) dated 14 May 2013;</li> <li>• No. 253(317) dated 23 December 2016.</li> </ul>	<p>Revolving Credit Facility Agreement between PJSC MegaFon (Lender) and JSC MegaFon Retail (Borrower).</p> <p>Facility amount: RUB 7,060,000,000.</p> <p>Facility maturity date: until 06 March 2022 (inclusive).</p> <p>Interest rate: up to eight (8) percent per annum.</p>	<p><b>Related parties:</b> USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p> <p><b>Grounds for recognising them as related parties:</b> counterparty to the transaction is JSC MegaFon Retail controlled by parties also controlling PJSC MegaFon.</p> <p><b>Related parties' percentage share ownership in PJSC MegaFon:</b></p> <ul style="list-style-type: none"> <li>• USM HOLDINGS LIMITED: nil;</li> <li>• USM TELECOM HOLDINGS LIMITED: nil;</li> <li>• Garsdale Services Investments Limited: nil;</li> <li>• AF Telecom Holding Limited: nil;</li> <li>• LLC AF Telecom Holding: 56.3178%.</li> </ul> <p><b>Related parties' percentage share ownership in the counterparty:</b> nil.</p>

<b>GOVERNING BODY THAT APPROVED THE TRANSACTION</b>	<b>SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION</b>	<b>RELATED PARTIES INVOLVED IN THE TRANSACTION</b>
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• № 127(191) dated 28 April 2010;</li> <li>• No. 140(204) dated 31 January 2011;</li> <li>• No. 149(213) dated 11 July 2011;</li> <li>• No. 189(253) dated 05 March 2013;</li> <li>• No. 160(224) dated 10 February 2012;</li> <li>• No. 233(297) dated 25 December 2015;</li> <li>• No. 253(317) dated 23 December 2016.</li> </ul>	<p>Revolving Credit Facility Agreement between PJSC MegaFon (Lender) and CJSC TT Mobile (Borrower).</p> <p>Facility amount: US\$ 161,900,000.</p> <p>Facility maturity date: until 19 March 2019 (inclusive).</p> <p>Interest rate: up to twenty (20) percent per annum.</p>	<p><b>Related parties:</b> USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding; G.A. Vermishyan; A.Yu. Shishkovsky.</p> <p><b>Grounds for recognising them as related parties:</b> counterparty to the transaction is CJSC TT Mobile controlled by G.A. Vermishyan and A.Yu. Shishkovsky also controlling PJSC MegaFon – members of the Board of Directors of CJSC TT Mobile.</p> <p><b>Related parties' percentage share ownership in PJSC MegaFon:</b></p> <ul style="list-style-type: none"> <li>• USM HOLDINGS LIMITED: nil;</li> <li>• USM TELECOM HOLDINGS LIMITED: nil;</li> <li>• Garsdale Services Investments Limited: nil;</li> <li>• AF Telecom Holding Limited: nil;</li> <li>• LLC AF Telecom Holding: 56.3178%;</li> <li>• G.A. Vermishyan: 0.000968%;</li> <li>• A.Yu. Shishkovsky: nil.</li> </ul> <p><b>Related parties' percentage share ownership in the counterparty:</b> nil.</p>

GOVERNING BODY THAT APPROVED THE TRANSACTION	SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION	RELATED PARTIES INVOLVED IN THE TRANSACTION
<p>Board of Directors</p> <ul style="list-style-type: none"> <li>• Minutes № 267(331) dated 25 October 2017</li> </ul> <p>General Meeting of Shareholders</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• w/n dated 19 April 2012;</li> <li>• 15 October 2012;</li> <li>• 22 September 2014;</li> <li>• 13 April 2015.</li> </ul>	<p>Revolving Credit Facility Agreement between PJSC MegaFon (Lender) and MegaFon Investments (Cyprus) Limited (Borrower).</p> <p>Facility amount: up to RUB 10,000,000,000.</p> <p>Facility maturity date: until 19 April 2020 (inclusive).</p> <p>Interest rate: seven (7) percent per annum.</p>	<p><b>Related parties:</b> USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p> <p><b>Grounds for recognising them as related parties:</b> counterparty to the transaction is MegaFon Investments (Cyprus) Limited controlled by parties also controlling PJSC MegaFon.</p> <p><b>Related parties' percentage share ownership in PJSC MegaFon:</b></p> <ul style="list-style-type: none"> <li>• USM HOLDINGS LIMITED: nil;</li> <li>• USM TELECOM HOLDINGS LIMITED: nil;</li> <li>• Garsdale Services Investments Limited: nil;</li> <li>• AF Telecom Holding Limited: nil;</li> <li>• LLC AF Telecom Holding: 56.3178%.</li> </ul> <p><b>Related parties' percentage share ownership in the counterparty:</b> nil.</p>

<b>GOVERNING BODY THAT APPROVED THE TRANSACTION</b>	<b>SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION</b>	<b>RELATED PARTIES INVOLVED IN THE TRANSACTION</b>
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• № 189(253) dated 05 March 2013;</li> <li>• No. 192(256) dated 14 May 2013;</li> <li>• No. 216(280) dated 29 April 2014;</li> <li>• No. 220(284) dated 24 December 2014;</li> <li>• No. 231(295) dated 28 October 2015;</li> <li>• No. 271(335) dated 22 December 2017.</li> </ul>	<p>Limited Overdraft Facility Agreement between PJSC MegaFon (Borrower) and PJSC Sberbank (Lender).</p> <p>Total overdraft limit: up to RUB 7,000,000,000.</p> <p>Overdraft maturity date: until 28 December 2018.</p> <p>Facility purpose: payments under the settlement documents of the Pool Participants in MegaFon Group and included in the Pool of Accounts 'Limited Overdraft' if there is no or insufficient cash on accounts of these entities, using the Total overdraft limit that is set for the account of PJSC MegaFon.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Limited Overdraft Facility Agreement does not exceed RUB 10,150,000,000.</p>	<p>AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited.</p> <p><b>Grounds for recognising them as related parties:</b> beneficiaries of the transaction are subsidiaries of PJSC MegaFon controlled by parties also controlling PJSC MegaFon.</p> <p><b>Related parties' percentage share ownership in PJSC MegaFon:</b></p> <ul style="list-style-type: none"> <li>• USM HOLDINGS LIMITED: nil;</li> <li>• USM TELECOM HOLDINGS LIMITED: nil;</li> <li>• Garsdale Services Investments Limited: nil;</li> <li>• AF Telecom Holding Limited: nil;</li> <li>• LLC AF Telecom Holding: 56.3178%.</li> </ul> <p><b>Related parties' percentage share ownership in the counterparty:</b> nil.</p>

GOVERNING BODY THAT APPROVED THE TRANSACTION	SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION	RELATED PARTIES INVOLVED IN THE TRANSACTION
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• № 264(328) dated 26 July 2017;</li> <li>• No. 271(335) dated 22 December 2017.</li> </ul>	<p>Revolving Credit Facility Agreement between PJSC MegaFon (Borrower) and LLC Scartel (Lender).</p> <p>Facility amount: up to RUB 15,000,000,000 (inclusive).</p> <p>Facility maturity date: three (3) years from the date of the Agreement (inclusive).</p> <p>Interest rate: up to eight (8) percent per annum.</p>	<p><b>Related parties:</b> USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p> <p><b>Grounds for recognising them as related parties:</b> counterparty to the transaction is LLC Scartel controlled by parties also controlling PJSC MegaFon.</p> <p><b>Related parties' percentage share ownership in PJSC MegaFon:</b></p> <ul style="list-style-type: none"> <li>• USM HOLDINGS LIMITED: nil;</li> <li>• USM TELECOM HOLDINGS LIMITED: nil;</li> <li>• Garsdale Services Investments Limited: nil;</li> <li>• AF Telecom Holding Limited: nil;</li> <li>• LLC AF Telecom Holding: 56.3178%.</li> </ul> <p><b>Related parties' percentage share ownership in the counterparty:</b> nil.</p>

GOVERNING BODY THAT APPROVED THE TRANSACTION	SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION	RELATED PARTIES INVOLVED IN THE TRANSACTION
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• № 253(317) dated 23 December 2016;</li> <li>• No. 271(335) dated 22 December 2017.</li> </ul>	<p>Master Agreement between PJSC MegaFon and LLC Scartel.</p> <p>Under the Master Agreement, PJSC MegaFon provides to LLC Scartel the following services, performs work and transfers property/rights/obligations as follows:</p> <ul style="list-style-type: none"> <li>• provision of radio access network infrastructure to enable communications services based on MVNO business model;</li> <li>• enabling shared use of means of communication and/or communications lines, including, without limitation, communications nodes (equipment comprising communications nodes), maintenance, operation, and repair of equipment comprising communications nodes, as well as other equipment), equipment of base stations and repeaters of LTE mobile networks, and communications channels;</li> <li>• enabling a technical capability for LLC Scartel subscribers to sign agreements with an electronic signature, as well as a technical capability for LLC Scartel employees and other persons engaged by LLC Scartel to sign documents with an electronic signature;</li> <li>• technical support for international roaming, and billing support;</li> <li>• services related to processing personal data of LLC Scartel employees (collection, collation, accumulation, storage, clarification (update, modification), use, anonymisation, blocking and destruction) and other personal data transferred by LLC Scartel;</li> <li>• a range of accounting, tax, financial control, treasury, HR accounting and HR management services;</li> <li>• enabling the use (including shared use) of PJSC MegaFon's software (SAP, Microsoft, MS SQL software and software for help desk set-up and support, and other software), including, without limitation, execution of licence (sub-licence), agency, technical support and other services agreements (including those related to software), tripartite agreements with software owners, as well as services related to equipment and software maintenance and support;</li> <li>• purchase and sale of equipment (customised CPE, including customer premises equipment by Apple or Samsung);</li> <li>• lease of telecommunications equipment (SORM system, switches, servers, and other technical equipment);</li> <li>• spectrum sharing;</li> <li>• arrangements for access from a connection point to PJSC MegaFon's information centre and traffic generation;</li> <li>• agency services to arrange for interconnection between LLC Scartel communications networks and communications networks of other operators, and other agency services;</li> </ul>	<p><b>Related parties:</b> USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p> <p><b>Grounds for recognising them as related parties:</b> counterparty to the transaction is LLC Scartel controlled by parties also controlling PJSC MegaFon.</p> <p><b>Related parties' percentage share ownership in PJSC MegaFon:</b></p> <ul style="list-style-type: none"> <li>• USM HOLDINGS LIMITED: nil;</li> <li>• USM TELECOM HOLDINGS LIMITED: nil;</li> <li>• Garsdale Services Investments Limited: nil;</li> <li>• AF Telecom Holding Limited: nil;</li> <li>• LLC AF Telecom Holding: 56.3178%.</li> </ul> <p><b>Related parties' percentage share ownership in the counterparty:</b> nil.</p>

<b>GOVERNING BODY THAT APPROVED THE TRANSACTION</b>	<b>SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION</b>	<b>RELATED PARTIES INVOLVED IN THE TRANSACTION</b>
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as well as provides other services, performs work and transfers property/rights/obligations.

LLC Scartel provides to PJSC MegaFon services, performs work and transfers property/rights/obligations as follows:

- spectrum sharing;
- information and analytical services related to collection and processing of aggregated data used for PJSC MegaFon's internal and external analytical services.

as well as provides other services, performs work and transfers property/rights/obligations.

Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Master Agreement between PJSC MegaFon and LLC Scartel does not exceed RUB 11,597,700,000.

<b>GOVERNING BODY THAT APPROVED THE TRANSACTION</b>	<b>SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION</b>	<b>RELATED PARTIES INVOLVED IN THE TRANSACTION</b>
<p>Board of Directors</p> <p>Minutes:</p> <ul style="list-style-type: none"> <li>• No. 253(317) dated 23 December 2016;</li> <li>• No. 271(335) dated 22 December 2017.</li> </ul>	<p>Master Agreement between PJSC MegaFon and MegaLabs JSC.</p> <p>Under the Master Agreement, PJSC MegaFon provides to MegaLabs JSC the following services, performs work and transfers property/rights/obligations as follows:</p> <ul style="list-style-type: none"> <li>• equipment lease (including telecommunications and technical equipment (platforms) for the purpose of provision of services by PJSC MegaFon);</li> <li>• purchase and sale of equipment (including telecommunications and technical equipment (platforms) for the purpose of provision of services by PJSC MegaFon);</li> <li>• enabling the use (including through alienation of exclusive right) of software, including, without limitation, software installed on equipment transferred by PJSC MegaFon, including through tripartite agreements with software owners;</li> <li>• enabling the use (including through alienation of exclusive right) of other intellectual property for the purpose of provision of services by PJSC MegaFon;</li> <li>• services and work related to equipment and software maintenance and support, software development;</li> <li>• agency services for PJSC MegaFon, including for the purpose of provision of services by PJSC MegaFon and promotion (advertisement) of PJSC MegaFon's services;</li> <li>• transfer of rights and obligations under the agreements concluded by MegaLabs JSC with the third parties</li> </ul> <p>as well as provides other services, performs work and transfers property/rights/obligations.</p>	<p><b>Related parties:</b> USM HOLDINGS LIMITED, USM TELECOM HOLDINGS LIMITED, Garsdale Services Investments Limited, AF Telecom Holding Limited, LLC AF Telecom Holding.</p> <p><b>Grounds for recognising them as related parties:</b> counterparty to the transaction is JSC FTC controlled by parties also controlling PJSC MegaFon.</p> <p><b>Related parties' percentage share ownership in PJSC MegaFon:</b></p> <ul style="list-style-type: none"> <li>• USM HOLDINGS LIMITED: nil</li> <li>• USM TELECOM HOLDINGS LIMITED: nil</li> <li>• Garsdale Services Investments Limited: nil</li> <li>• AF Telecom Holding Limited: nil</li> <li>• LLC AF Telecom Holding: 56.3178%.</li> </ul> <p><b>Related parties' percentage share ownership in the counterparty:</b> nil.</p>



GOVERNING BODY THAT APPROVED THE TRANSACTION	SUBJECT MATTER AND MATERIAL TERMS OF THE TRANSACTION	RELATED PARTIES INVOLVED IN THE TRANSACTION
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MegaLabs JSC provides to PJSC MegaFon services, performs work and transfers property/rights/obligations as follows:

- implementation and maintenance of the SAP system
- siting and technical support of MegaLabs JSC equipment
- equipment lease (including telecommunications and technical equipment (platforms))
- purchase and sale of equipment (including telecommunications and technical equipment (platforms))
- transfer of rights and obligations under the agreements concluded by PJSC MegaFon with the third parties
- enabling the use of, alienation of exclusive right to, any intellectual production

as well as provides other services, performs work and transfers property/rights/obligations.

Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Master Agreement between PJSC MegaFon and MegaLabs JSC does not exceed RUB 11,118,673,000.

# Corporate Governance Code Compliance Report

This Corporate Governance Code (the Code) Compliance Report was discussed by the Board of Directors of Public Joint-Stock Company MegaFon (the Company) at its meeting held on 27 April 2018 (Minutes No.278(342) dated 27 April 2018).

The Board of Directors certifies that all data in this Report contain full and reliable information on compliance by the Company with the principles and recommendations of the Code for 2017.

The compliance with the Code was assessed by the Company in accordance with the Recommendations on Preparation of the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (Letter of the Bank of Russia No. IN-06-52/8 dated 17 February 2016).

№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
1.1	The company ensures fair and equitable treatment of all shareholders in exercising their corporate governance right.			
1.1.1	The company ensures the most favourable conditions for its shareholders to participate in the general meeting, develop an informed position on agenda items of the general meeting, coordinate their actions, and voice their opinions on items considered.	<ol style="list-style-type: none"> <li data-bbox="574 1224 889 1402">1. The company's internal document approved by the general meeting of shareholders governing the procedures to hold general meetings of shareholders is publicly available.</li> <li data-bbox="574 1434 889 1768">2. The company provides accessible means of communication with the company, such as a hotline, e-mail or online forum, to enable shareholders to express their opinion and send questions on the agenda in preparation for the general meeting. The company performed the above actions in advance of each general meeting held in the reporting period.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
1.1.2	The procedure for giving notice of, and providing relevant materials for, the general meeting enables shareholders to properly prepare for attending the general meeting.	<ol style="list-style-type: none"> <li>1. The notice of an upcoming general shareholders meeting is posted (published) online at least 30 days prior to the date of the general meeting.</li> <li>2. The notice of an upcoming meeting indicates the location of the meeting and the documents required for admission.</li> <li>3. Shareholders were given access to the information on who proposed the agenda items and who nominated candidates to the company's board of directors and the revision committee.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
1.1.3	In preparing for, and holding of, the general meeting, shareholders were able to receive clear and timely information on the meeting and related materials, put questions to the company's executive bodies and the board of directors, and to communicate with each other.	<ol style="list-style-type: none"> <li>1. In the reporting period, shareholders were given an opportunity to put questions to members of executive bodies and members of the board of directors in advance of and during the annual general meeting.</li> <li>2. The position of the board of directors (including dissenting opinions entered in the minutes) on each item on the agenda of general meetings held in the reporting period was included in the materials for the general meeting of shareholders.</li> <li>3. The company gave duly authorized shareholders access to the list of persons entitled to participate in the general meeting, as from the date when such list was received by the company, in all instances of general meetings held in the reporting period.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
1.1.4	There were no unjustified difficulties preventing shareholders from exercising their right to request that a general meeting be convened, to propose nominees to the company's management bodies, and to make proposals for the agenda of the general meeting.	<ol style="list-style-type: none"> <li>1. In the reporting period, shareholders had an opportunity to make proposals for the agenda of the annual general meeting for at least 60 days after the end of the respective calendar year.</li> <li>2. In the reporting period, the company did not reject any proposals for the agenda or nominees to the company's management bodies due to misprints or other insignificant flaws in the shareholder's proposal.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
1.1.5	Each shareholder was able to freely exercise their voting right in the simplest and most convenient way.	<ol style="list-style-type: none"> <li>1. The internal document (internal policy) contains provisions stipulating that every participant in the general meeting may, before the end of the respective meeting, request a copy of the ballot filled in by them and certified by the counting commission.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
1.1.6	The procedure for holding a general meeting set by the company provides equal opportunities for all persons attending the meeting to voice their opinions and ask questions.	<ol style="list-style-type: none"> <li>1. During general meetings of shareholders held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time was allocated for reports on and discussion of the agenda items.</li> <li>2. Candidates to the company's management and control bodies were available to answer questions of shareholders at the meeting at which their nominations were put to vote.</li> <li>3. When passing resolutions on the preparation and holding of general meetings of shareholders, the board of directors considered using telecommunication means for remote access of shareholders to general meetings in the reporting period.</li> </ol>	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<ol style="list-style-type: none"> <li>1. Full.</li> <li>2. Candidates to the Company's governing and control bodies are neither present nor available to answer shareholders' questions during the GMS at which they are put to vote.  Since their tight schedules and residential locations prevent them from attending GMSs in person, the Company does not undertake to ensure their attendance. However, in preparation for the GMS, shareholders may exercise their right to put any questions in writing to candidates to the Company's governing and control bodies by forwarding such questions to the Company, including to the Corporate Secretary.  The Company believes this way of communication to be most effective as, according to the voting statistics, shareholders prefer sending ballots to the Company to attending in person.</li> <li>3. The use of filming equipment, video and/or audio recording devices during the GMS, as well as video and/or audio broadcast of the GMS is prohibited by the Company's Regulations on the GMS to prevent unauthorised disclosure of the Company's insider and confidential information.  However, the applicable laws allow shareholders to vote by sending completed ballots to the Company or electronically through the communications channels of nominee holders.</li> </ol>

№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
1.2	Shareholders are given equal and fair opportunities to share profits of the company in the form of dividends.			
1.2.1	The company has designed and put in place a transparent and clear mechanism to determine the dividend amount and payout procedure.	<ol style="list-style-type: none"> <li>1. The company has drafted and disclosed a dividend policy approved by the board of directors.</li> <li>2. If the company's dividend policy uses reporting figures to determine the dividend amount, then relevant provisions of the dividend policy take into account the consolidated financial statements.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
1.2.2	The company does not resolve to pay out dividends if such payout, while formally compliant with law, is economically unjustified and may lead to a false representation of the company's performance.	<ol style="list-style-type: none"> <li>1. The company's dividend policy contains clear indications of financial/economic circumstances under which the company shall not pay out dividends.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
1.2.3	The company does not allow for dividend rights of its existing shareholders to be impaired.	<ol style="list-style-type: none"> <li>1. In the reporting period, the company did not take any actions that would lead to the impairment of the dividend rights of its existing shareholders.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
1.2.4	The company makes every effort to prevent its shareholders from using other means to profit (gain) from the company other than dividends and liquidation value.	<ol style="list-style-type: none"> <li>1. To prevent shareholders from using other means to profit (gain) from the company other than dividends and liquidation value, the company's internal documents provide for controls to timely identify and approve deals with affiliates (associates) of the company's substantial shareholders (persons entitled to use votes attached to voting shares) where the law does not formally recognize such deals as related-party transactions.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
1.3	The corporate governance framework and practices ensure equal conditions for all shareholders owning the same type (class) of shares, including minority and non-resident shareholders, and their equal treatment by the company.			
1.3.1	The company has created conditions for fair treatment of each shareholder by the company's governance and control bodies, including conditions that rule out abuse by major shareholders against minority shareholders.	1. In the reporting period, procedures for management of potential conflicts of interest among substantial shareholders were efficient, while the board of directors paid due attention to conflicts, if any, between shareholders.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
1.3.2	The company does not take any actions that lead or may lead to artificial redistribution of corporate control.	1. No quasi-treasury shares were issued or used to vote in the reporting period.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<p>The Company's subsidiary, MegaFon Investments (Cyprus) Limited, holds a stake in the Company and participates in voting on the GMS agenda.</p> <p>At the same time, this company does not vote on approval of related-party transactions, including cases when the related party is the Company's majority shareholder.</p> <p>When voting at a GMS on election of the Company's Directors, MegaFon Investments (Cyprus) Limited votes exclusively in favour of the Company's independent directors, which is believed by the Company to reflect the interests of all its shareholders.</p> <p>In line with the legal requirement to count phantom shares for the GMS quorum, the Company intends to maintain this approach, thus maximising support to all its shareholders.</p>

№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
1.4	Shareholders are provided with reliable and efficient means of recording their rights to shares and are able to freely dispose of their shares without any hindrance.			
1.4	Shareholders are provided with reliable and efficient means of recording their rights to shares and are able to freely dispose of their shares without any hindrance.	1. The company's registrar maintains the share register in an efficient and reliable way that meets the needs of the company and its shareholders.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.1	The board of directors provides strategic management of the company, determines key principles of, and approaches to, setting up a corporate risk management and internal control framework, monitors performance by the company's executive bodies, and performs other key functions.			
2.1.1	The board of directors is responsible for appointing and dismissing executive bodies, including for improper performance of their duties. The board of directors also ensures that the company's executive bodies act in accordance with the company's approved development strategy and core lines of business.	1. The board of directors has the authority stipulated in the articles of association to appoint and remove members of executive bodies and to set out the terms and conditions of their contracts.  2. The board of directors reviewed the report(s) by the sole executive body or members of the collegial executive body on the implementation of the company's strategy.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	1. In accordance with the Company's Charter, appointment and removal of members of executive bodies falls within the authority of the GMS.  In the Company's opinion, this matter is reserved solely to the Company's supreme governing body as highly important in terms of shareholders controlling the Company's executive bodies.  The Board of Directors reviews candidates to executive bodies and offers shareholders its recommendations. The Board is also authorised to convene a GMS for election or termination of the powers of executive bodies – an effective approach formalized in the Charter for over 15 years and supported by MegaFon's shareholders.  2. Full.



№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COM-PLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.1.2	The board of directors sets key long-term targets for the company, assesses and approves its key performance indicators and key business goals, as well as the strategy and business plans for the company's core lines of business.	1. At its meetings in the reporting period, the board of directors reviewed strategy implementation and updates, approval of the company's financial and business plan (budget), and criteria and performance (including interim) of the company's strategy and business plans.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.1.3	The board of directors defines the company's principles and approaches to risk management and internal controls.	1. The board of directors defined the company's principles and approaches to risk management and internal controls.  2. The board of directors assessed the company's risk management and internal controls in the reporting period.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.1.4	The board of directors shall define the company's policy on remuneration due to and/or reimbursement (compensation) of costs incurred by members of the board of directors, executive bodies and other key executives of the company.	1. The company developed and put in place a remuneration and reimbursement (compensation) policy (policies), approved by the board of directors, for its directors, members of executive bodies and other key executives.  2. At its meetings in the reporting period, the board of directors discussed matters related to such policy (policies).	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.1.5	The board of directors plays a key role in preventing, identifying and resolving internal conflicts between the company's bodies, shareholders and employees.	1. The board of directors plays a key role in preventing, identifying and resolving internal conflicts.  2. The company set up mechanisms to identify transactions leading to a conflict of interest and to resolve such conflicts.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.1.6	The board of directors plays a key role in ensuring that the company is transparent, timely and fully discloses its information, and provides its shareholders with unhindered access to the company's documents.	<ol style="list-style-type: none"> <li>The board of directors approved the company's regulations on the information policy.</li> <li>The company identified persons responsible for implementing the information policy.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.1.7	The board of directors controls the company's corporate governance practices and plays a key role in material corporate events of the company.	<ol style="list-style-type: none"> <li>In the reporting period, the board of directors reviewed the company's corporate governance practices.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

## 2.2 The board of directors is accountable to the company's shareholders.

2.2.1	Performance of the board of directors is disclosed and made available to the shareholders.	<ol style="list-style-type: none"> <li>The company's annual report for the reporting period includes the information on individual attendance at board of directors and committee meetings.</li> <li>The annual report discloses key performance assessment results of the board of directors in the reporting period.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.2.2	The chairman of the board of directors is available to communicate with the company's shareholders.	<ol style="list-style-type: none"> <li>The company has in place a transparent procedure enabling shareholders to forward questions and express their position on such questions to the chairman of the board of directors.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.3	The board of directors manages the company in an efficient and professional manner and is capable of making fair and independent judgements and adopting resolutions in the best interests of the company and its shareholders.			
2.3.1	Only persons of impeccable business and personal reputation who have knowledge, expertise and experience required to make decisions within the authority of the board of directors and essential to perform its functions in an efficient way are elected to the board of directors.	<ol style="list-style-type: none"> <li>1. The procedure for assessing the board of directors' performance established in the company includes, inter alia, assessment of professional qualifications of directors.</li> <li>2. In the reporting period, the board of directors (or its nomination committee) assessed nominees to the board of directors for required experience, expertise, business reputation, absence of conflicts of interest, etc.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.3.2	The company's directors are elected via a transparent procedure that enables shareholders to obtain information on nominees sufficient to judge on their personal and professional qualities.	<ol style="list-style-type: none"> <li>1. Whenever the agenda of the general shareholders meeting included election of the board of directors, the company provided to shareholders the biographical details of all nominees to the board of directors, the results of their assessment carried out by the board of directors (or its nomination committee), and the information on whether the nominee meets the independence criteria set forth in Recommendations 102–107 of the Code, as well as the nominees' written consent to be elected to the board of directors.</li> </ol>	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<p>The Company has provided the personal data of nominees to the Board of Directors to shareholders for each General Meeting of Shareholders, as required by the applicable laws.</p> <p>However, the Company has not provided its shareholders with information on whether the listed nominees to the Company's Board of Directors meet the independence criteria set forth in Recommendations 102–107 of the Code.</p> <p>The Company intends to make a full disclosure of such information to its shareholders its routine practice as from the 2018 GMS.</p>

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.3.3	The board of directors has a balanced membership, including in terms of directors' qualifications, experience, expertise and business skills, and enjoys its shareholders' trust.	1. As part of assessment of the board of directors' performance run in the reporting period, the board of directors reviewed its requirements to professional qualifications, experience and business skills.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	<p>In the reporting period, the performance of the Company's Board of Directors was not assessed due to multiple changes in its membership. The last Board of Directors was elected on 07 August 2017.</p> <p>The composition of the Board of Directors was completely changed on 19 January 2018.</p> <p>Due to very little time in office of the new Directors, the Board of Directors intends to conduct self-assessment by the end of the next reporting period.</p> <p>However, the Company adheres to the principle of having a well-balanced membership of its Board of Directors. Despite the changes in the Board of Directors membership in the reporting year, qualifications, expertise, and experience of all Directors were in full compliance with the Company's needs and strategic goals.</p>
2.3.4	The company has a sufficient number of directors to organize the board of directors' activities in the most efficient way, including ability to set up committees of the board of directors and enable the company's substantial minority shareholders to elect a nominee to the board of directors for whom they vote.	1. As part of assessment of the board of directors' performance run in the reporting period, the board of directors considered whether the number of directors met the company's needs and shareholders' interests.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	<p>The Company fully adheres to the principle of having a well-balanced number of Directors. Throughout 2017, the Board of Directors had three Independent Directors. From 17 August 2017 to 01 October 2017, the Board of Directors had four Independent Directors.</p> <p>The Company's Board of Directors did not assess its performance in 2017 for the reasons detailed above. Due to very little time in office of the new Directors, the Board of Directors intends to conduct self-assessment by the end of the next reporting period.</p> <p>However, the Board of Directors continued to follow the recommendations resulting from the 2015 assessment.</p>

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.4	The board of directors includes a sufficient number of independent directors.			
2.4.1	<p>An independent director is a person who is sufficiently professional, experienced and independent to develop their own position, and capable of making unbiased judgements in good faith, free of influence by the company's executive bodies, individual groups of shareholders or other stakeholders. It should be noted that a nominee (elected director) who is related to the company, its substantial shareholder, substantial counterparty or competitor of the company, or is related to the government, may not be considered as independent under normal circumstances.</p>	<p>1. In the reporting period, all independent directors met all independence criteria set out in Recommendations 102–107 of the Code, or were deemed independent by resolution of the board of directors.</p>	<p><input checked="" type="checkbox"/> full  <input type="checkbox"/> partial  <input type="checkbox"/> none</p>	

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.4.2	The company assesses compliance of nominees to the board of directors and reviews compliance of independent directors with independence criteria on a regular basis. In such assessment, substance should prevail over form.	<ol style="list-style-type: none"> <li>In the reporting period, the board of directors (or its nomination committee) made a judgement on independence of each nominee to the board of directors and provided its opinion to shareholders.</li> <li>In the reporting period, the board of directors (or its nomination committee) reviewed, at least once, the independence of incumbent directors listed by the company as independent directors in its annual report.</li> <li>The company has in place procedures defining the actions to be taken by directors if they cease to be independent, including the obligation to timely notify the board of directors thereof.</li> </ol>	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<ol style="list-style-type: none"> <li>Upon election by the Company's General Meeting of Shareholders to the Board of Directors, Directors undergo remote assessment for compliance with independence criteria. At the conclusion of this process, the Board of Directors considers nominees for independent directors and determines which nominees qualify as independent directors.  In 2017, the Remuneration and Nominations Committee made a judgement on independence of nominees to the Board of Directors at the Annual GMS; assessment of the nominees proposed at Extraordinary GMSs was not conducted.  The Company intends to assess all nominees to the Board of Directors for compliance with the independence criteria as from the 2018 Annual GMS.</li> <li>Full.</li> <li>Full.</li> </ol>
2.4.3	Independent directors make up at least one third of elected directors.	1. Independent directors make up at least one third of directors.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	<p>The composition of the Company's Board of Directors fully met this requirement throughout 2017.</p> <p>From 19 January 2018, the Board of Directors has two independent directors.</p>
2.4.4	Independent directors play a key role in preventing internal conflicts in the company and in ensuring that the company performs material corporate actions	1. Independent directors (with no conflicts of interest) run a preliminary assessment of material corporate actions implying a potential conflict of interest and submit the results to the board of directors.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.5	The chairman of the board of directors ensures that the board of directors discharges its duties in the most efficient way.			
2.5.1	The board of directors is chaired by an independent director, or a senior independent director supervising the activities of other independent directors and interacting with the chairman of the board of directors is chosen from among the elected independent directors.	<ol style="list-style-type: none"> <li>The board of directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors.</li> <li>The role, rights and duties of the chairman of the board of directors (and, if applicable, of the senior independent director) are duly set out in the company's internal documents.</li> </ol>	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<ol style="list-style-type: none"> <li>The Company and the Board of Directors believe that, considering the BoD Chairman's deep involvement in the Company's activities, the election of the Chairman requires thorough consideration of both personal and professional skills of nominees. Therefore, Vladimir Ya. Streshinsky was unanimously elected Chairman of the Board of Directors for 2017. Although Mr Streshinsky was not an independent director, the Company believed that his vast experience in the telecoms industry, his outstanding managerial skills, and inside-out knowledge of all the Company's business segments and specifics guaranteed high performance of the Board of Directors, a balanced approach to protecting shareholder rights and interests, and focus on the Company's business needs.  In addition, Mr Streshinsky had unique expertise in media asset management.  Independent directors also chaired key Board of Directors' Committees and were actively involved in discussing and reviewing all the matters of the Board in 2017.</li> </ol>
				<ol style="list-style-type: none"> <li>Full.</li> </ol>

№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.5.2	The chairman of the board of directors maintains a constructive environment at meetings, enables free discussion of agenda items, and supervises the execution of resolutions passed by the board of directors.	1. Performance of the chairman of the board of directors was assessed as part of assessment of the board of directors' performance in the reporting period.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	<p>The Company is fully committed to the principle of the Board Chairman creating a constructive and discussion-friendly environment at the Board of Directors' meetings.</p> <p>However, the performance of the Chairman of the Board of Directors was not assessed as part of assessment of the Board of Directors' performance in the reporting period, as the Company had not run any comprehensive assessment since 2015.</p> <p>The reasons for not running such assessment in 2017 are cited above. Due to very little time in office of the new Directors, the Board of Directors intends to assess its Chairman's performance by the end of the next reporting period.</p> <p>As Chairman of the Board of Directors, Mr Streshinsky was able to use his extensive industry knowledge and experience, the in-depth understanding of the Company's business strategy and corporate governance, and professional managerial skills.</p>
2.5.3	The chairman of the board of directors takes all steps necessary for the timely provision to directors of information required to pass resolutions on agenda items.	1. The company's internal documents set out the duty of the chairman of the board of directors to take all steps necessary for the timely provision to directors of materials for the agenda of a board meeting.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	



No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COM-PLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.6	Directors act reasonably and in good faith in the best interests of the company and its shareholders, on a fully informed basis and with due care and diligence.			
2.6.1	Directors pass resolutions on a fully informed basis, with no conflict of interest, subject to equal treatment of the company's shareholders, and assuming normal business risks.	<ol style="list-style-type: none"> <li>The company's internal documents provide that a director should notify the board of directors of any existing conflict of interest as to any agenda item of the meeting of the board of directors or its committee, prior to discussion of the relevant agenda item.</li> <li>The company's internal documents provide that a director should abstain from voting on any item in connection with which they have a conflict of interest.</li> <li>The company has in place a procedure enabling the board of directors to get professional advice on matters within its remit at the expense of the company.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.6.2	The rights and duties of directors are clearly stated and incorporated in the company's internal documents.	<ol style="list-style-type: none"> <li>The company adopted and published an internal document that clearly defines the rights and duties of directors.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.6.3	Directors have sufficient time to perform their duties.	<ol style="list-style-type: none"> <li>Individual attendance at board and committee meetings, as well as time devoted to preparation for attending meetings, was recorded as part of the procedure for assessing the board of directors in the reporting period.</li> <li>Under the company's internal documents, directors notify the board of directors of their intentions to be elected to management bodies in other entities (apart from the entities controlled by, or affiliated to, the company), and of their election to such bodies.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	<ol style="list-style-type: none"> <li>The Company is fully committed to this principle and prepares for in-person meetings of the Board of Directors and its Committees well in advance (before the beginning of the relevant year) and with due account of personal schedules and work commitments of each Director.  However, the Company did not run any comprehensive assessment in the reporting period for the reasons detailed above. Due to very little time in office of the new Directors, the Board of Directors intends to conduct self-assessment in the next reporting period.</li> <li>Full.</li> </ol>

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COM-PLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.6.4	All directors have equal access to the company's documents and information. Newly elected directors are furnished with sufficient information about the company and performance of the board of directors as soon as possible.	<ol style="list-style-type: none"> <li>Under the company's internal documents, directors are entitled to access documents and make requests on the company and its controlled entities, while executive bodies of the company should furnish all relevant information and documents.</li> <li>The company has in place a formalised induction programme for newly elected members of the board of directors.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

## 2.7 Meetings of the board of directors, preparation for such meetings and participation of directors ensure efficient performance by the board of directors

2.7.1	Meetings of the board of directors are held as needed, taking into account the scale of operations and goals of the company at a particular time.	<ol style="list-style-type: none"> <li>The board of directors held at least six meetings in the reporting year.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.7.2	Internal regulations of the company formalize a procedure for the preparation and holding of the board meetings, enabling members of the board of directors to properly prepare for such meetings.	<ol style="list-style-type: none"> <li>The company has an approved internal document that describes the procedure for arranging and holding meetings of the board of directors and sets out, in particular, that the notice of the meeting is to be given, as a rule, at least five days prior to such meeting.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.7.3	The format of the meeting of the board of directors is determined taking into account the importance of its agenda items. The most important matters are dealt with at meetings of the board of directors held in person.	<ol style="list-style-type: none"> <li>The company's articles of association or internal document provide for the most important matters (as per the list set out in Recommendation 168 of the Code) to be passed at in-person meetings of the board of directors.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.7.4	Resolutions on most important matters relating to the company's operations are passed at a meeting of the board of directors by a qualified majority or by a majority of all elected directors.	1. The company's articles of association provide for resolutions on the most important matters set out in Recommendation 170 of the Code to be passed at a meeting of the board of directors by a qualified majority of at least three quarters or by a majority of all elected directors.	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<p>The Company's Charter does not provide for a qualified majority to pass resolutions on all matters set out in Recommendation 170 of the Code. The simple majority of Directors' votes on such matters is deemed sufficient to comply with shareholder interests, as the Company's Charter was approved by the GMS. The Company has no plans for making any amendments to the Company's Charter in this regard.</p> <p>However, in the reporting year, all resolutions on such matters were in fact passed unanimously by all Directors entitled to vote on such matters or by a qualified majority.</p>

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.8	The board of directors sets up committees for preliminary consideration of the most important matters related to the company business.			
2.8.1	To preview matters related to controlling the company's financial and business activities, it is recommended to set up an audit committee comprised of independent directors.	<ol style="list-style-type: none"> <li>1. The board of directors set up an audit committee comprised solely of independent directors.</li> <li>2. The company's internal documents set out the tasks of the audit committee, including those listed in Recommendation 172 of the Code.</li> <li>3. At least one member of the audit committee represented by an independent director has experience and knowledge of preparing, analysing, assessing and auditing accounting (financial) statements.</li> <li>4. In the reporting period, meetings of the audit committee were held at least once a quarter.</li> </ol>	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<ol style="list-style-type: none"> <li>1. The Company has in place its Audit Committee.  In the reporting period, the Audit Committee was chaired by an independent director, Mr Jan Erik Rudberg, who has an extensive experience in business administration and international telecommunications, as well as deep knowledge of preparing, analysing, assessing, and auditing accounting (financial) statements. The Audit Committee also included Nikolay B. Krylov who had been an independent director prior to 01 October 2017.  The Committee had such composition to ensure its operation in line with its Regulations. The analysis took into account the requirements of the Committee to skill sets identified by the Board of Directors assessment, as well as skills, professional expertise, and experience of each member of the Company's Board of Directors, and their personal schedules and preferences.  Upon the re-election of the Board of Directors (at the Extraordinary General Meeting of Shareholders on 19 January 2018), composition of the Audit Committee was changed. Jarkko Veijalainen, an independent director, was added to the Committee and also appointed its Chairman.</li> <li>2. Full.</li> <li>3. Full.</li> <li>4. Full.</li> </ol>

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.8.2	To preview matters related to adopting an efficient and transparent remuneration scheme, a remuneration committee was set up, comprised of independent directors and headed by an independent director who is not the chairman of the board of directors.	<ol style="list-style-type: none"> <li>1. The board of directors set up a remuneration committee comprised solely of independent directors.</li> <li>2. The remuneration committee is headed by an independent director who is not the chairman of the board of directors.</li> <li>3. The company's internal documents set out the tasks of the remuneration committee, including those listed in Recommendation 180 of the Code.</li> </ol>	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<ol style="list-style-type: none"> <li>1. The Company has in place its Remuneration and Nominations Committee.  In the reporting period, the Remuneration and Nominations Committee was chaired by an independent director, Lord Paul Myners, who has an extensive experience in the telecoms industry and expertise in finance, politics, and corporate governance.  The Remuneration Committee also included an independent director, Jan Erik Rudberg.  The Committee had such composition to ensure its operation in line with its Regulations. The analysis took into account the requirements of the Committee to skill sets identified by the Board of Directors assessment, as well as skills, professional expertise, and experience of each member of the Company's Board of Directors, and their personal schedules and preferences.  Upon the re-election of the Board of Directors (at the Extraordinary General Meeting of Shareholders on 19 January 2018), composition of the Remuneration and Nominations Committee was changed. Harri Koponen, an independent director, was added to the Committee and also appointed its Chairman.</li> <li>2. Full.</li> <li>3. Full.</li> </ol>

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.8.3	To preview matters related to talent management (succession planning), professional composition and efficiency of the board of directors, a nomination (appointments and HR) committee was set up, predominantly comprised of independent directors.	<ol style="list-style-type: none"> <li>The board of directors has set up a nomination committee (or its tasks listed in Recommendation 186 of the Code are fulfilled by another committee) predominantly comprised of independent directors.</li> <li>The company's internal documents set out the tasks of the nomination committee (or the tasks of the committee with combined functions), including those listed in Recommendation 186 of the Code.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	<p>The composition of the Committee fully met this requirement throughout 2017.</p> <p>Since 22 January 2018, the Committee has one independent director (its Chairman).</p>
2.8.4	Taking into account the company's scope of business and level of risks, the company's board of directors made sure that the composition of its committees is in line with company's business goals. Additional committees were either set up or not deemed necessary (strategy committee, corporate governance committee, ethics committee, risk management committee, budget committee, health, safety and environment committee, etc.).	<ol style="list-style-type: none"> <li>In the reporting period, the board of directors considered whether the composition of its committees was in line with the board's tasks and the company's business goals. Additional committees were either set up or not deemed necessary.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
2.8.5	Committees shall be composed so as to enable comprehensive discussions of matters under preview, taking into account the diversity of opinions.	<ol style="list-style-type: none"> <li>Committees of the board of directors are headed by independent directors.</li> <li>The company's internal documents (policies) include provisions stipulating that persons who are not members of the audit committee, the nomination committee, and the remuneration committee may attend committee meetings only by invitation of the chairman of the respective committee.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
2.8.6	Committee chairmen inform the board of directors and its chairman on the performance of their committees on a regular basis.	1. In the reporting period, committee chairmen reported to the board of directors on the performance of committees on a regular basis.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

## 2.9 The board of directors ensures performance assessment of the board of directors, its committees and members of the board of directors.

2.9.1	The board of directors' performance assessment is aimed at determining the efficiency of the board of directors, its committees and members, consistency of their work with the company's growth requirements, as well as at bolstering the work of the board of directors and identifying areas for improvement.	<p>1. Self-assessment or external assessment of the board of directors' performance carried out in the reporting period included performance assessment of committees, individual directors, and the board of directors in general.</p> <p>2. Results of self-assessment or external assessment of the board of directors' performance carried out in the reporting period were reviewed at the in-person meeting of the board of directors.</p>	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<p>Self-assessment or external assessment of the Board of Directors' performance were not carried out in the reporting period due to multiple re-elections of the Company's Board of Directors.</p> <p>The latest Board of Directors for the reporting period was elected on 07 August 2017 (active until 19 January 2018).</p> <p>However, the Company is committed to the principle of mandatory assessment of its Board of Directors' performance. Due to very little time in office of the new Directors, the Board of Directors intends to conduct self-assessment by the end of the next reporting period.</p>
2.9.2	Performance of the board of directors, its committees, and members is assessed regularly at least once a year. An external advisor is engaged at least once in three years to conduct an independent assessment of the board of directors' performance.	1. The company engaged an external advisor to conduct an independent assessment of the board of directors' performance at least once over the last three reporting periods.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COM-PLIANCE STATUS	REASONS FOR NON-COMPLIANCE	
3.1	<p>The company's corporate secretary ensures efficient ongoing interaction with shareholders, coordinates the company's efforts to protect shareholder rights and interests and supports efficient performance of the board of directors.</p>	<p>1. The company has adopted and published an internal document – regulations on the corporate secretary.</p>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none		
3.1.1		<p>The corporate secretary has the expertise, experience and qualifications sufficient to perform his/her duties, as well as an impeccable reputation and the trust of shareholders.</p>	<p>2. The biographical data of the corporate secretary are published on the corporate website and in the company's annual report with the same level of detail as for members of the board of directors and the company's executives.</p>		
3.1.2		<p>The corporate secretary is sufficiently independent of the company's executive bodies and has the powers and resources required to perform his/her tasks.</p>	<p>3. The board of directors approves the appointment, dismissal and additional remuneration of the corporate secretary.</p>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
4.1	<p>Remuneration payable by the company is sufficient to attract, motivate, and retain people with competencies and qualifications required by the company. Remuneration payable to directors, executive bodies and other key executives of the company is in compliance with the approved remuneration policy of the company.</p>	<p>1. The company has in place an internal document (internal documents) – the policy (policies) on remuneration of members of the board of directors, executive bodies and other key executives, which clearly defines the approaches to remuneration of the above persons.</p>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none		
4.1.1		<p>The amount of remuneration paid by the company to directors, executive bodies and other key executives creates sufficient incentives for them to work efficiently, while enabling the company to engage and retain competent and qualified specialists. At the same time, the company avoids unnecessarily high remuneration, as well as unjustifiably large gaps between remunerations of the above persons and the company's employees.</p>			



№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
4.1.2	The company's remuneration policy is devised by the remuneration committee and approved by the board of directors. The board of directors, assisted by the remuneration committee, ensures control over the introduction and implementation of the company's remuneration policy, revising and amending it as required.	1. During one reporting period, the remuneration committee considered the remuneration policy (policies) and its (their) introduction practices to provide relevant recommendations to the board of directors as required.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
4.1.3	The company's remuneration policy includes transparent mechanisms for determining the amount of remuneration due to directors, executive bodies and other key executives of the company, and regulates all types of expenses, benefits and privileges provided to such persons.	1. The company's remuneration policy (policies) includes (include) transparent mechanisms for determining the amount of remuneration due to directors, executive bodies and other key executives of the company, and regulates (regulate) all types of expenses, benefits and privileges provided to such persons.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
4.1.4	The company defines a policy on reimbursement (compensation) of expenses detailing a list of reimbursable expenses and specifying service levels that directors, executive bodies and other key executives of the company may claim. Such policy can make part of the company's remuneration policy.	1. The remuneration policy (policies) defines (define) the rules for reimbursement of expenses incurred by directors, executive bodies and other key executives of the company.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
<b>4.2 Remuneration system for directors ensures alignment of financial interests of directors with long-term financial interests of the shareholders.</b>				
4.2.1	<p>The company pays fixed annual remuneration to its directors. The company does not pay remuneration for attending particular meetings of the board of directors or its committees.</p> <p>The company does not apply any form of short-term motivation or additional financial incentive for its directors.</p>	<p>1. Fixed annual remuneration was the only form of monetary remuneration payable to directors for their service on the board of directors during the reporting period.</p>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
4.2.2	<p>Long-term ownership of the company's shares helps align the financial interests of directors with long-term interests of shareholders to the utmost. At the same time, the company does not link the right to dispose of shares to performance targets, and directors do not participate in stock option plans.</p>	<p>1. If the company's internal document(s) – the remuneration policy (policies) stipulates (stipulate) provision of the company's shares to members of the board of directors, clear rules for share ownership by board members shall be defined and disclosed, aimed at stimulating long-term ownership of such shares.</p>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
4.2.3	<p>The company does not provide for any extra payments or compensations in the event of early termination of directors' tenure, resulting from the change of control or any other reasons whatsoever.</p>	<p>1. The company does not provide for any extra payments or compensations in the event of early termination of directors' tenure, resulting from the change of control or any other reasons whatsoever.</p>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	<p>The Company fully met this requirement throughout 2017.</p> <p>On 12 March 2018, the Extraordinary GMS approved an extra bonus for independent directors Jan Erik Rudberg and Lord Paul Myners for their long tenures on the Company's Board and contributions to its activities.</p>

№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
4.3	The company considers its performance and the personal contribution of each executive to the achievement of such performance when determining the amount of a fee payable to members of the executive bodies and other key executives of the company.			
4.3.1	Remuneration due to members of executive bodies and other key executives of the company is determined in a manner providing for reasonable and justified ratio of the fixed and variable parts of remuneration, depending on the company's results and the employee's personal contribution.	<ol style="list-style-type: none"> <li>1. In the reporting period, annual performance results approved by the board of directors were used to determine the amount of the variable part of remuneration due to members of executive bodies and other key executives of the company.</li> <li>2. During the latest assessment of the system of remuneration of members of executive bodies and other key executives of the company, the board of directors (remuneration committee) made sure that the company applies efficient ratio of the fixed and variable parts of remuneration.</li> <li>3. The company has in place a procedure that guarantees return to the company of bonus payments illegally received by members of executive bodies and other key executives of the company.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
4.3.2	The company has in place a long-term incentive program for members of executive bodies and other key executives of the company with the use of the company's shares (options and other derivative instruments where the company's shares are the underlying asset).	<ol style="list-style-type: none"> <li data-bbox="570 352 889 562">1. The company has in place a long-term incentive program for members of executive bodies and other key executives of the company with the use of the company's shares (financial instruments based on the company's shares).</li> <li data-bbox="570 583 889 1014">2. The long-term incentive program for members of executive bodies and other key executives of the company implies that the right to dispose of shares and other financial instruments used in this program takes effect at least three years after such shares or other financial instruments are granted. The right to dispose of such shares or other financial instruments is linked to the company's performance targets.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
4.3.3	The compensation (golden parachute) payable by the company in case of early termination of powers of members of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, shall not exceed the double amount of the fixed part of their annual remuneration.	<ol style="list-style-type: none"> <li data-bbox="570 1066 889 1402">1. In the reporting period, the compensation (golden parachute) payable by the company in case of early termination of the powers of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, did not exceed the double amount of the fixed part of their annual remuneration.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

## 5.1 The company has in place effective risk management and internal controls providing reasonable assurance in the achievement of the company's goals.

5.1.1	The company's board of directors determined the principles of and approaches to organizing risk management and internal controls at the company.	<ol style="list-style-type: none"> <li data-bbox="570 1596 889 1839">1. Functions of different management bodies and business units of the company in risk management and internal controls are clearly defined in the company's internal documents / relevant policy approved by the board of directors.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
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№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
5.1.2	The company's executive bodies ensure establishment and continuous operation of effective risk management and internal controls at the company.	1. The company's executive bodies ensured the distribution of functions and powers related to risk management and internal controls between the heads (managers) of business units and departments accountable to them.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
5.1.3	The company's risk management and internal controls ensure an objective, fair and clear view of the current state and future prospects of the company, the integrity and transparency of the company's reporting, as well as reasonable and acceptable risk exposure.	1. The company has in place an approved anticorruption policy.  2. The company established an accessible method of notifying the board of directors or the board's audit committee of breaches or any violations of the law, the company's internal procedures and code of ethics.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
5.1.4	The company's board of directors takes necessary measures to make sure that the company's risk management and internal controls are consistent with the principles of, and approaches to, its setup determined by the board of directors, and that the system is functioning efficiently.	1. In the reporting period, the board of directors or the board's audit committee assessed the performance of the company's risk management and internal controls. Key results of this assessment are included in the company's annual report.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

## 5.2 The company performs internal audit for regular independent assessment of the reliability and performance of risk management and internal controls and the corporate governance practice.

5.2.1	The company set up a separate business unit or engaged an independent external organisation to carry out internal audits. Functional and administrative reporting lines of the internal audit department are delineated. The internal audit unit functionally reports to the Board of Directors.	1. To perform internal audits, the company set up a separate business unit – internal audit division, functionally reporting to the board of directors or to the audit committee, or engaged an independent external organization with the same line of reporting.	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
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No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
5.2.2	The internal audit division assesses the performance of the internal controls, risk management, and corporate governance. The company applies generally accepted standards of internal audit.	<ol style="list-style-type: none"> <li>In the reporting period, the performance of the internal controls and risk management was assessed as part of the internal audit procedure.</li> <li>The company applies generally accepted approaches to internal audit and risk management.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

## 6.1 The company and its operations are transparent for its shareholders, investors, and other stakeholders.

6.1.1	The company has developed and implemented an information policy ensuring efficient exchange of information by the company, its shareholders, investors, and other stakeholders.	<ol style="list-style-type: none"> <li>The company's board of directors approved an information policy developed in accordance with the Code's recommendations.</li> <li>The board of directors (or one of its committees) considered the matters related to the company's compliance with its information policy at least once in the reporting period.</li> </ol>	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<ol style="list-style-type: none"> <li>The Company has no formal information policy document approved by the Board of Directors. Nevertheless, the methods of communicating with investors and other stakeholders set out in the Corporate Governance Code have long been established and are actively used by the Company. The Company believes it does not need to formalise the existing pattern of its investor and stakeholder relations any further.</li> <li>Full.</li> </ol>
6.1.2	The company discloses information on its corporate governance and practice, including detailed information on compliance with the principles and recommendations of the Code.	<ol style="list-style-type: none"> <li>The company discloses information on its corporate governance and general principles of corporate governance, including disclosure on its website.</li> <li>The company discloses information on the membership of its executive bodies and board of directors, independence of the directors and their membership in the board of directors' committees (as defined by the Code).</li> <li>If the company has a controlling person, the company publishes a memorandum of the controlling person setting out this person's plans for the company's corporate governance.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
6.2	<b>The company makes timely disclosures of complete, updated and reliable information to allow shareholders and investors to make informed decisions.</b>			
6.2.1	The company discloses information based on the principles of regularity, consistency and promptness, as well as availability, reliability, completeness and comparability of disclosed data.	<ol style="list-style-type: none"> <li data-bbox="609 478 933 735">1. The company's information policy sets out approaches to, and criteria for, identifying information that can have a material impact on the company's evaluation and the price of its securities, as well as procedures ensuring timely disclosure of such information.</li> <li data-bbox="609 766 933 976">2. If the company's securities are traded on foreign organized markets, the company ensured concerted and equivalent disclosure of material information in the Russian Federation and in the said markets in the reporting year.</li> <li data-bbox="609 997 933 1207">3. If foreign shareholders hold a material portion of the company's shares, the relevant information was disclosed both in the Russian language and one of the most widely used foreign languages in the reporting period.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
6.2.2	The company avoids a formalistic approach to information disclosure and discloses material information on its operations, even if disclosure of such information is not required by law.	<ol style="list-style-type: none"> <li data-bbox="609 1260 933 1522">1. In the reporting period, the company disclosed annual and 6M financial statements prepared under the IFRS. The company's annual report for the reporting period included annual financial statements prepared under the IFRS, along with the auditor's report.</li> <li data-bbox="609 1543 933 1694">2. The company discloses complete information on its capital structure, as stated in Recommendation 290 of the Code, in its annual report and on the corporate website.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

No	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
6.2.3	The company's annual report, as one of the most important tools of its information exchange with shareholders and other stakeholders, contains information enabling assessment of the company's annual performance results.	<ol style="list-style-type: none"> <li>The company's annual report contains information on the key aspects of its operational and financial performance.</li> <li>The company's annual report contains information on the environmental and social aspects of the company's operations.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

### 6.3 The company provides information and documents requested by its shareholders in accordance with principles of fairness and ease of access.

6.3.1	The company provides information and documents requested by its shareholders in accordance with principles of fairness and ease of access.	<ol style="list-style-type: none"> <li>The company's information policy establishes the procedure for providing shareholders with easy access to information, including information on legal entities controlled by the company, as requested by shareholders.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
6.3.2	When providing information to shareholders, the company ensures reasonable balance between the interests of particular shareholders and its own interests consisting in preserving the confidentiality of important commercial information which may materially affect its competitive edge.	<ol style="list-style-type: none"> <li>In the reporting period, the company did not refuse any shareholder requests for information, or such refusals were justified.</li> <li>In cases defined by the information policy, shareholders are warned of the confidential nature of the information and undertake to maintain its confidentiality.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	



№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COM-PLIANCE STATUS	REASONS FOR NON-COMPLIANCE
7.1	<p><b>Actions that materially affect or may affect the company's share capital structure and its financial position and accordingly the position of its shareholders ("material corporate actions") are taken on fair terms ensuring that the rights and interests of the shareholders and other stakeholders are observed.</b></p>			
7.1.1	<p>Material corporate actions include reorganization of the company, acquisition of 30% or more of the company's voting shares (takeover), execution by the company of major transactions, increase or decrease of the company's authorized capital, listing or de-listing of the company's shares, as well as other actions which may lead to material changes in the rights of shareholders or violation of their interests. The company's articles of association provide for a list (criteria) of transactions or other actions classified as material corporate actions within the authority of the company's board of directors.</p>	<ol style="list-style-type: none"> <li>The company's articles of association include a list of transactions or other actions deemed to be material corporate actions, and their identification criteria. Resolutions on material corporate actions are referred to the jurisdiction of the board of directors. When execution of such corporate actions is expressly referred by law to the jurisdiction of the general meeting of shareholders, the board of directors presents relevant recommendations to shareholders.</li> <li>According to the company's articles of association, material corporate actions include at least: company reorganization, acquisition of 30% or more of the company's voting shares (in case of takeover), entering in major transactions, increase or decrease of the company's charter capital, listing or de-listing of the company's shares.</li> </ol>	<input type="checkbox"/> full <input checked="" type="checkbox"/> partial <input type="checkbox"/> none	<p>1–2. "Material corporate actions" and "major transactions" are not defined in the Company's Charter. Nevertheless, transactions and/or actions listed in the Corporate Governance Code are effectively treated by the Company as major transactions and material actions and are decided upon by supreme governing bodies: the Board of Directors (major transactions, related-party transactions, according to the Federal Law On Joint-Stock Companies, transactions worth over USD 50,000,000) and the General Meeting of Shareholders (Company restructuring, listing and de-listing of the Company's shares, increase or decrease of the Company's authorised capital, major transactions, related-party transactions, according to the Federal Law On Joint-Stock Companies).</p> <p>Whenever any such matter is included as an agenda item of the General Meeting of Shareholders, the Board of Directors presents its recommendations thereon to shareholders.</p> <p>As the requirements of the Code are effectively complied with, the Company believes there is no need to formalise this process any further.</p> <p>The Company has no plans for making any relevant amendments to the Company's Charter.</p>
7.1.2	<p>The board of directors plays a key role in passing resolutions or making recommendations on material corporate actions, relying on the opinions of the company's independent directors.</p>	<ol style="list-style-type: none"> <li>The company has in place a procedure enabling independent directors to express their opinions on material corporate actions prior to approval thereof.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	

№	CORPORATE GOVERNANCE PRINCIPLES	COMPLIANCE CRITERIA	COMPLIANCE STATUS	REASONS FOR NON-COMPLIANCE
7.1.3	<p>Actions which would affect rights or legitimate interests of shareholders, equal terms and conditions are guaranteed for all shareholders; if the statutory procedure designed to protect shareholders' rights proves insufficient, additional measures are taken to protect their rights and legitimate interests. In doing so, the company is guided by the corporate governance principles set forth in the Code, as well as by formal statutory requirements.</p>	<ol style="list-style-type: none"> <li>1. Due to specifics of the company's operations, the company's articles of association contain less stringent criteria for material corporate actions than required by law.</li> <li>2. All material corporate actions in the reporting period were duly approved before they were taken.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
<h2>7.2 The company performs material corporate actions in such a way as to ensure that shareholders timely receive complete information about such actions, allowing them to influence such actions and guaranteeing adequate protection of their rights when performing such actions.</h2>				
7.2.1	<p>Information about material corporate actions is disclosed with explanations of the grounds, circumstances and consequences.</p>	<ol style="list-style-type: none"> <li>1. In the reporting period, the company disclosed information about its material corporate actions in due time and in detail, including the grounds for, and timelines of, such actions.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	
7.2.2	<p>Rules and procedures related to material corporate actions taken by the company are set out in the company's internal documents.</p>	<ol style="list-style-type: none"> <li>1. The company's internal documents set out a procedure for engaging an independent appraiser to estimate the value of assets either disposed of or acquired in a major transaction or a related-party transaction.</li> <li>2. The company's internal documents set out a procedure for engaging an independent appraiser to estimate the value of shares acquired and bought back by the company.</li> <li>3. The company's internal documents provide for an expanded list of grounds on which members of the company's board of directors as well as other persons as per the applicable law are deemed to be related parties to the company's transactions.</li> </ol>	<input checked="" type="checkbox"/> full <input type="checkbox"/> partial <input type="checkbox"/> none	