



Related-party transactions of PJSC MegaFon in 2016

Governing body that approved the transaction	Subject matter and material terms of the transaction	Related parties involved in the transaction
Board of Directors (Minutes No. 236(300) dated 16 March 2016)	<p>Surety Agreement to secure performance of CJSC TT Mobile's obligations to JSC UniCredit Bank under its Credit Facility Agreement.</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 Credit Facility Agreement signed between CJSC TT Mobile and JSC UniCredit Bank in 2016 for a maximum amount of US\$ 20,000,000 for up to 18 months.</p> <p>The term of the Surety Agreement: 30 months from the date of the Surety Agreement.</p> <p>Total price of the property (services) under the Surety Agreement between PJSC MegaFon and JSC UniCredit Bank to secure performance of CJSC TT Mobile's obligations under the Credit Facility Agreement does not exceed twenty two million US dollars (US\$ 22,000,000).</p>	<ul style="list-style-type: none"> AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Bangorland Ventures Limited, Sonera Holding B.V., G.A. Vermishyan.
Board of Directors (Minutes No. 236(300) dated 16 March 2016)	<p>Claim Assignment Agreement between PJSC MegaFon and OJSC MegaFon Retail.</p> <p>Under the Claim Assignment Agreement, PJSC MegaFon Retail assigns to PJSC MegaFon its claims against JSC Svyaznoy Logistics arising out of obligations to pay for the property supplied to JSC Svyaznoy Logistics in the amount of RUB 874,130,750 under Supply Agreement No. 01-MEG dated 19 March 2015 signed between PJSC MegaFon Retail and JSC Svyaznoy Logistics.</p> <p>Total price of property (services) disposed of (acquired) under the Claim Assignment Agreement between PJSC MegaFon and PJSC MegaFon Retail does not exceed RUB 874,130,750.</p>	<ul style="list-style-type: none"> AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Bangorland Ventures Limited, Sonera Holding B.V.
Board of Directors (Minutes No. 236(300) dated 16 March 2016)	<p>Agreement for Placement of Advertising and Informational Materials between PJSC MegaFon and Mail.Ru LLC.</p> <p>Under the Agreement, Mail.Ru LLC provides to PJSC MegaFon services of placing third party advertising and informational materials provided by PJSC MegaFon in the internet on websites of Mail.Ru LLC's advertising network to make such materials available to the general public.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Agreement for Placement of Advertising and Informational Materials does not exceed RUB 1,000,000.</p>	<ul style="list-style-type: none"> AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Bangorland Ventures Limited.
Board of Directors (Minutes No. 236(300) dated 16 March 2016)	<p>Communications Services Contracts with the Company's shareholders, members of the Management Board and the Board of Directors, and their affiliates (associates).</p> <p>Under the Contracts signed in the ordinary course of business, PJSC MegaFon provides communications services to shareholders of PJSC MegaFon and their affiliates, to Directors of PJSC MegaFon S.V. Soldatenkov, V.Y. Streshinsky and S.A. Kulikov, to members of PJSC MegaFon's Management Board, to their families and to entities in which they own (whether individually or collectively) 20 or more percent of shares (interest, equity units) or hold offices in governing bodies, on terms not materially different from those of similar transactions effected by the Company with other parties.</p> <p>Total price of the property (services) under the Communications Services Contracts signed in the ordinary course of business with shareholders of PJSC MegaFon and their affiliates, Directors of PJSC MegaFon S.V. Soldatenkov, V.Y. Streshinsky and S.A. Kulikov, members of PJSC MegaFon's Management Board, their families and entities in which they own (whether individually or collectively) 20 or more percent of shares (interest, equity units) or hold offices in governing bodies does not exceed two (2) percent of the book value of the Company's assets.</p>	<ul style="list-style-type: none"> AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Bangorland Ventures Limited, S.V. Soldatenkov, V.Y. Streshinsky, S.A. Kulikov, members of the Management Board of PJSC MegaFon.



Related-party transactions of PJSC MegaFon in 2016 (continued)

Governing body that approved the transaction	Subject matter and material terms of the transaction	Related parties involved in the transaction
Board of Directors (Minutes No. 236(300) dated 16 March 2016)	<p>MMS Interworking Agreement between PJSC MegaFon and Astelit LLC.</p> <p>Under the Agreement, the parties provide MMS interworking service.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the MMS Interworking Agreement does not exceed RUB 876,000.</p>	<ul style="list-style-type: none"> Sonera Holding B.V.
Board of Directors (Minutes No. 236(300) dated 16 March 2016)	<p>Trademark Licence Agreement between PJSC MegaFon (Licensor) and OJSC MegaFon Retail (Licensee).</p> <p>Under the Agreement, PJSC MegaFon grants to OJSC MegaFon Retail a non-exclusive licence to use trademarks in the Russian Federation.</p> <p>OJSC MegaFon Retail places the trademarks used under the Trademark Licence Agreement on billboards, letterheads, business cards and on published advertising and informational materials.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Trademark Licence Agreement does not exceed RUB 54,241,000.</p>	<ul style="list-style-type: none"> AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Bangorland Ventures Limited, Sonera Holding B.V.
Board of Directors (Minutes No. 236(300) dated 16 March 2016)	<p>Lease Agreement between PJSC MegaFon (Lessee) and JSC Ural Steel (Lessor).</p> <p>Under the Lease Agreement, JSC Ural Steel provides to PJSC MegaFon for temporary use (lease) part of non-residential premises owned by JSC Ural Steel to site antenna feeders and base station equipment.</p> <p>In case of changes in the market, lease payments for the premises are subject to annual adjustment in accordance with the terms of the Agreements.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Lease Agreement does not exceed RUB 422,520.</p>	<ul style="list-style-type: none"> AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Bangorland Ventures Limited.
Board of Directors (Minutes No. 238(302) dated 27 April 2016)	<p>Revolving Credit Facility Agreement between PJSC MegaFon (Borrower) and GARS TELECOM – Telecommunications Management LLC (Lender)</p> <p>Facility amount: up to one hundred thirty million roubles (RUB 130,000,000).</p> <p>Facility maturity date: until 30 April 2019 (inclusive).</p> <p>Interest rate: up to eight and twenty five hundredths (8.25) percent per annum.</p>	<ul style="list-style-type: none"> AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Bangorland Ventures Limited.
Board of Directors (Minutes No. 238(302) dated 27 April 2016)	<p>Revolving Credit Facility Agreement between PJSC MegaFon (Borrower) and NetByNet Holding LLC (Lender)</p> <p>Facility amount: up to one billion roubles (RUB 1,000,000,000).</p> <p>Facility maturity date: until 30 April 2019 (inclusive).</p> <p>Interest rate: up to eight and twenty five hundredths (8.25) percent per annum.</p>	<ul style="list-style-type: none"> AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Bangorland Ventures Limited, Sonera Holding B.V.



Related-party transactions of PJSC MegaFon in 2016 (continued)

Governing body that approved the transaction	Subject matter and material terms of the transaction	Related parties involved in the transaction
Board of Directors (Minutes No. 233(297) dated 25 December 2015); No. 238(302) dated 27 April 2016)	<p>Interrelated Surety Agreements imposing liability on PJSC MegaFon (Surety) for the obligations of PJSC MegaFon's subsidiaries (Debtors) to banks and partner companies.</p> <p>Subject matter of the Surety Agreements:</p> <ul style="list-style-type: none"> • 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 performance of subsidiaries' obligations under public contracts); • JSC MegaFon's guarantee of performance of obligations to partner companies undertaken by PJSC MegaFon's subsidiaries under distribution agreements and supply agreements; • JSC MegaFon's guarantee of performance of obligations undertaken by PJSC MegaFon's subsidiaries under bank financing and factoring agreements. <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under Interrelated Surety Agreements providing for PJSC MegaFon's (Surety) liability for performance by PJSC MegaFon's subsidiaries (Debtors) of their obligations to banks and partner companies does not exceed RUB 5,050,000,000.</p>	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Bangorland Ventures Limited, Sonera Holding B.V., K.M. Likhodedov.
Board of Directors (Minutes No. 230(294) dated 29 September 2015); No. 238(302) dated 27 April 2016)	<p>Lease Agreement between PJSC MegaFon (Lessee) and JSC Mobicom Volga (Lessor).</p> <p>Under the Agreement, PJSC MegaFon provides to JSC Mobicom Volga for temporary use non-residential premises owned by PJSC MegaFon.</p> <p>In case of changes in the market, lease payments for the premises are subject to annual adjustment in accordance with the terms of the Agreements.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Lease Agreement does not exceed RUB 5,589,510.</p>	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Bangorland Ventures Limited, Sonera Holding B.V.
Board of Directors (Minutes No. 229(293) dated 31 August 2015); No. 243(307) dated 26 July 2016)	<p>PJSC MegaFon's contribution to the property of JSC Yaroslavl-GSM.</p> <p>PJSC MegaFon makes a cash contribution to the property of JSC Yaroslavl-GSM to finance current operating expenses of JSC Yaroslavl-GSM.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon through contributions to the property of JSC Yaroslavl-GSM does not exceed RUB 172,000,000.</p>	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Sonera Holding B.V.



Related-party transactions of PJSC MegaFon in 2016 (continued)

Governing body that approved the transaction	Subject matter and material terms of the transaction	Related parties involved in the transaction
<p>Board of Directors (Minutes No. 233(297) dated 25 December 2015); No. 238(302) dated 27 April 2016); No. 243(307) dated 26 July 2016)</p>	<p>Master Agreement between PJSC MegaFon and NetByNet Holding LLC.</p> <p>Under the Master Agreement, PJSC MegaFon provides to NetByNet Holding LLC services, performs work and transfers property/rights/obligations as follows:</p> <ul style="list-style-type: none"> • full range of agency services related to acquisition and servicing of customers of NetByNet Holding LLC; • issuance of a digital certificate to customer services; • assignment of receivables owed by PJSC MegaFon's customers; • long-distance/international telephony services; • support for roaming services; • connection of communications networks and traffic transfer; • mobile communications services; • provision of communications channels and virtual communications channels; • sale/purchase and supply of property, including communications equipment and optical fibres; • provision of access from a user device to equipment connection point; • siting of equipment; • assignment and lease of property, including communications equipment and optical fibres; • provision of cable ducts and supports; • assignment of software and software maintenance; • enabling shared use of means of communication and other equipment, and their maintenance, operation and repair; • provision of radio access network infrastructure to enable communications services based on MVNO business model; • support for targeted marketing initiatives; • technical support for communications equipment; • issuance of electronic signature certificates, information and technical support for their use; • arrangements for delivery (mailing) of documents; • information, advisory, legal and advertising services; • provision of automated payment system's resources; • transfer of rights and obligations under agreements for equipment siting, operation and maintenance, emergency response and recovery operations, maintenance and operation, compensation for energy costs, siting of equipment and means of communication, provision of communication services; • Call Centre services; • compensation for expenses incurred by NetByNet Holding LLC due to upkeep and maintenance of property jointly owned by PJSC MegaFon and NetByNet Holding LLC; • provision of national roaming services; • technical support for international roaming, and billing support; • provision of content delivery network (CDN) service; <p>as well as provides other services, performs work and transfers property/rights/obligations.</p> <p>NetByNet Holding LLC provides to PJSC MegaFon services, performs work and transfers property/rights as follows:</p> <ul style="list-style-type: none"> • full range of agency services related to acquisition and servicing of customers of PJSC MegaFon; • collecting receivables from customers of PJSC MegaFon; • connection of communications networks and traffic transfer; • provision of communications channels and virtual communications channels; • provision of automated payment system's resources; • sale/purchase and supply of property, including communications equipment and optical fibres; • siting of equipment; • provision of cable ducts and supports; • assignment and lease of property, including communications equipment and optical fibres; • assignment of software and software maintenance; • design and surveying, land use planning, engineering, construction and installation activities; • maintenance and operation of communications facilities, including facilities for universal communications services; 	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Sonera Holding B.V.



Related-party transactions of PJSC MegaFon in 2016 (continued)

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"> • monitoring of facilities for universal communications services; • emergency response and recovery operations, including for equipment at facilities for universal communications services; • provision of access from a user device to equipment connection point; • arrangements and provision for WiFi wireless network maintenance; • arrangements for an integrated video surveillance system and a situation centre; • enabling shared use of means of communication and other equipment, communications lines and networks, and their maintenance, operation and repair; • Call Centre services; <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 does not exceed RUB 1,323,670,000.</p>	
<p>Board of Directors (Minutes No. 179(243) dated 07 September 2012; No. 231(295) dated 28 October 2015; № 243(307) dated 26 July 2016</p>	<p>Master Agreement between PJSC MegaFon and CJSC AQUAFON-GSM.</p> <p>Under the Master Agreement, PJSC MegaFon provides to CJSC AQUAFON-GSM the following services and transfers the following property (rights):</p> <ul style="list-style-type: none"> • connection of communications networks and voice traffic transfer; • provision of access to technical resources of the Multimedia Messaging Service Center's (MMSC) service platform; • advisory and information services related to the use of SAP ERP 6.0; • granting of access rights to SAP software; • provision of communications channels; • roaming support; • supply of equipment; • international roaming services; <p>as well as provides other services, performs work and transfers property/rights/obligations.</p> <p>CJSC AQUAFON-GSM provides to PJSC MegaFon services, performs work and transfers property/rights as follows:</p> <ul style="list-style-type: none"> • connection of communications networks and voice traffic transfer; • international roaming services; • provision of L2VPN virtual communications channels; • provision of communications channels; <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 does not exceed RUB 2,220,600,000.</p>	<p>AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, G.A. Vermishyan, A.L. Tyutin.</p>
<p>Board of Directors (Minutes No. 243(307) dated 26 July 2016)</p>	<p>Interrelated Master Lease and Sublease Agreements between PJSC MegaFon and LLC Scartel.</p> <p>Under the Interrelated Master Lease and Sublease Agreements, PJSC MegaFon provides to LLC Scartel for temporary use (lease, sub-lease) non-residential premises owned or leased by PJSC MegaFon, to house LLC Scartel employees.</p> <p>In case of changes in the market and in accordance with the terms of the Agreements, lease payments for the premises are subject to change (adjustment).</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Interrelated Master Lease and Sublease Agreements does not exceed RUB 7,908,610.</p>	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Sonera Holding B.V., K.M. Likhodedov.



Related-party transactions of PJSC MegaFon in 2016 (continued)

Governing body that approved the transaction	Subject matter and material terms of the transaction	Related parties involved in the transaction
Board of Directors (Minutes No. 243(307) dated 26 July 2016)	<p>Interrelated Master Lease and Sublease Agreements between PJSC MegaFon and OJSC MegaFon Retail.</p> <p>Under the Interrelated Master Lease and Sublease Agreements, PJSC MegaFon provides to OJSC MegaFon Retail for temporary use (lease, sub-lease) non-residential premises owned or leased by PJSC MegaFon. OJSC MegaFon Retail provides to PJSC MegaFon for temporary use (sublease) non-residential premises leased by OJSC MegaFon Retail.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Interrelated Master Lease and Sublease Agreements does not exceed RUB 229,556,900.</p>	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Sonera Holding B.V.
Board of Directors (Minutes No. 160(224) dated 10 January 2012; № 223(287) dated 10 March 2015, No. 248(312) dated 26 October 2016)	<p>Master Agreement between PJSC MegaFon and OJSC Pskov Urban Telephone Network</p> <p>Under the Master Agreement, PJSC MegaFon provides to OJSC Pskov Urban Telephone Network services, performs work and transfers property/rights as follows:</p> <ul style="list-style-type: none"> • connection of communications networks and traffic transfer; • long-distance, international and intra-zone telephony services; • provision of communications channels; • lease of property, including optical fibres; • provision of dedicated lines; • maintenance; • supply of equipment, starter packs, payment cards; • assignment of receivables owed by PJSC MegaFon's customers; • legal and advisory services; • maintenance and operation of equipment and means of communication; • emergency response and recovery operations; • contribution to property by transferring assets of the fixed-line business; • provision of fibre-optic communications lines, optical fibres, cable ducts and supports; • transfer of rights and obligations under agreements with PJSC MegaFon's counterparties; <p>as well as provides other services, performs work and transfers property/rights/obligations.</p> <p>OJSC Pskov Urban Telephone Network provides to PJSC MegaFon services, performs work and transfers property/rights as follows:</p> <ul style="list-style-type: none"> • connection of communications networks and traffic transfer; • long-distance, international and intra-zone telephony services; • provision of communications channels; • lease of property, including optical fibres; • provision of dedicated lines; • signing of communications services contracts with customers on behalf of PJSC MegaFon; • provision of services and advice to PJSC MegaFon's customers; • sale of payment cards, equipment, starter packs under an agency agreement / commission agreement; • collection of payments for communication services from subscribers; • advertising and information services; • siting of equipment; • design and surveying, land use planning, engineering, construction and installation activities; • maintenance and operation of equipment and means of communication; • emergency response and recovery operations, <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 does not exceed RUB 3,100,000,000.</p>	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Sonera Holding B.V.



Related-party transactions of PJSC MegaFon in 2016 (continued)

Governing body that approved the transaction	Subject matter and material terms of the transaction	Related parties involved in the transaction
<p>Board of Directors (Minutes No. 231(295) dated 28 October 2015; No. 233(297) dated 25 December 2015; No. 248(312) dated 26 October 2016)</p>	<p>Master Agreement between PJSC MegaFon and GARS TELECOM – Telecommunications Management LLC</p> <p>Under the Master Agreement, PJSC MegaFon provides to GARS TELECOM – Telecommunications Management LLC the following services and transfers the following property/rights/obligations:</p> <ul style="list-style-type: none"> • provision of communications channels / virtual communications channels / fibre-optic communications lines and their fibres; • maintenance of communications network infrastructure; • siting of equipment; • connection of communications networks and traffic transfer; • equipment sharing / equipment transfer for use; • transit of alarm system messages; • access to internet resources; • use/lease of cable ducts, lease of optical fibres and other property; • advertising, co-branding and information services; • information and technical support of subscriber services; • information and reference services; • freight forwarding; • warehousing; • connection of corporate subscribers; • use (including shared use) of 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; • full range of agency, legal, and advisory services; • equipment lease; • sale of equipment, optical fibres in fibre-optic cables, fibre-optic communications lines and other property; • communications services; • joint provision of communications and other services (performance of work) to third parties, including by entering into consortium agreements; • design and surveying, land use planning, engineering, construction and installation activities; • maintenance and operation of communications facilities, including equipment and means of communication; • emergency response and recovery operations, <p>as well as provides other services, performs work and transfers property/rights/obligations.</p> <p>GARS TELECOM – Telecommunications Management LLC provides to PJSC MegaFon the following services and transfers the following property/rights/obligations:</p> <ul style="list-style-type: none"> • provision of communications channels / virtual communications channels / fibre-optic communications lines and their fibres; • maintenance of communications network infrastructure; • siting of equipment; • connection of communications networks and traffic transfer; • equipment sharing / equipment transfer for use; • transit of alarm system messages; • access to internet resources; • use/lease of cable ducts, lease of optical fibres and other property and equipment; • advertising, co-branding and information services; • freight forwarding; • warehousing; • connection of corporate subscribers; 	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited.



Related-party transactions of PJSC MegaFon in 2016 (continued)

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"> • use (including shared use) of 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; • full range of agency services; • transfer of rights and obligations under revenue agreements and expenditure agreements signed by GARS TELECOM – Telecommunications Management LLC with third parties, • sale of equipment, optical fibres in fibre-optic cables, fibre-optic communications lines and other property; • joint provision of communications and other services (performance of work) to third parties, including by entering into consortium agreements; • design and surveying, land use planning, engineering, construction and installation activities; • maintenance and operation of communications facilities, including equipment and means of communication; • emergency response and recovery operations, <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 does not exceed RUB 4,584,050,000.</p>	
Board of Directors (Minutes No. 248(312) dated 26 October 2016)	<p>Trademark Licence Agreement between PJSC MegaFon (Licensor) and CJSC TT Mobile (Licensee).</p> <p>Under the Agreement, OJSC MegaFon grants to CJSC TT Mobile a non-exclusive licence to use trademarks in the Republic of Tajikistan.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Licence Agreement does not exceed RUB 81,000,000.</p>	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Sonera Holding B.V., G.A. Vermishyan, A.L. Tyutin, A.Yu. Shishkovsky.
Board of Directors (Minutes No. 203(267) dated 24 December 2013; No. 219(283) dated 23 December 2014; № 228(292) dated 29 July 2015; No. 248(312) dated 26 October 2016)	<p>Lease Agreement between PJSC MegaFon (Lessee) and OJSC Mikhaylovskiy GOK (Lessor).</p> <p>Under the Agreement, OJSC Mikhaylovskiy GOK provides to PJSC MegaFon for temporary use non-residential premises owned by OJSC Mikhaylovskiy GOK to site mobile base stations in Zheleznogorsk.</p> <p>In case of changes in the market, lease payments for the premises are subject to annual adjustment in accordance with the terms of the Agreement.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Lease Agreement does not exceed RUB 4,094,510.</p>	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited.
Board of Directors (Minutes No. 248(312) dated 26 October 2016)	<p>Legal and advisory 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 legal and advisory services.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the addenda to Master Agreements does not exceed RUB 350,000,000.</p>	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Sonera Holding B.V., G.A. Vermishyan, Ya.I. Kukhalsky, A.L. Tyutin, A.Yu. Shishkovsky.
Board of Directors (Minutes No. 248(312) dated 26 October 2016)	<p>Revolving Credit Facility Agreement between PJSC MegaFon (Lender) and Combell LLC (Borrower).</p> <p>Facility amount: Six hundred million roubles (RUB 600,000,000).</p> <p>Facility maturity date: five (5) years from the date of the Agreement.</p> <p>Interest rate: up to ten (10) % p.a.</p> <p>Purpose: to finance investment and current operating expenses of Combell LLC and cash management for Combell LLC.</p>	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Sonera Holding B.V.



Related-party transactions of PJSC MegaFon in 2016 (continued)

Governing body that approved the transaction	Subject matter and material terms of the transaction	Related parties involved in the transaction
Board of Directors (Minutes No. 248(312) dated 26 October 2016)	<p>PJSC MegaFon's contribution to the property of Combell LLC.</p> <p>PJSC MegaFon makes a contribution of up to RUB 500,000,000.</p> <p>Purpose:</p> <ul style="list-style-type: none"> to finance the construction of a data centre in Technopolis Moscow; to cover current operating expenses of Combell LLC; to increase Combell LLC's net assets. 	<ul style="list-style-type: none"> AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Sonera Holding B.V.
Board of Directors (Minutes No. 248(312) dated 26 October 2016)	<p>Master Agreement between PJSC MegaFon and Combell LLC.</p> <p>Under the Master Agreement, PJSC MegaFon provides to Combell LLC services, performs work and transfers property/rights/obligations as follows:</p> <ul style="list-style-type: none"> provision of communications channels and virtual communications channels; mobile communications services; long-distance/international telephony services; sale/purchase and supply of property, including communications equipment and optical fibres; assignment and lease of property, including communications equipment and optical fibres; technical support for communications equipment; assignment of software and software maintenance; services related to processing personal data of Combell LLC employees (collection, collation, accumulation, storage, clarification (update, modification), use, anonymisation, blocking and destruction) and other personal data transferred by Combell LLC; Combell LLC HR records management services in accordance with applicable laws; Combell LLC accounting services in accordance with applicable laws; Information, legal and advisory services, <p>as well as provides other services, performs work and transfers property/rights/obligations.</p> <p>Combell LLC provides to PJSC MegaFon services, performs work and transfers property/rights as follows:</p> <ul style="list-style-type: none"> sale/purchase and supply of property, including communications equipment and optical fibres; assignment and lease of property, including communications equipment and optical fibres; technical support for communications equipment; siting of equipment; <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 does not exceed RUB 112,300,000.</p>	<ul style="list-style-type: none"> AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, Sonera Holding B.V.
Board of Directors (Minutes No. 232(296) dated 26 November 2015)	<p>Trademark Licence Agreement between PJSC MegaFon (Licensee) and AF Telecom Holding LLC (Licensor).</p> <p>Under the Licence Agreement, AF Telecom Holding LLC transfers to PJSC MegaFon the right to use the MegaFon trademark.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Licence Agreement does not exceed RUB 218,400,000.</p>	<ul style="list-style-type: none"> AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited.



Related-party transactions of PJSC MegaFon in 2016 (continued)

Governing body that approved the transaction	Subject matter and material terms of the transaction	Related parties involved in the transaction
<p>Board of Directors (Minutes No. 253(317) dated 23 December 2016)</p>	<p>Master Agreement between PJSC MegaFon and LLC Scartel.</p> <p>Under the Master Agreement PJSC MegaFon provides to LLC Scartel services, performs work and transfers property/rights/obligations as follows:</p> <ul style="list-style-type: none"> • provision of radio access network infrastructure to enable communications services based on MVNO business model; • 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; • 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; • technical support for international roaming, and billing support; • 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; • LLC Scartel HR records management services in accordance with applicable laws; • LLC Scartel accounting services in accordance with applicable laws; • 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; • purchase and sale of equipment (customised CPE, including customer premises equipment by Apple or Samsung); • lease of telecommunications equipment (SORM system, switches, servers and other technical equipment); • shared use of frequencies; • arrangements for access from a connection point to PJSC MegaFon's information centre and traffic generation; • agency services to arrange for interconnection between LLC Scartel communications networks and communications networks of other operators, and other agency services, <p>as well as provides other services, performs work and transfers property/rights/obligations.</p> <p>LLC Scartel provides to PJSC MegaFon services, performs work and transfers property/rights/obligations as follows:</p> <ul style="list-style-type: none"> • shared use of frequencies; • information and analytical services related to collection and processing of aggregated data used for PJSC MegaFon's internal and external analytical services; <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 does not exceed RUB 7,650,000,000.</p>	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited.



Related-party transactions of PJSC MegaFon in 2016 (continued)

Governing body that approved the transaction	Subject matter and material terms of the transaction	Related parties involved in the transaction
<p>Board of Directors (Minutes No. 253(317) dated 23 December 2016)</p>	<p>Accounting, tax accounting, and HR 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 management services.</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the accounting, tax accounting, and HR management services addenda to Master Agreements with PJSC MegaFon's subsidiaries does not exceed RUB 150,000,000.</p>	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited, G.A. Vermishyan, A.L. Tyutin.
<p>Board of Directors (Minutes No. 233(297) dated 25 December 2015)</p>	<p>Sub-Lease Agreement between PJSC MegaFon (Lessee) and LLC FTC (Sub-Lessee).</p> <p>Under the Agreement, PJSC MegaFon provides to LLC FTC for temporary use (sub-lease) non-residential premises owned by PJSC MegaFon, to house LLC FTC employees.</p> <p>In case of changes in the market and in accordance with the terms of the Agreement, lease payments for the premises are subject to change (adjustment).</p> <p>Total price of property (services) disposed of (acquired) by PJSC MegaFon under the Lease Agreement does not exceed RUB 563,040.</p>	<ul style="list-style-type: none"> • AF Telecom Holding LLC, Telecominvest Holdings Limited, MegaFon Investments (Cyprus) Limited.



Corporate Governance Code Compliance Report

This report on compliance with the principles and recommendations of the Corporate Governance Code (hereinafter, the Code) was considered by the Board of Directors of Public Joint-Stock Company MegaFon (hereinafter, the Company) at its meeting held on 26 April 2017 (Minutes No. 259(323) dated 26 April 2017).

The Board of Directors certifies that this report contains complete and reliable information on the Company's compliance with the principles and recommendations of the Code in 2016.

In assessing compliance with the corporate governance principles set forth in the Code, the Company was guided by 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).

Nº	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
1.1	The company shall ensure fair and equitable treatment of all shareholders in exercising their corporate governance rights.			
1.1.1	The company shall ensure the most favourable conditions for its shareholders to participate in the general meeting, develop an informed position on items on the agenda of the general meeting, coordinate their actions, and voice their opinions on items considered.	<ol style="list-style-type: none"> The company's internal document approved by the general meeting of shareholders governing the procedures to hold general meetings of shareholders is publicly available. The company provides an 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. 	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
1.1.2	The procedure for giving notice of, and providing relevant materials for, the general meeting shall enable shareholders to properly prepare for attending the general meeting.	<ol style="list-style-type: none"> The notice of an upcoming general meeting of shareholders is posted (published) online at least 30 days prior to the date of the general meeting. The notice of an upcoming meeting indicates the location of the meeting and the documents required for admission. 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 commission. 	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	<p>Key procedures for preparing, convening, and holding the General Meeting of Shareholders (the "GSM") are set out in the Company's Charter and the Regulations on the General Meeting of Shareholders of the Company (approved by the Resolution of the Extraordinary General Meeting of Shareholders of PJSC MegaFon, Minutes dated 13 September 2013).</p> <p>When preparing for an upcoming GSM, the Company is committed to notifying its shareholders thereof and to giving them access to GSM materials at least 30 days prior to the date of such GSM. However, in practice, there may be certain cases requiring critically urgent GSM decisions on matters of the Company's day-to-day business operations or requiring the Company to promptly respond to changes in economic conditions or to take action to maintain the Company's competitive edge. In such cases, in order to reduce the overall time-to-decision, the Company has to notify its shareholders of an upcoming GSM at least 20 days prior to the date thereof.</p>



Corporate Governance Code Compliance Report (continued)

Nº	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
1.1.3	In preparation for the general meeting and during the general meeting, shareholders shall be enabled to receive information about, and all materials related to, the meeting, put questions to executive bodies and members of the board of directors, as well as communicate with each other, in an unobstructed and timely manner.	<p>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.</p> <p>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.</p> <p>3. The company gave duly authorised 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.</p>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
1.1.4	Shareholders shall not encounter unjustified difficulties in exercising their right to request that a general meeting be convened, to nominate candidates to management bodies, and to make proposals for the agenda of the general meeting.	<p>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.</p> <p>2. In the reporting period, the company did not reject proposals for the agenda or candidates to management bodies due to misprints or other insignificant flaws in the shareholder's proposal.</p>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
1.1.5	Each shareholder shall be enabled to freely exercise his/her voting right in the simplest and most convenient way.	<p>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.</p>	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
1.1.6	The general meeting procedure established by the company shall equally enable all persons attending the meeting to voice their opinion and ask questions.	<p>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.</p> <p>2. Candidates to the company's management and control bodies were available to answer shareholders' questions during the meeting at which their nominations were put to vote.</p> <p>3. When passing resolutions on the preparation and holding of general meetings of shareholders, the board of directors considered the matter of using telecommunications means to provide shareholders with remote access to participate in general meetings in the reporting period.</p>	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	<p>Candidates to the Company's management and control bodies were not available to answer shareholders' questions during the GMS at which their nominations were put to vote due to their tight schedules during the time when joint-stock companies hold their annual meetings. However, in preparation for the GMS, shareholders are entitled to put any questions to candidates to the Company's management and control bodies by forwarding them to the Company, including to the Corporate secretary.</p> <p>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.</p>



Corporate Governance Code Compliance Report (continued)

N ^o	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
1.2	Shareholders shall have equal and fair rights to share profits of the company by receiving dividends.			
1.2.1	The company has developed and introduced a transparent and clear mechanism for determining the dividend amount and paying dividends.	1. The company's dividend policy is developed, approved by the board of directors and disclosed. 2. If the company's dividend policy uses the company's reporting figures to determine the dividend amount, then the respective provisions of the dividend policy shall take into account the consolidated financial statements.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
1.2.2	The company shall not resolve to pay out dividends if such resolution, while formally remaining in line with statutory restrictions, is not economically feasible and may lead to a false representation of the company's activities.	1. The company's dividend policy contains clear indications of financial/economic circumstances under which the company shall not pay out dividends.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
1.2.3	The company shall not allow the dividend rights of its existing shareholders to be impaired.	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.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
1.2.4	The company shall strive to exclude any ways for its shareholders to receive profit (income) from the company other than dividends and liquidation value.	1. To exclude any ways for its shareholders to receive profit (income) from the company other than dividends and liquidation value, the company's internal documents provide for controls to ensure timely identification and procedure for approval of transactions with affiliates (associates) of the company's substantial shareholders (persons entitled to use the votes attached to voting shares) in cases when the law does not formally recognise these transactions as related-party transactions.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
1.3	Corporate governance system and practices shall ensure equal treatment for all shareholders – owners of shares of one category (type), including minority shareholders 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 governing bodies and the company's controlling entities, including conditions ruling out abuse of minority shareholders by major shareholders.	1. In the reporting period, the procedures for managing potential conflicts of interest among major shareholders were efficient, and the board of directors paid due attention to conflicts among shareholders, if such conflicts occurred.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
1.3.2	The company shall not perform actions which lead or may lead to artificial redistribution of corporate control.	1. Quasi-treasury shares do not exist or did not participate in voting in the reporting period.	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	In 2016, the Company's subsidiary holding a stake in the Company (MegaFon Investments (Cyprus) Limited) did not vote on approval of transactions recognised as related-party transactions for the Company's majority shareholder. When voting at an GSM on election of the Company's Directors, MegaFon Investments (Cyprus) Limited votes exclusively "for" the Company's Independent Directors.



Corporate Governance Code Compliance Report (continued)

Nº	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
1.4	Shareholders shall be provided with reliable and effective methods for recording their rights in shares, as well as be enabled to freely dispose of their shares without any hindrance.			
1.4	Shareholders shall be provided with reliable and effective methods for recording their rights in shares, as well as be enabled to freely dispose of their shares without any hindrance.	1. The quality and reliability of the securities owners' register maintenance by the company's registrar meet the requirements of the company and its shareholders.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.1	The board of directors shall carry out the strategic management of the company, establish the basic principles of, and approaches to, setting up a risk management and internal control system in the company, control the activities of the company's executive bodies, and perform other key functions.			
2.1.1	The board of directors shall be responsible for passing resolutions related to the appointment and removal of executive bodies, including due to their inadequate performance. The board of directors shall also ensure that the company's executive bodies act in accordance with the approved development strategy and along the company's core lines of business.	1. The board of directors has the authority stipulated in the charter to appoint and dismiss 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 collective executive body on the implementation of the company's strategy.	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	<p>In accordance with the Company's Charter, appointment and removal of members of executive bodies falls within the authority of the GSM.</p> <p>In the Company's opinion supported by the GSM's resolution on approval of the existing version of the Company's Charter, this matter is reserved solely to the Company's supreme management body as highly important in terms of the Company's shareholders controlling its operations.</p>
2.1.2	The board of directors shall define the main long-term targets of the company's operations, assess and approve 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. In the reporting period, the board of directors reviewed at its meetings matters related to the progress in the implementation of the strategy and its updates, approval of the company's financial and business plan (budget), and consideration of the implementation criteria and performance (including interim criteria and performance) of the company's strategy and business plans.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.1.3	The board of directors shall determine the principles of and approaches to organising a risk management and internal control system in the company.	1. The board of directors has determined the principles of and approaches to organising a risk management and internal control system in the company. 2. The board of directors assessed the risk management and internal control system in the company during the reporting period.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
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 has developed and put in place the policy on remuneration and/or reimbursement (compensation) of costs of the members of the board of directors, executive bodies and other key executives, approved by the board of directors. 2. In the reporting period, the board of directors reviewed at its meetings matters related to the said policy (policies).	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.1.5	The board of directors shall play a key role in preventing, identifying and settling internal conflicts between the company's bodies, shareholders and employees.	1. The board of directors plays a key role in preventing, identifying and settling internal conflicts. 2. The company has set up a system for identification of transactions involving a conflict of interest, and a set of measures to resolve such conflicts.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	



Corporate Governance Code Compliance Report (continued)

Nº	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
2.1.6	The board of directors shall play a key role in ensuring the company's transparency, the timeliness and completeness of its information disclosures, and unhindered access to the company's documents for shareholders.	1. The board of directors has approved the regulations on information policy. 2. The company has designated the persons responsible for the implementation of the information policy.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.1.7	The board of directors shall control the company's corporate governance practices and play a key role in its significant corporate events.	1. In the reporting period, the board of directors considered the matter of the company's corporate governance practices.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.2	The board of directors shall be accountable to the company's shareholders.			
2.2.1	Performance of the board of directors shall be disclosed and made available to the shareholders.	1. The company's annual report for the reporting period includes the information on individual attendance at board of directors and committee meetings. 2. The annual report contains key results of assessment of the board of directors' work in the reporting period.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.2.2	The chairman of the board of directors shall be available to communicate with the company's shareholders.	1. The company has in place a transparent procedure enabling shareholders to forward questions to the chairman of the board of directors and express their respective position.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.3	The board of directors of the company shall be an efficient and professional management body of the company capable of making objective, independent conclusions and taking decisions that comply with the interests of shareholders and the company.			
2.3.1	Only persons with impeccable business and personal reputation, possessing the knowledge and expertise required to make decisions falling within the authority of the board of directors and to perform its functions efficiently, shall be elected to the board of directors.	1. The procedure for assessing the efficiency of the work of the board of directors established in the company includes, inter alia, the assessment of the professional qualifications of the board members. 2. In the reporting period, the board of directors (or its nomination committee) assessed nominees to the board of directors in terms of the required experience, knowledge, business reputation, absence of a conflict of interest, etc.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.3.2	The company's board of directors shall be elected as per a transparent procedure enabling shareholders to receive information about candidates which is sufficient to get an idea of their personal and professional qualities.	1. Whenever the agenda of the general meeting of shareholders 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.	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	<p>The Company did not provide its shareholders with information on whether listed nominees to the Company's Board of Directors meet the independence criteria set forth in Recommendations 102–107 of the Code.</p> <p>In the future, the Company intends to make a full disclosure of such information to its shareholders its routine practice.</p>



Corporate Governance Code Compliance Report (continued)

N ^o	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
2.3.3	The board of directors shall be balanced, including in terms of qualifications of its members, their experience, knowledge and business qualities, and it shall have the trust of shareholders.	1. As part of the procedure for assessing the work of the board of directors in the reporting period, the board of directors analysed its needs in terms of professional qualifications, experience and business skills.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	<p>In the reporting period, the performance of the Company's Board of Directors was not assessed due to many changes in its membership. In 2016, the Board of Directors was last elected on 25 November 2016. Due to very little tenure of the newly elected Directors, the Board of Directors intends to assess its performance in 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 BoD membership in the reporting year, qualifications, expertise and experience of all Directors were in full compliance with the Company's needs.</p> <p>The Company intends to assess the performance of its Board of Directors in the coming periods.</p>
2.3.4	The number of members on the company's board of directors shall enable the board of directors to organise its activities in the most efficient manner, including the possibility to set up committees of the board of directors, and to enable the company's significant minority shareholders to elect a member of the board of directors for whom they give their votes.	1. As part of the assessment of the board of directors carried out in the reporting period, the board of directors considered whether the number of members on the board of directors was in line with the company's needs and with the interests of shareholders.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	<p>In the reporting period, the Company's Board of Directors did not assess its performance for the reasons detailed above.</p> <p>However, the Board of Directors continued to follow the recommendations resulting from the 2015 assessment.</p> <p>The Company also fully adheres to the principle of having a well-balanced number of Directors: during the whole of 2016, the Board of Directors included three Independent Directors.</p>
2.4	The board of directors shall include a sufficient number of independent directors.			
2.4.1	An independent director shall be a person of sufficient professionalism, experience and self-reliance to form his/her own opinion, able to make impartial judgements in good faith independent from the company's executive bodies, particular groups of shareholders or other stakeholders. It should also be taken into account that in normal conditions a candidate (elected to the board of directors) cannot be considered independent if he/she is related to the company, its significant shareholder or contractor, the company's competitor, or the government.	1. In the reporting period, all independent members of the board of directors met the independence criteria set forth in Recommendations 102–107 of the Code, or were deemed independent by resolution of the board of directors.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	



Corporate Governance Code Compliance Report (continued)

N ^o	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
2.4.2	The compliance of candidates to the board of directors with the criteria for independence shall be assessed, and a regular review of compliance of independent members of the board of directors with such criteria shall be performed. Substance shall prevail over form in such assessments.	<p>1. In the reporting period, the board of directors (or the nomination committee of the board of directors) formed its opinion on the independence of each member to the board of directors and presented respective opinions to shareholders.</p> <p>2. In the reporting period, the board of directors (or the nomination committee of the board of directors) reviewed at least once the independence of the current members of the board of directors listed by the company in its annual report as independent directors.</p> <p>3. The company has developed procedures defining the actions to be taken by a member of the board of directors if he/she ceases to be independent, including the obligation to timely notify the board of directors thereof.</p>	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	<p>Upon election by the Company's General Meeting of Shareholders to the Board of Directors, the 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.</p> <p>The Company considers the possibility of making a judgement on independence of each nominee to the Board of Directors.</p>
2.4.3	At least one-third of the total elected number of members of the board of directors shall be constituted by independent directors.	1. At least one-third of the total number of members of the board of directors shall be constituted by independent directors.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.4.4	Independent directors shall play a key role in preventing internal conflicts in the company and in the performance by the latter of material corporate actions.	1. Independent directors (who do not have a conflict of interest) carry out a preliminary assessment of material corporate actions implying a possible conflict of interest, and the results of such assessment are presented to the board of directors.	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	<p>Independent Directors have maximum involvement in analysing material corporate actions and matters reserved to the Board of Directors.</p> <p>Minority reports of Independent Directors on such matters are presented to the Board of Directors.</p> <p>To ensure successful implementation of the Company's material project (acquisition of a controlling stake in Mail.ru), in the reporting period, we set up a Special Committee of the Board of Directors, which presented its own opinion on the project.</p> <p>This Special Committee included, inter alia, the Company's Independent Directors.</p>
2.5	The chairman of the board of directors shall facilitate the best performance of assigned duties by the board of directors.			
2.5.1	The board of directors shall be chaired by an independent director, or a senior independent director shall be chosen from among the elected independent directors to coordinate the activities of independent directors and enable the interaction with the chairman of the board of directors	<p>1. The board of directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors.</p> <p>2. 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.</p>	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	<p>Vladimir Y. Streshinsky is the Chairman of the Board of Directors. The Company believes Mr Streshinsky's vast experience in the telecoms industry, his outstanding managerial capabilities and inside-out knowledge of all the Company's business lines and specifics guarantees high performance of the Board of Directors, a balanced approach to protecting shareholder rights and interests, and focus on the Company's business needs.</p> <p>In addition, Mr Streshinsky has unique expertise in media asset management.</p>



Corporate Governance Code Compliance Report (continued)

Nº	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
2.5.2	The chairman of the board of directors shall maintain a constructive environment at meetings, enable free discussions of agenda items, and supervise the execution of resolutions passed by the board of directors.	1. The performance of the chairman of the board of directors was assessed as part of the procedure for assessing the efficiency of the board of directors in the reporting period.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	<p>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, since the Company did not run any comprehensive assessment. However, such assessment was made in 2015. The reasons for not running such assessment in 2016 are cited above.</p> <p>However, the Company is fully committed to the principle of the BoD's Chairman creating a constructive and discussion-friendly environment at the Board of Directors' meetings.</p> <p>The execution of the Chairman's functions by Mr. Streshinsky allows to use his extensive experience in the industry, deep knowledge and understanding of the Company's business strategy and corporate governance, as well as professional managerial skills.</p>
2.5.3	The chairman of the board of directors shall take all steps necessary for the timely provision to members of the board of 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 members of the board of directors of materials regarding items on the agenda of the board meeting.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.6 Members of the board of directors shall act reasonably and in good faith in the best interests of the company and its shareholders, relying on sufficient information, exercising due care and prudence.				
2.6.1	Members of the board of directors shall make decisions based on all information available, without conflict of interest, subject to equal treatment of the company's shareholders, and assuming normal business risks.	1. The company's internal documents provide that a member of the board of directors shall notify the board of directors if he/she has a conflict of interest in respect of any issue on the agenda of the board meeting or the board's committee meeting, prior to the discussion of the relevant agenda item. 2. The company's internal documents provide that a member of the board of directors shall abstain from voting on any item in connection with which he/she has a conflict of interest. 3. 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.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.6.2	The rights and obligations of members of the board of directors shall be clearly defined and set out in the company's internal documents.	1. The company has adopted and published an internal document clearly defining the rights and obligations of members of the board of directors.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.6.3	Members of the board of directors shall have sufficient time to perform their duties.	1. 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. 2. In accordance with the company's internal documents, members of the board of directors shall inform the board of their intention to take a position in management bodies of other organisations (except for entities controlled by, or affiliated to, the company), or about such appointment being made.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	<p>For the reasons cited above, the Board of Directors ran no comprehensive assessment of its performance. Such comprehensive assessment is scheduled to be performed in the coming periods.</p> <p>However, 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 workloads of each Director.</p>



Corporate Governance Code Compliance Report (continued)

Nº	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
2.6.4	All members of the board of directors shall have an equal opportunity to access the company's documents and information. Newly elected board members shall be provided with sufficient information about the company and the work of its board of directors as soon as practicable.	1. In accordance with the company's internal documents, members of the board of directors are entitled to have access to documents and make queries regarding the company and entities under its control, and the company's executive bodies must provide relevant information and documents. 2. The company has in place a formalised induction programme for newly elected members of the board of directors.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.7	Meetings of the board of directors, preparation for such meetings and participation of the members of the board of directors shall ensure efficient performance by the board of directors.			
2.7.1	Meetings of the board of directors shall be held as needed, taking into account the scale of operations and goals of the company at a particular time.	1. The board of directors held at least six meetings in the reporting year.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.7.2	Internal regulations of the company shall provide a procedure for the preparation and holding of the board meetings, enabling members of the board of directors to prepare for such meetings in a proper manner.	1. 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 shall be given, as a rule, at least five days prior to such meeting.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.7.3	The format of the meeting of the board of directors shall be determined taking into account the importance of items on the agenda. The most important matters shall be dealt with at meetings of the board of directors held in person.	1. The company's charter or internal document provides 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.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.7.4	Resolutions on most important matters relating to the company's operations shall be passed at a meeting of the board of directors by a qualified majority or by a majority of all elected board members.	1. The company's charter provides for 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 board members.	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	Not stipulated by the Company's Charter; however, in the reporting year, all resolutions on such matters were actually passed unanimously by all members of the Board of Directors entitled to vote on such matters.
2.8	The board of directors shall set up committees for preliminary consideration of the most important issues related to the business of the company.			
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.	1. The board of directors has set up an audit committee comprised solely of independent directors. 2. The company's internal documents set out the tasks of the audit committee, including those listed in Recommendation 172 of the Code. 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. 4. Meetings of the audit committee were held at least once a quarter during the reporting period.	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	<p>The Company has in place its Audit Committee.</p> <p>The Audit Committee is 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 includes an Independent Director, Nikolay B. Krylov.</p> <p>The Company believes that the existing committee membership is optimal for distribution of roles among Directors, factors in experience and expertise of each Director, maximises their involvement in activities of relevant committees, and maintains a balanced protection of shareholder interests.</p> <p>In addition, the Company actively involves all Directors in the proceedings of Committees' meetings at which the most sensitive corporate matters are discussed.</p>



Corporate Governance Code Compliance Report (continued)

Nº	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
2.8.2	To preview matters related to adopting an efficient and transparent remuneration scheme, a remuneration committee shall be 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"> The board of directors has set up a remuneration committee comprised solely of independent directors. The remuneration committee is headed by an independent director who is not the chairman of the board of directors. The company's internal documents set out the tasks of the remuneration committee, including those listed in Recommendation 180 of the Code 	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	<p>The Company has in place its Remuneration and Nominations Committee.</p> <p>The Remuneration and Nominations Committee is 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.</p> <p>The Remuneration Committee also includes an Independent Director, Jan Erik Rudberg.</p> <p>The Company believes that the existing committee membership is optimal for distribution of roles among Directors, factors in experience and expertise of each Director, maximises their involvement in activities of relevant committees, and maintains a balanced protection of shareholder interests.</p> <p>In addition, the Company actively involves all Directors in the proceedings of Committees' meetings at which the most sensitive corporate matters are discussed.</p>
2.8.3	To preview matters related to talent management (succession planning), professional composition and efficiency of the board of directors, a nomination (HR) committee shall be set up, predominantly comprised of independent directors.	<ol style="list-style-type: none"> 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. 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. 	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
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 fully 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"> 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. 	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	



Corporate Governance Code Compliance Report (continued)

Nº	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
2.8.5	Committees shall be composed so as to enable comprehensive discussions of matters under preview, taking into account the diversity of opinions.	1. Committees of the board of directors are headed by independent directors. 2. 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.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.8.6	Committee chairmen shall inform the board of directors and its chairman on the work of their committees on a regular basis.	1. During the reporting period, committee chairmen reported to the board of directors on the work of committees on a regular basis.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
2.9	The board of directors shall ensure assessment of the quality of work of the board of directors, its committees and members of the board of directors.			
2.9.1	The board of directors' performance assessment shall be aimed at determining the efficiency of the board of directors, its committees and members, consistency of their work with the company's development requirements, as well as bolstering the work of the board of directors and identifying areas for improvement.	1. Self-assessment or external assessment of the board of directors' performance carried out in the reporting period included performance assessment of committees, individual members of the board of directors and the board of directors in general. 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.	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	<p>Self-assessment or external assessment of the Board of Directors' performance was 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 was elected on 25 November 2016 (active as at 31 December 2016).</p> <p>However, the Company is committed to the principle of mandatory assessment of its Board of Directors' performance. Such assessment is scheduled to be performed in the coming periods.</p>
2.9.2	Performance of the board of directors, its committees, and members shall be assessed regularly at least once a year. An external advisor shall be 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"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
3.1	The company's corporate secretary shall ensure efficient ongoing interaction with shareholders, coordinate the company's efforts to protect shareholder rights and interests and support the activities of the board of directors.			
3.1.1	The corporate secretary shall have the knowledge, experience and qualifications sufficient to perform his/her duties, as well as an impeccable reputation and the trust of shareholders.	1. The company has adopted and published an internal document – regulations on the corporate secretary. 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.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
3.1.2	The corporate secretary shall be sufficiently independent of the company's executive bodies and have the powers and resources required to perform his/her tasks.	1. The board of directors approves the appointment, removal and additional remuneration of the corporate secretary.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	



Corporate Governance Code Compliance Report (continued)

N°	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
4.1	Remuneration payable by the company shall be sufficient to attract, motivate, and retain people with competencies and qualifications required by the company. Remuneration payable to members of the board of directors, executive bodies and other key executive officers of the company shall be in compliance with the approved remuneration policy of the company.			
4.1.1	The amount of remuneration paid by the company to members of the board of directors, executive bodies and other key executives shall create 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 shall avoid unnecessarily high remuneration, as well as unjustifiably large gaps between remunerations of the above persons and the company's employees.	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.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
4.1.2	The company's remuneration policy shall be devised by the remuneration committee and approved by the board of directors. The board of directors, assisted by the remuneration committee, shall ensure control over the introduction and implementation of the company's remuneration policy, revising and amending it as required.	1. During the reporting period, the remuneration committee considered the remuneration policy (policies) and the practical aspects of its (their) introduction and presented relevant recommendation to the board of directors as required.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
4.1.3	The company's remuneration policy shall include transparent mechanisms for determining the amount of remuneration due to members of the board of directors, executive bodies and other key executives of the company, and regulate 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 members of the board of 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"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
4.1.4	The company shall define a policy on reimbursement (compensation) of costs detailing a list of reimbursable expenses and specifying service levels that members of the board of directors, executive bodies and other key executives of the company can claim. Such policy can make part of the company's remuneration policy.	1. The remuneration policy (policies) defines (define) the rules for reimbursement of costs incurred by members of the board of directors, executive bodies and other key executives of the company.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
4.2	Remuneration system of members of the board of directors shall ensure alignment of financial interests of the directors with long term financial interests of the shareholders.			
4.2.1	The company shall pay fixed annual remuneration to members of the board of directors. The company shall not pay remuneration for attending particular meetings of the board of directors or its committees. The company shall not apply any form of short-term motivation or additional financial incentive for members of the board of directors.	1. Fixed annual remuneration was the only form of monetary remuneration payable to members of the board of directors for their service on the board of directors during the reporting period.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	



Corporate Governance Code Compliance Report (continued)

Nº	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
4.2.2	Long-term ownership of the company's shares shall help align the financial interests of members of the board of directors with long-term interests of shareholders to the utmost. At the same time, the company shall not link the right to dispose of shares to performance targets, and members of the board of directors shall not participate in stock option plans.	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.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
4.2.3	The company shall not provide for any extra payments or compensations in the event of early termination of office of members of the board of directors resulting from the change of control or any other reasons whatsoever.	1. The company does not provide for any extra payments or compensations in the event of early termination of office of members of the board of directors resulting from the change of control or any other reasons whatsoever.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
4.3	The company shall consider 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 executive officers of the company.			
4.3.1	Remuneration due to members of executive bodies and other key executives of the company shall be 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.	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. 2. During the latest assessment of the system of remuneration for members of executive bodies and other key executives of the company, the board of directors (remuneration committee) made sure that the company applies the efficient ratio of the fixed and variable parts of remuneration. 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.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
4.3.2	The company shall put in place a long-term incentive programme 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).	1. The company has in place a long-term incentive programme 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). 2. The long-term incentive programme 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 programme shall take 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.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
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.	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.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	



Corporate Governance Code Compliance Report (continued)

Nº	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
5.1	The company shall put in place an effective risk management and internal control system providing reasonable assurance in the achievement of the company's objectives.			
5.1.1	The company's board of directors shall determine the principles and approaches to organising a risk management and internal control system at the company.	1. Functions of different management bodies and divisions of the company in the risk management system and internal control are clearly defined in the company's internal documents /relevant policy approved by the board of directors.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
5.1.2	The company's executive bodies shall ensure establishment and continuous operation of an efficient risk management and internal control system in the company.	1. The company's executive bodies ensured the distribution of functions and powers related to risk management and internal control between the heads (managers) of divisions and departments accountable to them.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
5.1.3	The company's risk management and internal control system ensures an objective, fair and clear representation of the current state of the company and its future prospects, the integrity and transparency of the company's reporting, as well as reasonable and acceptable risk exposure.	1. The company has in place the anti-corruption policy. 2. The company has arranged for accessible means of notifying the board of directors or the board's audit committee about violations of the law, the company's internal procedures and code of ethics.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
5.1.4	The company's board of directors shall take necessary measures to make sure that the company's risk management and internal control system is consistent with the principles of, and approaches to, its setting up 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 efficiency of the company's risk management and internal control system. The information on the key results of this assessment is included in the company's annual report.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
5.2	The company shall perform internal audit for the regular independent assessment of the reliability and effectiveness of the risk management and internal control systems and corporate governance.			
5.2.1	The company shall set up a separate business unit or engage an independent external organisation to carry out an internal audit. The functional and administrative subordination of the internal audit division shall be separated. The internal audit division shall functionally report to the board of directors.	1. To perform internal audits, the company has set up a separate internal audit unit functionally reporting to the board of directors or the audit committee, or engaged an independent external organisation under the same principle of subordination.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
5.2.2	The internal audit unit shall assess the performance of the internal control, risk management, and corporate governance systems. The company shall apply generally accepted standards of internal audit.	1. In the reporting period, the performance of the internal control and risk management system was assessed as part of the internal audit procedure. 2. The company applies generally accepted approaches to internal audit and risk management.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
6.1	The company and its business shall be transparent for shareholders, investors and other related parties.			
6.1.1	The company shall develop and adopt an information policy ensuring an efficient exchange of information between the company, its shareholders, investors, and other related parties.	1. The company's board of directors has approved the information policy developed taking into account the Code's recommendations. 2. 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.	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	In its interaction with investors and other stakeholders the Company widely uses the methods listed in the Corporate Governance Code. In the opinion of the Company, there is no need to formalise the methods of interaction with investors and other stakeholders.



Corporate Governance Code Compliance Report (continued)

№	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
6.1.2	The company shall disclose information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of this Code.	1. The company discloses information on its corporate governance system and general principles of corporate governance applied in the company, in particular, on the corporate website. 2. The company discloses information on the composition of executive bodies and the board of directors, independence of the board members and their membership in the board's committees (as defined in the Code). 3. If the company has a controlling person, the company publishes a memorandum of the controlling person setting out the latter's plans for the company's corporate governance.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
6.2	The company shall make timely disclosures of complete, updated and reliable information to allow shareholders and investors to make informed decisions.			
6.2.1	The company shall disclose information based on the principles of regularity, consistency and promptness, as well as availability, reliability, completeness and comparability of disclosed data.	1. The company's information policy defines the approaches to, and criteria of, identification of 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. 2. If the company's securities are traded on foreign organised markets, the company shall ensure concerted and equivalent disclosure of material information in the Russian Federation and in the said markets in the reporting period. 3. If foreign shareholders hold a significant amount of the company's shares, during the reporting year, information was disclosed not only in the Russian language, but also in one of the most widespread foreign languages.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
6.2.2	The company shall strive to avoid a formalistic approach to information disclosure, and to disclose critical information about its operations even if such disclosure is not required by law.	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 contains annual financial statements prepared under the IFRS, along with the auditor's report. 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 official website of the company.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
6.2.3	The annual report, as one of the most important tools of information exchange with shareholders and other stakeholders, shall contain information enabling assessment of the company's performance in the reporting year.	1. The company's annual report contains information on the key aspects of the company's operations and its financial results. 2. The company's annual report contains information on the environmental and social aspects of the company's operations.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
6.3	The company shall provide information and documents as per the requests of shareholders in compliance with principles of fairness and ease of access.			
6.3.1	The company shall provide information and documents as per the requests of shareholders in compliance with principles of fairness and ease of access.	1. 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.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
6.3.2	When providing information to shareholders, the company shall ensure 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 competitiveness.	1. In the reporting period, the company did not refuse shareholders' requests for information, or such refusals were justified. 2. In cases defined by the information policy, shareholders are warned of the confidential nature of the information and undertake to maintain its confidentiality.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	



Corporate Governance Code Compliance Report (continued)

Nº	Corporate governance principles	Assessment criteria for compliance with the corporate governance principle	Status of compliance with the corporate governance principle	Justification of deviations from assessment criteria for compliance with the corporate governance principle
7.1	Actions that significantly impact or may significantly impact the share capital structure or financial condition of the company and, respectively, shareholders position (material corporate actions) shall be fairly executed providing observance of rights and interests of shareholders and other stakeholders.			
7.1.1	Material corporate actions shall include restructuring 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 authorised 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 charter of the company shall provide a list of transactions, or other actions classified as material corporate actions pertaining to the competence of the board of directors of the company.	1. The company's charter includes a list of transactions or other actions deemed to be material corporate actions, and criteria for their identification. Decisions 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. 2. Under the charter, material corporate actions include at least: company reorganisation, 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 authorised capital, listing or de-listing of the company's shares.	<input type="checkbox"/> Complied with <input checked="" type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	Transactions and/or actions listed in the Corporate Governance Code are not defined by the Company's Charter as material corporate actions; they are, however, included in the list of matters within the authority of the Board of Directors and/or its Committees.
7.1.2	The board of directors shall play a key role in making decisions or working out recommendations regarding material corporate actions, relying on the opinions of the company's independent directors.	1. The company has in place a procedure enabling independent directors to express their opinions on material corporate actions prior to approval thereof.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
7.1.3	When taking material corporate actions affecting the rights and lawful interests of shareholders, equal terms and conditions shall be ensured for all shareholders of the company, and, in case of insufficient statutory mechanisms for protecting shareholder rights, additional measures shall be taken to protect the rights and lawful interests of the company's shareholders. In doing so, the company shall be guided by the corporate governance principles set forth in the Code, as well as by formal statutory requirements.	1. Taking into account the specifics of the company's operations, the company's charter establishes lower minimum criteria for the company's transactions to be deemed material corporate actions than those provided by law. 2. In the reporting period, all material corporate actions were subject to the approval procedure prior to execution.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
7.2	The company shall execute 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.			
7.2.1	Information about material corporate actions shall be disclosed with explanations of the grounds, circumstances and consequences.	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.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	
7.2.2	Rules and procedures related to material corporate actions taken by the company shall be set out in the company's internal documents.	1. The company's internal documents provide for the procedure for engaging an independent appraiser to determine the value of the property disposed of or acquired pursuant to a major transaction or a related-party transaction. 2. The company's internal documents provide for the procedure for engaging an independent appraiser to assess the value of the company's shares at their repurchase or redemption. 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.	<input checked="" type="checkbox"/> Complied with <input type="checkbox"/> Not fully complied with <input type="checkbox"/> Not complied with	