

14. APPENDICES



CHOMOLUNGMA (EVEREST)

Chomolungma in Tibetan means Holy Mother and was named after Sherab Chamma, a bon goddess. Nepalese Sagar-matha means Mother of Gods.

English Mount Everest was given after Sir George Everest (1790–1866), head of Geodesic Service in British India during 1830–1843. The name was proposed in 1856 by his follower Andrew Waugh (1810–1878) synchronously with the publication of results obtained by Radhanath Sikdar, his employee. In 1952 Radhanath was the first to calculate the height of Peak XV and showed it to be the tallest mountain in the region and, probably, on the planet.

Information on interested-party transactions approved during 2013

The subject of a transaction	The price of a transaction	Interested party	Approved by
Contracts			
SPA between IDGC of Urals and FSK UES	RUR 1 606 000.0, including 18%VAT - RUR 244 983.05	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #120 dd. 20.02.2013
Immovables rental contract between IDGC of Urals and FSK UES	Rental fee for property usage and possession totals RUR 88 216 per month, including 18% VAT – RUR 13 456.	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #120 dd. 20.02.2013
Compensation contract between IDGC of Urals and FSK UES	RUR142 595 941.85, including 18% VAT – RUR 21 751 923.33	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #120 dd. 20.02.2013
Grid facilities rental contract between IDGC of Urals and FSK UES for 2013	RUR 144 555.16 plus VAT paid under the Russian legislation	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #122 dd. 25.03.2013
Grid facilities rental contract between IDGC of Urals and FSK UES for 2013	RUR 142 612. 44 plus VAT paid under the Russian legislation	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #122 dd. 25.03.2013
Grid facilities rental contract between IDGC of Urals and FSK UES for 2013	RUR 1 018 264.55 plus VAT paid under the Russian legislation	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #122 dd. 25.03.2013
Contract on personnel training and lodging between EC of IDGC of Urals and IDGC of Urals	RUR 92 273 536.68, including 18% VAT – RUR 6 540 193.29	Russian Grids, V.N. Rodin	BoD Protocol #122 dd. 25.03.2013
Contract on equipment maintenance between IDGC of Urals and EESK	RUR 2 240 004.62 including 18% VAT – RUR 341 695.62.	Russian Grids, V.N. Rodin, M.V. Azovtsev	BoD Protocol #122 dd. 25.03.2013
Contract on technical supervision between FSK UES and IDGC of Urals	The price does not exceed RUR 15 204 974.17, including 18% VAT – RUR 2 319 402.84	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #122 dd. 25.03.2013
Contract on repair and maintenance of PS 110/10 kV KPP4 and VL 110 kV #1/PTS-2013 between FSK UES and IDGC of Urals	RUR 2 580 103.07 (including 18% VAT)	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #124 dd. 23.04.2013
Contract on supply between SO UES and IDGC of Urals	RUR 454 300.0, including 18% VAT – RUR 69 300.0	Russian Grids, V.N. Rodin	BoD Protocol #126 dd. 30.05.2013
Contract on transportation between IDGC of Urals and FSK UES	The price does not exceed RUR 1 100 000.0, including VAT – RUR 167 796.61.	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #127 dd. 17.06.2013
Contract between Engineering Center of the Urals Energy Sector and IDGC of Urals	RUR 11 800.0, including 18% VAT – RUR 1 800.0	Russian Grids, V.N. Rodin	BoD Protocol #127 dd. 17.06.2013
SPA on energy between IDGC of Urals and Ekaterinburgenergosbyt	The price for energy is calculated on the basis of non-regulated prices determined by the provider of last resort for each calculation period according to the current legislation	Russian Grids, V.N. Rodin	BoD Protocol #128 dd. 23.07.2013
Contract on connection between IDGC of Urals and EESK	RUR 5 226.93, including VAT – RUR 797.33.	Russian Grids, V.N. Rodin	BoD Protocol #128 dd. 23.07.2013
Contract on temporal limited usage of an aerial line between IDGC of Urals and FSK UES	RUR 54 600 per month plus 18% VAT - RUR 9 828.0	Russian Grids, V.N. Rodin	BoD Protocol #130 dd. 28.08.2013
Contract on land plot subrent between IDGC of Urals and FSK UES	RUR 342.31, including VAT – RUR 52.22 per month	Russian Grids, V.N. Rodin	BoD Protocol #130 dd. 28.08.2013
Contract on land plot subrent between IDGC of Urals and FSK UES	RUR 346 245.12, including VAT – RUR 52 817.05 per month	Russian Grids, V.N. Rodin	BoD Protocol #130 dd. 28.08.2013
Immovables rental contract between IDGC of Urals and Uralenergotrans	RUR 2 380 487.0, including 18% VAT – RUR 363 125.14	Russian Grids, V.N. Rodin, M.V. Azovtsev	BoD Protocol #130 dd. 28.08.2013
Vehicles subrent contract between IDGC of Urals regions between IDGC of Urals and Uralenergotrans	RUR 10 512 245.63, including 18% VAT – RUR 1 603 562.89	Russian Grids, V.N. Rodin, M.V. Azovtsev	BoD Protocol #130 dd. 28.08.2013
Vehicles subrent contract between IDGC of Urals regions between IDGC of Urals and Uralenergotrans	RUR 3 086 053.86, including 18% VAT – RUR 470 753.98	Russian Grids, V.N. Rodin, M.V. Azovtsev	BoD Protocol #130 dd. 28.08.2013
Vehicles subrent contract between IDGC of Urals regions between IDGC of Urals and Uralenergotrans	RUR 251 975.2, including 18% VAT – RUR 38 436.9	Russian Grids, V.N. Rodin, M.V. Azovtsev	BoD Protocol #130 dd. 28.08.2013
Contract on the calculation of compatibility of HF channels for PA and RZ on 110 k V Soboli-Danilikhha line (1,2 circuit) between Engineering Center of the Urals Sector and IDGC of Urals	RUR 796 229.83, including 18% VAT – RUR 121 458.79	Russian Grids, V.N. Rodin	BoD Protocol #131 dd. 24.09.2013
Immovables rental contract between IDGC of Urals and Energy Service Company of the Urals	RUR 32 050.8, including 18% VAT – RUR 4 889.11	Russian Grids, V.N. Rodin, M.V. Azovtsev	BoD Protocol #132 dd. 21.10.2013
Contract on technical supervision between Russian Grids and IDGC of Urals	RUR 22 227 378.84, including 18% VAT – RUR 3 390 617.11	Russian Grids, V.N. Rodin. S.U. Remes	BoD Protocol #134 dd. 10.11.2013
Agreement on the cancellation of grids rental control #596/2011/SE dd. 27.12.2011 between IDGC of Urals and FSK UES	-	Russian Grids, V.N. Rodin	BoD Protocol #136 dd. 30.12.2013
Vehicles rental contract between IDGC of Urals and Uralenergotrans	RUR 13 850 274.06, including 18% VAT – RUR 2 112 753.67	Russian Grids, V.N. Rodin, M.V. Azovtsev	BoD Protocol #136 dd. 30.12.2013
Agreement on interaction during prevention and liquidation of incidents on grid facilities between IDGC of Urals and Kubanenergo	-	Russian Grids, V.N. Rodin., R.R. Magadeev	BoD Protocol #136 dd. 30.12.2013
Agreements on transmission and protection confidential information between IDGC of Urals and Russian Grids	-	Russian Grids, V.N. Rodin. S.U. Remes	BoD Protocol #136 dd. 30.12.2013

Contract on repair and maintenance between IDGC of Urals and Kubanenergo	The final price is determined on the basis of documents on expenses submitted by Party 1 to Party 2	Russian Grids, V.N. Rodin., R.R. Magadeev	BoD Protocol #136 dd. 30.12.2013
Additional agreements to contracts concluded earlier			
Additional agreement #1 to transportation contract #2/ChE/2012 dd. 30.04.2012 between IDGC of Urals and Uralenergotrans	RUR 227 383 805.0, including VAT – RUR 34 685 665.17	Russian Grids, V.N. Rodin	BoD Protocol #120 dd. 20.02.2013
Additional agreement #1 to vehicles rental contract #167/2012 dd. 01.11.2012 between IDGC of Urals and Uralenergotrans	The amount of rental fee under the contract is subject to decrease according to item 5.4 of the contract	Russian Grids, V.N. Rodin	BoD Protocol #120 dd. 20.02.2013
Additional agreement #2 to immovables rental contract #96/2011/SE dd. 12.04.2011 between IDGC of Urals and FSK UES	RUR 36 387.3, including 18% VAT	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #120 dd. 20.02.2013
Additional agreement to grid facilities rental contract #07-555/2011/ESKh-2011/2 dd. 26.08.2011 between IDGC of Urals and FSK UES	RUR 328 685.49 plus VAT paid under the Russian legislation	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #122 dd. 25.03.2013
Additional agreement on the cancellation of grid facilities rental contract #07-555/2011/ESKh-2011/2 dd. 26.08.2011 between IDGC of Urals and FSK UES	-	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #122 dd. 25.03.2013
Additional agreement to grid facilities rental contract #ESKh-2011/1 dd. 06.09.2011 between IDGC of Urals and FSK UES	RUR 152 804.42 plus VAT paid under the Russian legislation	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #122 dd. 25.03.2013
Additional agreement to grid facilities rental contract #ESKh-2011/12 dd. 30.08.2011 between IDGC of Urals and FSK UES	-	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #122 dd. 25.03.2013
Additional agreement #1 to contract on the compensation for demolition and rearrangement of power lines #6000002323 dd. 15.02.2012 between IDGC of Urals and FSK UES	-	Russian Grids, V.N. Rodin, R.N. Berdnikov	BoD Protocol #124 dd. 23.04.2013
Additional agreement to contract #41/549/2011-43-101/11 dd. 29.04.2011 on drinking water supply and waste disposal between IDGC of Urals and TGK-9	The price per 1 m ³ of drinking water totals RUR 52.13 (plus 18% VAT – RUR 9.38), the price for 1 m ³ of wastes totals RUR 29.99 (plus 18% VAT – RUR 5.4)	Russian Grids, V.N. Rodin, M.V. Azovtsev	BoD Protocol #124 dd. 23.04.2013
Additional agreement #1 to vehicle subrental contract #168/2012 dd. November 01, 2012 between IDGC of Urals and Uralenergotrans	RUR 181 000 per month, including 18% VAT – RUR 27 610.17.	Russian Grids, V.N. Rodin	BoD Protocol #127 dd. 17.06.2013
Additional agreement #11 to immovables rental contract #00/77-08 dd. 01.02.2008 between IDGC of Urals and Ekaterinburgenergosbyt	RUR 1 955 830.0, including 18% VAT	Russian Grids, V.N. Rodin	BoD Protocol #128 dd. 23.07.2013
Additional agreement #2 to contract on the compensation for demolition and rearrangement of power lines #6000002323 dd. 15.02.2012 between IDGC of Urals and FSK UES	-	Russian Grids, V.N. Rodin	BoD Protocol #134 dd. 10.11.2013



Information on the observation of Corporate Behavior Code
 (Prepared according to FSC decree #03–849/r dd. 30.04.2003 on CBC annual report guidelines)

#	Statement from Corporate Behavior Code	Observed/ Not observed	Comments
1	2	3	4
The General Shareholder Meeting			
1.	Shareholders should be notified on a GSM in no less than 30 days prior to the date, irrespective of its agenda issues unless the legislation stipulates a larger term.	Observed	Stipulated by item 1, article 52 of the Joint-Stock Companies' Law on and item 11.5, article 11 of the Charter.
2.	Shareholders should possess a possibility to get familiarized with the list of persons authorized to participate in a GSM starting on the date when information on a GSM is announced and until an in-persentia GSM is closed (in case of an in-absentia GSM – until the deadline for voting papers' receipt).	Observed	According to part 4, article 51 of the Joint-Stock Companies' Law, the Company provides an opportunity to get familiarized with the list of persons authorized to participate in a GSM for shareholders owning at least 1% of voting shares.
3.	Shareholders should possess a possibility to get familiarized with the materials, subject to disclosure during a GSM arrangement via electronic means of communications, including Internet.	Observed	Stipulated by items 11.5. and 11.7, article 11 of the Charter: 11.5. A GSM announcement shall be published by the Company in the Rossiiskaya Gazeta as well as be disclosed at the corporate website within 30 (thirty) days prior to its date. 11.7. Information (materials) on GSM agenda issues, within 20 (Twenty) days, or 30 (Thirty) days, in case of holding a GSM with the agenda issue on the Company's reorganization, prior to a GSM, shall be available for persons, entitled to participate in a GSM for familiarization, at the premises of the Company's executive body as well as other places disclosed in a GSM announcement. The information (materials) should be available for the persons entitled to participate in a GSM during it. The procedure for familiarizing the persons, entitled to participate in a GSM, with information (materials) on GSM agenda issues and the list of such information (materials) shall be determined by a BoD resolution. According to item 4.1 of the Regulations on the Procedure for GSM Convention and Arrangement, materials related to GSM agenda issues should be posted on the corporate web-site within the terms for shareholder notification on GSM.
4.	Shareholders should possess a possibility to introduce an issue to a GSM agenda or to demand the convenion of a GSM without the submission of a register extract in case his share rights are recorded in the shareholder register system (in case his share rights are registered at a DEPO account – an extract from DEPO account for executing the above-mentioned rights).	Observed	Stipulated by subitem 2, item 6.2, article 6; item 13.3, article 13; item 14.4, article 14 of the Charter.
5.	The Charter or internal documents should have a requirement on obligatory presence of the CEO, MB members, BoD members, Audit Commission members and Company's auditor at a GSM.	Partially observed	Our Charter and other internal documents do not contain statements stipulating their obligatory presence at a GSM; however, historically the CEO is present at a GSM. In accordance with item 10.10, article 10 of the Charter, a GSM is presided over by the BoD Chairperson. In case the BoD Chairperson and his deputy are absent, a GSM is presided over by any BoD member according to a resolution adopted by the BoD or BoD members present at GSM.
6.	Candidates should be present while a GSM reviews issues on the election of BoD members, CEO, MB members, Audit Commission members as well as on the approval of the Company's auditor.	Partially observed	The Russian legislation does not contain a requirement related to obligatory presence of the candidates at a GSM. The Charter does not also contain such requirement. Historically, when a GSM reviews issues on the election of BoD members, CEO, MB members, AC members, all candidates receive invitations. General director and MB members are elected by the BoD.
7.	Internal documents should stipulate the participant registration procedure.	Observed	Item 5.1 of the Regulations on the Procedure of GSM Convention and Arrangement defines the registration procedure for persons authorized to participate in a GSM.
The Board of Directors			
8.	The Charter should stipulate the BoD powers to approve a financial plan on an annual basis.	Observed	According to subitem 19, item 15.1, article 15 of the Charter, the BoD competence includes the approval of a business plan (updated business plan), including an investment program; quarterly completion reports; approval (update) of target cash flow indicators.
9.	The BoD should approve risk management procedure.	Observed	The BoD approved the Internal Control Policy (protocol #110 dd. 08.08.2012) and Risk Management Policy (Protocol #70 dd. 07.06.2010).
10.	The Charter should stipulate a BoD right to adopt resolution on the suspension of the authority exercised by the CEO appointed by a GSM.	Not observed	The CEO is elected by the BoD according to subitem 12, item 15.1, article 15, subitem 21.4 article 21 of the Charter.
11.	The Charter should stipulate a BoD right to set requirements to qualifications and remuneration of the CEO, MB members and heads of main structural subdivisions.	Partially observed	In accordance with subitem 13, item 15.1, article 15 of the Charter, the BoD competence includes the determination of MB membership, election of MB members, setting of remunerations and compensations paid to them, pre-term termination of their powers, including pre-term cancellation of their labor contracts.
12.	The Charter should stipulate a BoD right to approve terms of contracts with the CEO and MB members.	Observed	According to item 21.6, article 21 of the Charter a CEO labor contract on behalf of the Company is signed by the BoD Chairperson or a person authorized by the BoD. Besides, according to item 21.7 and 21.9 of the Charter, the BoD or person authorized by the BoD determines the terms of labor contracts with the CEO and MB members as well as exercises employer's rights and liabilities in relation to the CEO and MB members.
13.	The Charter or internal documents should stipulate a requirement that during the approval of terms of contract concluded with the CEO (managing company, managing director) and MB members BoD votes, belonging to the CEO and MB members, are not counted.	Not observed	There is no such requirement in the Charter and other internal documents.
14.	The BoD should contain at least 3 independent directors meeting CBC requirements.	Observed	The BoD contains at least 3 (three) independent directors.

15.	The BoD should not contain persons, found guilty in committing economic crimes or crimes against the state, federal or local authorities or underwent penalty under administrative law for offences in business activities or in the sphere of finance, taxes and levies as well as securities market.	Observed	There are no such persons in the BoD.
16.	The Board of Directors should not contain persons being a stockholder, the CEO (managing director), a member of the managing body or an employee of its competitor.	Observed	There are no such persons in the BoD.
17.	The Charter should stipulate requirements to elect BoD members using cumulative voting.	Observed	Stipulated by item 16.2, article 16; item 10.8., article 10 of the Charter.
18.	Internal documents should stipulate BoD members' obligation to refrain from actions that can lead to or are potentially able to lead to a conflict of interest and in case of such conflict – obligation to disclose information on the conflict.	Observed	According to the Corporate Governance Code (approved by a BoD resolution, protocol #122 dd. 25.03.2013 r.) BoD members should refrain from actions that can, in his opinion, lead to the conflict of interest. In case of a conflict A BoD member should inform other BoD members on it and refrain from voting on the issues. Besides, the Regulations on the Procedure of BoD Convention and Arrangement (approved by the AGSM, protocol #3 dd. 17.06.2011) stipulates that BoD members, while exercising their rights and liabilities, should act in the interests of the Company, exercise their rights and liabilities conscientiously and reasonably.
19.	Internal documents should stipulate BoD members' obligation to notify the BoD in a written form on intention to make transactions with the securities of a joint-stock company in which they are BoD members or BoD members of its SACs as well as disclose information on such transactions.	Partially observed	TRequirements on submission of information on insider transactions are in the Regulations on Insider Information of IDGC of Urals, OAO (approved by the BoD on 28.12.2011, BoD protocol #95 dd. 30.12.2011). Appendix #5 to the Regulations on Insider Information stipulated that within 30 days since the end of the reported period the BoD members are obliged to submit written confirmations on insider financial instruments owned by them by the end of the reported quarter and operations with insider financial instruments performed during the reported quarter (directly or via other persons by their order) to insider information control section.
20.	Internal documents should stipulate a requirement to arrange a BoD session no less than once in 6 weeks.	Observed	According to item 18.2, art.18 of the Charter, BoD sessions are held on demand but no less than once in 6 weeks.
21.	BoD sessions should be arranged no less than once in 6 weeks during the year when the annual report is prepared.	Observed	The BoD arranges its sessions once in a month. In 2013 there were 17 BoD sessions.
22.	Internal documents should stipulate the procedure for BoD arrangement.	Observed	The Regulations on the Procedure for BoD Convention and Arrangement stipulates the procedure of BoD arrangement.
23.	Internal documents should stipulate that the BoD should approve transactions with 10% and more of asset value, except for transactions settled during usual operations.	Observed	Stipulated by subitems 24, 38, item 15.1, article 15 of the Charter.
24.	Internal documents should stipulate BoD members' rights for information from executive bodies and heads of main subdivisions that is required for exercising their functions as well as responsibility for failures to forward this information.	Observed	According to item 3.1.1 of the Regulations on the Procedure for BoD Convention and Arrangement, BoD members are authorized to obtain information on the Company's activities, including commercial secrets, to get familiarized with constituting, regulatory, accounting, reporting, contractual and other documents.
25.	A BoD Committee, responsible for strategic planning or entrusting of such functions onto another Committee, (except for the Audit Committee and Personnel and Remunerations Committee) should be created.	Observed	On 09.09.2008 the Strategy and Development BoD Committee was created.
26.	A BoD Committee (the Audit Committee) that recommends an auditor to the BoD and interacts both with the auditor and the Audit Commission should be created.	Observed	On 09.09.2008 the Audit BoD Committee was created.
27.	The Audit Committee should contain only independent and non-executive directors.	Observed	The Audit Committee membership was elected by the BoB on 18.07.2013. The AC membership totals 5 persons and consists only of independent BoD members that are not the sole executive body and (or) members of a collegiate executive body of the issuer and comply with requirements set forth by the stock exchange to issuers with shares traded in quotation lists.
28.	The Audit Committee should be headed by an independent director.	Observed	The Audit Committee is headed by an independent director.
29.	Internal documents should stipulate a right, exercised by all Audit Committee members, for an access to any documents and information under condition of confidentiality of data.	Observed	Stipulated by items 6, 10 of the Regulations on the Audit Committee.
30.	A BoD Committee (the Personnel and Remunerations Committee), acting to determine criteria for BoD candidate selection and elaboration of a remuneration policy, should be created.	Observed	On 09.09.2008 the BoD adopted a resolution to create the Personnel and Remunerations Committee, acting to determine criteria for BoD candidate selection and elaborate a remuneration policy.
31.	The Personnel and Remunerations Committee should be headed by an independent director.	Observed	According to item 7.2. article 7 of the Regulations on the Personnel and Remunerations Committee, the Chairperson is elected by BoD members among the Committee members. The Personnel and Remuneration Committee is headed by a person who is not a BoD member.
32.	There should be no executive persons in the Personnel and Remunerations Committee.	Observed	There are no executive persons in the Personnel and Remunerations Committee.
33.	A BoD Committee on risks should be created or such functions should be entrusted onto another Committee (except for the Audit Committee and Personnel and Remunerations Committee).	Not observed	There is no such Committee.



34.	A BoD Committee on corporate conflicts regulation should be created or such functions should be entrusted onto another Committee (except for the Audit Committee and Personnel and Remunerations Committee) should be created.	Not observed	There is no such Committee.
35.	A BoD Committee on corporate conflicts regulation should not contain executive persons of the Company.	Not observed	There is no such Committee.
36.	A BoD Committee on corporate conflicts regulation should be headed by an independent director.	Not observed	There is no such Committee.
37.	There should be internal documents approved by the BoD that stipulate the procedure of Committees arrangement and functioning.	Observed	The procedure for Committee creation is stipulated by article 19 of the Charter. The procedure for BoD Committee arrangement and functioning are regulated by the Regulations on BoD Committees approved by the BoD
38.	The Charter should stipulate the procedure for BoD quorum determination that ensures obligatory participation of independent directors in BoD sessions.	Not observed	The Charter contains no requirements to the procedure for BoD quorum determination that ensures obligatory participation of independent directors in BoD session. The Charter is prepared in compliance to the Russian legislation. According to the legislation, the quorum for a BoD session is determined by the Charter but should not be less than 50% of elected BoD members. According to item 18.7. of the Charter, BoD resolutions are legitimate if they were adopted by no less than 50% of BoD members.
The Executive Bodies			
39.	A joint-stock company should have a collegiate executive body (Management Board).	Observed	According to item 21.1, article 21 of the Charter, the Company has a collegiate executive body – the Management Board (Protocol #39 dd. 18.04.2008)
40.	The Charter or internal documents should stipulate the necessity to approve immovable property transactions or obtain a credit by the management board, in case these transactions are not large transactions and are not subject to usual operations.	Observed	According to 22.2 of the Charter, the MB competence includes decision-taking on transactions on property, goods and services, book value of each totaling 1-25% of asset book value determined by the resolution date (except for the cases stipulated by subitem 38, item 15.1 of the Charter).
41.	Internal documents should stipulate the procedure for the approval of operations that go beyond financial and operating plan.	Observed	Item 2.4. of the Regulations on credit policy stipulates cases related to review of issues on operations beyond financial and operations plan.
42.	Executive bodies should contain no persons that are a stock holder, CEO (managing director), a managing body member or employee of the competitor.	Observed	There are no such persons in the Company's executive bodies.
43.	Executive bodies should contain no persons, found guilty in committing economic crimes or crimes against the state, federal or local authorities or underwent penalty under administrative law for offences in business activities or in the sphere of finance, taxes and levies as well as securities market. In case the functions of the sole executive body are exercised by a managing company or director, requirements lodged to the CEO and MB members should be met.	Observed	There are no such persons in the Company's executive bodies.
44.	The Charter or internal documents should stipulate the prohibition for a managing company (a managing director) to exercise similar functions for its competitor as well as to be in any other property relations with the Company besides managing services.	Partially observed	The Charter and internal documents do not stipulate the statement. However, item 4.2.7 of the Corporate Governance Code stipulates that the CEO and MB members are obliged to cease any such commercial activities if such activities (both private and collective – owning shares or stakes), unrelated to the Company's interest, establish prerequisites for competition or infliction of damage.
45.	The internal documents should stipulate the liability of executive bodies to refrain from actions that may lead or are potentially able to lead to conflicts of interest (in case of such conflicts – liability to inform the BoD about the conflicts).	Observed	Item 4.2.7. of the Corporate Governance Code stipulates that the MB members and General Director shall refrain from actions that may lead to a conflict of their and Company interests. In case of such conflict MB members and General Director shall notify the BoD on it as well as refrain from the discussion and voting on the issues.
46.	The Charter or internal documents should stipulate criteria for selection of a managing company (a managing director).	Not observed	According to subitem 12, item 10.2, article 10 of the Charter, decision-taking on transition of the powers exercised by the sole executive body, to a managing company (a managing director) and pre-term termination of his powers is referred to the GSM's competence. Rights and liabilities of a managing company (a managing director) on current operations are determined by the Russian legislation and contract concluded between such a managing company (a managing director) and the Company.
47.	Executive bodies should submit monthly work reports to the BoD.	Partially observed	According to subitem 34, item 15.1, article 15 of the Charter, review of CEO's reports on the Company's operations (including execution of his duties), on execution of GSM and BoD resolutions is referred to the BoD competence. On a regular basis (monthly, quarterly, semi-annually, annually) the CEO submits to the BoD the following reports on: insurance coverage (every quarter); business plan completion (every quarter/annually); execution of AGM's resolutions on dividend payout (annually); investment program completion (every quarter/ annually); purchasing program completion (every quarter); BoD resolution execution (every quarter); non-core assets sale (every quarter); execution of the Regulations on Information Policy (every quarter); credit policy (every quarter); KPI completion (every quarter /annually); target cash flow indicators as of a certain period (every quarter); the measures taken to transit to RAB tariffs (every month); registration of title on immovable property and registration/re-registration of title on land plots (annually); residential communal facilities management (annually).
48.	Contracts concluded between the company and the CEO (a managing company, managing director) as well as MB members should stipulate the liability for violations of the Regulations on confidential information usage.	Observed	The CEO's and MB members' contracts stipulate liabilities on violations of the regulations on confidential information usage.



The Secretary			
49.	A joint-stock company should have a special officer (a secretary) who ensures the observation of requirements that guarantee realization of shareholder rights and legitimate interests, by executive bodies and officers.	Observed	The Company has an elected corporate secretary (Protocol #128 dd. 23.07.2013). According to the Regulations on the Corporate Secretary, the key objectives of the secretary are: to convene and arrange a GSM according to requirements set forth in the current Russian legislation, Charter and other internal documents; to arrange BoD and BoD committees' activities; to assist BoD members/BoD Committee members in their activities; to keep documents and disclose information on the Company; to arrange interaction between the Company (in the name of the BoD and sole executive body) and its shareholders.
50.	The Charter or internal documents should stipulate the procedure for nomination (election) of the secretary and his functions.	Observed	Item 4.2 of the Regulations on the procedure for BoD Convention and Arrangement as well as item 3 of the Regulations on the Corporate Secretary stipulate the procedure for corporate secretary election. The Regulations on the procedure for BoD Convention and Arrangement and the Regulations on the Corporate Secretary determine his duties.
51.	The Charter should stipulate requirements to a secretary candidate.	Partially observed	According to item 20.6, article 20 of the Charter activities regulations, procedure for nomination and termination of powers, term of powers, rights and liabilities of the corporate secretary are stipulated by the Regulations on the Corporate Secretary approved by the BoD. The Regulations stipulate requirements to a candidate for a corporate secretary position.
The significant corporate actions			
52.	The Charter or internal documents should stipulate a requirement on approval of a major transaction prior its conclusion.	Partially observed	According to the Charter, the competence of GSM (subitem 17, item 10.2., article 10) and BoD (subitem 24, item 15.1, article 15) includes approval of major transactions in cases set forth by Chapter X of the Joint-Stock Companies' Law.
53.	An independent appraiser should be obligingly involved for a market value appraisal of property being a major transaction.	Observed	Practiced according to requirements stipulated by the Joint-Stock Companies' Law.
54.	The Charter should stipulate a prohibition to take any measures, while acquiring large blocks of shares (acquisition), aimed at protection of interests of executive bodies (or members) and BoD members and deteriorating shareholder status in comparison to the existing one (in particular, prohibition to adopt a resolution on issuing additional shares, share-convertible securities or issuing securities providing the right to acquire shares, even if the right to adopt such a resolution is approved by the Charter prior to the end of desired share acquisition date).	Not observed	The Charter does not stipulate the requirements.
55.	The Charter should stipulate a requirement on obligatory involvement of an independent appraiser for appraising current market share value and possible changes of their market value as a result of a merger.	Not observed	Practiced according to the requirements set forth by the Joint-Stock Companies' Law. The Charter does not stipulate the requirements.
56.	The Charter should not stipulate a discharge of buyer's duties on offering shareholders to sell their common shares (issue securities convertible into common shares) during the merger.	Observed	The Charter does not stipulate the requirement.
57.	The Charter or internal documents should stipulate a requirement on obligatory involvement of an independent appraiser for determination of reorganization share conversion rate.	Not observed	The Charter does not stipulate the requirement.
Information disclosure			
58.	The BoD should approve an internal document determining rules and approaches to information disclosure (the Regulations on Information Policy).	Observed	Our Regulations on Information Policy were approved by a BoD resolution (Protocol #130 dd. 28.08.2013)
59.	Internal documents should stipulate a requirement to disclose information on the aims of share issue, persons reckoning to acquire issued shares, including large block of shares as well as information whether top managers participate in share acquisition.	Not observed	Information is disclosed according to the requirements of the Russian legislation and the Regulations on Information Policy.
60.	Internal documents should stipulate a list of information, documents and materials subject to distribution among shareholders with a view to solve GSM issues.	Observed	According to the Regulations on the Procedure for GSM Convention and Arrangement, a list of information, documents and materials subject to distribution among shareholders with a view to solve GSM issues is approved by our BoD during GSM arrangement.
61.	A joint-stock company should possess a corporate web-site and regular information disclosure using the web-site.	Observed	The Company has a web-site where it discloses its information (http://www.mrsk-ural.ru/). The Company ensures timely update of the corporate web-site, including information disclosure according to the requirements of the current Russian legislation and the Regulations on Information Policy.
62.	Internal documents should stipulate a requirement on disclosure of information on transactions between the Company and persons, who are top managers according to the Charter, as well as transactions between the Company and organizations in which the Company's top managers directly or indirectly own 20% and more of the charter capital or which can be significantly influenced by such persons in any way.	Observed	According to the Regulations on Information Policy, the Company discloses information on the Company's shares, shares of the Company's SACs owned by managers and persons affiliated with them (including share quantity and category) as well as information on transactions between the persons and the Company.
63.	Internal documents should stipulate a requirement on information disclosure on all transactions that can influence share price.	Observed	Our Regulations on Information Policy stipulate that the Company discloses information on significant transactions. A significant transaction is a transaction that can have a significant influence on the Company's activities.

64.	The BoD should approve an internal document on the use of significant information on JSC's operations, shares and other securities and transactions with them which is not public and disclosure of which may have a significant influence on market price of shares and other securities.	Observed	The Company approved the Regulations on Insider Information (approved by a BoD resolution, Protocol #95 dd. 30.12.2011).
Control over financial and economic operations			
65.	The BoD should approve internal control procedures over financial and operating transactions.	Observed	Our BoD approved the Internal Control Policy (Protocol #110 dd. 08.08.2012).
66.	A special subdivision ensuring the observation of internal control procedures (a supervision and auditing subdivision) should exist.	Observed	The Company has a special subdivision – Internal Control and Audit Department ensuring observation of the internal control procedures.
67.	Internal documents should stipulate a requirement on the determination of the structure and membership of a supervision and auditing subdivision by the BoD.	Not observed	Internal documents do not stipulate the requirement.
68.	There should be no persons found guilty in committing economic crimes or crimes against the state, federal or local authorities or underwent penalty under administrative law for offences in business activities or in the sphere of finance, taxes and levies as well as securities market in a supervision and auditing subdivision.	Observed	There are no such persons in the subdivision.
69.	There should be no persons being stockholders, CEO (a managing director), member of a managing body or employee of its competitor in a supervision and auditing subdivision.	Observed	There are no such persons in the subdivision.
70.	Internal documents should stipulate a term for submission of documents and materials to a supervision and auditing subdivision for appraisal of completed financial and operating transactions as well as responsibility of executive persons and worker for non-submission within the stipulated terms.	Partially observed	According to our Regulations on Internal Control Procedures, documents required for audit are submitted by heads of subdivisions, branches and representative offices within 3 days upon request of the subdivision authorized for internal control/ audit. In the meantime, executive officers bear no responsibility for non-submission.
71.	Internal documents should stipulate liability exercised by a supervision and auditing subdivision to inform the Audit Committee on revealed violations (in case the Committee is absent – to the BoD).	Observed	Stipulated by our Regulations on Internal Control Procedures.
72.	The Charter should stipulate a requirement on a preliminary appraisal by a supervision and auditing subdivision of expediency of operations that are not covered by financial and operating plan (non-standard operations).	Not observed	This procedure is not stipulated by the Charter.
73.	Internal documents should stipulate the procedure for non-standard operation approval by the BoD.	Observed	Non-standard operations (operations uncovered by financial and operating plan) are subject to inclusion into business plan and cash flow updates. According to subitem 19, item 15.1, article 15 of the Charter, approval of an updated business plan is referred to the BoD competence.
74.	The Board of Directors should approve an internal document stipulating the procedure for auditing financial and operating activities by the Audit Commission.	Observed	A GSM resolution dd. 30.04.2008 (Protocol #1865 pr/3 dd. 30.04.2008) approved the Regulations on the Audit Commission.
75.	The Audit Committee should appraise an auditor report prior to its dissemination among shareholders on a GSM.	Observed	According to item 5.1 of the Regulations on the Audit Committee, the Committee exercises control over annual independent audit of consolidated financial statements and accounting statements of the Company, appraisal of the auditor report. The appraisal of the auditor report is submitted as GSM materials.
Dividends			
76.	The BoD should approve an internal document which is used by the BoD when it adopts resolutions on dividend recommendations (the Regulations on Dividend Policy).	Observed	The Regulations on Dividend Policy were approved by the BoD on 31.08.2010 (Protocol #73 dd. 03.09.2010).
77.	The Regulations on Dividend Policy should stipulate a procedure for the determination of minimal net profit to be distributed as dividends and conditions when preferred share dividends, determined by the Charter, are not paid out or partially paid out.	Observed	The Regulations on Dividend Policy stipulates the procedure for the determination of minimal net profit to be distributed as dividends. The Company has no preferred shares.
78.	Information on dividend policy and changes should be published in periodicals stipulated by the Charter for publishing information on GSM arrangement as well as disclosure of this information on the corporate web-site.	Partially observed	The Regulations on Dividend Policy is posted on the corporate web-site. For details, please, follow the link below: http://www.mrsk-ural.ru