

# CORPORATE GOVERNANCE

## Corporate Governance System

The Company's corporate governance system takes into account the recommendations outlined in the Corporate Governance Code approved by the Bank of Russia's Board of Directors on 21 March 2014, and the global best practices in corporate governance, including the OECD Principles of Corporate Governance. It relies on the following principles:

- equitable and fair treatment of shareholders;
- leadership, effectiveness, and responsibility of the Board of Directors;
- accountability of the Board of Directors and executive bodies;
- effective, transparent and fair remuneration system;
- transparent and responsible disclosure policy;
- social responsibility and cooperation with stakeholders.

To boost the quality of its corporate governance, the Company has developed a programme to improve its corporate governance practices and procedures. The programme is approved by the Company's Board of Directors on the recommendation of the relevant committee. The Board of Directors is also responsible for overseeing the implementation of the corporate governance improvement programme.

### Corporate Governance Quality

#### External Assessment of the Corporate Governance Quality

The Russian Institute of Directors (RID) assessed TransContainer's corporate governance practices and assigned its National Corporate Governance Rating at 7+ (Developed Corporate Governance Practice).

Actually, RID experts reaffirmed TransContainer's National Corporate Governance Rating at 8 (Best Corporate Governance Practice). However, in line with the current procedure of National Corporate Governance Rating, a prerequisite to receiving a high rating (from 7++ and above) is listing the Company's shares in the Quotation List Level 1 according to the Moscow Exchange Listing Rules.

With regard to changes in the Company's shareholding structure and substantial reduction of its free float, the TransContainer's shares were transferred from the Quotation List Level 1 to Level 3.

Therefore, the Company cannot be assigned with a National Corporate Governance Rating of higher than 7+ (Developed Corporate Governance Practice).

For more details on the Company's National Corporate Governance Rating visit <http://rid.ru/news/press-reliz-podtverzhdienie-nrku-pao-transkontejner>.

According to the assigned National Corporate Governance Rating 7+, the Company complies with the Russian corporate governance laws and the majority of recommendations set out in the Russian Corporate Governance Code. The Company has negligible shareholders' loss risks associated with the quality of corporate governance.

#### Internal Assessment of the Corporate Governance Quality in 2018

Starting from 2015, the Company's Internal Audit Service regularly conducts independent corporate governance quality assessments in accordance with the Procedure for Corporate Governance Quality Self-Assessment in Companies with Government Participation developed by the Federal Agency for State Property Management.

In 2018, the quality of the Company's corporate governance was assessed at 88%, remaining the same year-on-year. This confirms the high level of compliance with the principles and recommendations of the Corporate Governance Code.