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The International Comparative Legal Guide to:

Corporate Governance 2017

10th Edition

A practical cross-border insight into corporate governance

Published by Global Legal Group, with contributions from:

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Published by
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London SE1 3PL, UK
Tel: +44 20 7367 0720
Fax: +44 20 7407 5255
Email: info@glgroup.co.uk
URL: www.glgroup.co.uk

GLG Cover Design
F&F Studio Design

GLG Cover Image Source
iStockphoto

Printed by
Ashford Colour Press Ltd
June 2017

ISBN 978-1-911367-56-7
ISSN 1756-1035

Strategic Partners

MIX
Paper from responsible sources
FSC® C011748

Country Question and Answer Chapters:

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1 Setting the Scene – Sources and Overview

1.1 What are the main corporate entities to be discussed?

The principal and most commonly used legal entities for business in Russia are Limited Liability Companies, Joint Stock Companies (non-public) and Public Joint Stock Companies. It is worth focusing on the description of these forms of legal entities.

Limited Liability Company ("LLC")

The absence of necessity to issue shares in LLCs makes this form of legal entity more customary and flexible with the least burdensome statutory obligations. The equity participation of the owners is determined by their capital contribution. The charter capital of the LLC is divided into "participatory shares". "Participatory shares" are not actually "shares"; they fall outside the scope of the Russian securities law and are therefore not subject to registration as securities with the respective governmental authority.

The main features of the LLC include the following points:

- the number of participants may not exceed 50 (and shall not be less than one). If the number of participants exceeds 50, the entity shall be reorganised into a JSC (joint stock company) or a manufacturing cooperative within one year. Furthermore, the LLC may not have another business entity consisting of a single entity as its sole participant;
- the minimum charter capital may not be less than RUB 10,000 (approx. USD 180);
- the General Meeting of Participants is the highest governing body of the LLC, and almost all matters fall within its exclusive competence. The board of directors is an optional corporate body;
- it is possible to broaden the competence of the board of directors by delegating issues which fall under the competence of the General Meeting of Participants (except certain issues, prescribed by the law) to it. It is also possible to broaden the competence of the General Meeting of Participants;
- it is possible to stipulate, in the charter, a procedure of convocation and holding of the General Meeting of Participants (and the board of directors) and adoption of decisions which differs from the procedure prescribed by relevant legislation; and
- the LLC has no obligation to publish accounts.

Joint Stock Company ("JSC")

Please note that before September 01, 2014 joint stock companies were divided into (i) open JSCs, and (ii) closed JSCs. From September 01, 2014 open JSCs are treated as public JSCs (the "**PJSC**") and closed JSCs are treated as non-public JSCs (the "**JSC**"). Closed joint stock companies and open joint stock companies established before September 01, 2014 shall adjust their names in accordance with the current forms of legal entities when amending the charter.

The main features of the JSC include the following points:

- A JSC's shares are distributed only among its founders or other predetermined groups of persons. It is not permitted to conduct an open subscription of shares to an unlimited group of persons. If it is provided by the charter, shareholders could have pre-emptive purchase rights. Pre-emptive purchase rights can extend not only to the sale of shares but also to other transactions with consideration. In closed joint stock companies established before September 01, 2014, shareholders continue to have pre-emptive purchase rights by default until the introduction of the first amendment to the charter.
- JSCs may not have as its sole shareholder another business entity consisting of a single entity.
- The minimum charter capital of a JSC may not be less than RUB 10,000 (approx. USD 180).
- It is possible to limit, in the charter, the total amount of shares or their nominal value or the maximum number of votes, which belong to one shareholder.
- It is possible to broaden the competence of the board of directors by delegating to it issues which usually fall under the competence of the General Meeting of Shareholders (except certain issues). It is also possible to broaden the competence of the General Meeting of Shareholders.
- The board of directors is an optional corporate body if the number of shareholders is less than 50.
- It is possible to stipulate, in the charter, a procedure of convocation and holding of the General Meeting of Shareholders (and the board of directors) and that of adoption of corporate resolutions, which differs from the procedure prescribed by relevant legislation.
- The JSC has no obligation to publish accounts.

Public Joint Stock Company ("PJSC")

The JSC company is a PJSC if such company meets at least one of the following criteria:

- The company name contains a reference to the fact that such a JSC is public.
- The minimum charter capital is RUB 100,000 (approx. USD 1,790).
- There are an unlimited number of shareholders, and the number of shares a shareholder can own is not limited.
- The PJSC may not have as its sole shareholder another business entity consisting of a single entity.

- Open subscription to shares issued by it and free trade of them on the conditions established by a statute and other legal acts.
- Additional obligations are imposed on PJSCs having more than a certain number of shareholders.
- Obligation to publish an annual report, a balance sheet and a statement of profits and losses.
- Shareholders do not have pre-emptive purchase rights.
- It is not required to obtain other shareholders' consent for the sale of shares to a third party.
- Comprehensive competence of the General Meeting of Shareholders.
- The board of directors must be appointed. The number of members of the board of directors is no less than five.

1.2 What are the main legislative, regulatory and other corporate governance sources?

Legislation

The laws which have the most important impact on corporate governance in the Russian Federation are:

1. The Civil Code of the Russian Federation (the "**Civil Code**"), and namely its first book containing basic civil law provisions.
2. Federal Law No. 14-FZ dated February 08, 1998 (as amended) "On Limited Liability Companies" (the "**LLC Law**").
3. Federal Law No. 208-FZ dated December 26, 1995 (as amended) "On Joint Stock Companies" (the "**JSC Law**"). Other laws and regulations applicable to certain types of legal entities include the following:
    1. Federal Law No. 39-FZ dated April 22, 1996 "On the Securities Market" (the "**Securities Law**").
    2. Federal Law No. 135-FZ dated July 26, 2006 "On Protection of Competition" (the "**Competition Law**").
    3. The Arbitrazh Procedure Code of the Russian Federation (the "**Arbitrazh Procedure Code**").
    4. The Federal Law No. 382-FZ dated December 29, 2015 "On Arbitration (Arbitral Proceedings) in the Russian Federation".
    5. The Code of Administrative Offences (the "**Administrative Code**").
    6. Federal Law No. 57-FZ dated April 29, 2008 "On Making Foreign Investments into the Business Entities which are of Strategic Importance for the Country's Security Protection and Defence Support".
    7. Federal Law No. 224-FZ dated July 27, 2010 "On Countering the Illegal Use of Insider Information and Market Manipulation and on Amending Certain Legislative Acts of the Russian Federation".
    8. Federal Law No. 307-FZ dated December 30, 2008 "On Audit Activity".
    9. Central Bank Regulation No. 428-P dated August 11, 2014 "On Standards of Securities Emission, Procedure of State Registration of Issue (Additional Issue) of Issuance Securities, State Registration of Reports on the Results of Issue (Additional Issue) of Issuance Securities and Registration of Securities Prospectus".
    10. Central Bank Regulation No. 454-P dated December 30, 2014 "On Disclosure of Information by Issuers of Issuance Securities".
    11. Central Bank Regulation No. 534-P, dated February 24, 2016 "On the Admission of Securities to On-exchange Trading".
    12. Moscow Exchange listing rules.

In addition to the laws and special regulations, there is a Code on Corporate Governance (which is not mandatory but recommended for use by legal entities), adopted by the Central Bank of Russia, which sets out basic principles of corporate governance in legal entities.

Internal Corporate Governance Sources of Legal Entities

The main constitutional document in LLCs, JSCs and PJSCs is the charter.

In addition, the companies are entitled to have internal corporate governance rules, policies, and regulations of certain bodies (e.g. of the board of directors).

The Corporate Agreement (The Shareholders' Agreement)

Shareholders (participants) of a legal entity are entitled to conclude corporate agreements according to which they undertake to execute their corporate rights in the agreed manner or refrain from exercising of their corporate rights (including voting on general meetings, execution of other actions with regard to company's management, and transfer of shares of the company). If provisions of a corporate agreement are in conflict with those of the charter, the corporate agreement provisions, as a general rule, shall nevertheless be valid and enforceable.

1.3 What are the current topical issues, developments, trends and challenges in corporate governance?

As part of the arbitration law reform of 2016 the topical issue of arbitrability of corporate disputes was addressed. Pursuant to the reform, it is now possible to enter into an arbitration agreement in respect of corporate disputes which were signed on or after February 01, 2017. It should be noted that corporate agreements concluded before February 01, 2017 are deemed unenforceable and cannot be referred to arbitration.

The revised arbitration laws distinguish three categories of corporate disputes depending on their arbitrability:

- **arbitrable** corporate disputes (e.g. ownership over shares, disputes arising from SPAs, establishment of encumbrances over shares and their enforcement) might be submitted to arbitration institutions, provided it is permanent arbitration institution within or outside the territory of Russia;
- **conditional arbitrable** – disputes (e.g. disputed related to the establishment, reorganisation and liquidation of legal entities, claims of shareholders for recovery of damages caused to a legal entity, issuance of securities, etc.) might be submitted only by the permanent arbitration institution seated in Russia, acting under approved arbitration rules for corporate disputes; and
- **non-arbitrable** disputes (e.g. disputes related to convening general shareholders' meetings; disputes, contesting acts and activities of the public authorities, buy-back and compulsory buy-out of shares by JSCs or PJSCs, expulsion of shareholders (participants) from an LLC, etc.) could not be submitted to an arbitration institution.

A foreign arbitration institution with a widely acknowledged international reputation is allowed to operate within the territory of the Russian Federation, providing that they have obtained a permit from the Russian Government. If no such permit is obtained, their awards will be deemed to have been adopted on an *ad hoc* basis. As of today no foreign arbitration institution has applied for a permit, however this may be partially because of the necessity of the relevant foreign arbitration institution to adapt its rules and regulations to the procedural requirements of Russian legislation. According to information available to us, at least several renowned international arbitration institutions are considering the possibility of applying for the abovementioned permit. The situation is to be monitored further.

2 Shareholders

2.1 What rights and powers do shareholders have in the operation and management of the corporate entity/entities?

Shareholders of the company form the supreme management body of the company, i.e. the general meeting of shareholders. Shareholders of LLCs, JSCs and PJSCs have the following rights:

1. To participate in managing the affairs of the company.
2. To receive information on the activities of the entity, its accounting books and other documents in the order established by the laws and constitutional documents of the company.
3. To participate in the distribution of profits of the company.
4. To receive, in the case of liquidation of the company, the company's assets after settlements with creditors of the company.
5. To claim for exclusion of a company's shareholder from the company (except for PJSCs) in court with payment of the actual value of its shares to the court, in cases where such a shareholder's actions/omissions has caused significant harm to the company or it has considerably complicated its activities in achieving the objectives for which it was created.
6. To dispute decisions of management bodies of the company and challenge transactions of the company.
7. To claim for damages incurred by the company on behalf of the company.
8. To perform other rights provided by the law and constitutional documents of the company.

However, it needs to be mentioned that PJSCs or JSCs could have different types of shares – ordinary shares and preference shares. Owners of ordinary shares have the same rights as provided by the law, whereas owners of the preference shares do not have the right of vote on general meetings of shareholders (unless it is otherwise provided by the JSC Law), but they have the right to receive a fixed amount to be paid as the dividends, as well as the pre-emptive right (in comparison with other shareholders) of acquisition of the company's assets left after liquidation of the company.

In PJSCs or JSCs the exact scope of access to information on a transaction, the right to challenge a transaction of the company and to claim damages depends on the amount of shareholding.

2.2 What responsibilities, if any, do shareholders have as regards the corporate governance of their corporate entity/entities?

Shareholders of LLCs, PJSCs and JSCs have the following responsibilities:

1. To pay for their shares in accordance with the provisions of the law and the company's charter.
2. Not to disclose confidential information concerning the company to third parties.
3. To participate in the company's decision-making process so that the company could operate its usual course of business.
4. To refrain from any actions aimed at causing losses to the company.
5. To refrain from any actions (or omissions) which can make it difficult or impossible to achieve the goals for which the company was established.
6. To perform other obligations provided by the law and constitutional documents of the company.

2.3 What shareholder meetings are commonly held and what rights do shareholders have as regards them?

Shareholder meetings in JSCs and PJSCs

There are two types of general meetings of shareholders ("**GMS**") in JSCs and PJSCs: the annual GMS (which are held in terms provided by the company's charter but no sooner than two months and no later than six months after the end of the reporting year); and the extraordinary GMS (other meetings held apart from the annual meeting of shareholders).

On the annual GMS, the shareholders have to elect the board of directors and the revision committee, approve the auditor, approve the annual report and the annual accounting (financial) report (unless this matter is referred to the competence of the board of directors of the company). Apart from these matters, the annual GMS can consider other issues included on the agenda.

The extraordinary GMS can be convened by the board of directors, upon demand of the revision committee, auditor of the company or shareholders who own no less than 10% of shares of the company as of the date of submission of the meeting demand. The extraordinary GMS shall be held within 40 days from the date of submission to the company of the demand on holding an extraordinary GMS; in some cases this term might be prolonged to 75 days.

Some of the matters referred to the competence of the GMS may be adopted by the majority of votes of shareholders (such as the determination of the number of members of the board of directors, establishment of the executive body of the company, etc.), whereas certain matters require a super majority approval (75% of votes), such as: the introduction of changes into the charter of the company; reorganisation of the company; and other matters provided by the JSC Law.

Shareholder meetings in LLCs

LLCs have two types of GMS: the ordinary GMS (which is held in terms provided by the company's charter at least once a year); and the extraordinary GMS (any other meeting held apart from the ordinary meeting of shareholders). The company's charter should provide the term for holding the ordinary GMS, whose agenda will include approval of the annual results of business of the company; such a GMS must be held no sooner than two months and no later than four months after the end of financial year.

The extraordinary GMS can be held under the decision of the executive body of the company and the decision of the board of directors, upon demand of the revision committee, auditor of the company or shareholders who are owners of no less than 10% of the total participatory shares of the company. The extraordinary GMS shall be held within 45 days from the date of receipt of the demand for holding the extraordinary GMS by the company, but not earlier than 30 days from the date of notifying each participant about the planned extraordinary GMS.

Most of the matters which refer to the competence of the GMS may be adopted by the majority of votes of shareholders (such as determination of the main purposes of the company's business, establishment of an executive body of the company, etc.), whereas certain matters require a super majority approval (⅔ of votes) or a unanimous resolution of shareholders (e.g. liquidation or reorganisation of the company).

According to the Civil Code, shareholders of LLCs and JSCs are entitled to transfer matters which refer to the competence of the GMS to the competence of the board of directors by unanimous voting (except for certain matters provided by the law).

2.4 Can shareholders be liable for acts or omissions of the corporate entity/entities?

As a general rule, the shareholders are not liable for acts or omissions of the corporate entity and bear risk of damages related to the business of the company within the value of their shares. However, the Russian law provides certain exceptions to this rule:

1. Shareholders who have not fully paid for their shares are jointly liable for obligations of the company within the unpaid part of such shares.
2. Shareholders who have the actual opportunity to determine the actions of a legal entity are liable to compensation for damages to a legal entity if such damages were caused by unreasonable or unfair actions of such shareholders.
3. Shareholders who have the actual opportunity to determine the actions of a legal entity bear subsidiary liability in the case of bankruptcy of the legal entity caused by the actions/omissions of such shareholders.
4. Shareholders may be brought to administrative liability for offences in connection with fictitious or deliberate bankruptcy, as well as for illegal actions during the bankruptcy procedure.

2.5 Can shareholders be disenfranchised?

In general, in accordance with the Russian law, shareholders may not be deprived of their rights.

There are, however, certain exceptions from that principle:

1. The shareholder of more than 95 percent of PJSC voting shares is obliged to buy out the shares of other minority shareholders at their request. Without such request, the buy-out is at the discretion of the shareholder of more than 95 percent of PJSC voting shares.
2. The court may issue an order of prohibition of voting for matters which refer to the competence of the GMS or board of directors of the company, which may constitute or be directly associated with subjects of disputes, considered by the court.
3. When the GMS or board of directors approves the related-party transaction if such approval is required by the charter the vote of the related party is not counted.

In practice, however, it is possible to provide certain limitations or temporary deprivation of rights of shareholders in different cases (e.g. in the case of a deadlock) in the corporate agreement.

2.6 Can shareholders seek enforcement action against members of the management body?

Shareholders of the company are entitled to sue the sole executive body or members of the board of directors for compensation of damages incurred by the company through the wrongful acts of such management bodies.

2.7 Are there any limitations on, and disclosures required, in relation to interests in securities held by shareholders in the corporate entity/entities?

In general, there are no limitations regarding the number of shares which the particular shareholder can hold. However, certain exceptions are provided by the Foreign Investment Law with regard to foreign ownership of companies, performing business in banking, insurance, weapon production and other specific areas set out in the Foreign Investment Law.

In addition, in certain cases, a shareholder buying shares of the company shall be obliged:

- to obtain the prior consent of, or to make a notification to, the antitrust authority (in accordance with the Competition Law); and
- to make a mandatory offer or request to all other shareholders upon acquisition of more than 30 percent of PJSC voting shares.

3 Management Body and Management

3.1 Who manages the corporate entity/entities and how?

In addition to the GMS as the supreme management body in LLCs, JSCs and PJSCs, a company's governing bodies include:

1. The supervisory board (board of directors).
2. Executive bodies (sole executive body and/or collegial executive body).

The concept of governing bodies in Russia differs from the foreign law concept; in Russia, the board of directors is principally a supervisory body (along with the GMS) rather than a management body, while the management body includes executive bodies (sole executive body (which, according to the recent amendments to Russian law, may consist of several directors) and/or collegial executive body). Nevertheless, for the purposes of this publication, the GMS, board of directors and executive bodies as a company's management bodies will be referred to in a general sense.

The creation of a board of directors is not mandatory for JSCs (with less than 50 shareholders) and LLCs. Shareholders of the company elect members of the board of directors, and the board of directors is accountable to shareholders of the company. Members of the board of directors have to act solely in the interests of the company, and are not obliged to follow the instructions of the shareholders. The company's board of directors is entitled to decide on matters which do not refer to the competence of the GMS.

The sole executive body manages the operational and day-to-day business of the company and is entitled to act on behalf of the company without power of attorney, conclude transactions on its behalf, review and approve employment appointments, etc. The competence of the sole executive body includes issues which do not refer to the competence of the GMS and board of directors of the company. The sole executive body is accountable to the GMS and the board of directors of the company.

3.2 How are members of the management body appointed and removed?

The board of directors in JSCs and PJSCs shall comprise at least five members. In LLCs, the charter may provide a different number of members of the board of directors. In JSCs and PJSCs, members of the board of directors are elected by cumulative voting of shareholders of the company. In LLCs, the charter may provide other voting procedures with regard to appointment of the board of directors. In cumulative voting, the number of votes held by each shareholder is multiplied by the number of seats on the board of directors, and voting shareholders may cast all its votes for one nominee or distribute its votes among several nominees. Nominees who received the majority of votes shall be appointed to the board of directors, and only individuals may be appointed to the board of directors (generally, there are no limitations by age, nationality, length of tenure provided by Russian law).

Members of the board of directors are elected for a period until the next annual GMS. In JSCs and PJSCs, a decision on the termination of powers of members of the board of directors may be adopted only in respect of all members of the board of directors. In cases where the charter of an LLC does not provide cumulative voting for the election of members of the board of directors, it is possible to prescribe provisions in relation to the termination of powers of certain members of the board of directors of an LLC.

The sole executive body of the company is appointed by the decision of the GMS, unless this matter falls within the competence of the board of directors.

3.3 What are the main legislative, regulatory and other sources impacting on contracts and remuneration of members of the management body?

Contracts and remuneration of members of the board of directors and sole executive body are regulated on two levels:

- Legislation: the LLC Law (in relation to LLCs); and the JSC Law (in relation to JSCs and PJSCs).
- Local company's regulations: constitutional and internal documents of the company; and employment contracts.

3.4 What are the limitations on, and what disclosure is required in relation to, interests in securities held by members of the management body in the corporate entity/entities?

In general, there are no limitations regarding members of the management bodies holding shares. With regard to the disclosure of interests in securities held by the members of the management bodies, all members of the management bodies and shareholders of the company have to submit information about the legal entities which, independently or together with their affiliate (affiliates), hold 20% of voting shares to the board of directors, revision committee and auditor of the company.

Members of management bodies for the purpose of identification of related-parties transactions shall disclose the information on the controlled companies. The person is considered a controlling person and potentially a related party if it has the right of direct or indirect disposal of more than 50% votes in the supreme management body of the controlled company or the right to appoint (elect) the CEO and (or) more than 50% of the collegial management body of the controlled company on the basis of shareholding in the controlled company, the shareholding agreement, etc.

3.5 What is the process for meetings of members of the management body?

GMS

The procedure of holding a GMS in LLCs, JSCs and PJSCs is regulated by the Civil Code, the LLC Law and the JSC Law. Shareholders of LLCs and JSCs can unanimously decide to amend the charter of the company and to provide the procedure of holding a GMS which differs from the legislative provisions.

Meeting of the Board of Directors

A meeting of the board of directors shall be convened by the chairman of the board of directors at his own discretion, at the request of a member of the board of directors, the internal auditor, external auditor, and/or sole executive body.

The quorum for holding a meeting of the board of directors is at least 50% of the number of elected members of the company's board of directors (if a larger amount is not specified in company's charter).

Decisions on meetings of the board of directors shall be taken by the majority of votes of all members of the board of directors participating in such meetings, except for the cases provided in the law or in the charter of the company.

3.6 What are the principal general legal duties and liabilities of members of the management body?

According to Russian legislation, all members of the management bodies of a company shall act in the best interests of the company, reasonably and in good faith. Members of management bodies have two core duties: a duty of loyalty; and a duty of care. No one is obliged to follow the instructions of shareholders with regard to the adoption of a decision which refers to the competence of such a management body.

A possible liability of the members of the management bodies is damages, incurred by guilty actions in relation to the company. The sole executive body is liable for damages only in cases where it is proved that during the performance of its rights and obligations, it was acting unreasonably and in bad faith. No liability is inferred in case of unsuccessful commercial decisions taken by the manager.

3.7 What are the main specific corporate governance responsibilities/functions of members of the management body and what are perceived to be the key, current challenges for the management body?

Current legislation does not contain any specific corporate governance responsibilities/functions of members of the management body; however, it may be provided in a company's charter.

In terms of significant challenges for management bodies in courts, of particular note is the decision case No. 305-ЭС15-14197, adopted on March 31, 2016 by the Supreme Court of the Russian Federation, which in fact recognised in principle the possibility of challenging the decision of the GMS/participants, not only by actual shareholders/participants, but also by beneficiaries of the company (even if corporate structure beneficiaries own the company through a complex corporate chain in foreign jurisdictions).

3.8 What public disclosures concerning management body practices are required?

PJSCs and JSCs carrying public placement of bonds or other securities are required to disclose information about the resolution passed by its board of directors, including on the following matters:

- convocation of an annual or extraordinary GMS;
- appointment or formation and early termination of powers of the sole executive body;
- dividend-related recommendations;
- inclusion of the company's liquidation in the agenda of a GMS;
- approval of a major transaction;
- confirmation of the company's registrar appointment and the terms of contract with it;
- repurchase of the company's outstanding shares, bonds and other securities; and
- establishing and closing of branches and representative offices.

The annual report of such companies should also contain a brief biography of each member of the board of directors, including their current positions in other companies.

3.9 Are indemnities, or insurance, permitted in relation to members of the management body and others?

Article 53.1 of the Civil Code provides that the agreement on indemnity of members of management bodies for committing unfair actions (in LLCs and JSCs) and for committing unfair and unreasonable actions (for PJSCs) is void.

Liability insurance is optional for members of management bodies and very few companies in Russia use it.

4 Other Stakeholders

4.1 What, if any, is the role of employees in corporate governance?

Employees do not usually play an important role in corporate governance in Russia. There are no legal requirements as to employee representation in management bodies of the company.

4.2 What, if any, is the role of other stakeholders in corporate governance?

Though there are no legal requirements as to other shareholders' representation in management bodies of the company, participants and/or shareholders holding 1% or more of the company's voting shares/participatory interest are entitled to contest decisions of the company and file derivative claims for compensation of damages caused to the company by its management bodies or shareholders. In this way shareholders definitely play an important role in supplementary compliance control.

4.3 What, if any, is the law, regulation and practice concerning corporate social responsibility?

Corporate social responsibility is not subject to legal regulation in Russia. However, many leading Russian companies, such as Gazprom, Russian Railways, and Systema, etc. are involved in certain corporate social responsibility programmes. Such companies publish an annual report on corporate social responsibility on their website.

5 Transparency and Reporting

5.1 Who is responsible for disclosure and transparency?

The sole executive body of the company is responsible for the following disclosures of the company:

- organisation of the maintenance and the state and reliability of accounts;
- timely submission of annual reports and other accounts to respective authorities; and
- provision of information to shareholders and creditors with details of the company's activities.

5.2 What corporate governance related disclosures are required?

LLC

According to Article 49 of the LLC Law, an LLC is not obliged to disclose information about its business activity, except for certain cases provided by the LLC Law:

1. The company that has acquired more than 20% of voting shares of a JSC or PJSC, or more than 20% of the charter capital of another LLC, is obliged to publish information about it in the special press.
2. Within three business days after the company's decision to reduce its share capital, the company shall report it to the federal tax authority and publish that information in the special press twice with an interval of one month.
3. Information about the company's reorganisation shall be published once a month in the special press.
4. In cases of placement of public bonds and other equity securities, an LLC is obliged to publish its annual reports and balance sheets.

JSC and PJSC

According to Article 92 of the JSC Law, the following information shall be disclosed by the company:

1. Annual reports and annual financial statements.
2. A message on the holding of the GMS.
3. A prospectus for securities issuance.
4. Other information determined by the Central Bank of Russia.
5. A JSC that has more than 50 shareholders shall disclose annual reports and annual financial statements.

Please also see question 3.4 above.

5.3 What is the role of audit and auditors in such disclosures?

The JSC or PJSC must have its annual accounts audited by an external auditor. Such auditor shall be appointed by the decision of the GMS.

5.4 What corporate governance information should be published on websites?

Please see question 3.8 above.

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Timur Akhundov is an Associate at ALRUD Law Firm. Timur has experience of conducting due diligence, structuring and support with the M&A transactions, particularly, in the Oil & Gas and mining sectors. Timur also has expertise in production-related regulatory issues, the environment, industrial safety and licensing. He also has crucial experience in consulting clients on regulatory issues for natural resources and infrastructure industries.

Timur joined ALRUD Law Firm in 2012. In 2010, he graduated from Moscow State Institute of International Relations of the Ministry of Foreign Affairs of the Russian Federation (MGIMO University) international law department, specialising in international private and civil law. He holds a Bachelor's degree and a Master of laws diploma with honours.

Established in 1991, ALRUD Law Firm is one of the leading and most reputable Russian law firms. The firm provides the full scope of legal services to local and international clients in the areas of banking & finance, corporate/M&A, commercial law, competition/antitrust, data protection, dispute resolution, energy/natural resources, intellectual property, labour and employment, restructuring/insolvency, real estate, and tax law, etc.

ALRUD Law Firm serves clients from diverse industries such as energy/infrastructure, mining, banks, consumer goods, retail, investment management, government/public, healthcare, life sciences/chemicals, industrials, insurance, technology, media and telecoms, and transport/logistics. ALRUD Law Firm's reputation, reliability and competence are recognised by the leading global legal directories: *Chambers & Partners*; *The Legal 500*; *IFLR*; and *Best Lawyers*, etc.

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