

The International Bar Association Company Director Checklist – RUSSIAN FEDERATION

Contact: ALRUD Law Firm

Item	Number	Check	Item	Number	Check
Before appointment			Potential liability	16	<input type="checkbox"/>
Items to understand	1	<input type="checkbox"/>	Duration of duties	17	<input type="checkbox"/>
People to meet with	2	<input type="checkbox"/>	Special circumstances		
Documents to review	3	<input type="checkbox"/>	Bankruptcy	18	<input type="checkbox"/>
Ongoing duties			Takeover bids	19	<input type="checkbox"/>
Points for attention	4	<input type="checkbox"/>	Market abuse/insider dealing	20	<input type="checkbox"/>
Legal status of directors	5	<input type="checkbox"/>	Defences		
Parties to which duties are owed	6	<input type="checkbox"/>	Good corporate governance	21	<input type="checkbox"/>
Powers of directors	7	<input type="checkbox"/>	Minutes of board meetings	22	<input type="checkbox"/>
Duty of loyalty	8	<input type="checkbox"/>	Discharge and indemnification	23	<input type="checkbox"/>
Duty of care	9	<input type="checkbox"/>	Insurance	24	<input type="checkbox"/>
Duty to have and maintain skills	10	<input type="checkbox"/>	Resignation	25	<input type="checkbox"/>
Additional duties (confidentiality, etc.)	11	<input type="checkbox"/>	Restructuring of assets	26	<input type="checkbox"/>
Delegation of powers/authority	12	<input type="checkbox"/>	ESG and D&I policies, metrics	27	<input type="checkbox"/>
Conflicts of interest (inc. intragroup dealings)	13	<input type="checkbox"/>			
Compliance with statutory obligations	14	<input type="checkbox"/>			
Disclosure obligations	15	<input type="checkbox"/>			

Introduction

This checklist is intended to serve as a practical guide to the main duties and obligations of the directors of

- listed public companies in Russia, listed on a regulated market
 - private limited companies in Russia
- arising from the, namely:
- the Civil Code of the Russian Federation (the Civil Code);
 - the Federal Law “On Limited Liability Companies” (the LLC Law);
 - the Federal Law “On Joint-Stock Companies” (the JSC Law);
 - the Federal Law “On Securities Market” (the Securities Market Law).

If any specifics of listed public companies are relevant, see the third column of this checklist below.

Disclaimer

This checklist is informational in character only and is not intended to be comprehensive in all respects or to serve as a substitute for professional advice. In all cases, however, specific legal advice should be sought. This checklist was last updated on March 14, 2022.

DUTIES AND OBLIGATIONS OF THE DIRECTORS			
	Action/issue	Specifics of listed public companies (if relevant)	Comments/notes
Before appointment			
1. Items to understand	<p>According to the LLC Law and the JSC Law, the sole executive body (normally, a General Director) is elected by the general meeting of participants/shareholders, unless the election of the sole executive body falls into a competence of the other management body, for instance, Board of Directors) in accordance with its constitutional documents.</p> <p>Members of the Board of Directors (directors) in most cases are elected by the shareholders / participants meeting.</p>	In the public listed companies, members of the Board of Directors are elected at general meeting of shareholders.	N/A
2. People to meet with	Except for public listed companies – appointing body and person, signing the contract with Director.	N/A	N/A
3. Documents to review	<ul style="list-style-type: none"> • The agreement on establishment of the company (if there is more than one founder) (if applicable); • Decision on establishment of the company or minutes of the founders' meeting of the company on establishment of the company; • Current charter of the company; • Minutes of the company's authorized managing body on appointment of previous company's general director, previous company's Board of Directors; • Agreements with the company's chief executive body, members of the Board of Directors; • Current or planned joint venture agreements of the company (if any); 	N/A	N/A

	<ul style="list-style-type: none"> Participants/shareholders agreement (if any). 		
Ongoing duties			
4. Points for attention	<p>There is no clear standard for performing the duties of the General Director and they are assessed on the case-by-case basis.</p> <p>In recent years there we have observed increasing number of cases concerning subsidiary liability of the General Director and damages of the company caused due to the General Director's breach of their Good Faith Duty (amounts to duty of loyalty) / Reasonableness Duty (amounts to duty of care).</p> <p>Most part of disputes arises in relation to breach of Good Faith Duty. In practice, the most frequent breach of this duty is connected with acting in conflict of interests between personal interests of the General Director and interests of the company.</p> <p>According to current court practice the most obvious cases of conflict of interests are the following:</p> <ul style="list-style-type: none"> The General Director unilaterally increases their own salary or other kind of remuneration for significant sum without relevant approval by the general meeting of participants (Resolution of the Commercial Court of the Volga-Vyatskyi District dated February 10, 2021 in case No. A11-17571/2019); The General Director enters into the related-party transaction and the 	N/A	N/A

	<p>entity that is controlled by the General Director receives benefits at the expense of the company while such deal is clearly disadvantageous for the company (Resolution of the Commercial Court of the Dalnevostochny District dated April 20, 2018 in case No. A73-4146/2016);</p> <ul style="list-style-type: none"> The General Director usurps their corporate opportunities, for example, by organizing parallel business mirroring business of the company (Resolution of the Commercial Court of the Ural District dated January 17, 2018 in the case No. A07-22730/2015). 		
5. Legal status of directors	Please see point 7.	N/A	N/A
6. Parties to which duties are owed	<ul style="list-style-type: none"> Company; Founders; Participants/shareholders. 	N/A	N/A
7. Powers of the board of directors	<p>The general provisions on key aspects of the General Director (as well as Board Director) legal status are set out in the Civil Code, the JSC Law and the LLC Law.</p> <p>Under Russian Corporate Law the General Director is vested with residual competence (“остаточная компетенция” – in Russian), which means that the General Director has all rights and obligations that are not expressly vested in other governing bodies of the company by company’s charter or civil legislation. That is why the list of General Director’s duties expressed in the Civil Code, the LLC Law or the JSC Law (as the case may be) is not exhaustive. However, there are in</p>	<p>Additional powers of the Board of directors in public companies:</p> <ol style="list-style-type: none"> increase of the authorized capital of the company by placing additional shares by the company within the number and categories (types) of declared shares, if the charter of the company in accordance with the JSC Law referred this issue to its powers; placement by the company of additional shares into which preferred shares of a certain type placed by the company, convertible into ordinary shares or preferred shares of other types are converted, as well as placement by the company of bonds 	N/A

	<p>our view the most important duties of General Director stipulated by the Law on LLC:</p> <ul style="list-style-type: none"> • to file applications to the Unified State Register of Legal Entities of the Russian Federation (“Company Register”) on changes to be made to the information about the company contained in the Company Register; • to govern day-to-day affairs of the company; • to convene, prepare and conduct the general meeting of participants of the company, track the record of the minutes of the meeting; • to inform the company’s participants on the grounds that made them the related party to the transactions of the company; • to keep books and records of the company, documents of the company and other information relevant to the company’s operations, provide access to them to the participants at their request. <p>The Board of Directors is clothed with the following powers:</p> <ul style="list-style-type: none"> • definition of the main directions of the company's activities; • formation of the executive bodies of the company and early termination of their powers, as well as making a decision on the transfer of powers of the sole executive body of the company; • determination of the amount of remuneration and monetary 	<p>or other equity securities, with the exception of shares;</p> <ol style="list-style-type: none"> 3. approval of the decision on the issue of the company's shares and the company's equity securities convertible into its shares, approval of the company's securities prospectus; 4. purchase of shares, bonds and other securities placed by the company in cases provided for by law; 5. recommendations on the amount of the dividend on shares and the procedure for its payment; 6. filing an application for listing of the company's shares and (or) the company's equity securities convertible into the company's shares, if the company's charter relates it to its powers. 	
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	<p>compensation to the chief executive body of the company, members of the collegial executive body of the company;</p> <ul style="list-style-type: none"> • making a decision on the company's participation in associations and other associations of commercial organizations; • appointment of an audit, approval of the auditor and determination of the amount of payment for his services; • approval or acceptance of documents regulating the organization of the company's activities (internal documents of the company); • establishment of branches and opening of representative offices of the company; • approval of interested party transactions in cases provided for in federal laws; • resolution of issues on approval of major transactions in cases provided for in federal laws; • preparation, convening and holding of the general meeting of the company's participants. <p>Nevertheless, the Board of Directors can be vested with other powers which are not attributed mandatorily by law to the scope of powers of other corporate bodies (for instance, power to approve deals of the certain type of property or in excess of the certain sum).</p>		
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8. Duty of loyalty	Considering all information mentioned above, there are two duties of the General Director, which serve as the guidance against which the due performance of General Director's obligations is assessed. They are:	N/A	N/A
9. Duty of care	<ul style="list-style-type: none"> • to act in the best interest of the company in good faith (amounts to duty of loyalty) ("Good Faith Duty"); • to act in the best interest of the company with reasonableness (amounts to duty of care) ("Reasonableness Duty"). <p>According to the article 4 of Plenum of the Supreme Commercial Court of the Russian Federation Resolution No. 62 dated July 30, 2013 "On certain issues of compensation of damages by persons who constitute bodies of a legal entity" ("Plenum 62") "to act reasonably and in good faith while performing duties and obligations imposed upon the General Director" means to take all the necessary and sufficient measures to ensure achieving the goals for which the company was incorporated.</p> <p>Hence, the Good Faith Duty and the Reasonableness Duty can be breached through (1) act (for instance, if the General Director concludes a transaction involving the alienation of company's property at a deliberately low price) or (2) omission (for example, if the General Director fails to take action to recover debt with a counterparty).</p>	N/A	N/A
10. Duty to have and maintain skills	Such duty is not specified by the Russian law, but it is implied by the broad wording of Plenum 62. Please note that for certain businesses (such as insurance companies, banks, financial organizations, etc.), certain	N/A	N/A

	authorities, such as Central Bank of Russia and adopted regulations impose additional requirements for the person holding position of the Board of Directors or sole executive bodies, such as necessary degree and education profile, absence of disqualification and criminal liability, past work experience, etc.		
11. Additional duties (confidentiality, etc.)	The legal framework does not embrace any other duties except for those mentioned above.	<p>The Central Bank of Russia has adopted “Code on corporate governance”, which is a recommendation act on duties of the Board Directors for listed public companies, so it’s not legally binding.</p> <p>The abovementioned act enumerates the following duties:</p> <ul style="list-style-type: none"> • The Board of Directors should be responsible for making decisions related to the appointment and dismissal of executive bodies, including dismissal in connection with improper performance of their duties. The Board of Directors should also monitor that the company's executive bodies act in accordance with the approved development strategy and the main directions of the company's activities. • The Board of Directors shall establish the main guidelines of the company's activities for the long term, evaluate and approve key performance indicators and the main business goals of the company, evaluate and approve the strategy and business plans for the main activities of the company. • The Board of Directors shall determine the principles and approaches to the organization of the risk management 	N/A

		<p>and internal control system in the company.</p> <ul style="list-style-type: none"> • The Board of Directors shall determine the company's policy on remuneration and (or) reimbursement of expenses (compensations) of members of the Board of Directors, executive bodies and other key executives of the company. • The Board of Directors should play a key role in preventing, identifying and resolving internal conflicts between the company's bodies, the company's shareholders and the company's employees. • The Board of Directors should play a key role in ensuring the transparency of the company, the completeness of information disclosure by the company, and easy access of shareholders to the company's documents. • The Board of Directors should exercise control over the corporate governance practices in the company and play a key role in significant corporate events of the company. • The Board of Directors must be accountable to the shareholders of the company. 	
12. Delegation of powers/authority	General Director is entitled to delegate any of their powers to other persons by way of issuance of the Power of Attorney in the simple written form and under the seal of the company (provided the constitutional documents of the company establish that the company has the seal. In Russia, it is customary business practice for company to	N/A	N/A

	<p>have the seal). However, the General Director is only entitled to delegate their powers within the framework of their limitations and the same requirement for preliminary approval (if any) will be applicable for actions of the representative under the Power of Attorney.</p> <p>Under Russian Law, delegation of Board Directors' powers is prohibited (article 68(3) of the JSC Law and 32(5) of the LLC Law).</p>		
13. Conflicts of interest (inc. intragroup dealings)	<p>The LLC Law and the JSC Law provide for a procedure of preliminary approval by the majority of uninterested participants/shareholders of the company of the related-party transactions (a transaction in which there is an interest of a director of a company or a controlling person of the company, or a person who has the right to give the company instructions obligatory to follow).</p> <p>Please find information on the recent court practice in Point 4.</p>	N/A	N/A
14. Compliance with statutory obligations	Same as description of duties, specified above.	Same as description of duties, specified above.	Same as description of duties, specified above.
15. Disclosure obligations of listed companies	N/A	<p>According to Article 92 of the JSC Law, the obligation to disclose information applies to listed joint-stock companies and non-listed joint-stock companies with more than 50 shareholders.</p> <p>Such companies are obliged to disclose lists of affiliated persons including documents on</p>	N/A

		appointment and termination of powers of the General Director and Board Directors.	
16. Potential liability	<p>General Director of a legal entity is subject to civil and/or criminal liability for failure to perform their duties.</p> <p>Civil liability is the most common type of liability that is most frequently imposed upon the General Director. General Director shall be held liable for any losses and damages that were incurred by the company due to the failure to perform their duties according to the article 44(2) of the LLC Law.</p> <p>The Criminal Code of the Russian Federation (“Criminal Code”) contains the grounds for criminal liability of the General Director of the company. Especially, articles 195, 196, 197 of the Criminal Code stipulate the criminal liability for unlawful actions concerning the procedure of insolvency of a legal entity. Thus, the General Director can be held liable if their unlawful actions caused fraudulent bankruptcy or premeditated bankruptcy or were aimed at concealing of the entity’s assets from its creditors.</p> <p>Also, another kind of liability that can be imposed upon the General Director in relation to bankruptcy proceedings is so called “subsidiary liability”, which means that in case of insufficiency of funds or property to fulfill the claims of creditors, the General Director can be held liable to recover the required sum provided, that they failed to file an application on bankruptcy (please, refer to</p>	N/A	N/A

	<p>Question No. 3 above) or insufficiency of funds and property is caused due to the actions of the General Director.</p> <p>Regarding Board Directors the same standard as for actions of the General Director applies. It means that while exercising their authority to approve some actions of the General Director or transactions of the company Board Directors should act reasonably and in accordance with the interests of the company. However, current court practice does not contain legal positions regarding criteria of joint liability of Board Directors aimed at compensation of damages incurred by the company due to their voting. On the other hand, those criteria were subject of consideration by the Supreme Court of the Russian Federation regarding subsidiary liability of the Board Directors. According to the Resolution of the Supreme Court of the Russian Federation dated June 22, 2020 in the case No. A56-26451/2016, the mere fact of voting for a particular decision (even on approval of unprofitable transaction) is not sufficient to hold the Board Director liable for negative consequences that occur in result of implementation of the adopted decision. The person, who is an initiator or beneficiary of such transaction should be held liable. Thus, in order to decide on the liability of the Board Directors the court should consider (1) the degree of involvement of each Board Director in the process of alienation of company's assets (as the case may be) and (2) their awareness of the significant harm caused by these actions (awareness about negative</p>		
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	<p>consequences of exercising their voting rights).</p> <p>Hence the following rule should be applied:</p> <ul style="list-style-type: none">• The fact that particular person was the member of Board of Directors at the moment when the disputed decision was adopted is not automatically evidence the breach of Good Faith Duty or Reasonableness Duty by such a person (article 25 of Plenum 25);• The Board Director that votes against or abstains from voting can not be held liable for breach of their duties owed to the company if the particular decision leading to negative outcomes is adopted (article 53.1(2) of the Civil Code of the Russian Federation);• Voting for the decision resulting in negative consequences for the company does not evidence prima facie grounds for liability of the Board Director. Their awareness of the negative consequences should be taken into consideration;• If several Board Directors voting for the decision were aware of the negative consequences of its adoption and held liable for the breach of their duties, such Board Directors may share liability and be recognized jointly and severally liable.		
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17. Duration of duties	Starts from the date of appointment and lasts on the date of resignation. The powers term is normally provided either in charter or in the relevant decision, appointing Director.	N/A	N/A
Special circumstances			
18. Bankruptcy	<p>Under the Federal Law “On bankruptcy (insolvency)” (“Bankruptcy Law”) a person which had during three (3) years preceding the bankruptcy the right to give mandatory instructions to the debtor or possibility to otherwise determine actions of the debtor shall be considered being a Controlling Person.</p> <p>Chapter III.2 of the Bankruptcy Law establishes quite broad criteria for determination of the Controlling Person. The General Director is also deemed being the Controlling Person due to their powers. According to Bankruptcy Law Controlling Person of a debtor company may be brought to subsidiary liability for the debtor’s obligations due to the following main reasons:</p> <ul style="list-style-type: none"> A. the assets of the company are insufficient to satisfy claims of the creditors in full (article 61.11 of Bankruptcy Law); B. the General Director failed to file an application on bankruptcy with the relevant commercial court (article 61.12 of Bankruptcy Law); C. violation of bankruptcy legislation occurred (article 61.13 of Bankruptcy Law). <p>In order to bring any Controlling Person to subsidiary liability, it is necessary to prove that either:</p> <ul style="list-style-type: none"> A. Actions of the Controlling Person resulted in debtor’s bankruptcy; or 	N/A	N/A

	<p>B. The Controlling Person failed to apply for bankruptcy and decided to carry out business while insolvent;</p> <p>C. Controlling Person took measures resulting in failure to satisfy creditors' claims (e.g. disposal of assets, approval of unprofitable transactions and etc.) even if the bankruptcy was caused by external circumstances.</p> <p>We believe that the main risk in case of potential company's bankruptcy in this case is the risk of bringing the director to responsibility for failure to apply for bankruptcy in accordance with article 61.12 of the Bankruptcy Law.</p> <p>The recent case practice of the Supreme Court of the Russian Federation and Constitutional Court of the Russian Federation revealed the tendency on extension of the institute of directors' liability towards the legal entity. In particular, the grounds for holding General Director liable for failure to perform duties under the insolvency procedure have been elaborated by the Resolution of the Constitutional Court of the Russian Federation of May 21, 2021 No 20-П.</p> <p>Also, according to article 1 of Plenum 62, if director refuses to provide the court with explanations evidencing their compliance with the Reasonableness Duty and/or Good Faith Duty and provided that the claimant proved the existence of damages caused to the company, then the burden of proof passes from the claimant to the director who becomes obliged to prove the fact that there was no breach of their duties.</p>		
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19. Takeover bids	N/A	N/A	N/A
20. Market abuse/insider dealing	<p>According to the Russian Federal Law “On Prevention of unlawful use of inside information and market manipulations” (“Law on inside information”) any unlawful use of inside information and/or market manipulations shall cause legal liability for the person that was engaged in such activity, including civil liability, administrative liability and criminal liability:</p> <ul style="list-style-type: none"> A. Article 185.6 of Criminal Code stipulates criminal liability for unlawful use of inside information; B. Article 15.21 of the Code of Administrative Offences of the Russian Federation stipulates administrative liability for unlawful use of inside information. <p>The Civil Code provides for the right of the companies to sue for damages resulting out of unlawful use of inside information.</p> <p>According to the Federal Law “On Inside Information” any unlawful use of inside information and/or market manipulations shall cause legal liability for the person that was engaged in such activity, including civil liability, administrative liability and criminal liability.</p> <p>Article 185.3 of the Criminal Code stipulates the criminal liability for market abuse offenses that caused substantial damage.</p> <p>Article 15.21 of the Code of Administrative Offenses of the Russian Federation stipulates the administrative liability for illegal use of inside information in case the offense is not subject to criminal liability.</p>	N/A	N/A

	<p>According to the article 171(3) of the Code of Corporate Governance of Central Bank of Russia the Board of Directors shall supervise the investigations on issues on potential bad faith use of inside information.</p> <p>According to the article 272(5) of the Code of Corporate Governance of Central Bank of Russia the internal audit of the company shall investigate the compliance of the company's policy regarding the inside information.</p>		
Defences			
21. Good corporate governance	<p>Russian court practice allows to identify the following circumstances, which eliminates the General Director's civil liability:</p> <p>A. the actions (or omissions) of the General Director are not beyond usual commercial risk (the Russian equivalent of the more common concept "business judgment rule"). As confirmed in the Plenum 62, negative consequences arisen for the company during the term of office of the General Director do not prove per se such person's bad faith or unreasonable conduct given that possibility of such consequences is connected with the risk of entrepreneurial and (or) other economic activity;</p> <p>B. the transaction entered into by the General Director proved to be unfavorable only after the consummation of the transaction and as a result of non-performance of the obligations thereunder. However, the General Director will not be exempt from liability if the transaction had been initially entered into with the purpose of non-performance or undue performance of the obligations arising therefrom;</p>	The Central Bank of Russia has adopted "Code on corporate governance", which is a recommendation act on duties of the corporate bodies for listed public companies.	N/A

	<p>C. the General Director proves that although the transaction it entered into is by itself not on favourable terms, it is part of a series of interrelated transactions having a common business purpose that are intended to be favourable for the company;</p> <p>D. the General Director has entered into an unfavourable transaction to prevent more substantial damages;</p> <p>E. it was not evident that the General Director's actions qualified as a breach of Good Faith Duty and Reasonableness Duty at the time the breach occurred — including due to lack of consistency in application of the law by tax, customs and other authorities;</p> <p>F. the company has already resorted to other remedies (e.g., by recovering damages from an employee or a contractor) and has obtained the compensation for the incurred damages.</p>		
<p>22. Minutes of board meetings and publication requirements</p>	<p>According to the Civil Code, the minutes of board meetings should specify:</p> <p>1) the date and time of the meeting, the place of the meeting and (or) the method of remote participation of members of the civil law entity in the meeting, and in cases of absentee voting - the date before which documents containing information about the voting of members of the civil law entity were accepted, and the method of sending these documents;</p> <p>2) information about the persons who took part in the meeting and (or) about the</p>	<p>N/A</p>	<p>N/A</p>

	<p>persons who sent documents containing information about voting;</p> <p>3) the results of voting on each item on the agenda;</p> <p>4) information about the persons who conducted the counting of votes, if the counting of votes was entrusted to certain persons;</p> <p>5) information about the persons who voted against the decision of the meeting and demanded to make an entry about it in the minutes;</p> <p>6) information on the course of the meeting or on the voting process, if a member of the civil law community requires them to be entered into the minutes;</p> <p>7) information about the persons who signed the minutes.</p> <p>The adoption by the general meeting of the participants of the entities of the decision at the meeting and the composition of the participants of the company who were present at its adoption are confirmed in relation to:</p> <p>1) a public joint-stock company - by a person who maintains the register of shareholders of such a company and performs the functions of the counting commission (paragraph 4 of Article 97);</p> <p>2) a non-public joint-stock company by notarization or certification by a person who maintains the register of shareholders of such</p>		
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	<p>a company and performs the functions of the counting commission;</p> <p>3) limited liability companies by notarization, unless another method (signing of the minutes by all participants or part of the participants; using technical means that allow to reliably establish the fact of decision-making; in another way that does not contradict the law) is provided for by the charter of such a company or by a decision of the general meeting of the company's participants adopted unanimously by the company's participants.</p>		
<p>23. Discharge and Indemnification</p>	<p>In addition to the common grounds provided for by the Employment Code of the Russian Federation and other federal laws for all employees, the employment contract with the General Director shall be terminated on the following grounds:</p> <p>1) in connection with the removal from office of the General Director of the debtor organization in accordance with the legislation on insolvency (bankruptcy);</p> <p>2) in connection with the adoption by the authorized body of a legal entity, or by the owner of the organization's property, or by a person (body) authorized by the owner of a decision to terminate an employment contract.</p> <p>3) other grounds provided for in the employment contract.</p> <p>In case of termination of the employment contract with the General Director in the absence of guilty actions (omission) on his</p>	<p>N/A</p>	<p>N/A</p>

	<p>behalf, compensation is paid to him in the amount determined by the employment contract, but not less than three times the average monthly earnings, except for the cases provided for by the Employment Code of the Russian Federation.</p>		
24. Insurance	<p>Insurance of director's liability is not directly regulated/required by the Russian legislation, and it is covered by the general Russian insurance regulation.</p> <p>Object of insurance is property interests related to the possibility of losses and (or) defense costs arising as a result of claims against the insured person - the director and (or) the company – for damages and (or) losses caused to third parties, the company or employees of the company as a result of erroneous actions of the director and (or) the company, including:</p> <ul style="list-style-type: none"> • expenses of the company in connection with the compensation paid to its directors for claims; • expenses of the directors themselves in the event that the company is unable to reimburse them; • expenses of companies on claims brought against them (and not against the directors personally) in connection with erroneous actions related to the turnover of securities and the hiring of personnel; • property interests related to the possibility of losses and (or) defense costs arising as a result of claims against the insured person and (or) the company for damages and (or) 	N/A	N/A

	<p>losses caused to third parties, the company or employees of the company as a result of erroneous actions of the director and (or) the company.</p> <p>The main risks which can be insured are:</p> <ul style="list-style-type: none"> • The risk of claims resulting in liability, or the need to incur defense costs associated with such claims, due to erroneous actions of the director, which were first presented to the insured person; • The risk of making claims on securities that have entailed liability or the need to incur defense costs related to such claims due to erroneous actions of the director and (or) the company; • The risk of losses in the form of protection costs in accordance with the legislation of the country in which the insured event occurred. <p>Currently, a draft law on the special regulation in this sphere is being prepared.</p> <p>There are few examples of D&O insurance use in Russia. Those General Directors are in most cases – sole executive bodies of the publicly listed companies, but those policies are very expensive and therefore, not available for all companies.</p>		
<p>25. Resignation</p>	<p>According to the Employment Code of the Russian Federation, the General Director has the right to terminate the employment contract on their own initiative prematurely</p>	<p>N/A</p>	<p>N/A</p>

	<p>by notifying the employer in writing no later than one month in advance.</p> <p>The Company is entitled to terminate corporate powers of the General Director at any time by relevant decision of body responsible for appointing / terminating powers of such General Director.</p> <p>However, please note that third parties will most likely be aware on termination of powers of the General Director as soon as the relevant entry will be made into the Unified State Registrar of Legal Entities (USRLE), which is a public trade registrar in Russia, available to everyone (it takes 5 business days following the date when the application is submitted to Federal Tax Authority).</p>		
26. Restructuring of assets	N/A	N/A	N/A
27. ESG and D&I policies, metrics, reports	Such policies are not commonly used in Russian entities. However, the Russian authorities are developing new ESG standards and policies. D&I policy is normally used in publicly listed company, but not commonly used by mid / small cap companies because of its complexity and price.	N/A	N/A