

## **Procedure to apply for reduced tax rates by foreign legal entities pursuant to DTT provisions**

In order to apply for a reduced tax rate under a DTT, an eligible shareholder must provide the supporting documentation to the Company for tax clearance procedures, including, but not limited to:

- a tax residency certificate expressly referring to the current year (certified by the competent authorities of the corresponding state);
- confirmation of the right to receive the dividends as of the record date, including the statements from the depository, broker (if any), clearing custodian, shareholder's custodian or any equivalent thereof, clearly indicating the name of shareholder as the holder of the Company's ADSs, identification details of the ADSs (for instance, the ISIN), the name of the custodian that issues the statement, the date of issuance and the number of the ADSs;
- an application made in a free form claiming the appropriate reduced tax rate;
- Articles of Association or other statutory documents;
- a representation letter stating that the shareholder is the beneficial recipient of the dividends (the template beneficial recipient confirmation letter is attached in Annex A);
- a duly executed Power of Attorney certifying the grant of the respective authorities to the signatory (if the documents are signed under a Power of Attorney) or a certificate of directors (or any equivalent thereof) confirming that the signatory is a director or any other person in charge having the authority to sign the documents under the shareholder's statutory documents;
- any supplemental documents supporting the status of the beneficial recipient of the dividends.

The Russian Tax Code does not stipulate the exact list of documents that shall prove the presence or absence of the beneficial recipient right of a foreign person to dividend income, and the Company reserves the right to request additional documents at its reasonable discretion.

Below, the Company outlines examples of documents that, in the Company's opinion, could provide additional evidence of the status of a beneficial recipient. Shareholders should note that the existing tax practices in Russia give priority to the contents of the documents over the form.

- excerpts from the Articles and/or Memorandum of Association of the recipient with the description of the director powers (the excerpts shall indicate that the director powers are discretionary and not limited);
- copies of employment contracts or letters of appointment of the directors (or similar documents);
- resolutions of the board of directors confirming the decisions of the directors at meetings, including the decisions on the disposal and use of the dividend income;
- CVs of the directors, copies of their degrees that confirm an applicable level of education or copies of qualification certificates for the directors;
- copies of risk management policies, analytical notes, decisions (resolutions) of directors on the risks that the company bears and measures taken to manage the risks or insurance / hedging contracts;
- staff lists of the recipient confirming the availability of the necessary personnel for its functioning, and job descriptions;
- copy of office space lease agreements, utility bills, an excerpt from an address book indicating the telephone number and address of the company, etc.;
- the recipient's latest available financial statements (balance sheet and income statement) or fragments thereof, which confirm:
  - absence of a "back-to-back" transfer of the funds (with respect to the past periods);
  - presence of investments in other (foreign) companies;
  - presence of other activities, except for activities that generate dividend income;
  - presence of other income taxable in jurisdiction with an active DTT with Russia.

The responsibility for a correct assessment of the withholding tax payable and payment of the tax remains with the Company, acting as a tax agent. Therefore, upon payment of the income to a foreign person and withholding of the corresponding sums of tax, the tax agent shall demonstrate that it acts with due care and diligence having requested and analyzed the documents that indicate factors pointing to presence or absence of the beneficial recipient right. If the Company is unable in due time to confirm the tax status of a shareholder, the dividends payable to such shareholder will be subject to the generally applicable 15% tax rate, in which case, a shareholder has the right to apply directly to the Russian Tax Authorities for the partial refund of the withheld taxes.

All documents issued in jurisdictions other than the Russian Federation shall be provided in original form or a true copy apostilled or legalized by the Russian consulate and have a certified and notarized translation into Russian. If the documents are issued in the Russian Federation, they can be submitted to the Company in original or as a notarized copy.

The documents shall be provided to the Company at least 7 days before the dividend payment date, and electronic versions may be provided via e-mail in advance.

Please, send the documentation to:

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**Annex A**  
**Template beneficial recipient confirmation letter**

*The template confirmation letter was prepared based on best practices and is subject to a detailed review by the income recipient to confirm the correctness and validity of the statements contained in the letter. Any statements that do not reflect the reality must be deleted, rephrased or amended, as the case may be. The Company is not liable for any misrepresentations that may appear in the finalized confirmation letter.*

**[TO BE PRINTED ON THE COMPANY'S LETTERHEAD]**

[Address]

[Date]

**RE: CONFIRMATION OF BENEFICIAL RECIPIENT RIGHTS TO RUSSIAN-SOURCED DIVIDENDS**

Dear [Name],

I, on behalf of [name of the company] (hereinafter, the "Company"), acting under [document providing authority to sign this letter], hereby declare, represent and warrant that, for the purposes of the Russian tax laws and the Double Tax Treaty between the Russian Federation and [partnering country] (hereinafter, the "Convention"), the Company has a beneficial recipient right to any and all of the dividends due and payable by [name of the company] to [name of the company] under the Resolution [details of the Resolution on dividends] (hereinafter, the "Dividends").

The company is a beneficial recipient of the Dividends due to the following.

**I. GENERAL INFORMATION**

The Company is a tax resident of [country] within the meaning of the Convention and is subject to tax in this jurisdiction on all income received.

The Company carries out genuine business of [short description of business] in [country], does not have any representative office, branch or separate subdivision in the Russian Federation, as well as no other place of business, which may be treated as a permanent establishment for the purposes of the Tax Code of the Russian Federation.

The Company maintains its accounting and tax records in [country]. The financial statements of the Company are audited by one of the leading accounting firms, [auditor's name].

**II. INCOME DISPOSAL RIGHTS**

The Company is a beneficial recipient of all income that it generates by its business activities and through its subsidiaries, including [name of the company] (actually benefitting from it and determining its future economic destiny), and is neither an agent nor representative of a third party but, on the contrary, an independent market player.

The Company uses its income received mostly to [short explanation of income use confirming that it is not pass-through].

As supported by the financial statements, the Company generates a market comparable profit margin that enables it to cover its expenses and maintain a targeted profitability. The Company's equity and the amount and composition of its assets are consistent with its principal activity.

The Company has the full right to make use of all its income and to dispose of it, without any limitation resulting from a contractual or any other kind of obligation, and does not transfer any significant part of its revenue and income to any third party.

As regards to the Dividends, the Company hereby represents and warrants that it has the full right to the Dividends on the basis of [brief explanations of the reasons of why the Company is a beneficial recipient]. More precisely, the Company has the full right to use and dispose of the Dividends, unconstrained by any

legal or economic obligation to transfer the Dividends to any third party and does not contemplate any such transfer.

### **III. FUNCTIONS**

Amongst others, the functions performed by the Company under its principal activity are [description of functions].

The Company physically operates through offices located in [country] and is effectively managed by an active group of independent directors, resident in [country]. The directors are not affiliated with any other company. All strategic decisions in relation to the Company's business are made at the board meetings. All board meetings are physically held in [country] at least [number of times] a year and occasionally more frequently on an "as needed" basis, as may be evidenced by the relevant minutes.

The Company has [number] full-time employees working in the offices in [country].

The directors and employees of the Company possess sufficient knowledge and skills required for the proper performance and financial success of the Company.

As supported by the financial statements, the Company incurs regular operating expenses, such as [examples], etc.

### **IV. RISKS**

The Company carries out business at its own risk, independently evaluates and decides on the conditions of each business transaction, independently manages income received and independently bears the costs required to generate such income.

In particular, as indicated in the financial statements, the Company bears, amongst others, credit and currency risks that are recognized and hedged in compliance with the internal risk management policy developed by its executive team.

I certify that the information provided in this letter is true, correct and complete to the best of my knowledge and belief.

Sincerely,

[Signature]

[Name], [Position]