



RAVEN RUSSIA LIMITED

**Raven Russia Limited
Corporate Governance Report**

Extracted from the 2015 Annual Report

CORPORATE GOVERNANCE

Chairman's foreword

In this section of our Annual Report we explain how the principles of corporate governance have been adopted across the Group. The Board is collectively responsible for upholding high standards of corporate governance and see it as vital to support the delivery of the Group's strategic objectives, and as such, good governance has been embedded within the way we do business. Throughout the year, the Company complied with the provisions of the 2014 UK Corporate Governance Code (the "Code") published by the Financial Reporting Council save for provision B.1.1. This addresses the independence of the Non-Executive Directors which is discussed further on in this report. The 2014 Code saw a number of provisions revised to focus on longer term viability, risk and remuneration. The Board, together with management started a review of how the new provisions would impact the operations of the Group, the Board and its Committees during the latter part of 2014. I am pleased to report that the Company was already undertaking the majority of the activities introduced by the 2014 edition of the Code and with a few minor changes in its activities, fully complied with the revisions to the Code during the year ended 31 December 2015.

Richard Jewson

13 March 2016

Statement of Compliance with the Code

Responsibility for good governance lies with the Board. The Board is ultimately accountable to shareholders for the activities of the Group and remains committed to ensuring the high standards of Code are continually applied across the Group. Copies of the Code are available to download free of charge from the Financial Reporting Council's website (www.frc.org). As explained in the introduction, the Board considers that the Company complies fully with the provisions of the Code save for B.1.1 which sets out the requirements for Non-Executive Directors to be considered independent from the Company. Stephen Coe and David Moore have both served on the Board as Non-Executive Directors since the Company's establishment in 2005 therefore the Board has specifically considered their independence. The Board concluded that length of service is not necessarily a complete or accurate measure of a Director's independence, a view the Board feels is shared by its shareholders. In the Board's opinion, both Stephen and David continue to fulfil the requirements as independent Directors.

Leadership

The Role of the Board

The Board is collectively charged with governance of the Group, providing leadership and direction for management. The Board is responsible to shareholders for the long term success of the Group whilst ensuring appropriate management and operation in pursuit of the objectives of the Group. The Board sets the Group's strategy, values, standards and culture and ensures the resources and controls are in place to deliver this. A formal schedule of matters reserved solely for consideration by the Board has been adopted, this forms the basis of the Board's core activities.

The Board has also delegated certain aspects to its Audit, Remuneration and Nominations Committees through terms of reference. Terms of reference for each Committee can be found on the Company's website (www.ravenrussia.com). Together, the Committees and the schedule of reserved matters assist the Board in discharging its duties effectively. The Board and its Committees have regular scheduled meetings. An overview of the activities of the Board and its Committees is contained within this report and that of the Audit and Remuneration Committees.

Terms of reference delineating a clear division of responsibilities between the Chairman and Chief Executive are in place and are reviewed on a regular basis. The Chairman is primarily responsible for the effective working of the Board and the Chief Executive for the operational management of the business. This includes development of the Group's strategy and business model, the presentation of this to the Board and ultimately its implementation across the Group.

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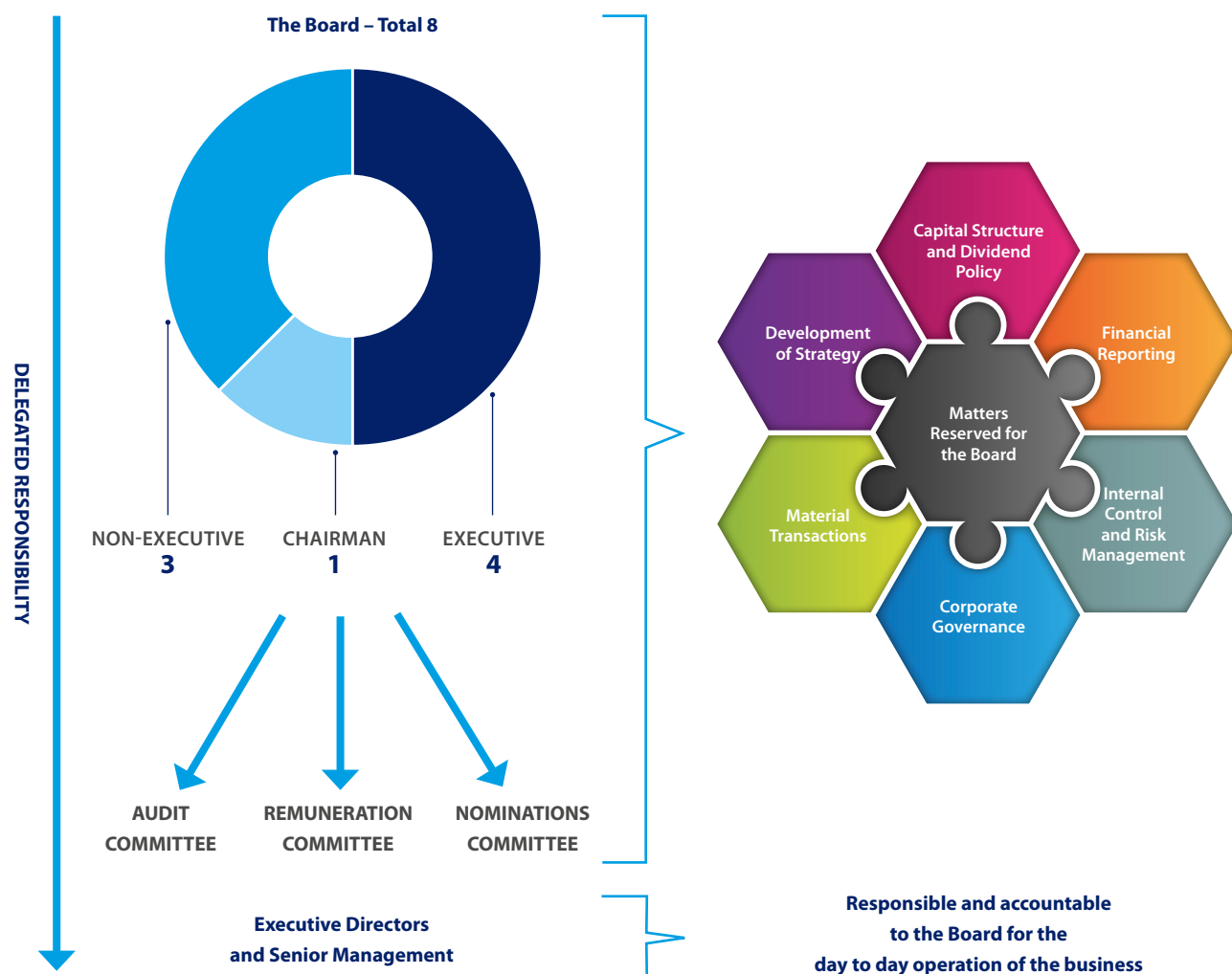
The Board and its Committees

Board composition

During the year, the Board comprised eight directors: Non Executive Chairman, Richard Jewson; four Executive Directors; and three Non Executive Directors. The Board considers all of the Non Executive Directors to be independent having given specific consideration to the continued appointment of Stephen Coe and David Moore as mentioned above. The balance of skills and expertise of the Board ensures that no individual or group of individuals dominate the Board's decision making, allowing for independent challenge and rigour to the Board's deliberations.

Christopher Sherwell is the Senior Independent Director of the Company.

Biographies for each director are included elsewhere in this Annual Report.



The full Board meets at least six times a year to consider general matters affecting the Company and otherwise as required. Committee meetings comprising any two or more Directors meet on an ad hoc basis to consider transactional and related matters concerning the Company's business. During 2015, there were 15 such committee meetings. Meetings are generally held in Guernsey at the Group's head office, however at least once a year, the Board will hold a formal meeting in Russia to review the Group's operations and meet local management.

To enable the Board to discharge its duties, all Directors receive appropriate and timely information, including briefing papers distributed in advance of any board meeting and regular management information. All of the Directors are entitled to have access to independent professional advice at the Company's expense where they deem it necessary to discharge their responsibilities as Directors. On appointment, a Director receives advice from the Company's financial and other professional advisers as to the affairs of the Company and their responsibilities, an estimation of time commitments necessary to undertake the role and a commitment to receive other such training and induction as may be appropriate.

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Attendance at Board or Committee meetings during the year to 31 December 2015

	Board	Audit Committee	Nominations Committee	Remuneration Committee
R Jewson	6	N/A	1	2
A Bilton	6	N/A	1	N/A
G Hirsch	6	N/A	N/A	N/A
M Sinclair	5	N/A	N/A	N/A
C Smith	6	N/A	N/A	N/A
S Coe	6	3	N/A	3
C Sherwell	6	3	1	3
D Moore	5	2	N/A	3
No. of meetings during the year	6	3	1	3

(where 'N/A' is shown, the Director listed is not a member of the Committee)

Effectiveness

Board performance evaluation

The Board undertakes annual performance evaluations of its own and its Committees' activities. These are led by the Chairman and where dealing with his own performance, by the Senior Independent Director.

The performance evaluations for the year ended 2015 were undertaken internally, which included face to face interviews with each of the directors and included group discussions on the themes which arose from the interviews. It was concluded that the performance of the Board, its Committees and individual Directors was effective and the Board has the necessary balance of skills, expertise, independence and knowledge required to direct the business.

The Board and Nominations Committee consider annually the composition of the Board and its Committees with reference to the Group's needs and also the requirements of the Code. In accordance with the Code, all Directors will be put forward for re-election at the Annual General Meeting. Having considered the balance of skills, expertise and performance of the Board, its committees and individual Directors, the Board recommends each Director for re-appointment at the Annual General Meeting.

Nominations Committee

The Nominations Committee comprises Anton Bilton, Christopher Sherwell and Richard Jewson, who is Chairman. The Committee undertakes an annual review of any succession planning and ensures that the membership and composition of the Board and its Committees are constituted appropriately in light of the requirements of the Group, with the necessary balance of skills, expertise, independence and diversity to undertake their roles effectively. The Committee reviews the composition of the Board and its Committees in light of the Code. The Committee agreed that no formal policy will be adopted to meet any diversity targets, including gender, as this could be unfairly prejudicial and bias the opinions and judgements of the Board and its Committees in a selection process with any proposed appointment made on merit and giving due consideration to the existing Board composition.

As reported in the 2014 annual report, the Nominations Committee had considered the appointment of two new Non Executive Directors to refresh the Board, however given the volatile conditions which were evident at the time and continue today, it was agreed by the Committee and supported by the Board that it was not an appropriate time for new members to join the Board. The Committee again considered the constitution of the Board and its committees and agreed that whilst the volatility in market conditions prevail, the experience, historic knowledge and relationships of the current Board will be crucial to see the Group through this time.

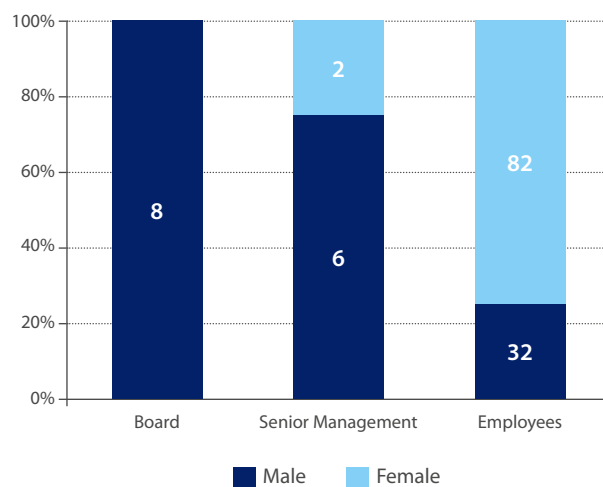
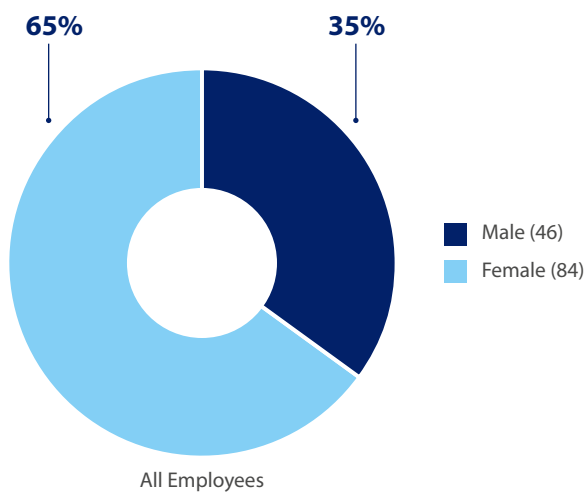
Diversity

The Nomination Committee consider the experience, background, age and tenure of each individual to contribute to the diversity of the Board, its Committees and the wider Group. When recruiting across the Group, appointments are made on merit, ensuring the best candidates are appointed to support the operating activities of the Group.

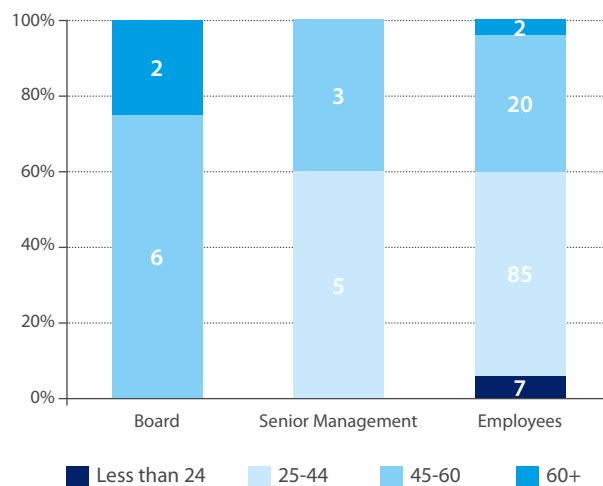
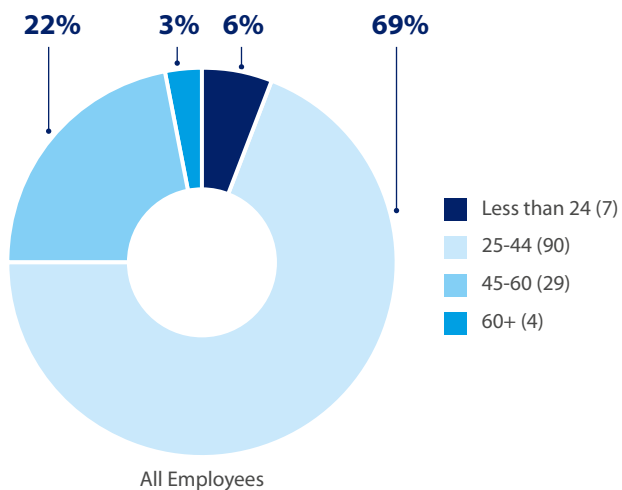
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Information about the diversity of the Group's workforce at 31 December 2015 is set out below.

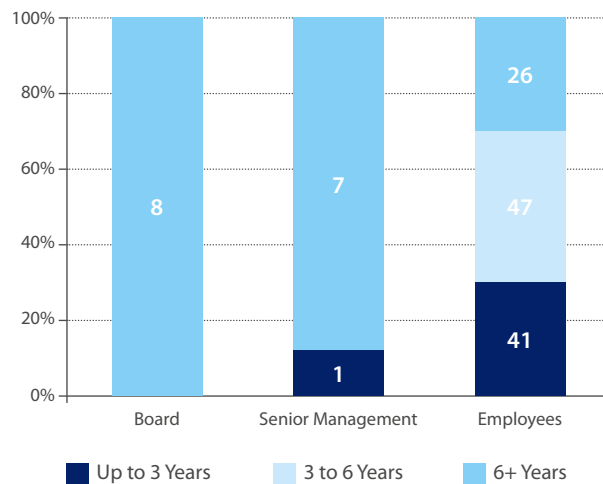
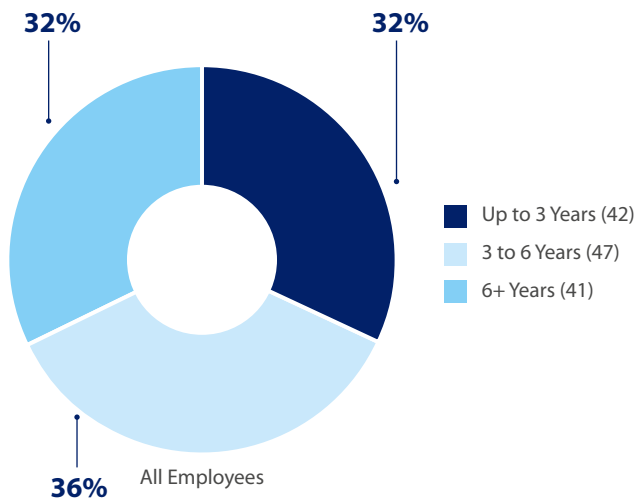
Gender



Age



Tenure



*Length of service for Board members is from date of appointment.

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Remuneration Committee

The Remuneration Committee comprises Stephen Coe, Richard Jewson, David Moore and Christopher Sherwell, who is Chairman. The Remuneration Committee meets at least once a year to review the performance of Executive Directors and to recommend their remuneration and other benefit packages. The fees of the Non Executive Directors are determined by the Executive Directors. Full details of the activities undertaken by the Committee during the year are included within the Remuneration Report. The Remuneration Report will be subject to an advisory vote at the Annual General Meeting.

Engagement with Shareholders

The Chief Executive, Executive Deputy Chairman and Chief Financial Officer are the Company's principal spokesmen with investors, fund managers, analysts, the press and other interested parties. The Company's investor relations programme includes formal presentations of the annual and interim results, as well as regular analyst briefings and meetings. The Board receives updates on the Company's investor relations activities including any reports prepared by the Company's brokers, external analyst papers, and details of any shareholder meetings.

The Board believes that sustainable financial performance and delivering on the objectives of the Company are key measures in building trust with the Company's shareholders. To promote a clear understanding of the Company, its objectives and financial results, the Board ensures that information relating to the Company is disclosed in a timely manner and in a format suitable to the shareholders of the Company. The Company's website has been developed to facilitate communication with all shareholders. Communication through these means allows our investors to receive information in a timely and cost effective manner.

The notice of AGM accompanies this report and a separate proxy card is provided for shareholders.



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www.ravenrussia.com

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