

V. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders.

№	OECD Corporate Governance Principles	Provisions of current legislation of Ukraine
A.	Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.	<p>Joint stock companies may create the Board of Directors from among shareholders of the company, which represents shareholders' interests in intervals between the General Shareholders' Meetings and within its jurisdiction, specified in the Charter, supervises and governs operations of company Management.¹</p> <p>The Board of Directors is entitled:</p> <ul style="list-style-type: none"> • To receive information on company operations; • To hear the reports of Management and company officers on specific issues of company operations; • To seek advice of independent experts on certain issues related to company operations.²
B.	Where board decisions may affect different shareholder groups differently, the board should treat all shareholders fairly.	
C.	The board should ensure compliance with applicable law and take into account the interests of stakeholders.	
D.	The board should fulfil certain key functions, including:	<p>Within its jurisdiction specified by the Charter the Board of Directors oversees and regulates operations of company Management.</p> <p>Performance of certain functions, which fall under the</p>



	<p>1. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.</p> <p>2. Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning</p> <p>3. Reviewing key executive and board remuneration, and ensuring a formal and transparent board nomination process.</p> <p>4. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.</p>	<p>jurisdiction of the General Shareholders' Meeting, may be delegated to the Board of Directors by provisions of company Charter or adoption of respective resolution by the General Shareholders' Meeting.³</p> <p>1. The Board of Directors:</p> <ul style="list-style-type: none"> • Submits to the highest management body of the company its recommendations and proposals regarding operations of the company; • Submits to privatization authorities proposals regarding specific aspects related to privatization of company property. <p>2. The Board of Directors:</p> <ul style="list-style-type: none"> • Upon the decision of the highest management body of the company concludes the agreement with the CEO of the company; • Upon recommendation of the CEO approves the composition of management team; • Terminates the powers of members of Management, which were approved by the Board of Directors. <p>3. -</p> <p>4. -</p>
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	<p>5. Ensuring the integrity of the corporation’s accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control, and compliance with the law.</p> <p>6. Monitoring the effectiveness of the governance practices under which it operates and making changes as needed.</p> <p>7. Overseeing the process of disclosure and communications</p>	<p>5. The Board of Directors:</p> <ul style="list-style-type: none"> • When required, initiates extraordinary audits of company financial operations; <p>6. The Board of Directors:</p> <ul style="list-style-type: none"> • Considers and approves quarterly and annual reports submitted by company Management and the Audit Committee; • Analyses actions of company Management regarding management of the company, realization of investment, technical and pricing policy, as well as observance of company product mix; • Performs other functions related to supervision of company Management.⁴ <p>7. -</p>
E.	<p>The board should be able to exercise objective judgement on corporate affairs independent, in particular, from management.</p> <p>1. Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are financial reporting, nomination and executive and board remuneration.</p>	<p>1. Members of the Board of a joint stock company cannot be members of its executive body and the audit committee.</p> <p>Issues included by the charter of the company within the exclusive powers of the board of the company (the board of directors) may not be delegated for resolution by company executive bodies.⁵</p>



	2. Board members should devote sufficient time to their responsibilities.	2. Meeting of the board of directors shall be held not less frequently than once a quarter and are considered valid, if 2/3 of its members attended. Extraordinary meeting is called on demand of the Chairman of the Board of Directors, 1/3 of its members or company management. ⁶
F.	In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.	Board of directors has the right to: <ul style="list-style-type: none"> • obtain information about company's operation; • hear reports of management, company officers on specific issues of its operations.⁷

¹ Law of Ukraine "On Business Companies" of 18 September 1991, № 1576-XII, Art.. 46.

² Model charter of an open joint stock companies, approved by Executive Order #787/177 of State Property Fund of Ukraine of 12 December 1994, para 8.3.6. This charter is obligatory for open joint stock companies created in the process of privatization and corporatization

³ Law of Ukraine "On Business Companies" of 18 September 1991, № 1576-XII, Art.. 46.

⁴ Model charter of an open joint stock companies, approved by Executive Order #787/177 of State Property Fund of Ukraine of 12 December 1994, para 8.3.4.- 8.3.6.

⁵ Law of Ukraine "On Business Companies" of 18 September 1991, № 1576-XII, Art.. 46.

⁶ Model charter of an open joint stock companies, approved by Executive Order #787/177 of State Property Fund of Ukraine of 12 December 1994, para 8.3.9.

⁷ Model charter of an open joint stock companies, approved by Executive Order #787/177 of State Property Fund of Ukraine of 12 December 1994, para 8.3.6.

