
Corporate Governance

Rostelecom has an efficient corporate governance framework in place, in line with Russian laws, the Rules of the Moscow Exchange, and best practices. We consistently enhance our corporate governance while ensuring the protection of shareholder and other stakeholder rights.

Corporate Governance Framework

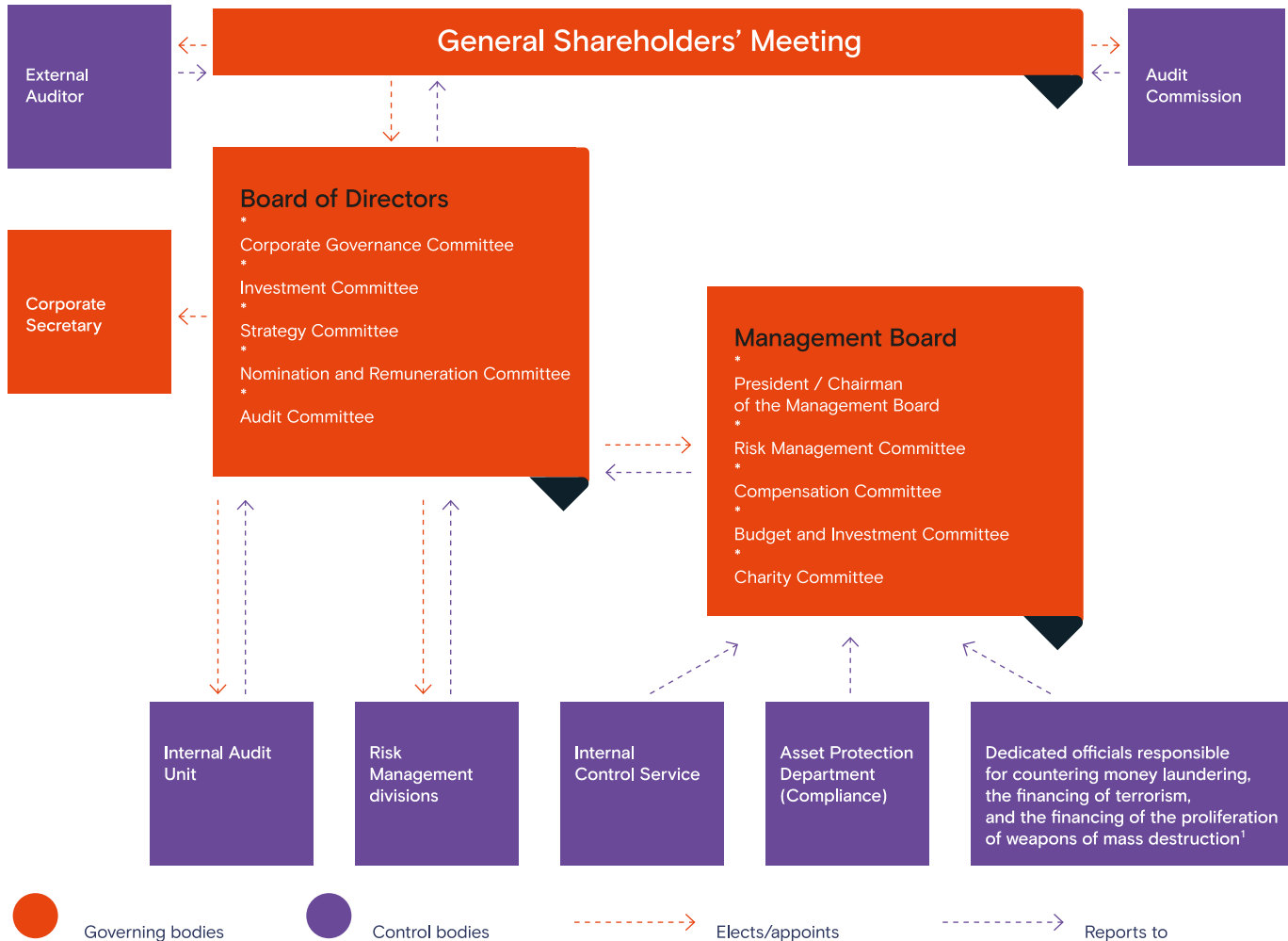
Principles	Priorities	Enhancement focus
Balance between the interests of shareholders, management, and stakeholders	Focus on stakeholder interests and relations	Effective internal controls and audit
Equal treatment of all shareholders and protection of their rights	Compliance with business conduct and ethics	Continuous improvement of the corporate governance practice
Accountability of the Board of Directors, the President, and the Management Board to shareholders	Timely and accurate information disclosure	Electronic voting at General Shareholders' Meetings
Informational and financial transparency	Corporate social responsibility	Introduction of an IT system to automate the Management Board's and its Committees' processes

PJSC Rostelecom's Corporate Governance Structure

In accordance with the Charter, Rostelecom is governed by:

- > the General Shareholders' Meeting
- > the Board of Directors (elected by the General Shareholders' Meeting to guide the Company's strategic management)
- > the President and the Management Board (appointed by the Board of Directors to manage the Company's day-to-day operations).

FIG. 53.



Key Improvements in 2018

We particularly focused on the integration of the following advanced electronic solutions into shareholder relations:

- > We arranged for an e-voting option at our annual and extraordinary shareholders' meetings
- > We became the first issuer to provide shareholders² with electronic ballots on the public services (e-government) portal to facilitate voting at the Extraordinary General Shareholders' Meeting
- > VTB Registrar, responsible for the register of our registered securities, arranged shareholder access to their online accounts where they can monitor their personal account data and vote at Rostelecom's General Shareholders' Meetings
- > We launched the Management Board portal for remote discussion and e-voting at the meetings of the Management Board and its Committees

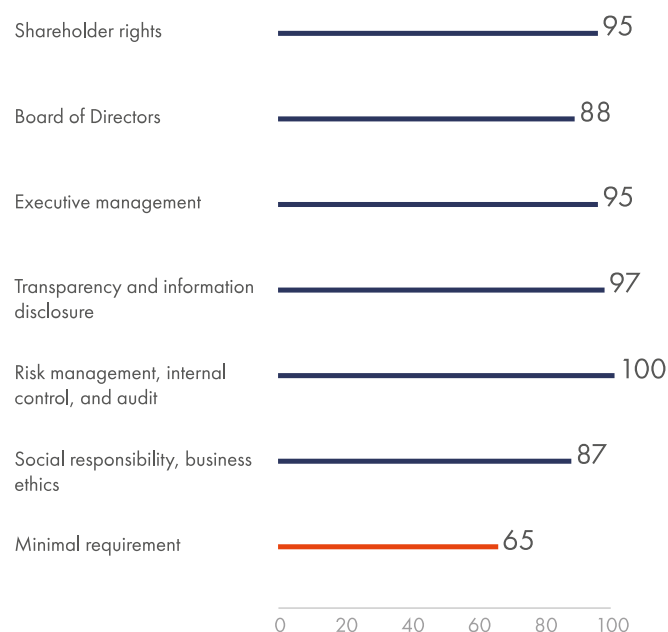
1. Dedicated officials responsible for the implementation of internal controls to counter the legalisation (laundering) of criminally obtained incomes, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction.

2. This service was available to shareholders who signed in to the online account on the public services portal and activated the online delivery of registered mail.

Corporate governance self-assessment results

Since 2015, Rostelecom has been self-assessing¹ its corporate governance² by benchmarking its standards against the key provisions of the Corporate Governance Code³. In 2018, the assessment scored our corporate governance at 93%, much higher than the minimum 65% requirement of the Federal Agency for State Property Management (Rosimushchestvo).

FIG. 54. CORPORATE GOVERNANCE LEVEL, %



Corporate governance rating

Corporate governance rating assigned by the Russian Institute of Directors (RID):⁴ 7++ (advanced corporate governance practice)

Plans to improve corporate governance

Rostelecom plans to further enhance its corporate governance. In particular, we plan to update our Charter in 2019. The amendments will allow us to send ballots for voting at general meetings to shareholders' e-mails, which will notably speed up ballot delivery.

1. The benchmark used the Guidelines for Corporate Governance Self-Assessment for Partially Government-Owned Companies developed by Rosimushchestvo.

2. For more details see Appendix 1 Report on Compliance with the Corporate Governance Code Recommended by the Bank of Russia to this Annual Report.

3. The Corporate Governance Code approved by the Board of Directors of the Bank of Russia on 21 March 2014.

4. Rating was assigned in March 2019.