

# Governing Bodies

## General Shareholders' Meeting

The General Shareholders' Meeting is the Company's supreme governing body; its activities are regulated by Russian laws, Rostelecom's Charter,<sup>1</sup> and the Regulations on the General Shareholders' Meeting.

In 2018, Rostelecom's Annual General Shareholders' Meeting<sup>2</sup> was held on 18 June, and the Extraordinary General Shareholders' Meeting<sup>3</sup> was held on 24 December<sup>4</sup>.

## Board of Directors

The Board of Directors is a collective governing body responsible for the Company's growth strategy and general management. The powers of the Board are detailed in the Charter and the Regulations on the Board of Directors<sup>5</sup>.

### Assessment of the Board of Directors' performance<sup>6</sup>

In May 2019, the Board of Directors self-assessed its 2018 performance. The self-assessment comprised the overall assessment of the Board of Directors, the assessment of its Committees and each member of the Board in particular, including the Chairman.

In April 2019, an independent consultant, JSC VTB Registrar, assessed the overall performance of the Board of Directors, the performance of its Committees and each member of the Board, including the Chairman. The average score for the Board of Directors' performance assessment was 4.96 out of 5.

### Induction of Board members

We have in place induction procedures for newly elected members of the Board of Directors. New members get familiar with all of the Company's internal documents regulating the proceedings of the Board, and hold meetings with members of the Management Board as well as internal and external auditors.

### Key functions and tasks of the Board of Directors

- › Set up and advance business objectives and strategic goals of the Company
- › Protect the rights and legitimate interests of shareholders
- › Ensure integrity, reliability, and fairness of public information about the Company

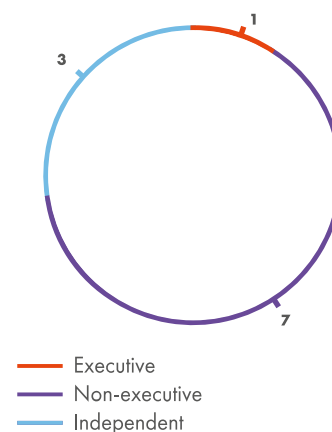
### Key principles of the Board of Directors

**Make decisions based on reliable information on the Company's operations**

- › Ensure the Company's adherence to long-term interests of its shareholders and receipt by shareholders of all relevant information on the Company's operations
- › Balance the interests of various groups of shareholders and make most objective and well-balanced decisions for the benefit of all shareholders
- › Interpret ambiguities in the rules of any laws and regulations in favour of enhancement of the rights and legitimate interests of shareholders

The Board of Directors is annually elected with 11 members. The average age of directors is 50 years and the average tenure of the Company's directors is 4.3 years. Five committees function under the Company's Board of Directors.

FIG. 55. DIRECTOR INDEPENDENCE



1. Version No. 18 was approved by the Company's AGM on 18 June 2018; Minutes No. 1 dated 20 June 2018. The full text of the new version is available at [https://www.company.rt.ru/en/ir/corporate\\_governance/docs/Charter\\_ver18\\_eng.pdf](https://www.company.rt.ru/en/ir/corporate_governance/docs/Charter_ver18_eng.pdf).

2. Minutes No. 1 dated 20 June 2018: [https://www.company.rt.ru/en/ir/agm/events/gosa\\_en/detail/2017/](https://www.company.rt.ru/en/ir/agm/events/gosa_en/detail/2017/).

3. Minutes No. 2 dated 26 December 2018: [https://www.company.rt.ru/en/ir/agm/events/vosa\\_en/detail/vosa\\_dec2018/](https://www.company.rt.ru/en/ir/agm/events/vosa_en/detail/vosa_dec2018/).

4. For more details on key resolutions passed by the Annual and the Extraordinary General Shareholders' Meetings see Appendix 2 Governing and Control Bodies (in Russian) to this Annual Report.

5. Version No. 16 was approved by the Company's AGM on 18 June 2018; Minutes No. 1 dated 20 June 2018. The full text of the new version is available at [https://www.company.rt.ru/en/ir/corporate\\_governance/docs/Regulations\\_BoD\\_ver16\\_eng.pdf](https://www.company.rt.ru/en/ir/corporate_governance/docs/Regulations_BoD_ver16_eng.pdf).

6. For more details on the assessment of the Board of Directors' performance see Appendix 2 Governing and Control Bodies (in Russian) to this Annual Report.

## Membership of the Board of Directors

For detailed biographies of all members of the Board of Directors see Appendix 2 Governing and Control Bodies to this Annual Report.



**Sergey B. Ivanov**

Special Presidential Representative for Nature Protection, the Environment, and Transport

Member of the Board of Directors since 2015 (four years)

Ch



**Alexander A. Auzan**

Dean of the Department of Economics of Lomonosov Moscow State University

Member of the Board of Directors since 2015 (four years)

SID AC SC  
IC NRC



**Ruben A. Aganbegyan**

Advisor to the CEO of InfraVEB, JSC

Member of the Board of Directors since 2013 (six years)

ID AC NRC  
SC



**Kirill A. Dmitriev**

General Director of JSC RDIF Management Company

Member of the Board of Directors since 2014 (five years)



**Anton A. Zlatopolsky**

General Director of Rossiya TV Channel

Member of the Board of Directors since 2011 (eight years)

CGC IC



**Nikolay A. Nikiforov**

Chairman of the Board of Directors of LLC Diginavis

Member of the Board of Directors since 2018 (one year)

CGC

Ch Chairman of the Board of Directors

SID Senior Independent Director

ID Independent Director

AC Audit Committee

CGC Corporate Governance Committee

NRC Nomination and Remuneration Committee

SC Strategy Committee

IC Investment Committee

Sh Shareholding

**Konstantin Yu. Noskov**

Minister of Digital Development, Communications, and Mass Media of the Russian Federation

Member of the Board of Directors since 2018 (one year)

**Mikhail E. Oseevsky**

President of PJSC Rostelecom

Member of the Board of Directors since 2017 (two years)

**Mikhail I. Poluboyarinov**

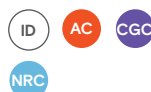
First Deputy Chairman of VEB.RF

Member of the Board of Directors in 2010–2011 and since 2014 (six years)

**Vadim V. Semenov**

Chairman of the Supervisory Board of State Company Russian Highways (Avtodor)

Member of the Board of Directors since 2011 (eight years)

**Alexey A. Yakovitsky**

General Director of JSC VTB Capital

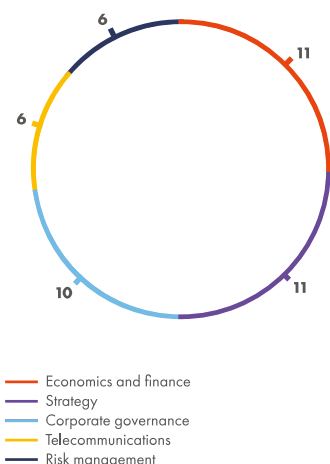
Member of the Board of Directors since 2017 (two years)



Mikhail E. Oseevsky has a stake in charter capital of the Company in the amount of 0.0735%. The remaining members of the board of directors do not have stakes in the charter capital of the Company. For more details on share transactions see Appendix 2 Governing and Control Bodies to this Annual Report.

### Qualifications of the Board of Directors

FIG. 56. MEMBERS OF THE BOARD OF DIRECTORS QUALIFIED TO PERFORM RESPECTIVE ROLES



The liability of the Company's directors was insured for EUR 150 million, with the additional insurance coverage of EUR 920 thousand for independent directors.

No conflicts of interest involving members of the Board of Directors were identified in 2018.

## Board of Directors' and its Committees' performance report<sup>1</sup>

The Board of Directors held 27 meetings, including 3 in person and 24 in absentee form, 199 matters were discussed.

### Board of Directors

#### Key 2018 results

Approved the following documents:

- Updated PJSC Rostelecom's Strategy 2022
- New Dividend Policy

Arranged for the first independent assessment of the Board of Directors' performance.

Delivered on the 2018 tasks within the key strategic projects:

- Bridging the Digital Divide
- Arranging for Video Surveillance and Ensuring the Operation of the Broadcasting Portal during the Elections in Russia
- Providing Internet Access for Hospitals and Out-Patient Clinics
- Launching the Unified Biometric System
- Installing the Sakhalin-Kuril Islands Submarine FOCL.

#### Plans for 2019

Monitoring the implementation of the overall strategy and strategic projects:

- Digital Economy of the Russian Federation nationwide programme
- 5G deployment
- Data centre network expansion
- Cyber security provision.

Approving the action plan for the Company's migration to predominantly Russian software.

Updating the Programme for Disposal of Non-Core Assets.

Electing the Management Board.

### Audit Committee

#### Key 2018 results

6 meetings (1 in person), 26 matters

Enhanced the Risk Management Programme.

Monitored the quality of internal controls and audit.

Positively assessed the internal and external audit.

#### Plans for 2019

Strengthening control over technology risks related to import substitution programmes.

### Nomination and Remuneration Committee

#### Key 2018 results

5 meetings (2 in person), 16 matters

Developed the Long-Term Incentive Programme for 2020–2022.

#### Plans for 2019

Monitoring the implementation of the Long-Term Incentive Programme.

Reviewing the existing approaches to, and policies on, the remuneration of members of the Board of Directors, executive bodies, and other key executives of the Company.

### Strategy Committee

#### Key 2018 results

7 meetings (4 in person), 8 matters

Developed the updated Strategy 2022 and updated the Long-Term Development Programme accordingly.

Developed the new Dividend Policy.

Based on the recommendations of the Committee, the Company paid out interim dividends for 9M 2018 for the first time.

#### Plans for 2019

Closer monitoring of M&A transactions, reviewing the efficiency of the acquired asset integration.

### Corporate Governance Committee

#### Key 2018 results

1 meeting in absentia, 1 matter

Reviewed the compliance with the Company's Information Policy.

#### Plans for 2019

Monitoring of compliance with the Company's Information Policy.

Enhancing corporate governance standards.

### Investment Committee

No meetings of the Committee were held in 2018.

1. For more details on voting of members of the Board of Directors and its Committees at the 2018 meetings held in person/in absentia, as well as on the matters discussed at the meetings of the Board of Directors and its Committees see Appendix 7 Information on Meetings of the Board of Directors and Its Committees to this Annual Report.

## Corporate Secretary



The Corporate Secretary facilitates the coordination between the Company and its shareholders, and assists the Company's governing bodies in corporate governance. The Corporate Secretary reports to the Board of Directors and is elected by a simple majority of votes cast by its members.

Ekaterina S. Mironova has been the Company's Corporate Secretary since 2011<sup>1</sup>.

## President and Management Board

The Management Board consists of 9 members, whose average age is 44.2 years. In 2018, 21 board meetings were held, including 20 in person and 1 in absentia. The average tenure of the Management Board is 5.3 years.

### Management Board's performance report

TABLE 17. KEY AGENDA ITEMS

<p><b>Operations and operational excellence</b></p>	<ul style="list-style-type: none"> <li>&gt; Reports on budget performance and drafting the budget for 2018</li> <li>&gt; Enhancement of the corporate project management</li> <li>&gt; Implementation status and key priorities of Rostelecom's production system</li> <li>&gt; Procurement optimisation</li> <li>&gt; Monitoring of the progress on key strategic projects:               <ul style="list-style-type: none"> <li>&gt; Bridging the Digital Divide</li> <li>&gt; Providing Internet Access for Hospitals and Out-Patient Clinics</li> <li>&gt; Installing the Sakhalin-Kuril Islands Submarine FOCL</li> <li>&gt; Arranging for Video Surveillance and Ensuring the Operation of the Broadcasting Portal during the Elections in Russia</li> <li>&gt; Launching the Unified Biometric System</li> </ul> </li> <li>&gt; Decommissioning of analogue network equipment</li> <li>&gt; Changes in the organisation of the Company's branches</li> </ul>
<p><b>The Company's growth</b></p>	<ul style="list-style-type: none"> <li>&gt; Strategy 2022</li> <li>&gt; Strategy of business segments and key subsidiaries</li> <li>&gt; Target IT architecture development and transformational solutions for telecoms networks</li> </ul>
<p><b>Risk management</b></p>	<ul style="list-style-type: none"> <li>&gt; Progress of the Risk Management Programme</li> </ul>
<p><b>Enhancement of corporate governance standards</b></p>	<ul style="list-style-type: none"> <li>&gt; Development and approval of the Risk Management Programme</li> <li>&gt; Internal control development concept</li> </ul>
<p><b>Preparation of materials and matters referred to the Board of Directors</b></p>	<ul style="list-style-type: none"> <li>&gt; Preview of related party transactions</li> </ul>
<p><b>Social responsibility</b></p>	<ul style="list-style-type: none"> <li>&gt; Charity and sponsorship initiatives</li> </ul>

1. For more details on the Corporate Secretary see Appendix 2 Governing and Control Bodies to this Annual Report.

## Membership of the Management Board



### Mikhail E. Oseevsky

Chairman of the Management Board,  
President

Joined the Company in 2017

Stake in charter capital<sup>1</sup>: 0.0735 %



### Alexander E. Abramkov

(until 7 March 2019)

Advisor to the President

Joined the Company in 2013, left the  
Company in 2019

Stake in charter capital: 0.032 %



### Sergey N. Anokhin

Senior Vice President and CFO

Joined the Company in 2017

Stake in charter capital: 0.027 %



### Vladimir S. Kirienko

First Vice President

Joined the Company in 2016

Stake in charter capital: 0.033 %



### Kirill A. Menshov

Senior Vice President for IT

Joined the Company in March 2018

Stake in charter capital: 0.0067 %



### Dmitry V. Proskura

Vice President and Director of the Volga  
Macroregional Branch

Joined the Company in 2011

Stake in charter capital: 0.031 %



### Galina V. Rysakova

Senior Vice President for Organisational  
Development and Human Resources

Joined the Company in 2001

Stake in charter capital: 0.039 %



### Alexey V. Sapunov

Senior Vice President for Technical  
Infrastructure

Joined the Company in 2013

Stake in charter capital: 0.012 %



### Anna V. Shumeyko

Senior Vice President, Chief of Staff of  
Rostelecom's President

Joined the Company in 2017

Stake in charter capital: 0.025 %

No conflicts of interest involving members of the Management Board were identified in 2018.

### Committees of the Management Board<sup>2</sup>

To improve the performance of the Management Board, the Company has in place four committees:

- > Budget and Investment Committee
- > Compensation Committee
- > Risk Management Committee
- > Charity Committee

1. For more details on share transactions see Appendix 2 Governing and Control Bodies to this Annual Report.

2. For more details on the Committees' activities see Appendix 2 Governing and Control Bodies to this Annual Report.