

**APPENDIX NO. 1 TO THE ANNUAL REPORT FOR 2021**

**REPORT ON COMPLIANCE WITH PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE ENDORSED BY THE BANK OF RUSSIA FOR APPLICATION**

This report on compliance with principles and recommendations of the Corporate Governance Code (the "Code") was reviewed by the Board of Directors on 26 May 2022 (Minutes No. 12 of 30 May 2022). The Board of Directors confirms that information contained in this report is complete and accurate in respect of compliance of the Company with principles and recommendations of the Corporate Governance Code in 2021.

The table below contains a brief description of the most significant aspects of the model and practices of corporate governance in Rostelecom according to the methodology endorsed by the Bank of Russia.

Item	Corporate Governance Principles	Criteria for assessing compliance with corporate governance principles	Status of compliance with corporate governance principles	Explanations of deviations from the criteria for assessing compliance with corporate governance principles
<b>1.1.</b>	<b>The company shall provide for equal and fair treatment toward all the shareholders when exercising their right to participate in the company's management.</b>			
1.1.1.	The Company creates the most favorable conditions for shareholder participation in the General Meeting and conditions for working out an evidence-based position on General Meeting agenda items, coordinating their activities, and the opportunity to express their views on the issues under consideration.	1. The Company provides an accessible way to communicate with the company, such as a hot line, e-mail, or forum on the Internet that allows shareholders to express their opinions and send in questions regarding the agenda during the preparation process for holding the General Meeting. The said ways of communicating were established by the company and provided to shareholders in the course of preparation to each General Meeting held in the reporting period.	Compliant	
1.1.2.	The procedure for notification of the holding of the General Meeting and for the provision of materials to the General Meeting gives shareholders the opportunity to properly prepare for their participation in it	1. In the reporting period a notification on the holding of a General Shareholders' Meeting is posted (published) on the company's website in the Internet not later than 30 days before the date of the General Meeting, unless a longer notice term is prescribed by effective applicable law. 2. Notification on the holding of the Meeting specifies the documents required for admission into the building. 3. Shareholders were provided access to information about who proposed agenda items and who proposed nominees to the Board of Directors and Audit Commission of the company (if creation of such Commission is stated in the Charter of the company).	Compliant	
1.1.3.	During the course of preparation and the actual General Meeting, shareholders were able to receive information about the meeting and its related materials freely and in a timely manner, ask questions of the executive bodies and	1. During the reporting period shareholders were given the opportunity to ask members of the executive bodies and members of the Board of Directors of the company questions in the course	Compliant	

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	members of the Board of Directors of the company, and communicate with each other.	<p>of preparation to the meeting and during the General Meeting.</p> <p>2. The Board of Director's position (including special opinions if any included in the Minutes) on each item of the agenda of the General Meetings conducted during previous reporting periods was included in the materials for the General Meeting.</p> <p>3. The Company provided the duly entitled shareholders with access to the list of persons entitled to participate in the General Meeting starting from the date of its receipt by the company for every General Meeting held in the reporting period.</p>	
1.1.4.	The exercise of the shareholder right to demand convocation of the General Meeting, to nominate candidates to the governing bodies, and to make proposals to be included in the agenda of the General Meeting did not involve undue difficulties.	<p>1. The company's Charter sets forth a period for shareholders to make proposals to be included in the Annual General Meeting, this period being least 60 days following the end of the respective calendar year.</p> <p>2. During the reporting period the company did not reject any proposals to the agenda or candidates for the company's governing bodies due to typos or other nonessential flaws present in the shareholder's proposal.</p>	Compliant
1.1.5.	Each shareholder had the opportunity to freely exercise their right to vote using the easiest and most convenient way.	<p>1. The company's Charter provides for a possibility to fill out an electronic form of a voting ballot on the company's website in Internet. Such website address is specified in the notification on convening a General Shareholders' Meeting.</p>	Compliant
1.1.6.	The General Meeting procedure established by the company provides equal opportunity for all persons attending the meeting to express their opinions and ask any questions they want.	<p>1. During the General Shareholders' Meetings held in the reporting period in the form of a meeting (collective attendance of shareholders), there was sufficient time provided for reports concerning the agenda issues and time to discuss such issues, and shareholders were offered an opportunity to voice their opinions and ask questions on issues of their interest as related to agenda items</p> <p>2. The company invited to attend and undertook all reasonable measures to ensure personal attendance of nominees to the company's governance and control bodies at the general meeting where such candidates were proposed for voting upon. Nominees to the company's control and governance bodies who attended the general shareholders' meeting were available for answering shareholders' questions.</p> <p>3. The sole person executive body, a person responsible for keeping accounting books, chairperson or any other members of the Board of</p>	Compliant

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Directors' Audit Committee were available to shareholders for answering questions at the general shareholders' meetings held in the reporting period.

4. In the reporting period the company either used adequate means of telecommunications to provide shareholders with remote access for taking part in general meetings, or the Board of Directors made a sound decision that the use of such means was not necessary (or possible) in the reporting period.

**1.2. Shareholders were provided with an equal and fair opportunity to participate in company's profits by receiving dividends.**

1.2.1.	The Company has developed and implemented a transparent and clear mechanism for determining the amount of dividends and paying them.	<p>1. The company's dividend policy has been developed approved by the Board of Directors and disclosed on the company's Internet website.</p> <p>2. If the dividend policy of the company preparing consolidated financial statements uses indicators from the company's reporting to determine the amount of dividends, the relevant dividend policy provisions take the indicators of consolidated financial statements into account.</p> <p>3. The reasons and grounds of proposed net profit distribution, including the portion to be allocated for dividend outpayments and the company's internal needs, and evaluation of compliance of such proposed distribution with dividends policy of the company, including notes and economic reasons of the need to allocate a certain portion of the net profit to fund the company's internal needs in the reporting period were made part of materials of the general shareholders meeting, if the issue of profit distribution, including dividend outpayments (dividend announcement) was included in the agenda of such meeting.</p>	Compliant
1.2.2.	The company does not make a decision on the payment of dividends if such a decision, without constituting a formal violation of the restrictions imposed by law, is economically unreasonable and may lead to the formation of misconceptions about the company's activities.	1. The company's dividend policy, besides restrictions imposed by applicable law, sets forth the financial/economic circumstances under which the company should not make decision to any pay dividends.	Compliant
1.2.3.	The company does not allow for the deterioration of dividend rights for existing shareholders.	1. During the reporting period, the company did not take any action leading to the deterioration of the dividend rights of existing shareholders.	Compliant
1.2.4.	The company is committed to excluding shareholders' use of other ways to make profit (income) at the expense of the company besides dividends and liquidation value.	1. No other ways for persons controlling the company to receive profit (income) at the expense of the company in addition to receiving dividends (for example, through transfer pricing, unreasonable provision of services by the	Compliant

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		controlling person to the company at inflated prices, through internal loans replacing dividends payable to a controlling person and (or) to persons controlled by it) were used In the reporting period.		
<b>1.3.</b>	<b>The corporate governance framework and practices ensure equal conditions for all shareholders holding shares of one category (type), including minority (small) shareholders and foreign shareholders, as well as their equal treatment by the company.</b>			
1.3.1.	The company has created conditions for the fair treatment of each shareholder by the company's governing and control bodies, including conditions that ensure the inadmissibility of major shareholder abuses in relation to minority shareholders.	1. During the reporting period, the persons controlling the company avoided any abuse of their rights in respect to shareholders and any conflicts between such controlling persons and shareholders, if there were any, were given due attention by the Board of Directors.	Compliant	
1.3.2.	The company takes no actions that lead or may lead to an artificial redistribution of corporate control.	1. There were no quasi-treasury shares or they did not vote during the reporting period.	Compliant	
<b>1.4.</b>	<b>Shareholders are provided with reliable and effective methods of accounting for rights to shares and with the possibility for free and unhindered disposal of the shares they hold.</b>			
1.4.1.	Shareholders are provided with reliable and effective methods of accounting for rights to shares and with the possibility for free and unhindered disposal of the shares they hold.	1. Technologies and terms and conditions of service provision used by the company registrar meet the needs of company and its shareholders and ensure most efficient accounting of shareholders' share rights and exercising of shareholders rights.	Compliant	
<b>2.1.</b>	<b>The Board of Directors carries out the company's strategic management, defines the basic principles and approaches to the company's risk management and internal control system, controls the operations of executive bodies, and exercises other key functions.</b>			
2.1.1.	The Board of Directors is responsible for making decisions related to the appointment to and release from executive body offices, inter alia, due to a failure of such bodies to perform their duties properly. The Board of Directors also supervises to ensure that the company's executive bodies act in accordance with the approved development strategy and main lines of the company's activity.	1. The Board of Directors has statutory powers to appoint to, release from office, and to define the contract terms for executive body members. 2. The Nomination (Appointment, HR) Committee considered the issue of whether the professional qualifications, skills and expertise of members of the company's executive bodies meet current and future needs of the company as stated in the approved strategy of the company. 3. In the reporting period the Board of Directors reviewed the report(s) of the sole executive body and the collective executive body (if established) on the company's implementation of strategy.	Partially compliant	1. Compliant. 2. Non-compliant. Specifically, in the reporting period the Nomination and Remuneration Committee did not consider such issue, since no changes in the membership of the Management Board were made in 2021. The company believes it is unnecessary to consider such issue annually, if no changes in the membership of the Management Board were made during the year. Should any changes in the membership of the Management Board occur in 2022 the relevant Committee will consider the issue before new members are appointed. 3. Compliant.
2.1.2.	The Board of Directors establishes the basic guidelines of the company's activities in the long term, evaluates and approves the key performance indicators and core business	1. During the reporting period, the Board of Directors meetings discussed issues related to the implementation and actualization progress of the strategy, the approval of the financial and	Compliant	

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	objectives of the company, and evaluates and approves the strategy and business plans for the company's core activities.	economic plan (budget) of the company, and the consideration of criteria and indicators (including the interim ones) of the company's strategy and implementation of its business plan.	
2.1.3.	The Board of Directors determines the principles of and approaches to the organization of the risk management and internal control system of the company.	<p>1. Principles of and approaches to the organization of the risk management and internal control system of the company are determined by the Board of Directors and prescribed in the internal regulations of the company concerning risk management and internal control system.</p> <p>2. In the reporting period, the Board of Directors approved (revised) the acceptable risks (risk appetite) of the company, or the Audit Committee and/or the Risk Committee (if any) considered if it is sensible to submit the issue of revising the risk appetite of the company for consideration by the Board of Directors.</p>	Compliant
2.1.4.	The Board of Directors determines the company's policy on the remuneration and/ or reimbursement of expenditures (compensations) for the members of the Board of Directors, executive bodies, and other key executives of the company.	<p>1. The company developed, approved by the Board of Directors and implemented the policy (policies) on the remuneration and/or reimbursement of expenditure (compensations) for members of the Board of Directors, executive bodies, and other key executives of the company.</p> <p>2. The issues related to such policy (policies) were examined during the reporting period by the Board of Directors.</p>	Compliant
2.1.5.	The Board of Directors plays a key role in the prevention, detection, and resolution of internal conflicts between the company's bodies, the company's shareholders, and the company's employees.	<p>1. The Board of Directors plays a key role in the prevention, detection, and resolution of internal conflicts.</p> <p>2. The company has created a system of identification for transactions associated with conflicts of interests and a system of measures aimed at resolving such conflicts.</p>	Compliant
2.1.6.	The Board of Directors plays a key role in ensuring the transparency of the company, the timeliness and completeness of the company's disclosure of information, and unhindered shareholder access to the company's documents.	1. The company internal documents identify persons responsible for implementation of Information Policy.	Compliant
2.1.7.	The Board of Directors oversees the company's corporate governance practice and plays a key role in the company's significant corporate events.	1. During the reporting period, the Board of Directors reviewed results of self-assessment and/or external assessment of corporate governance practices in the company.	Compliant

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<b>2.2. The Board of Directors is accountable to the company's shareholders.</b>			
2.2.1.	Information about the operations of the Board of Directors is disclosed and submitted to shareholders.	<p>1. The company's annual report for the reporting period includes information on the attendance of Board and Committee meetings by each directors.</p> <p>2. The annual report contains information about the main results of the evaluation (self-assessment) of the quality of the Board of Directors performance in the reporting period.</p>	Compliant
2.2.2.	The Chairman of the Board of Directors is available for communication with the company's shareholders.	1. The company has a transparent procedure that enables shareholders to submit their messages to the Chairman of the Board of Directors and/or Senior Independent Director, if applicable, and receive feedback.	Compliant
<b>2.3. The Board of Directors is an effective and professional management body of the company capable of making objective independent judgments and decisions in the interest of the company and its shareholders.</b>			
2.3.1.	Only persons who have an excellent business and personal reputation as well as the knowledge, skills, and experience required to make decisions within the competence of the Board of Directors and required for the effective performance of its functions shall be elected as Board of Directors members.	1. During the reporting period, the Board of Directors (or its Nomination Committee) assessed candidates for the Board of Directors from the perspective of whether or not they have sufficient experience, knowledge, good business standing, and no conflicts of interest, etc.	Compliant
2.3.2.	The members of the Board of Directors are elected using a transparent procedure that allows shareholders to receive candidate-related information sufficient to provide insight into their personal and professional qualities.	1. In all cases of holding the General Shareholders' Meeting in the reporting period where the agenda included the issue of Board of Directors elections, the company submitted to shareholders biographical data on all candidates for the position, results of the assessment of the conformance of the professional qualification, skills and expertise of nominees with current and future needs of the company, conducted by the Board of Directors (or the Nomination Committee), and information on a candidate's adherence to the criteria of independence according to recommendations 102–107 of the Code and information on the availability of written consents of the candidates to be elected to the Board of Directors.	Compliant
2.3.3.	The Board of Directors composition is balanced, inter alia, in terms of the qualifications of its members, their experience, knowledge, and business qualities and enjoys the trust of shareholders.	1. In the reporting period, the Board of Directors has analyzed its own needs in terms of professional qualifications, expertise and skills and identified competencies required for the Board of Director in short- and long term.	Compliant
2.3.4.	The quantitative composition of the Board of Directors presents the opportunity to organize the activities of the Board of Directors in the	1. In the reporting period, the Board of Directors has examined the issue concerning the quantitative composition of the Board of Directors	Compliant

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	most efficient manner, including the possibility of the formation of Board committees; it also enables a substantial minority of shareholders of the company to elect a candidate they vote for to the Board of Directors.	meeting the company's needs and shareholder interests.		
<b>2.4.</b>	<b>The members of the Board of Directors include an adequate number of independent directors.</b>			
2.4.1.	An independent director is a person possessing enough professionalism, experience, and independence to form their own opinion and who is able to express unbiased and scrupulous judgments that do not depend on the influence of executive bodies of the company, certain groups of shareholders, or other stakeholders. In addition, it should be noted that a candidate (selected to be a member of the Board of Directors) normally cannot be considered as independent if they are associated with the company, its major shareholder, contractor, or competitor or associated with the state.	1. During the reporting period, all independent members of the Board of Directors met all independence criteria set forth in recommendations 102–107 of the Code or were recognized as independent upon the decision of the Board of Directors.	Compliant	
2.4.2.	An assessment of whether the candidates to the Board of Directors comply with independence criteria is carried out, and the regular analysis of whether independent members of the Board of Directors comply with the independence criteria is carried out. When carrying out this assessment, substance takes precedence over form.	1. During the reporting period, the Board of Directors (or the Nomination Committee of the Board of Directors) has formed an opinion on the independence of each candidate to the Board of Directors and has provided shareholders with the corresponding report. 2. During the reporting period, the Board of Directors (or the Nomination Committee of the Board of Directors) at least once considered the issue of the independence of existing members of the Board of Directors (after their election). 3. The company has developed procedures determining the necessary actions to be undertaken by a member of the Board of Directors if he/she no longer qualifies as an independent director, including the obligation to promptly report the fact to the Board of Directors.	Compliant	
2.4.3.	Independent directors shall make up not less than one-third of the elected membership of the Board of Directors.	1. Independent directors shall make up not less than one third of the membership of the Board of Directors.	Partially compliant	A new Board of Directors was elected on 28 June 2021. According to the decision of the new Board of Director dated 4 August 2021 three of the 11 members were recognized independent directors, that makes up less than one third of the membership. Nominees to the new Board of Directors were proposed by the Russian Federation acting by Federal Agency for State Property Management.  In order to keep informed shareholders entitled to propose nominees to Rostelecom Board of

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Directors about recommendations of the Code related to membership of the Board of Directors, Rostelecom annually sends relevant letters to such shareholders containing among other the Code's recommendations concerning the minimum number of independent directors. Currently, Rostelecom is not able to guarantee that shareholders entitled to propose nominees to the Board of Directors will adhere to the Code recommendations.

2.4.4.	Independent directors play a key role in preventing internal conflicts in the company and implementing some of the company's significant corporate actions.	1. Independent directors (who had no conflicts of interest) in the reporting period preliminarily evaluated significant corporate actions related to possible conflict of interests and provided the Board of Directors with the results of this evaluation.	Compliant
<b>2.5. The Chairman of the Board of Directors shall facilitate the most effective fulfillment of the functions conferred on to the Board of Directors.</b>			
2.5.1.	The Chairman of the Board of Directors shall be an independent director, or a senior independent director shall be determined from among the selected independent directors who coordinates the work of the independent directors and cooperates with the Chairman of the Board of Directors.	1. The Chairman of the Board of Directors is an independent director, or a senior independent director has been determined from among the independent directors. 2. The role, rights, and liabilities of the Chairman of the Board of Directors (and the senior independent director, if applicable) are defined as appropriate in the internal documents of the company.	Compliant
2.5.2.	The Chairman of the Board of Directors maintains a constructive atmosphere during meetings, ensures the free discussion of issues on the agenda, and controls over the execution of resolutions adopted by the Board of Directors.	1. The effectiveness of the Chairman of the Board of Directors was evaluated within the procedure of evaluation (self-evaluation) of the performance of the Board of Directors in the reporting period.	Compliant
2.5.3.	The Chairman of the Board of Directors takes the necessary measures to provide the members of the Board of Directors in a timely manner with the necessary information to adopt decisions on Agenda items.	1. The internal documents of the company establish the obligation of the Chairman of the Board of Directors to take measures to provide the members of the Board of Directors in a timely manner with complete and accurate information on the agenda items of the Meeting of the Board of Directors.	Compliant
<b>2.6. The members of the Board of Directors shall sensibly, in good faith, and with due care and discretion perform their duties in the interests of the Company.</b>			
2.6.1.	The members of the Board of Directors shall make decisions taking into account all information, having no conflict of interests, and demonstrating equal treatment toward shareholders of the company as a part of usual business risks.	1. The internal documents of the company establish that members of the Board of Directors are obligated to notify the Board of Directors if they have a conflict of interest regarding any item on the agenda of the meeting of the Board of Directors or the committee of the Board of	Compliant

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		<p>Directors before starting discussion on the relevant agenda issue.</p> <p>2. The internal documents of the company stipulate that members of the Board of Directors shall abstain from voting on any issue where there is a conflict of interest.</p> <p>3. The company has established a procedure allowing the Board of Directors to obtain professional advice on issues related to its competence at the expense of the company.</p>	
2.6.2.	The internal documents of the company establish and clearly set forth the rights and obligations of the members of the Board of Directors.	1. The company has adopted and released an internal document that clearly defines the rights and obligations of the members of the Board of Directors.	Compliant
2.6.3.	The members of the Board of Directors have enough time to fulfill their obligations.	<p>1. Individual rate of attendance of meetings of the Board of Directors and its Committees and sufficiency of the time for participation in operations of the Board of Directors and its committees were analyzed as part of the procedure of evaluation (self-evaluation) of the quality of performance of the Board of Directors in the reporting period.</p> <p>2. In accordance with the internal documents of the company, members of the Board of Directors are obligated to notify the Board of Directors of their intention to be a member of the management bodies of other entities (besides organization controlled by the company) and of the fact of such an appointment.</p>	Compliant
2.6.4.	All members of the Board of Directors have equal opportunities to access the documents and information of the company. Newly elected members of the Board of Directors are provided with sufficient information about the company and the activities of the Board of Directors within the shortest time possible.	<p>1. In accordance with the internal documents of the company, members of the Board of Directors have the right to obtain documents and information concerning the company and organizations controlled by it and required for them to fulfill their duties while the executive bodies of the company are obligated to ensure provision of the relevant information and documents.</p> <p>2. The company adheres to fulfilling a formal program of informational meetings for newly elected members of the Board of Directors.</p>	Compliant
<b>2.7.</b>	<b>Meetings of the Board of Directors, their preparation and participation in them of the members of the Board of Directors shall ensure efficient operation of the Board of Directors.</b>		
2.7.1.	Meetings of the Board of Directors are held as required taking into account the scale of activities and challenges the company faces from time to time.	1. The Board of Directors held at least six meetings in the reporting year.	Compliant

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2.7.2.	The internal documents of the company establish the procedure for preparing and conducting meetings of the Board of Directors and provide for the opportunity of members of the Board of Directors to properly prepare for them.	<p>1. The company has approved an internal document defining the procedure for preparing and conducting meetings of the Board of Directors, which also establishes that notice of the meeting shall be given not less than 5 (five) days before the date of the meeting.</p> <p>2. In the reporting period members of the Board of Directors who were not physically present in the location of holding a meeting of the Board of Directors were provided an opportunity to participate remotely in discussions of the agenda items and voting using tele and video conference calls.</p>	Compliant	
2.7.3.	The form of the meeting of the Board of Directors is determined based on the importance of the agenda items. The most important issues are solved at meetings held by personal attendance.	1. The Charter or internal documents of the company stipulate that the most important issues (including those listed in recommendation 168 of the Code) shall be considered at the Board of Directors' meetings held by personal attendance.	Compliant	
2.7.4.	Resolutions on essential issues of the company's activities are adopted at the meeting of the Board of Directors by the qualified majority or a majority of votes of all elected members of the Board of Directors.	1. The Charter of the company stipulates that resolutions on the most important issues including those stated in recommendation 170 of the Code shall be adopted at the meeting of the Board of Directors by the qualified majority (not less than ¾ of the votes) or by a majority of votes of all elected members of the Board of Directors.	Compliant	
<b>2.8. The Board of Directors shall establish committees for a preliminary review of the most important issues of the company's activities.</b>				
2.8.1.	An Audit Committee consisting of independent directors has been created for the preliminary consideration of issues related to control over the financial and economic activities of the company.	<p>1. The Board of Directors has established an Audit Committee consisting solely of independent directors.</p> <p>2. The internal documents of the company determine the tasks of the Audit Committee, including tasks from recommendation 172 of the Code</p> <p>3. At least one member of the Audit Committee who is an independent director has experience and knowledge in the preparation, analysis, assessment, and audit of accounting (financial) reports.</p> <p>4. Meetings of the Audit Committee were held at least once a quarter during the reporting period.</p>	Compliant	
2.8.2.	Remunerations Committee, consisting of independent directors and headed by an independent director (not the Chairman of the Board of Directors), has been created for the preliminary consideration of issues related to the formation of effective and transparent practices of remuneration.	<p>1. The Board of Directors has established a Remunerations Committee that consists only of independent directors.</p> <p>2. The Chairman of the Remunerations Committee is an independent director who is not the Chairman of the Board of Directors.</p>	Partially compliant	<p>1. Partially compliant, specifically:  A part of information is not disclosed due to Decree of the Government of the Russian Federation No. 351 as of 12 March 2022.  Upon election of a new Board of Directors at the general shareholders meeting held on 28 June</p>

3. The internal documents of the company define the tasks of the Remunerations Committee, including tasks from recommendation 180 of the Code, as well as conditions (events) which occurrences entail consideration by the Remuneration Committee of the issue of revising the company policy concerning remuneration of members of the Board of Directors, members of executive bodies and other key officers.

2021, Board of Directors at its meeting held on 4 August 2021, recognized as independent directors 3 out of 11 directors, because director No. 4 was nominated as a government representative by the Russian Federation acting by Rosimuschestvo.

Director No. 4 is a well-recognized professional in corporate financing and investment. His education and his experience of work in large Russian companies, and in the telecommunications and IT market analysis enable to consider him as a professional capable of making his own diligent and unbiased judgements. An analysis of the previous performance of director No. 4 as a member of the Committee evidences that as a member of the Committee he makes sound and independent decisions on issues reviewed by the Committee, and efficiently performs the duties prescribed by the Regulations on the Committee. Therefore, the Board of Directors made a decision not to exclude director No. 4 from membership in the Remuneration and Nomination Committee.

In order to keep informed shareholders entitled to propose nominees to Rostelecom Board of Directors, about recommendations of the Code related to membership of the Board of Directors, Rostelecom annually send relevant letters to such shareholders containing among other the Code's recommendations concerning the minimum number of independent directors and membership on the Board of Directors.

Currently, Rostelecom is not able to guarantee that shareholders entitled to propose nominees to the Board of Directors, will adhere to the Code recommendations.

2. Compliant.

3. Partially compliant, specifically:

According to the current issue of the Regulations on Remuneration and Nomination Committee, the terms of reference of the Committee include development and periodic review of the remuneration policy for members of the Board of Directors, executive bodies and other key officers. Nevertheless, the Regulations do not refer to any conditions (events) occurrence of which entails consideration by the Committee of the issue of revising such a policy.

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			<p>The current issue of the Code does not contain a recommendation to identify in the Regulations on the Remuneration Committee such conditions (events), while the company regularly participates in surveys of salaries and HR policies. The Remuneration and Nomination Committee and the Board of Directors annually revise internal documents regulating generation of key performance indicators and remuneration of Rostelecom management team. The Committee on its personal presence meeting on 16. December 2019 reviewed the issue of compliance of the remuneration payable to the Board of Directors with market practices. Rostelecom believes that the current approach to revising remunerations payable to the Board of Directors and management is sound and balanced and does not plan to include in the Regulations on the Remuneration and Nomination Committee any reference to conditions (events) occurrence of which will entail consideration of the issue to revise the remuneration policy.</p>
<p>2.8.3. A Nomination (HR, Appointment) Committee consisting of independent directors (the majority of members) has been created for the preliminary consideration of issues related to staff planning (succession planning), occupational structure, and the performance of the Board of Directors.</p>	<ol style="list-style-type: none"> <li>1. The Board of Directors has established a Nomination Committee (or its tasks as stated in recommendation 186 of the Code are carried out in another Committee) the majority of whose members are independent directors.</li> <li>2. The internal documents of the company define the tasks of the Nomination Committee (or the respective Committee with combined functions), including tasks from recommendation 186 of the Code.</li> <li>3. In order to have a Board of Directors that best meets the goals and objectives of the company, the Nomination Committee in the reporting period, independently or jointly with other Committees of the Board of Directors, or the company's subdivision authorized to interact with shareholders, in the context of the selection candidates to the company's Board of Directors organized interaction with shareholders, including not only largest shareholders.</li> </ol>	<p>Compliant</p>	<p>The Remuneration and Nomination Committee operates in the company to combine the duties of the remuneration and nomination committees prescribed by the Code. More information on the membership of the Remuneration and Nomination Committee see in subpar.1. of par. 2.8.2. above.</p>
<p>2.8.4. Taking into account the scale of activities and the risk level, the Board of Directors has ascertained that the members of its committees fully comply with the goals of the company's activities. Additional committees have been either created or deemed unnecessary (Strategy Committee, Corporate Management</p>	<ol style="list-style-type: none"> <li>1. In the reporting period, the Board of Directors of the company considered an issue of whether the organizational structure of the Board of Directors is in line with the scale, nature, the goals of the company's activities, and meets the company's needs and risk profile. Additional committees were either created or deemed unnecessary.</li> </ol>	<p>Compliant</p>	

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	Committee, Ethics Committee, Risk Management Committee, Budget Committee, Health, Safety and Environment Committee, etc.).			
2.8.5.	The composition of the committees is determined to allow the full discussion of preliminarily considered issues taking into account all different opinions.	<p>1. In the reporting period independent directors were in charge of the Audit Committee, Nomination Committee and Remuneration Committee (or the Committee with combined functions and duties).</p> <p>2. The internal documents (policies) of the company include provisions under which persons who are not members of the Audit Committee, the Nomination Committee, or the Remunerations Committee (or the Committee with combined functions and duties) can attend committee meetings only on the invitation of the Chairman of the relevant committee.</p>	Compliant	
2.8.6.	Chairpersons shall regularly inform the Board of Directors and its Chairperson on the activities of their committees.	1. During the reporting period the chairpersons shall regularly report on the activities of their committees to the Board of Directors.	Compliant	
<b>2.9.</b>	<b>The Board of Directors shall ensure making an assessment of the activities of the Board of Directors as well as those of its Committees and members.</b>			
2.9.1.	The quality assessment of the activities of the Board of Directors aims to define the performance of the Board of Directors, committees, and members of the Board of Directors and the conformity of their activities with the developmental needs of the company, and to intensify the activities of the Board of Directors to detect areas where such activities may be improved.	<p>1. Procedures of assessment (self-assessment) of the quality of performance of the Board of Directors are set forth in internal documents of the company.</p> <p>2. Assessment (self-assessment) of the quality of performance of the Board of Directors conducted during the reporting period included a performance assessment of the Committees, individual assessment of performance of each member of the Board of Directors, and the Board of Directors as a whole.</p> <p>3. Results of the assessment (self-assessment) of the quality of performance of the Board of Directors undertaken in the reporting period were reviewed at a meeting of the Board of Directors with personal attendance.</p>	Partially compliant	<p>1. Compliant</p> <p>2. Compliant.</p> <p>3. Partially compliant, specifically: On 30 April 2021, the Board of Directors approved the Report on the main results of the assessment (self-assessment) of the operations of the Board of Directors.</p> <p>The current self-isolation regime imposed in connection with the coronavirus pandemic, and because individual members of the Board of Directors are extremely busy persons made it impossible to hold a meeting of the Board of Directors with the personal presence of all members. Taking into account the positive recommendation of the Remuneration and Nomination Committee and for the purpose of more prompt deliberations, it was decided to hold an absentee voting of the Board of Directors. In order for the absentee voting to be as efficient as a meeting with personal attendance, Rostelecom provides members of the Board of Directors with modern telecommunications facilities: tele- and video conferencing, enabling them to discuss issues remotely as conveniently as if they were present at a meeting together.</p> <p>In future, Rostelecom will try to consider results of self-assessment or external assessment of the</p>

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Board of Directors at meetings with personal attendance, and, if personal attendance is impossible, Rostelecom will try to provide members of the Board of Directors with means of tele- and videoconferencing for the purpose of their efficient performance.

In practice, Rostelecom plans to use both meeting with personal attendance, and absentee meetings of the Board of Directors, as the latter form of holding meetings enables prompt decision-making where personal attendance of members of the Board of Directors is impossible.

2.9.2.	Performance of the Board of Directors and the committees and members of the Board of Directors shall be assessed regularly at least once annually. A third-party organization (consultant) shall be engaged to conduct an independent performance assessment of the Board of Directors at least once every three years.	1. To make an independent performance assessment of the Board of Directors, the company engaged a third party organization (consultant) at least once in the last three reporting periods.	Compliant
<b>3.1. The Corporate Secretary of the company ensures current effective interactions with shareholders and the coordination of company activities to protect the rights and interests of its shareholders and provide support for the effective performance of the Board of Directors.</b>			
3.1.1.	The Corporate Secretary shall have sufficient knowledge, experience, and qualifications to perform the obligations imposed on them, an impeccable reputation, and also enjoy the confidence of shareholders.	1. The company website and annual report contain the biography of the Corporate Secretary (including information on the Secretary's age, education, experience), and information on positions in governing bodies of other entities, held by the Corporate Secretary for at least five previous years.	Compliant
3.1.2.	The Corporate Secretary shall have sufficient independence from executive bodies of the company and the authorities and resources required to perform their tasks.	<p>1. The company has adopted and disclosed an internal document, the Regulations on the Corporate Secretary.</p> <p>2. The Board of Directors approves the nominee to the office of the Corporate Secretary, terminates its term in the office, and considers payment of an additional remuneration to the Corporate Secretary.</p> <p>3. The Company's internal documents stipulate that the Corporate Secretary has right to request, receive the Company's documents and information from the Company's governing bodies, structural units and officers.</p>	Compliant
<b>4.1. The amount of remuneration paid by the company shall be sufficient to engage, motivate, and retain persons with the competences and skills necessary for the company. Members of the Board of Directors, executive bodies, and other key executive employees of the company shall be remunerated in accordance with the remuneration policy accepted in the company.</b>			
4.1.1.	The amount of remuneration paid by the company to members of the Board of Directors,	1. Remunerations payable to members of the Board of Directors, executive bodies, and other	Compliant

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	executive bodies, and other key managers shall create sufficient motivation for their effective performance, thus allowing the company to attract and retain competent and qualified specialists. At the same time, the company avoids remuneration exceeding the necessary level as well as an unreasonably large gap between the remuneration amounts of said persons and the employees of the company.	key officers were determined taking into account the benchmarking of such remunerations in companies-peers.	
4.1.2.	The remuneration policy of the company was drafted by the Remuneration Committee and approved by the Board of Directors. The Board of Directors, assisted by the Remuneration Committee, shall provide control over the introduction and implementation of the remuneration policy and, if needed, review, and make amendments thereto.	1. During the reporting period, the Remuneration Committee considered the remuneration policy (policies) and/or its (their) implementation practices, made evaluation of their efficiency and transparency and submitted appropriate recommendations to the Board of Directors regarding revision of such policies, where applicable.	Compliant
4.1.3.	The Company's Remuneration Policy contains transparent mechanisms for determining the amount of remuneration for members of the Board of Directors, executive bodies, and for other key managers of the Company and regulates all payments, benefits, and privileges provided to the officers mentioned above.	1. The Company's Remuneration Policy (Policies) contain(s) transparent mechanisms for determining the amount of remuneration for members of the Board of Directors, executive bodies, and other key managers of the Company and regulate(s) all payments, benefits, and privileges provided to the officers mentioned above.	Compliant
4.1.4.	The company shall define its reimbursement (compensation) policy, specifying the list of expenses subject to compensation and the service level to which members of the Board of Directors, executive bodies, and for other key managers of the Company are entitled. Such a policy may be a part of the Company's remuneration policy.	1. The Company's remuneration policy (policies) or other internal documents establish the compensation rules for members of the Board of Directors, executive bodies, and for other key managers of the Company.	Compliant
<b>4.2.</b>	<b>The system for remuneration of the members of the Board of Directors shall ensure that the financial interests of the directors are brought closer to the long-term financial interests of the shareholders.</b>		
4.2.1.	The company shall pay fixed annual remuneration to the members of the Board of Directors. The company shall not pay remuneration for participation in individual meetings of the Board of Directors or committees thereof. The company shall not use short-term motivation or additional material incentives in relation to members of the Board of Directors.	1. In the reporting period the company paid remunerations to members of the Board of Directors pursuant to the remuneration policies adopted in the company. 2. No short-term motivation forms, additional financial incentives, payment of which is dependent on results (indicators) of the company operations were applied by the company to the members of the Board of Directors in the reporting period. No remunerations were paid for taking part in individual meetings of the Board of Directors or its Committees.	Compliant

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4.2.2.	Long-term possession of shares best facilitates bringing the financial interests of the directors closer to the long-term financial interests of the shareholders. At the same time, the company shall not attach the condition of achievement of a certain level of performance to the right to sell shares, and the members of the Board of Directors shall not participate in option programs.	1. If the internal document(s) on the remuneration policy (policies) stipulate(s) provision of the company's shares to the members of the Board of Directors, the company shall set forth and disclose clear rules for shareholding by the members of the Board of Directors aimed at encouraging long-term possession of such shares.	Compliant	
4.2.3.	The company shall not provide any additional payments or compensations in the case of the early termination of powers of members of the Board of Directors due to a change of control over the company or other circumstances.	1. The company shall not provide any additional payments or compensations in the case of the early termination of powers of members of the Board of Directors due to a change of control over the company or other circumstances.	Compliant	
<b>4.3.</b>	<b>The system for remuneration of members of executive bodies and other key executive employees of the company shall provide for the dependence of the amount of remuneration on the performance results of the company and their personal contribution to achieving these results.</b>			
4.3.1.	Remuneration for members of executive bodies and other key executive employees shall be determined in such a way as to ensure a reasonable and justified ratio between the fixed part of remuneration and the variable part thereof, which depends on company performance results and the personal (individual) contribution of the employee to the final result.	<p>1. During the reporting period, annual performance indicators approved by the Board of Directors were used to determine the amount of variable remuneration for members of executive bodies and other key executive employees.</p> <p>2. In the course of the last assessment of the system for the remuneration of the members of executive bodies and other key executive employees, the Board of Directors (Remuneration Committee) ascertained that the company uses an effective ratio between the fixed and variable parts of remuneration.</p> <p>3. While determining the amount of remuneration payable to members of the executive bodies and other key officers of the company, risks to be borne by the company are taken into account in order to avoid creating incentives for making excessively risky management decisions.</p>	Compliant	
4.3.2.	The company has implemented a long-term incentive program for members of executive bodies and other key executive employees using company shares (options or other derivative financial instruments whose underlying asset is company shares).	1. If the company has implemented a long-term incentive program for members of executive bodies and other key executive employees using company shares (financial instruments based on company shares) the program stipulates that the right to sell such shares or other financial instruments may be exercised not earlier than in three years from the provision thereof. At the same time, the right to sell them is conditional upon the company's achievement of certain performance indicators.	Partially compliant	Information is not disclosed due to Decree of the Government of the Russian Federation No. 351 as of 12 March 2022.
4.3.3.	The amount of compensation (golden parachute) paid to the members of executive	1. The amount of compensation (golden parachute) paid to the members of executive	Compliant	

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	bodies or key executive employees in the case of the early termination of their powers at the initiative of the company, provided there have been no unethical acts on the part of the officers mentioned, shall not exceed double the amount of the fixed part of their annual remuneration.	bodies or key executive employees during the reporting period in the case of the early termination of their powers at the initiative of the company, provided there have been no unethical acts on the part of the officers mentioned, did not exceed double the amount of the fixed part of their annual remuneration.	
<b>5.1.</b>	<b>The company has established an effective risk management and internal control system aimed at providing reasonable confidence in achieving the objectives set by the company.</b>		
5.1.1.	The Board of Directors has defined principles and approaches to the organization of risk management and the internal control system in the company.	1. The functions of the Company's various executive bodies and units in the system risk management and internal control are been clearly defined in the internal documents/relevant policy approved by the Board of Directors.	Compliant
5.1.2.	The executive bodies of the company shall ensure the creation and maintenance of an effective risk management and internal control system.	1. The executive bodies of the company ensured the distribution of duties, powers and responsibilities in terms risk management and internal control between subordinate to them managers (heads) of units and departments.	Compliant
5.1.3.	The risk management and internal control system of the company shall ensure an objective, fair and clear vision of the current condition and perspectives of the company, reporting integrity and transparency, and the reasonableness and admissibility of the risks accepted by the company.	1. The company has approved an anticorruption policy. 2. The company has established a secured, confidential and accessible means (hot line) of informing the Board of Directors or the Audit Committee about violations of the law, internal procedures, or the Code of Ethics of the company.	Compliant
5.1.4.	The Board of Directors of the company shall take the measures necessary to ensure that the current risk management and internal control system complies with the organizational principles and approaches defined by the Board of Directors and functions effectively.	1. During the reporting period, the Board of Directors (the Audit Committee thereof) and (or) the Risk Committee (if established) arranged for assessing the effectiveness of the risk management and internal control system. 2. In the reporting period the Board of Directors reviewed results of assessing reliability and efficiency of the risk management and internal control system of the company and information of such results was included in the annual report of the company.	Compliant
<b>5.2.</b>	<b>To conduct a systematic independent assessment of the reliability and effectiveness of the risk management and internal control system and corporate management practices, the company shall arrange for internal auditing.</b>		
5.2.1.	To conduct internal auditing, the company has established a separate structural unit or engaged an independent external organization. The functional and administrative accountability of the internal audit unit shall be clearly delineated. The internal audit unit shall functionally report to the Board of Directors.	1. To conduct internal auditing, the company has established a separate structural unit functionally subordinate to the Board of Directors or engaged an independent external organization following the same accountability principle.	Compliant

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5.2.2.	The internal audit unit conducts an assessment of the reliability and effectiveness of the internal control and risk management system, and the corporate governance system, applies generally accepted internal auditing standards.	<p>1. During the reporting period, within the framework of an internal audit, an assessment of the reliability and effectiveness of the risk management and internal control system was provided.</p> <p>2. In the reporting period, as part of the internal audit, an assessment was made of the practice (certain practices) of corporate governance, including procedures of interaction in term of exchanging information (including on internal control and risk management) at all levels of the company's management, as well as interaction with stakeholders.</p>	Compliant
<b>6.1. The company and its activities are transparent to the shareholders, investors, and other stakeholders.</b>			
6.1.1.	The company has elaborated and introduced an information policy that ensures effective information exchange between the company, shareholders, investors, and other stakeholders.	<p>1. The Board of Directors of the company has approved an information policy based on the Code's recommendations.</p> <p>2. In the reporting period the Board of Directors (or one of its committees) considered the issue of efficiency of interactions in term of information of the company with shareholders, investors and other stakeholders and whether it is necessary (desirable) to revise the company's information policy.</p>	Compliant
6.1.2.	The company discloses information on the system and practice of corporate governance, including detailed information on compliance with the principles and recommendations set forth in the Code.	<p>1. The company discloses information on its corporate governance system and the general principles of corporate governance applied in the company, including on its website.</p> <p>2. The company discloses information on the membership of executive bodies and the Board of Directors, the independence of the members of the Board and their membership in committees of the Board of Directors (as defined in the Code).</p> <p>3. If there is a person who controls the company, the latter shall publish a memorandum of the controlling person on the plans of such a person related to corporate governance in the company.</p>	Compliant
<b>6.2. The company shall disclose full, relevant, and reliable information on the company in a timely manner to provide the shareholders of the company and investors with a capability of making sound decisions.</b>			
6.2.1.	The company shall disclose information in accordance with the principles of regularity, consistency, and promptness as well as accessibility, reliability, fullness, and comparability of the data disclosed.	<p>1. The company has an established procedure to ensure coordination of activities of all structural units and employees of the company involved in information disclosure, or whose activities may result in the necessity to disclose information.</p> <p>2. If the securities of the company are traded on foreign organized markets, essential information shall be disclosed simultaneously and equivalently</p>	Compliant

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	<p>in the Russian Federation and in such markets during the reporting year.</p> <p>3. If foreign shareholders hold a significant number of the company's shares, during the reporting period, information was disclosed both in Russian and in one of the most widespread foreign languages.</p>			
6.2.2.	<p>The company avoids a formal approach to information disclosure and divulges essential information on its activities even if the disclosure of such information is not stipulated by the law.</p>	<p>1. The information policy of the company defines approaches to the disclosure of information about other events (actions) significantly affecting the value or quotations of its securities, the disclosure of information about which is not stipulated by applicable law.</p> <p>2. The company discloses information on the capital structure as per recommendation 290 of the Code both in the annual report and on its website.</p> <p>3. The company discloses information about controlled organizations that are of significant importance to it, including their key lines of business, about the mechanisms that ensure the accountability of controlled organizations, the powers of the board of directors of the company in terms of determining the strategy and evaluating the performance of controlled organizations.</p> <p>4. The company discloses a non-financial report - a sustainable development report, an environmental report, a report on corporate social responsibility or other report containing non-financial information, including factors related to the environment (including environmental factors and factors related to climate changes), to the society (social factors) and corporate governance, except for the report of the issuer of issued securities and the annual report of the joint-stock company.</p>	Compliant	
6.2.3.	<p>The annual report, as one of the most important instruments of sharing information with shareholders and other stakeholders, shall contain information making it possible to evaluate the results of the company's activities for the year.</p>	<p>1. The annual report of the company contains information about results of the assessment made by the Audit Committee of the efficiency of conducted internal and external audit.</p> <p>2. The annual report of the company contains information about the environmental and social policies of the company.</p>	Partially compliant	<p>1. Partially compliant, specifically: The Audit Committee quarterly reviews activities reports of the internal audit unit, and also holds annual meetings with the external auditor and reviews annual reports prepared in accordance with RAS and IFRS. In the reporting year, the audit committee had no comments on these documents.</p> <p>Information on the review of these issues by the Committee is contained in Appendix No. 3 "Information on meetings of the Board of Directors and Committees of the Board of Directors" to the Annual Report.</p> <p>The Annual Report does not contain information on the results of the audit committee's</p>

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assessment of the effectiveness of the external and internal audit process because the Committee's decisions applies different wording. Nevertheless, the company believes that the review of these documents by the Committee is a due assessment of the effectiveness of external and internal audits. If the Committee has in future any comments regarding considering these issues, Rostelecom will disclose information about such comments in the Annual Report.

<b>6.3.</b>	<b>The company provides information and documents at the request of shareholders in accordance with the principles of equal and unburdened access.</b>		
6.3.1.	The exercise by shareholders of their right to access documents and information of the company does not entail any unreasonable difficulties.	<p>1. The company's information policy (internal documents setting forth the information policy) defines a non-onerous procedure for providing shareholders upon their requests with access to information and documents of the company.</p> <p>2. The information policy (internal documents setting forth the information policy) contains provisions stipulating that in the event of receiving of a shareholder's request for information on companies controlled by the company, the company undertakes necessary efforts to obtain such information from the relevant companies controlled by the company.</p>	Compliant
6.3.2.	Provision of information to shareholders ensures a reasonable balance between the interests of certain shareholders and the interests of the company itself, which is concerned with the confidentiality of important commercial information that could significantly influence its competitiveness.	<p>1. During the reporting period, the company did not refuse to satisfy shareholders' information requests or such refusals were reasonable.</p> <p>2. In cases defined by the Company's Information Policy, shareholders are advised of the confidential nature of information and undertake to keep it in secret.</p>	Compliant
<b>7.1.</b>	<b>Actions which significantly affect or could significantly affect the share capital structure and financial position of the company and, consequently, the position of the shareholders (significant corporate actions) shall be taken in a fair manner, ensuring that rights and interests of shareholders and other stakeholders are well honored.</b>		
7.1.1.	Reorganization of the Company, acquisition of 30 percent or more of its voting shares (takeover), performance of significant transactions, an increase or decrease in the Company's share capital, listing or delisting of shares, and other actions that could result in significant changes to the shareholders' rights or violations of their interests are deemed significant corporate actions. The Charter of the company defines the list (criteria) of transactions or other actions which are significant corporate actions, and such matters	1. The Charter of the Company determines the list (criteria) of transactions or other actions which are significant corporate actions. Decision making on significant corporate actions is referred by the company's Charter to the powers of the Board of Directors. In cases when such corporate actions are expressly reserved by law to the competence of the General Shareholders' Meeting, the Board of Directors shall provide shareholders with appropriate recommendations.	Compliant

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	are reserved to the Board of Directors of the company.			
7.1.2.	The Board of Directors plays a key role in decision making or preparation of recommendations on significant corporate actions; the Board of Directors relies on the position of the Company's independent directors.	1. The Company provides for a procedure for the independent directors to declare their positions on significant corporate actions before the approval thereof.	Compliant	
7.1.3.	When performing significant corporate actions relating to the rights and legal interests of shareholders, the Company ensures equal terms for all the shareholders of the company, and if legislation provides insufficient mechanisms for the protection of shareholders' rights, the Company takes additional measures to protect the rights and legal interests of its shareholders. In this case, the Company relies both on compliance with the formal requirements of the law and the principles of corporate governance set forth in the Code.	1. With due regard to specifics of the Company's activities, the Charter in addition to approval of transactions prescribed by applicable law, refers to the power of Board of Directors approval of other transactions significant for the company. 2. During the reporting period, all significant corporate actions passed the approval procedure before they were taken.	Compliant	
<b>7.2.</b>	<b>The company ensures a procedure for undertaking significant corporate actions which enables shareholders to obtain full information on such actions in a timely manner, provides them with the opportunity to influence such actions, and guarantees the observation and adequate protection of their rights when such actions are taken.</b>			
7.2.1.	Information on significant corporate actions includes the reasons, conditions, and results of such actions.	1. If during the reporting period the company undertook any significant corporate actions, the company promptly disclosed detailed information on such actions, including information concerning the reasons, terms and conditions of completion of such actions, and their consequences for shareholders.	Compliant	
7.2.2.	Rules and procedures related to significant corporate actions taken by the Company are defined in its internal documents.	1. The internal documents of the Company identify situations and procedure for engagement of an appraiser to determine the value of property alienated or acquired under a major transaction or an interested party transaction. 2. The internal documents of the Company stipulate the procedure for engagement of an appraiser to determine the value of share sale and buyback. 3. Where no member of the Board of Directors, the sole executive body, no member of the collective executive body of the company or a person who is the controlling person of the company, or a person entitled to give the company mandatory for the company instructions, is not formally party to a an interested party transaction, but in the presence of a conflict of interest or other actual interest, the internal documents of the company provide that	Partially compliant	1. Non-compliant; more specifically: A majority of interested party transactions is undertaken by Rostelecom in the course of ordinary telecommunications business activities and according to approved rates. Therefore it is superfluous to engage an independent appraiser to identify market values under such transactions and will result in additional expenses to be borne by Rostelecom. In addition, all expenditure contracts, valued at more than 500 thousand rubles, are concluded as part of the procurement procedures in accordance with Federal Law No. 223-FZ "On the Procurement of Goods, Works, Services by Certain Types of Legal Entities", which stipulates the requirement for competitive procurement which guarantees proposal of market based pricing, as well as targeted and cost-effective

such persons do not take part in voting on the approval of such a transaction.

spending of the company's funds. In future, the Company has no plans to engage an independent appraiser for such transactions.

2. Partially compliant, more specifically:

In practice, Rostelecom invariably engages an independent appraiser to evaluate its share value for the purpose of buyback and sale of Rostelecom shares. Since Rostelecom is a joint-stock company partially owned by the government, additional control is exercised by Rosimuschestvo because the majority of such transactions require obtaining directives from the Government of the Russian Federation.

Given the existing practice, introduction of such a procedure into internal regulations will be, in the Company opinion, excessive.

3. Non-compliant; more specifically:

Rostelecom internal policies and regulations do not provide for expanding the list of circumstances under which a member of the Board of Directors can be identified as an interested party. At the moment, the implementation of this recommendation will significantly complicate identification and approval of interested party transactions. Also, the administrative costs of maintaining this process will increase.

In the opinion of the Company, the current requirement of section 3.2. of the Regulation on Rostelecom Board of Directors, requiring that a member of the Board of Directors must report a conflict of interest and not participate in voting on this issue is a sufficient measure. Taking into account the above, Rostelecom does not have any future plans to expand the list of grounds under which members of the Board of Directors and other persons specified by the law are recognized as related parties.

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