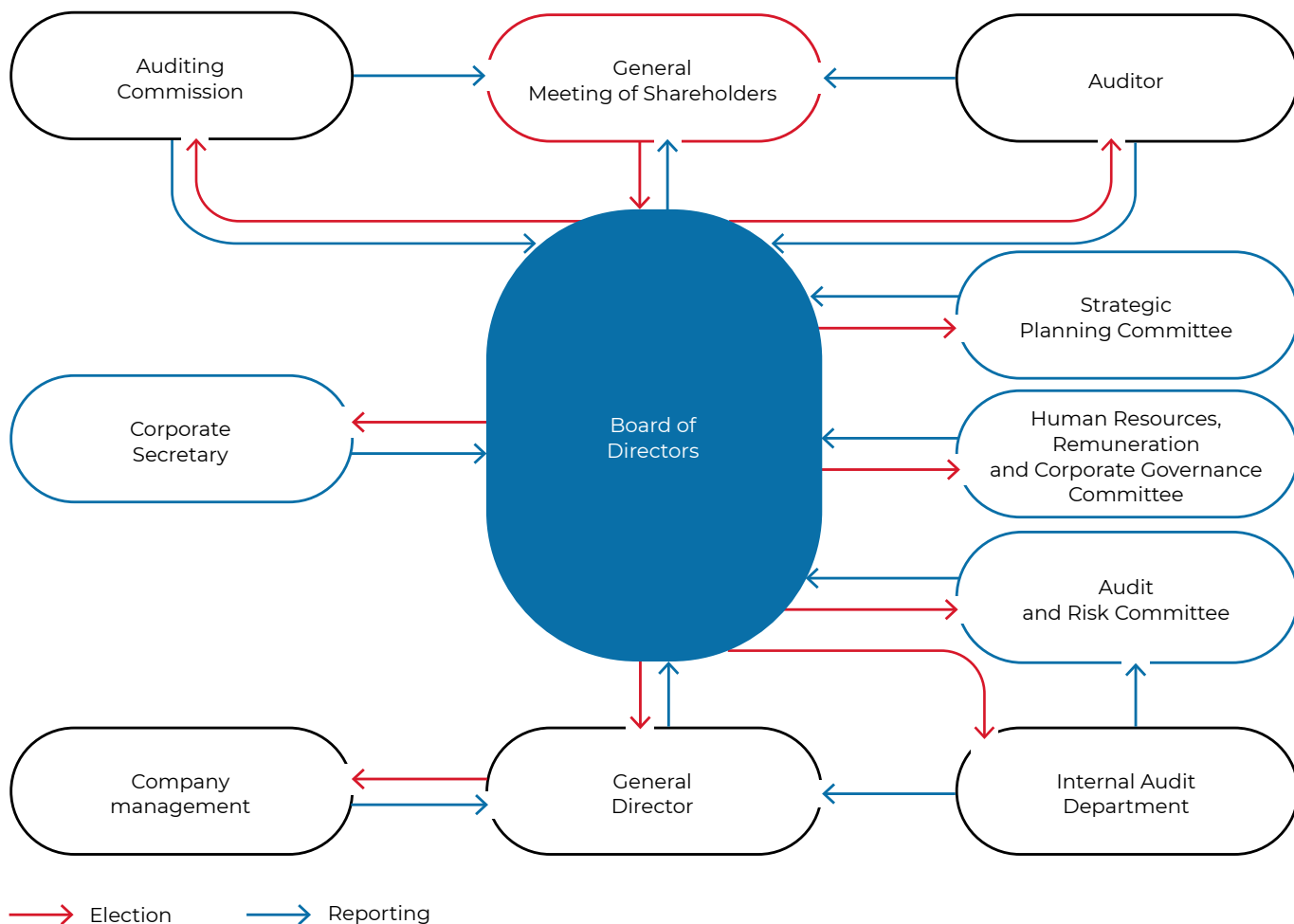


CORPORATE GOVERNANCE MODEL AND PRACTICE

JSC FPC's corporate governance model is built in line with Russian statutory requirements and is a multi-tier system of relationships between participants in the corporate governance process.

The Company's corporate governance model



The Company's highest governance body is the General Meeting of Shareholders, with the Board of Directors occupying a central position in the corporate governance system, and the management of the Company's day-to-day operations is delegated to the General Director.

The General Director is accountable to the General Meeting of Shareholders and the Board of Directors of JSC FPC. The Board of Directors, in its turn, is accountable to JSC FPC's General Meeting of Shareholders.

The competence of all governance bodies is clearly defined and formalised in the Articles of Association.

The Company adopted the Regulations on Preparing and Holding the General Meeting of Shareholders of JSC FPC.

Matters reserved to the General Meeting of Shareholders include:

- Amendments and addenda to JSC FPC's Articles of Association and approval of a new version of the document
- Reorganisation of the Company

- Liquidation of the Company, appointment of the Liquidation Committee, and approval of interim and final liquidation balance sheets
- Determination of the number, par value, and type (class) of authorised shares and rights attached to such shares
- Resolutions on the placement of bonds convertible into shares, and other issue-grade securities convertible into shares
- Election of the Board of Directors and early termination of directors' powers
- Approval of annual accounting (financial) statements
- Distribution of the Company's profit (including payment (declaration) of dividends, except for the payment (declaration) of dividends for the first quarter, the first six months, and the first nine months of the reporting year) and loss in the reporting year
- Payment (declaration) of dividends for the first quarter, the first six months, and the first nine months of the reporting year
- Approval of interested party transactions or passing resolutions on their subsequent approval if the number of disinterested members of the Company's Board of Directors is less than half of the elected members of the Board
- Approval of major transactions or passing resolutions on their subsequent approval in cases stipulated by Article 79 of Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995
- Approval of internal documents governing the activities of the Company's bodies
- Resolution on the payment of remuneration and/or compensation to the members of the Board of Directors
- Resolution on filing an application to the Bank of Russia requesting for an exemption from the obligation to disclose or provide information according to the Russian laws on securities

The Board of Directors occupies a key position in JSC FPC's corporate governance system. Its activities are governed by the Regulations on the Board of Directors of JSC FPC approved by the General Meeting of Shareholders. Information on the activities of the Board of Directors is disclosed in the Annual Report and made available to shareholders.

The duties of the Board of Directors are to:

- Determine FPC's priorities: elaborate and approve the Company's Development Strategy and Long-term Development Programme, as well as amendments and addenda thereto; review reports on their implementation
- Approve the Company's budget and Investment Programme and amendments thereto; review the General Director's report on the Company's performance

in the reporting period, including information on budget and Investment Programme performance; implement resolutions passed by the General Meeting of Shareholders and the Board of Directors

- Elect members of the Auditing Commission and approve early termination of their powers
- Approve the Company's Auditor and determine the relevant fee
- Approve the Annual Reports
- Convene Annual and Extraordinary General Meetings of Shareholders; approve the agenda of General Meetings of Shareholders; determine the record date; and address other matters relating to the preparation and holding of General Meetings of Shareholders
- Approve the activity plan of the internal audit function and relevant annual performance reports; appoint and remove the head of Internal Audit Department
- Determine the Company's policy on remuneration due to, and/or reimbursement (compensation) of costs incurred by, members of the Board of Directors
- Review the results of performance assessment of the Board of Directors and its members and committees, as well as that of the Company's sole executive body
- Determine the key performance indicators (KPIs) for the Company and its sole executive body and review KPI performance reports; approve a list of the Company's key managers and compile a list of their corporate KPIs
- Determine the principles of, and approaches to, organising IC/RMS at the Company
- Establish acceptable risk levels (risk appetite, preferred risks) for the Company



The Company adopted the Regulations on Preparing and Holding the General Meeting of Shareholders of JSC FPC
<https://fpc.ru/ru/7022/page/103290?id=10945#main-header>



Regulations on JSC FPC Board of Directors
<https://fpc.ru/ru/7022/page/103290?id=10945#main-header>

For the full list of powers of the Board of Directors, please see JSC FPC's Articles of Association.

Election of the General Director and the Corporate Secretary and appointment of members to the Board of Directors' committees are also reserved to the Board of Directors.

Three committees of the Board of Directors were set up to preview the most important matters referred to the Board of Directors of JSC FPC:

- Strategic Planning Committee
- Audit and Risk Committee
- Human Resources, Remuneration and Corporate Governance Committee

The committees' activities are governed by relevant regulations. The committees submit reports on their activities to the Board of Directors on an annual basis.

The Corporate Secretary ensures effective ongoing interaction with shareholders, coordinates the Company's efforts to protect shareholder rights and interests, and supports the activities of the Board of Directors. The Corporate Secretary is accountable to the Board of Directors. The Corporate Secretary's activities are governed

by the Regulations on the Corporate Secretary approved by JSC FPC's Board of Directors.

The Company has the standing Auditing Commission and appoints its Auditor on an annual basis to provide shareholders with reliable and complete information on its financial and business activities.

JSC FPC has its internal audit function — the Internal Audit Department. The Regulations on JSC FPC's Internal Audit Organisation, Regulations on JSC FPC's Internal Audit Department, and the Department's Activity Plan are approved by the Board of Directors. The Internal Audit Department is accountable to the Board of Directors.



Articles of Association and internal documents of JSC FPC
<https://fpc.ru/ru/7022/page/103290?id=10945#main-header>