

INTERNAL QUALITATIVE ASSESSMENT OF CORPORATE GOVERNANCE

In 2019, FPC's Internal Audit Unit assessed the Company's corporate governance practice for compliance with the principles and approaches outlined in the Company's internal documents, requirements of Russian laws, and generally accepted corporate governance concepts and practices. The assessment comprised the following aspects of corporate governance:

- Shareholder rights protection, support of the Board of Directors and its Committees
- Goal setting procedure; monitoring and overseeing the achievement of goals
- Procedures for disclosing information on the Company's operations
- Compliance with FPC's corporate ethos and standards.

The assessment showed that FPC's corporate governance is aligned with the Russian corporate law and complies with the principles and recommendations of the Bank of Russia's Corporate Governance Code.

The Internal Audit Unit provided recommendations on further enhancement of corporate governance at FPC.

REPORT ON COMPLIANCE WITH THE BANK OF RUSSIA'S CORPORATE GOVERNANCE CODE

In 2019, the Company's efforts to improve corporate governance focused on updating its relevant internal documents in line with changes in FPC's Articles of Association and the laws of the Russian Federation as well as the Internal Audit Unit's recommendations following the corporate governance audit in 2018.

FPC's General Shareholders Meeting approved the following documents:

- Updated Regulations on the Board of Directors of JSC FPC
- Updated Regulations on Preparing and Holding the General Shareholders Meeting of JSC FPC.

The Board of Directors approved the following documents:

- Regulations on the Anti-Corruption Hotline of JSC FPC
- Updated Anti-Corruption Policy of JSC FPC
- Updated Risk Management and Internal Control Policy of JSC FPC

- Regulations on Monitoring Compliance with the Requirements of Anti-Corruption Regulatory Documents at JSC FPC
- Amendments to the Regulations on Procurement of Goods, Works and Services for the Needs of JSC FPC
- Regulations on Conflict of Interest Resolution at JSC FPC
- Procedure for Planning, Reviewing and Monitoring the Implementation of Initiatives to Enhance the Reliability of Technical Means and Reduce Technical Failures at JSC FPC.

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