



Committees of the Board of Directors

For information about meetings held by the Committees of the Company Board of Directors see Appendix "Information on the meetings of the Board of Directors and its Committees" to this Annual Report.
(in Russian)

The following Committees of Rostelecom's Board of Directors were established in order to improve corporate governance standards and address more complex, demanding closer scrutiny issues:

- Audit Committee;
- Nomination and Remuneration Committee;
- Strategy Committee;
- Corporate Governance Committee;
- Investment Committee.

The Board of Directors' Committees are re-elected annually. By reviewing matters that fall under their authority, the Committees conduct an in-depth analysis of proposed initiatives and provide the Board of Directors with advice and recommendation thus improving the quality of decisions made by the Company.

For the purposes of compliance with the Corporate Governance Code, on 8 October 2015, the Board of Directors approved revised Regulations on the Committees of the Board of Directors (Minutes № 9 dated 9 October 2015).

AUDIT COMMITTEE

The Audit Committee makes recommendations and assists the Board of Directors with the analysis of financial statements and other related documents; as well as in various aspects of the internal control and risk management systems. In addition, the Committee oversees matters related to internal and external audit, accounting and financial statements.

Over the last year the Committee was particularly focused on improving the Company's risk management program, as well as further improving the quality of internal audit and control. In March 2016, following a meeting with representatives of the Company's external auditor, the Audit Committee acknowledged the effectiveness of the process for the external audit of the annual financial statements prepared in accordance with RAS and consolidated financial

statements prepared in accordance with IFRS for the year 2015.

Composition of the Audit Committee until 15 June 2015:

- Igor I. Kozlov;
- Mikhail Y. Lesin, Chairman of the Audit Committee;
- Anatoly A. Milyukov;
- Mikhail I. Poluboyarinov;
- Vadim V. Semenov.

Composition of the Audit Committee after 8 October 2015:

- Alexander A. Auzan, Independent Director;
- Anatoly A. Milyukov, Independent Director;
- Vadim V. Semenov, Independent Director, Chairman of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is responsible for providing the Board of Directors with recommendations on remuneration and compensation of the Company President and top executive team as a whole, including the formulation of the criteria determining the compensation of the top managers and other employees of the Company. In addition, the Committee is responsible for overseeing the Company's personnel policy.

Composition of the Nomination and Remuneration Committee until 15 June 2015:

- Ruben A. Aganbegyan, Chairman of the Committee;
- Anton A. Zlatopolsky;
- Mikhail Y. Lesin.



Composition of the Nomination and Remuneration Committee since 8 October 2015:

- Ruben A. Aganbegyan, Independent Director, Chairman of the Committee;
- Anton A. Zlatopolsky, Independent Director;
- Vadim V. Semenov, Independent Director.

STRATEGY COMMITTEE

The Strategy Committee is responsible for providing recommendations to the Board of Directors on business plan preparation, budget planning and asset acquisitions. In addition, the Committee ensures a constructive exchange of views on the long-term financial and strategic planning between top management and the Board of Directors.

In 2015, the Committee's focus was on overseeing the realisation of the Company's Strategy, in particular by making recommendations to the Board of Directors on the M&A transactions, IR activities and Dividend Policy.

Composition of the Strategy Committee until 15 June 2015:

- Ruben A. Aganbegyan;
- Kirill A. Dmitriev;
- Sergey B. Kalugin;
- Igor I. Kozlov;
- Kai-Uwe Mehlhorn;
- Anatoly A. Milyukov, Chairman of the Committee;
- Vadim V. Semenov;
- Vitaly Y. Sergeichuk;
- Maria V. Florentyeva.

Composition of the Strategy Committee since 8 October 2015:

- Ruben A. Aganbegyan, Independent Director;
- Alexander A. Auzan, Independent Director;
- Sergey B. Kalugin;
- Anatoly A. Milyukov, Independent Director, Chairman of the Committee;

- Alexander A. Pchelintsev;
- Vadim V. Semenov, Independent Director;
- Vitaly Y. Sergeichuk.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is responsible for promoting good corporate governance practices within the Company, as well as improving the efficiency and quality of the Company Board of Directors' activities and resolution of various corporate conflicts.

Composition of the Corporate Governance Committee until 15 June 2015:

- Kirill A. Dmitriev;
- Anton A. Zlatopolsky;
- Sergey B. Kalugin;
- Ekaterina S. Mironova;
- Vitaly Y. Sergeichuk, Chairman of the Committee.

Composition of the Corporate Governance Committee since 8 October 2015:

- Kirill A. Dmitriev;
- Anton A. Zlatopolsky;
- Sergey B. Kalugin;
- Alexander A. Pchelintsev;
- Vitaly Y. Sergeichuk, Chairman of the Committee.

INVESTMENT COMMITTEE

The Investment Committee was established with the purpose of improving the Company's operational efficiency by ensuring that views of consumers are taken into account in realising the Company's investment policy, also by ensuring transparency of decision-making in setting public telecommunications tariffs and approval of investment programmes and projects subject to regulation according to Federal Law №147-FZ "On Natural Monopolies" of 17 August 1995.

Composition of the Investment Committee since 8 October 2015:

- Alexander A. Auzan, Independent Director, Chairman of the Committee;
- Oleg V. Byakhov;
- Sergey B. Kalugin.

Activities of the Board of Directors and its Committees in 2015

For information about meetings of the Board of Directors and its Committees see Appendix "Information on the meetings of the Board of Directors and its Committees" to this Annual Report posted on the Company website at <http://www.rostelecom.ru/ir/agm/events/detail/2015/> (in Russian)

In 2015, the Company Board of Directors held 40 meetings, of which 3 were meetings with personal presence and 37 were absentee voting.

MEETINGS OF THE BOARD OF DIRECTORS

A meeting of the Board of Directors is convened by the Chairman of the Board of Directors on his/her own initiative, or at the request of a member of the Board of Directors, the Audit Commission, external auditor or the President of the Company. The form of the Board's meeting is determined by its initiator.

The quorum for a meeting of the Board of Directors, whether it is a meeting with personal presence or absentee voting and in respect of all matters falling within powers of the Board of Directors, consists of at least half of the elected Board members. Decisions of meetings of the Board of Directors are passed by a simple majority of votes.

Meetings of Rostelecom Board of Directors are held in accordance with an annual work plan approved for one corporate year.

All materials pertaining to a meeting are made available more than 10 days prior to a meeting in person (or absentee voting) in order to ensure that the Board members have enough time to consider meeting materials. The Board members are presented with the opportunity to ask any questions and request any additional information on the meeting agenda items.

The Company's Corporate Secretary provides quarterly performance reports to members the Board of Directors highlighting fulfilment of decisions passed by the Board of Directors in the reporting quarter.