

ROSTELECOM IS AMONG LEADING COMPANIES WITH STATE PARTICIPATION, WHICH SHOULD BE THE FIRST TO DEMONSTRATE THEIR BETTER GOVERNANCE THROUGH FURTHER IMPROVEMENTS OF THEIR CORPORATE PRACTICES.

Key corporate governance improvements in 2015 are as follows:

- informing the shareholders of the date of compiling a list of persons entitled to participate in the Annual General Meeting at least 7 days before the list compilation date;
- expanded disclosures on certain issues on the agenda of the Annual General Meeting on results of 2014 were adopted in the process of the meeting preparation and holding;
- shareholders were able to elect four independent directors to the Board of Directors at the Annual General Meeting in 2015 who were meeting criteria set out by the Code and Listing Rules of Moscow Stock Exchange, thus allowing Audit and Nomination and Remuneration Committees to include independent directors only;
- a meeting of the Board of Directors may be convened at the request of a shareholder(s) holding 2 or more percent of voting shares of the Company;
- most important matters of concern to the Company should only be considered at physical presence meetings;
- procedure of evaluating the Board of Director's was added to the Company's Charter and Regulations on the Board Of Directors.

Corporate Governance Rating

Measures aimed at implementing provisions set forth in the Corporate Governance Code suggested by the Bank of Russia allowed Rostelecom to considerably improve its Quickscore corporate governance rating from Institutional Shareholder Services Inc. which is one of the world's leading international corporate governance consultancies. A rating of 2 on the 1-10 score range (with a score of 1 meaning low corporate governance risks).

As of 31 December 2015, Rostelecom had a rating of 7+ (Mature Corporate Governance Practice), according to the National Rating of Corporate Governance scale by the Russian Institute of

Directors (RID). Thus, RID believes that Rostelecom has low corporate governance risks and complies with requirements of the applicable Russian corporate governance law.