



Activities of the Management Board in 2015

Last year, the Management Board held 25 meetings, 1 of which was a physical meeting and 24 were held by absentee voting.

In the reporting period, the Management Board dealt with matters related to the Company's operations activity and making plans for future development, in particular the following issues were regularly discussed:

- reviewing the Company's budget execution reports and budget planning for the next year;
- the Company's technological policy and transformation of telecommunications networks;
- implementation of risk management programmes;
- projects aimed at increasing operational efficiency and costs optimisation.

With the aim of improving operational efficiency, the Management Board resolved matters related to the optimisation of

procurement, the decommissioning of analogue telecommunications line facilities and structural changes of the Company's branches.

Working towards further development of corporate governance standards, the Management Board paid considerable attention to the development and approval of the Risk Management Programme and Development Concept of Internal Control System in the Company.

Recognising the Company's social responsibility to Russian society, in the reporting year the Management Board dealt with matters relating to charity and sponsorship.

In addition, the Management Board devoted considerable attention to the preparation of the materials and issues requiring decisions passed by the Board of Directors, including preliminary consideration of related party transactions to ensure careful examination of such issues and high quality of Company's decisions.

Management Board Committees

Budget and Investment Committee, Compensation Committee, Risk Management Committee and Charity Committee are established in the Company for the purpose of improving the Management Board's performance related to key areas of Rostelecom activities.

BUDGET AND INVESTMENT COMMITTEE

In the reporting year, the Committee considered and evaluated the feasibility of the Company's investment projects and programs planned for 2015 and 2016. In addition, the Committee reviewed budgets of the Company's departments and branches in preparation of Rostelecom's draft consolidated budget for 2016.

Essential part of the Budget and Investment Committee activities in 2015 was dedicated to reviewing and evaluating projects aimed at increasing the Company's operational efficiency, including project in the following areas:

- reduction of operating costs associated with operation of equipment and lines to provide services to rural areas;
- performance evaluation and optimization of the sales and service channels;
- optimisation of office and production space.