

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

ITEM	CORPORATE GOVERNANCE PRINCIPLES	CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE	COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE	EXPLANATIONS OF DEVIATIONS FROM THE CRITERIA FOR ASSESSING COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLE
1.1	The company shall ensure equal and fair treatment of all shareholders in exercising their corporate governance right.			
1.1.1	The company ensures the most favourable conditions for its shareholders to participate in the general meeting, develop informed positions on agenda items of the general meeting, coordinate their actions, and voice their opinions on items considered.	<p>1. The company's internal document approved by the general meeting of shareholders governing the procedures for holding general meetings of shareholders is publicly available.</p> <p>2. The company provides accessible means of communication with the company, such as a hotline, e-mail, or online forum, to enable shareholders to express their opinions and send questions on the agenda in preparation for the general meeting. The company performed the above actions in advance of each general meeting held in the reporting period.</p>	x Full Partial None	
1.1.2	The procedure for giving notice of, and providing relevant materials for, the general meeting enables shareholders to properly prepare for attending the general meeting.	<p>1. The notice of an upcoming general shareholders meeting is posted (published) online at least 30 days prior to the date of the general meeting.</p> <p>2. The notice of an upcoming meeting indicates the location of the meeting and the documents required for admission.</p> <p>3. Shareholders were given access to the information on who proposed the agenda items and nominees to the company's board of directors and the audit commission.</p>	Full x Partial None	JSC FPC's Articles of Association stipulate that the notice of an upcoming General Shareholders Meeting is posted on the corporate website at www.fpc.ru and is forwarded (or handed), together with voting ballots, to each person included in the list of persons entitled to participate in the General Shareholders Meeting by registered mail or delivery against signature, or via e-mail at the person's e-mail address indicated in the Company's share register, at least 20 calendar days prior to such meeting, and the notice of an upcoming General Shareholders Meeting where the Company's reorganisation is on the agenda, at least 30 calendar days prior to such meeting.
1.1.3	In preparation for the general meeting and during the general meeting, shareholders were enabled to receive information about, and all materials related to, the meeting, put questions to executive bodies and members of the board of directors, as well as communicate with each other, in an unobstructed and timely manner.	<p>1. In the reporting period, shareholders were given an opportunity to put questions to members of executive bodies and members of the board of directors in advance of, and during the annual general meeting.</p> <p>2. The position of the board of directors (including dissenting opinions entered in the minutes) on each item on the agenda of general meetings held in the reporting period was included in the materials for the general meeting of shareholders.</p> <p>3. The company gave duly authorised shareholders access to the list of persons entitled to participate in the general meeting, as from the date when such list was received by the company, in all instances of general meetings held in the reporting period.</p>	x Full Partial None	
1.1.4	Shareholders did not encounter unjustified difficulties in exercising their right to request that a general meeting be convened, to nominate candidates to governing bodies, and to make proposals for the agenda of the general meeting.	<p>1. In the reporting period, shareholders had an opportunity to make proposals for the agenda of the annual general meeting for at least 60 days after the end of the respective calendar year.</p> <p>2. In the reporting period, the company did not reject proposals for the agenda or candidates to governing bodies due to misprints or other insignificant flaws in the shareholder's proposal.</p>	x Full Partial None	
1.1.5	Each shareholder was enabled to freely exercise his/her voting right in the simplest and most convenient way.	1. The internal document (internal policy) contains provisions stipulating that every participant in the general meeting may, before the end of the respective meeting, request a copy of the ballot filled in by them and certified by the counting commission.	Full Partial x None	The Company's internal documents do not stipulate this requirement.
1.1.6	The general meeting procedure established by the company equally enables all persons attending the meeting to voice their opinions and ask questions.	<p>1. During general shareholders meetings held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time was allocated for reports on, and discussion of the agenda items.</p> <p>2. Candidates to the company's governing and control bodies were available to answer shareholders' questions during the meeting at which their nominations were put to vote.</p> <p>3. When passing resolutions on the preparation and holding of general meetings of shareholders, the board of directors considered the use of telecommunications means to provide shareholders with remote access to general meetings in the reporting period.</p>	Full x Partial None	Russian Railways as a shareholder entitled to nominate candidates to the Company's governing bodies conducts all necessary interviews with candidates when preparing respective proposals.

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1.2	Shareholders have equal and fair rights to share profits of the company by receiving dividends.			
1.2.1	The company has developed and introduced a transparent and clear mechanism for determining the dividend amount and paying dividends.	1. The company's dividend policy is developed, approved by the board of directors and disclosed. 2. If the company's dividend policy uses the company's reporting figures to determine the dividend amount, then the respective provisions of the dividend policy shall take into account the consolidated financial statements.	x Full Partial None	1. The Company's Dividend Policy is developed and approved by the Board of Directors. 2. JSC FPC's Dividend Policy uses the Company's reporting figures to determine the dividend amount, and the respective provisions of the Dividend Policy take into account the RAS financial statements.
1.2.2	The company does not resolve to pay out dividends if such resolution, while formally remaining in line with statutory restrictions, is not economically feasible and may lead to a false representation of the company's performance.	1. The company's dividend policy contains clear indications of financial/economic circumstances under which the company shall not pay out dividends.	x Full Partial None	
1.2.3	The company does not allow the dividend rights of its existing shareholders to be impaired.	1. In the reporting period, the company did not take any actions that would lead to the impairment of the dividend rights of its existing shareholders.	x Full Partial None	
1.2.4	The company strives to exclude any ways for its shareholders to receive profit (income) from the company other than dividends and liquidation value.	1. To exclude any ways for its shareholders to receive profit (income) from the company other than dividends and liquidation value, the company's internal documents provide for controls to timely identify and approve transactions with affiliates (associates) of the company's substantial shareholders (persons entitled to use the votes attached to voting shares) in cases when the law does not formally recognise these transactions as interested-party transactions.	Full Partial x None	Following amendments to legislation on joint stock companies, the new version of JSC FPC's Articles of Association stipulates that the provisions of Article 11 of the Federal Law On Joint Stock Companies do not apply to transactions in which the Company's controlling entity is the interested party.
1.3	Corporate governance system and practices ensure equal treatment for all shareholders owning the same type (class) of shares, including minority and non-resident shareholders, and their equal treatment by the company.			
1.3.1	The company has created conditions for fair treatment of each shareholder by the governing bodies and the company's controlling entities, including conditions ruling out abuse of minority shareholders by major shareholders.	1. In the reporting period, the procedures for managing potential conflicts of interest among major shareholders were efficient, and the board of directors paid due attention to conflicts among shareholders, if such conflicts occurred.	x Full Partial None	
1.3.2	The company does not take actions which lead or may lead to artificial redistribution of corporate control.	1. Quasi-treasury shares do not exist or did not participate in voting in the reporting period.	x Full Partial None	
1.4	Shareholders are provided with reliable and effective methods for recording their rights in shares, as well as are enabled to freely dispose of their shares without any hindrance.			
1.4	Shareholders are provided with reliable and effective methods for recording their rights in shares, as well as are enabled to freely dispose of their shares without any hindrance.	1. The quality and reliability of the securities register maintained by the company's registrar meet the requirements of the company and its shareholders.	x Full Partial None	
2.1	The board of directors carries out the strategic management of the company, establishes the basic principles of, and approaches to, setting up a risk management and internal control system in the company, controls the activities of the company's executive bodies, and performs other key functions.			
2.1.1	The board of directors is responsible for passing resolutions related to appointment and removal of executive bodies, including due to their inadequate performance. The board of directors also ensures that the company's executive bodies act in accordance with the approved growth strategy and along the company's core lines of business.	1. The board of directors has the authority stipulated in the articles of association to appoint and remove members of executive bodies and to set out the terms and conditions of their contracts. 2. The board of directors reviewed the report(s) by the sole executive body or members of the collective executive body on the implementation of the company's strategy.	x Full Partial None	1. The board of directors has the authority stipulated in JSC FPC's Articles of Association to appoint and remove members of executive bodies and to set out the terms and conditions of their contracts. 2. The draft version of JSC FPC's Development Strategy until 2030 was approved by FPC's Board of Directors in November 2017 and submitted for review at a meeting of the Board of Directors of Russian Railways and a meeting of the Management Board of Russian Railways. FPC's Board of Directors did not review the report on the implementation of the Company's strategy in 2018. It is planned that this matter will be reviewed in the second half of 2019.
2.1.2	The board of directors defines the main long-term targets of the company's operations, assesses and approves its key performance indicators and key business goals, as well as the strategy and business plans for the company's core lines of business.	1. In the reporting period, the board of directors reviewed at its meetings matters related to the progress in the implementation of the strategy and its updates, approval of the company's financial and business plan (budget), and consideration of the implementation criteria and performance (including interim criteria and performance) of the company's strategy and business plans.	x Full Partial None	Matters related to the implementation, update and approval of the Company's financial and business plan (budget) were reviewed at the meeting of the Board of Directors held in the reporting period.

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2.1.3	The board of directors determines the principles of, and approaches to organising a risk management and internal control system in the company.	<p>1. The board of directors has determined the principles of, and approaches to organising a risk management and internal control system in the company.</p> <p>2. The board of directors assessed the company's risk management and internal control system in the reporting period.</p>	x Full Partial None	<p>Full compliance with subparagraph 1. FPC's Board of Directors approved JSC FPC's Risk Management Policy (Minutes No. 9 dated 16 November 2018), which sets out, inter alia, the principles of, and approaches to organising a risk management system.</p> <p>The principles of, and approaches to organising an internal control system in the Company are set out in the Internal Control Policy approved by FPC's Board of Directors (Minutes No. 9 dated 23 December 2015).</p>
2.1.4	The board of directors defines the company's policy on remuneration due to, and/or reimbursement (compensation) of costs incurred by, members of the board of directors, executive bodies, and other key managers of the company.	<p>1. The company has developed and put in place the policy on remuneration and/or reimbursement (compensation) of costs of the members of the board of directors, executive bodies, and other key managers, approved by the board of directors.</p> <p>2. In the reporting period, the board of directors reviewed at its meetings matters related to the said policy (policies).</p>	x Full Partial None	<p>1. The policy on remuneration of the Company's key managers is approved by order of the General Director.</p> <p>2. Matters related to the policy on remuneration of the General Director were not reviewed by the Board of Directors in the reporting period.</p>
2.1.5	The board of directors plays a key role in preventing, identifying and settling internal conflicts between the company's bodies, shareholders and employees.	<p>1. The board of directors plays a key role in preventing, identifying and settling internal conflicts.</p> <p>2. The company has set up a system for identification of transactions involving a conflict of interest, and a set of measures to resolve such conflicts.</p>	x Full Partial None	
2.1.6	The board of directors plays a key role in ensuring the company's transparency, the timeliness and completeness of its information disclosures, and unhindered access to the company's documents for shareholders.	<p>1. The board of directors has approved the regulations on the information policy.</p> <p>2. The company has designated the persons responsible for the implementation of the information policy.</p>	x Full Partial None	
2.1.7	The board of directors controls the company's corporate governance practices and plays a key role in its significant corporate events.	<p>1. In the reporting period, the board of directors considered the matter of the company's corporate governance practices.</p>	x Full Partial None	
2.2	The board of directors is accountable to the company's shareholders.			
2.2.1	Performance of the board of directors is disclosed and made available to the shareholders.	<p>1. The company's annual report for the reporting period includes the information on individual attendance at board of directors and committee meetings.</p> <p>2. The annual report contains key results of assessment of the board of directors' performance in the reporting period.</p>	x Full Partial None	The performance of the Board of Directors was not assessed in the reporting period.
2.2.2	The chairman of the board of directors is available to communicate with the company's shareholders.	<p>1. The company has in place a transparent procedure enabling shareholders to forward questions to the chairman of the board of directors and express their respective positions.</p>	x Full Partial None	
2.3	The board of directors manages the company in an efficient and competent manner and makes fair and independent judgements and decisions in line with the best interests of the company and its shareholders.			
2.3.1	Only persons with impeccable business and personal reputation, possessing the knowledge and expertise required to make decisions falling within the authority of the board of directors and to essential performing its functions efficiently are elected to the board of directors.	<p>1. The procedure for assessing the board of directors' performance established in the company includes, inter alia, assessment of professional qualifications of directors.</p> <p>2. In the reporting period, the board of directors (or its nomination committee) assessed nominees to the board of directors in terms of having the required experience, knowledge, business reputation, absence of a conflict of interest, etc.</p>	x Full Partial None	FPC's Board of Directors and the Human Resources, Remuneration, and Corporate Governance Committee of FPC's Board of Directors did not assess the nominees to the Board of Directors in the reporting period. Russian Railways as a shareholder entitled to nominate candidates to the Company's governing and control bodies conducts all necessary interviews with candidates when preparing respective proposals.
2.3.2	The company's directors are elected via a transparent procedure enabling shareholders to obtain information on nominees sufficient to judge on their personal and professional qualities.	<p>1. Whenever the agenda of the general shareholders meeting included election of the board of directors, the company provided to shareholders the biographical details of all nominees to the board of directors, the results of their assessment carried out by the board of directors (or its nomination committee), and the information on whether the nominee meets the independence criteria set forth in Recommendations 102–107 of the Code, as well as the nominees' written consent to be elected to the board of directors.</p>	x Full Partial None	<p>In the reporting period, the Company provided to shareholders the biographical details of nominees to the Board of Directors as part of the materials for the General Shareholders Meeting.</p> <p>The Human Resources, Remuneration, and Corporate Governance Committee of FPC's Board of Directors assessed independent directors for compliance with the independence criteria.</p>
2.3.3	The board of directors is balanced, including in terms of qualifications of its members, their experience, knowledge and business qualities, and has the trust of shareholders.	<p>1. As part of assessment of the board of directors' performance carried out in the reporting period, the board of directors analysed its needs in terms of professional qualifications, experience, and business skills.</p>	x Full Partial None	The performance of the Board of Directors was not assessed in the reporting period.

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2.3.4	The company has a sufficient number of directors to organise the board of directors' activities in the most efficient way, including ability to set up committees of the board of directors and enable the company's substantial minority shareholders to elect a nominee to the board of directors for whom they vote.	1. As part of the assessment of the board of directors' performance carried out in the reporting period, the board of directors considered whether the number of directors was in line with the company's needs and with the interests of shareholders.	Full Partial x None	It was not assessed whether the number of directors was in line with the Company's needs and with the interests of shareholders. The Company does not have substantial minority shareholders.
2.4	The board of directors includes a sufficient number of independent directors.			
2.4.1	An independent director is a person of sufficient professionalism, experience and self-reliance to form his/her own opinion, able to make impartial judgements in good faith independent from the company's executive bodies, particular groups of shareholders or other stakeholders. It should be noted that under normal circumstance a nominee (elected director) cannot be considered independent if he/she is related to the company, its substantial shareholder or counterparty, the company's competitor, or the government.	1. In the reporting period, all independent directors met the independence criteria set out in Recommendations 102-107 of the Code, or were deemed independent by resolution of the board of directors.	Full x Partial None	Based on the questionnaires submitted to the Human Resources, Remuneration, and Corporate Governance Committee of the Board of Directors, Sergey Zemlyansky, Alla Saltykova and Sergey Maltsev meet the independence criteria. The Committee deemed that the relation of Sergey Maltsev, member of the Board of Directors, to the substantial shareholder was formal and did not affect his ability to make independent and impartial judgements in good faith. FPC's Board of Directors did not pass such resolutions in the reporting period.
2.4.2	The compliance of nominees to the board of directors with the criteria for independence is assessed, and a regular review of compliance of independent directors with such criteria is performed. Substance shall prevail over form in such assessments.	1. In the reporting period, the board of directors (or the nomination committee of the board of directors) formed its opinion on the independence of each nominee to the board of directors and presented respective opinions to shareholders. 2. In the reporting period, the board of directors (or the nomination committee of the board of directors) reviewed at least once the independence of the current members of the board of directors listed by the company in its annual report as independent directors. 3. The company has developed procedures defining the actions to be taken by a member of the board of directors if he/she ceases to be independent, including the obligation to timely notify the board of directors thereof.	x Full Partial None	
2.4.3	Independent directors make up at least one third of the elected directors.	1. Independent directors make up at least one third of directors.	x Full Partial None	
2.4.4	Independent directors play a key role in preventing internal conflicts in the company and in the performance by the latter of material corporate actions.	1. Independent directors (who do not have a conflict of interest) carry out a preliminary assessment of material corporate actions implying a possible conflict of interest, and the results of such assessment are presented to the board of directors.	Full Partial x None	There were no material corporate actions in the reporting period.
2.5	The chairman of the board of directors facilitates the best performance of assigned duties by the board of directors.			
2.5.1	The board of directors is chaired by an independent director, or a senior independent director is chosen from among the elected independent directors to coordinate the activities of independent directors and enable the interaction with the chairman of the board of directors.	1. The board of directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors. 2. The role, rights and duties of the chairman of the board of directors (and, if applicable, of the senior independent director) are duly set out in the company's internal documents.	Full x Partial None	1. The Chairman of FPC's Board of Directors is not an independent director. The candidate to become Chairman of FPC's Board of Directors is approved by the Board of Directors of Russian Railways. Independent directors do not require additional coordination; a senior independent director is not appointed. 2. The role, rights, and duties of the Chairman of the Board of Directors and the senior independent director are set out in the Regulations on the Board of Directors of JSC FPC.
2.5.2	The chairman of the board of directors maintains a constructive environment at meetings, enables free discussions of agenda items, and supervises the execution of resolutions passed by the board of directors.	1. The performance of the chairman of the board of directors was assessed as part of the procedure for assessing the efficiency of the board of directors in the reporting period.	Full Partial x None	The performance of the Board of Directors was not assessed in the reporting period.
2.5.3	The chairman of the board of directors takes all steps necessary for the timely provision to directors of information required to pass resolutions on agenda items.	1. The company's internal documents set out the duty of the chairman of the board of directors to take all steps necessary for the timely provision to directors of materials regarding items on the agenda of the board meeting.	x Full Partial None	

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2.6	Directors act reasonably and in good faith in the best interests of the company and its shareholders, relying on sufficient information, exercising due care and prudence.			
2.6.1	Directors make decisions based on all information available, without conflict of interest, subject to equal treatment of the company's shareholders, and assuming normal business risks.	<p>1. The company's internal documents provide that a director should notify the board of directors if he/she has a conflict of interest in respect of any item on the agenda of the board meeting or the board's committee meeting, prior to the discussion of the relevant agenda item.</p> <p>2. The company's internal documents stipulate that a director should abstain from voting on any item in connection with which he/she has a conflict of interest.</p> <p>3. The company has in place a procedure enabling the board of directors to get professional advice on matters within its remit at the expense of the company.</p>	x Full Partial None	
2.6.2	The rights and obligations of directors are clearly defined and set out in the company's internal documents.	1. The company has adopted and published an internal document clearly defining the rights and duties of directors.	x Full Partial None	
2.6.3	Directors have sufficient time to perform their duties.	<p>1. Individual attendance at board and committee meetings, as well as time devoted to preparation for attending meetings, was recorded as part of the procedure for assessing the board of directors in the reporting period.</p> <p>2. In accordance with the company's internal documents, directors inform the board of their intentions to joint management bodies of other organisations (except for entities controlled by, or affiliated to, the company), or of the relevant appointment made.</p>	Full Partial x None	<p>The performance of the Board of Directors was not assessed in the reporting period. The Company's internal documents do not stipulate the requirement for Directors to provide information about their intentions to joint management bodies of other organisations. The Regulations on the Board of Directors of JSC FPC stipulate that Directors should provide information to the Board of Directors:</p> <ul style="list-style-type: none"> on entities in which they hold 20 or more percent of voting shares (interests or stakes) on their own or with affiliates on entities in which they serve on a governing body on FPC's performed or proposed transactions known to them, in which they may be recognised as interested parties.
2.6.4	All directors have equal access to the company's documents and information. Newly elected directors are furnished with sufficient information about the company and performance of the board of directors as soon as possible.	<p>1. In accordance with the company's internal documents, directors are entitled to have access to documents and make queries regarding the company and entities under its control, and the company's executive bodies should provide relevant information and documents.</p> <p>2. The company has in place a formalised induction program for newly elected directors.</p>	x Full Partial None	
2.7	Meetings of the board of directors, preparation for such meetings and participation of directors ensure efficient performance by the board of directors.			
2.7.1	Meetings of the board of directors are held as needed, taking into account the scale of operations and goals of the company at a particular time.	1. The board of directors held at least six meetings in the reporting year.	x Full Partial None	
2.7.2	The company's internal regulations formalise a procedure for arranging and holding meetings of the board of directors, enabling members of the board of directors to prepare for such meetings in a proper manner.	1. The company has an approved internal document that describes the procedure for arranging and holding meetings of the board of directors and sets out, in particular, that the notice of the meeting shall be given, as a rule, at least five days prior to such meeting.	x Full Partial None	
2.7.3	The format of the meeting of the board of directors is determined taking into account the importance of items on the agenda. The most important matters shall be dealt with at meetings of the board of directors held in person.	1. The company's articles of association or internal document provides for the most important matters (as per the list set out in Recommendation 168 of the Code) to be passed at in-person meetings of the board of directors.	x Full Partial None	The Regulations on the Board of Directors of JSC FPC contain a recommendation to the Board of Directors to deal with the most important matters at meetings held in person. The list of such matters is specified in paragraph 7.10 of the Regulations on the Board of Directors of JSC FPC.
2.7.4	Resolutions on the most important matters related to the company's operations are passed at a meeting of the board of directors by a qualified majority or by a majority of all elected directors.	1. The company's articles of association provide for resolutions on the most important matters set out in Recommendation 170 of the Code to be passed at a meeting of the board of directors by a qualified majority of at least three quarters or by a majority of all elected directors.	Full x Partial None	<p>In accordance with paragraph 18.10 of JSC FPC's Articles of Association, resolutions of the Company's Board of Directors on including the persons nominated by shareholders or the Board of Directors in the list of members of the collegial executive body or the Company's Audit Commission, or on approving the auditor and electing the person acting as the sole executive body of each company created through reorganisation in the form of merger, division or spin-off, as well as in cases stipulated by the Federal Law On Joint Stock Companies are passed by a majority of at least three quarters of the total number of Directors.</p> <p>In accordance with paragraph 18.11 of JSC FPC's Articles of Association, resolutions of the Company's Board of Directors on matters listed in subparagraphs 1, 12, 21, 25, 27, 38, 43-45 and 47 of paragraph 15.1, Article 15 of the Articles of Association. as well as on approving the Company's dividend policy are passed by a majority of Directors.</p>

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2.8	The board of directors sets up committees to preview the most important matters related to the company's operations.			
2.8.1	To preview matters related to controlling the Company's financial and business activities, it is recommended to set up an audit committee comprised of independent directors.	<p>1. The board of directors has set up an audit committee comprised solely of independent directors.</p> <p>2. The company's internal documents set out the tasks of the audit committee, including those listed in Recommendation 172 of the Code.</p> <p>3. At least one member of the audit committee represented by an independent director has experience and knowledge of preparing, analysing, assessing and auditing accounting (financial) statements.</p> <p>4. Meetings of the audit committee were held at least once a quarter during the reporting period.</p>	x Full Partial None	Members of the Board of Directors and employees of Russian Railways and JSC FPC are involved in the activities of the Audit and Risk Committee of FPC's Board of Directors. The Committee is headed by an independent director.
2.8.2	To preview matters related to adopting an efficient and transparent remuneration scheme, a remuneration committee was set up, comprised of independent directors and headed by an independent director who is not the chairman of the board of directors.	<p>1. The board of directors has set up a remuneration committee comprised solely of independent directors.</p> <p>2. The remuneration committee is headed by an independent director who is not the chairman of the board of directors.</p> <p>3. The company's internal documents set out the tasks of the remuneration committee, including those listed in Recommendation 180 of the Code.</p>	x Full Partial None	Members of the Board of Directors and employees of Russian Railways and JSC FPC are involved in the activities of the Human Resources, Remuneration, and Corporate Governance Committee of FPC's Board of Directors. The Committee is headed by an independent director who is not the Chairman of FPC's Board of Directors.
2.8.3	To preview matters related to talent management (succession planning), professional composition and efficiency of the board of directors, a nomination (appointments, human resources) committee was set up, predominantly comprised of independent directors.	<p>1. The board of directors has set up a nomination committee (or its tasks listed in Recommendation 186 of the Code are fulfilled by another committee) predominantly comprised of independent directors.</p> <p>2. The company's internal documents set out the tasks of the nomination committee (or the tasks of the committee with combined functions), including those listed in Recommendation 186 of the Code.</p>	x Full Partial None	JSC FPC has set up the Human Resources, Remuneration, and Corporate Governance Committee of the Board of Directors. The roles of the Committee are set out in the Regulations on the Human Resources, Remuneration, and Corporate Governance Committee of FPC's Board of Directors and comply with recommendations of the Corporate Governance Code concerning the remuneration committee and the nomination committee. The Committee includes one independent director.
2.8.4	Taking into account the company's scope of business and level of risks, the company's board of directors made sure that the composition of its committees is fully in line with the company's business goals. Additional committees were either set up or not deemed necessary (strategy committee, corporate governance committee, ethics committee, risk management committee, budget committee, health, safety and environment committee, etc.).	<p>1. In the reporting period, the board of directors considered whether the composition of its committees was in line with the board's tasks and the company's business goals. Additional committees were either set up or not deemed necessary.</p>	x Full Partial None	
2.8.5	Committees are composed so as to enable comprehensive discussions of matters under preview, taking into account the diversity of opinions.	<p>1. Committees of the board of directors are headed by independent directors.</p> <p>2. The company's internal documents (policies) include provisions stipulating that persons who are not members of the audit committee, the nomination committee and the remuneration committee may attend committee meetings only by invitation of the chairman of the respective committee.</p>	x Full Partial None	Two committees of the Board of Directors (the Audit and Risk Committee and the Human Resources, Remuneration, and Corporate Governance Committee) are headed by independent directors. The Strategic Planning Committee is headed by the Chairman of the Company's Board of Directors.
2.8.6	Committee chairmen inform the board of directors and its chairman on the work of their committees on a regular basis.	<p>1. During the reporting period, committee chairmen reported to the board of directors on the work of committees on a regular basis.</p>	x Full Partial None	
2.9	The board of directors ensures performance assessment of the board of directors, its committees and members of the board of directors.			
2.9.1	The board of directors' performance assessment is aimed at determining the efficiency of the board of directors, its committees and members, consistency of their work with the company's development requirements, as well as bolstering the work of the board of directors and identifying areas for improvement.	<p>1. Self-assessment or external assessment of the board of directors' performance carried out in the reporting period included performance assessment of committees, individual members of the board of directors and the board of directors in general.</p> <p>2. Results of self-assessment or external assessment of the board of directors' performance carried out in the reporting period were reviewed at the in-person meeting of the board.</p>	x Full Partial None	The performance of the Board of Directors was not assessed in the reporting period.

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2.9.2	Performance of the board of directors, its committees and members shall be assessed regularly at least once a year. An external advisor is engaged at least once in three years to conduct an independent assessment of the board of directors' performance.	1. The company engaged an external advisor to conduct an independent assessment of the board of directors' performance at least once over the last three reporting periods.	Full Partial x None	Independent assessment of the board of directors' performance was not conducted in the reporting period.
3.1	The company's corporate secretary ensures efficient ongoing interaction with shareholders, coordinate the company's efforts to protect shareholder rights and interests, and supports the activities of the board of directors.			
3.1.1	The corporate secretary has the knowledge, experience and qualifications sufficient to perform his/her duties, as well as an impeccable reputation and the trust of shareholders.	1. The company has adopted and published an internal document – regulations on the corporate secretary. 2. The biographical data of the corporate secretary are published on the corporate website and in the company's annual report with the same level of detail as for members of the board of directors and the company's executives.	x Full Partial None	
3.1.2	The corporate secretary is sufficiently independent of the company's executive bodies and have the powers and resources required to perform his/her tasks.	1. The board of directors approves the appointment, dismissal and additional remuneration of the corporate secretary.	x Full Partial None	
4.1	Remuneration payable by the company is sufficient to attract, motivate and retain people with competencies and qualifications required by the company. Remuneration payable to directors, executive bodies and other key executive officers of the company is in compliance with the approved remuneration policy of the company.			
4.1.1	The amount of remuneration paid by the company to directors, executive bodies and other key managers creates sufficient incentives for them to work efficiently while enabling the company to engage and retain competent and qualified specialists. At the same time, the company avoids unnecessarily high remuneration, as well as unjustifiably large gaps between remunerations of the above persons and the company's employees.	1. The company has in place an internal document (internal documents) – the policy (policies) on remuneration of directors, executive bodies and other key managers, which clearly defines (define) the approaches to remuneration of the above persons.	x Full Partial None	
4.1.2	The company's remuneration policy is devised by the remuneration committee and approved by the board of directors. The board of directors, assisted by the remuneration committee, ensures control over the introduction and implementation of the company's remuneration policy, revising and amending it as required.	1. In reporting period, the remuneration committee considered the remuneration policy (policies) and the practical aspects of its (their) introduction and presented relevant recommendation to the board of directors as required.	Full x Partial None	In 2018, the Human Resources, Remuneration, and Corporate Governance Committee of FPC's Board of Directors did not review matters related to the remuneration of the General Director and key managers of the Company. Information on bonuses paid to the General Director is submitted for review by the Human Resources, Remuneration, and Corporate Governance Committee of FPC's Board of Directors on a quarterly basis.
4.1.3	The company's remuneration policy includes transparent mechanisms for determining the amount of remuneration due to directors, executive bodies and other key managers of the company, and regulate all types of expenses, benefits and privileges provided to such persons.	1. The company's remuneration policy (policies) includes (include) transparent mechanisms for determining the amount of remuneration due to directors, executive bodies and other key managers of the company, and regulates (regulate) all types of expenses, benefits and privileges provided to such persons.	x Full Partial None	
4.1.4	The company defines a policy on reimbursement (compensation) of costs detailing a list of reimbursable expenses and specifying service levels that directors, executive bodies and other key managers of the company can claim. Such policy can make part of the company's remuneration policy.	1. The remuneration policy (policies) defines (define) the rules for reimbursement of costs incurred by directors, executive bodies and other key managers of the company.	x Full Partial None	

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4.2	Remuneration system for directors ensures alignment of financial interests of directors with long term financial interests of shareholders.			
4.2.1	The company pays fixed annual remuneration to directors. The company does not pay remuneration for attending particular meetings of the board of directors or its committees. The company does not apply any form of short-term motivation or additional financial incentive for directors.	1. Fixed annual remuneration was the only form of monetary remuneration payable to directors for their service on the board of directors during the reporting period.	x Full Partial None	
4.2.2	Long-term ownership of the company's shares helps align the financial interests of directors with long-term interests of shareholders to the utmost. At the same time, the company does not link the right to dispose of shares to performance targets, and directors do not participate in stock option plans.	1. If the company's internal document(s) – the remuneration policy (policies) stipulates (stipulate) provision of the company's shares to directors, clear rules for share ownership by directors shall be defined and disclosed, aimed at stimulating long-term ownership of such shares.	Full Partial x None	Not applicable. The Regulations on Remuneration and Reimbursement for Members of JSC FPC's Board of Directors do not stipulate provision of the Company's shares to directors.
4.2.3	The company does not provide for any extra payments or compensations in the event of early termination of directors' mandates resulting from the change of control or any other reasons.	1. The company does not provide for any extra payments or compensations in the event of early termination of directors' mandates resulting from the change of control or any other reasons.	x Full Partial None	
4.3	The company considers its performance and the personal contribution of each executive to the achievement of such performance, when determining the amount of a fee payable to members of executive bodies and other key managers of the company.			
4.3.1	Remuneration due to members of executive bodies and other key managers of the company is determined in a manner providing for reasonable and justified ratio of the fixed and variable parts of remuneration, depending on the company's results and the employee's personal contribution.	1. In the reporting period, annual performance results approved by the board of directors were used to determine the amount of the variable part of remuneration due to members of executive bodies and other key managers of the company. 2. During the latest assessment of the system of remuneration for members of executive bodies and other key managers of the company, the board of directors (remuneration committee) made sure that the company applies efficient ratio of the fixed and variable parts of remuneration. 3. The company has in place a procedure that guarantees return to the company of bonus payments illegally received by members of executive bodies and other key managers of the company.	x Full Partial None	1. Annual targets set out in JSC FPC's budget approved by the Board of Directors were used to determine the amount of the variable part of remuneration due to members of executive bodies and other key managers of the Company. 2. The remuneration system for members of executive bodies and other key managers of the Company was not assessed. 3. JSC FPC's corporate regulations do not provide for a procedure that guarantees return to the Company of bonus payments illegally received by members of executive bodies and other key managers of the Company.
4.3.2	The company has in place a long-term incentive program for members of executive bodies and other key managers of the company with the use of the company's shares (options and other derivative instruments where the company's shares are the underlying asset).	1. The company has in place a long-term incentive program for members of executive bodies and other key managers of the company with the use of the company's shares (financial instruments based on the company's shares). 2. The long-term incentive program for members of executive bodies and other key managers of the company implies that the right to dispose of the shares and other financial instruments used in this program takes effect at least three years after such shares or other financial instruments are granted. The right to dispose of such shares or other financial instruments is linked to the company's performance targets.	Full Partial x None	Not applicable.
4.3.3	The compensation (golden parachute) payable by the company in case of early termination of powers of members of executive bodies or key managers at the company's initiative, provided that there have been no actions in bad faith on their part, does not exceed the double amount of the fixed part of their annual remuneration.	1. In the reporting period, the compensation (golden parachute) payable by the company in case of early termination of the powers of executive bodies or key managers at the company's initiative, provided that there have been no actions in bad faith on their part, did not exceed the double amount of the fixed part of their annual remuneration.	x Full Partial None	
5.1	The company has in place an effective risk management and internal control system providing reasonable assurance in the achievement of the company's goals.			
5.1.1	The company's board of directors determined the principles of, and approaches to organizing a risk management and internal control system in the company.	1. Functions of different management bodies and units of the company in the risk management system and internal control are clearly defined in the company's internal documents/relevant policy approved by the board of directors.	x Full Partial None	

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5.1.2	The company's executive bodies ensure establishment and continuous operation of an efficient risk management and internal control system in the company.	1. The company's executive bodies ensured the distribution of functions and powers related to risk management and internal control between the heads (managers) of units and departments accountable to them.	x Full Partial None	
5.1.3	The company's risk management and internal control system ensures an objective, fair and clear representation of the current state of the company and its future prospects, the integrity and transparency of the company's reporting, as well as reasonable and acceptable risk exposure.	1. The company has in place an approved anti-corruption policy. 2. The company has arranged for accessible means of notifying the board of directors or the board's audit committee about violations of the law, the company's internal procedures and code of ethics.	x Full Partial None	
5.1.4	The company's board of directors takes necessary measures to make sure that the company's risk management and internal control system is consistent with the principles of, and approaches to its setting up determined by the board of directors, and that the system is functioning efficiently.	1. In the reporting period, the board of directors or the board's audit committee assessed the efficiency of the company's risk management and internal control system. The information on the key results of this assessment is included in the company's annual report.	x Full Partial None	JSC FPC's Internal Audit Unit assessed the efficiency of the company's risk management and internal control system; the results of the assessment were submitted for review by FPC's Board of Directors upon review by the Audit and Risk Committee of FPC's Board of Directors.
5.2	The company performs internal audits for regular independent assessment of the reliability and effectiveness of the risk management and internal control system, as well as corporate governance practices.			
5.2.1	The company has set up a separate business unit or engaged an independent external organisation to carry out internal audits. The functional and administrative reporting lines of the internal audit unit are delineated. The internal audit unit functionally reports to the board of directors.	1. To perform internal audits, the company has set up a separate internal audit business unit functionally reporting to the board of directors or the audit committee, or engaged an independent external organisation with the same line of reporting.	x Full Partial None	To perform internal audits, the Company has set up a separate internal audit business unit – JSC FPC's Internal Audit Unit. The Internal Audit Unit functionally reports to the Board of Directors.
5.2.2	The internal audit unit assesses the performance of the internal control and risk management system, as well as the corporate governance system. The company applies generally accepted standards of internal audit.	1. In the reporting period, the performance of the internal control and risk management system was assessed as part of the internal audit procedure. 2. The company applies generally accepted approaches to internal audit and risk management.	x Full Partial None	JSC FPC's local regulations on risk management and internal control have been developed in compliance with international practices and standards (including COSO's Enterprise Risk Management – Integrated Framework, GOST R ISO 31000-2010, GOST R ISO 31010-2011, etc.).
6.1	The company and its business are transparent for shareholders, investors and other stakeholders.			
6.1.1	The company has developed and adopted an information policy ensuring an efficient exchange of information between the company, its shareholders, investors and other stakeholders.	1. The company's board of directors approved an information policy developed in accordance with the Code's recommendations. 2. The board of directors (or one of its committees) considered matters related to the company's compliance with its information policy at least once in the reporting period.	x Full Partial None	
6.1.2	The company discloses information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of this Code.	1. The company discloses information on its corporate governance system and general principles of corporate governance applied in the company, including disclosure on its website. 2. The company discloses information on the composition of executive bodies and the board of directors, independence of the board members and their membership in the board's committees (as defined in the Code). 3. If the company has a controlling entity, the company publishes a memorandum of the controlling entity setting out the latter's plans for the company's corporate governance.	x Full Partial None	A memorandum is not available.

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6.2	The company makes timely disclosures of complete, updated and reliable information to allow shareholders and investors to make informed decisions.			
6.2.1	The company discloses information based on the principles of regularity, consistency and promptness, as well as availability, reliability, completeness and comparability of disclosed data.	<p>1. The company's information policy defines the approaches to, and criteria of identification of information that can have a material impact on the company's evaluation and the price of its securities, as well as procedures ensuring timely disclosure of such information.</p> <p>2. If the company's securities are traded on foreign regulated markets, the company ensures concerted and equivalent disclosure of material information in the Russian Federation and in the said markets in the reporting period.</p> <p>3. If foreign shareholders hold a significant amount of the company's shares, during the reporting year, information was disclosed not only in the Russian language, but also in one of the most widespread foreign languages.</p>	<p>Full</p> <p>x Partial</p> <p>None</p>	Paragraphs 2 and 3 are not applicable: JSC FPC does not have foreign shareholders, the Company's securities are not traded on foreign regulated markets.
6.2.2	The company avoids a formalistic approach to information disclosure and discloses critical information about its operations even if such disclosure is not required by law.	<p>1. In the reporting period, the company disclosed annual and 6M financial statements prepared under the IFRS. The company's annual report for the reporting period contains annual financial statements prepared under the IFRS, along with the auditor's report.</p> <p>2. The company discloses complete information on its capital structure, as stated in Recommendation 290 of the Code, in its annual report and on the corporate website.</p>	<p>Full</p> <p>x Partial</p> <p>None</p>	In the reporting period, the company disclosed annual and 6M financial statements prepared under the IFRS. The Annual Report does not contain annual financial statements prepared under the IFRS, The Company discloses complete information on the capital structure of JSC FPC, as stated in Recommendation 290 of the Code, in its Annual Report and on the corporate website of the company.
6.2.3	The annual report, as one of the most important tools of information exchange with shareholders and other stakeholders, contains information enabling assessment of the company's performance in the reporting year.	<p>1. The company's annual report contains information on the key aspects of the company's operations and its financial results.</p> <p>2. The company's annual report contains information on the environmental and social aspects of the company's operations.</p>	<p>Full</p> <p>x Partial</p> <p>None</p>	
6.3	The company provides information and documents as per the requests of shareholders in compliance with principles of fairness and ease of access.			
6.3.1	The company provides information and documents as per the requests of shareholders in compliance with principles of fairness and ease of access.	1. The company's information policy establishes the procedure for providing shareholders with easy access to information, including information on legal entities controlled by the company, as requested by shareholders.	<p>Full</p> <p>x Partial</p> <p>None</p>	
6.3.2	When providing information to shareholders, the company ensures reasonable balance between the interests of particular shareholders and its own interests consisting in preserving the confidentiality of important commercial information which may materially affect its competitiveness.	<p>1. In the reporting period, the company did not refuse shareholders' requests for information, or such refusals were justified.</p> <p>2. In cases defined by the information policy, shareholders are warned of the confidential nature of the information and undertake to maintain its confidentiality.</p>	<p>Full</p> <p>x Partial</p> <p>None</p> <p>Not met</p>	
7.1	Actions that significantly impact or may significantly impact the share capital structure or financial condition of the company and, respectively, shareholders position (material corporate actions) are fairly executed providing observance of rights and interests of shareholders and other stakeholders.			
7.1.1	Material corporate actions include restructuring of the company, acquisition of 30% or more of the company's voting shares (takeover), execution by the company of significant transactions, increase or reduction of the company's authorised capital, listing or de-listing of the company's shares, as well as other actions which may lead to material changes in the rights of shareholders or violation of their interests. The company's articles of association define a list of transactions or other actions classified as material corporate actions pertaining to the competence of the company's board of directors.	<p>1. The company's articles of association define a list of transactions or other actions classified as material corporate actions, and criteria for their identification. Resolutions on material corporate actions are referred to the jurisdiction of the board of directors. When execution of such corporate actions is expressly referred by law to the jurisdiction of the general shareholders meeting, the board of directors presents relevant recommendations to shareholders.</p> <p>2. According to the company's articles of association, material corporate actions include at least: company reorganisation, acquisition of 30% or more of the company's voting shares (in case of takeover), execution by the company of material transactions, increase or reduction of the company's authorised capital, listing or delisting of the company's shares.</p>	<p>Full</p> <p>x Partial</p> <p>None</p>	<p>Partly not applicable.</p> <p>Since JSC FPC is a non-public joint stock company, its Articles of Association do not contain provisions on the listing and delisting of the Company's shares. JSC FPC does not have treasury shares.</p>

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7.1.2	The board of directors plays a key role in making decisions or working out recommendations regarding material corporate actions, relying on the opinions of the company's independent directors.	1. The company has in place a procedure enabling independent directors to express their opinions on material corporate actions prior to approval thereof.	Full Partial x None	JSC FPC's internal documents do not provide for such a procedure.
7.1.3	When taking material corporate actions affecting the rights and legitimate interests of shareholders, equal terms and conditions are ensured for all shareholders of the company, and, in case of insufficient statutory mechanisms for protecting shareholder rights, additional measures are taken to protect the rights and legitimate interests of the company's shareholders. In doing so, the company is guided by the corporate governance principles set forth in the Code, as well as by formal statutory requirements.	1. Taking into account the specifics of the company's operations, the company's articles of association establish lower minimum criteria for the company's transactions to be deemed material corporate actions than those provided by law. 2. All material corporate actions in the reporting period were duly approved before they were taken.	x Full Partial None	
7.2	The company performs material corporate actions in such a way as to ensure that shareholders timely receive complete information about such actions, allowing them to influence such actions and guaranteeing adequate protection of their rights when performing such actions.			
7.2.1	Information about material corporate actions is disclosed with explanations of the grounds, circumstances and consequences.	1. In the reporting period, the company disclosed information about its material corporate actions in due time and in detail, including the grounds for, and timelines of, such actions.	x Full Partial None	
7.2.2	Rules and procedures related to material corporate actions taken by the company are set out in the company's internal documents.	1. The company's internal documents provide for the procedure for engaging an independent appraiser to determine the value of the property disposed of or acquired pursuant to a major transaction or an interested-party transaction. 2. The company's internal documents set out the procedure for engaging an independent appraiser to assess the value of the company's shares at their repurchase or redemption. 3. The company's internal documents provide for an expanded list of grounds on which members of the company's board of directors as well as other persons as per the applicable law are deemed to be interested parties to the company's transactions.	Full x Partial None	JSC FPC's internal documents provide for an expanded list of grounds on which the Company's Directors and other persons as per the applicable law are deemed to be interested parties to the Company's transactions. JSC FPC's Articles of Association stipulate that the provisions of Article 11 of the Federal Law On Joint Stock Companies do not apply to transactions in which the Company's controlling entity is the interested party.