

Company Policies for Corporate Governance



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Protecting shareholder interests and rights

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Equality in our relationships with all stock holders

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Mutual trust and respect to all interested parties

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Timely disclosure of information

Creation of a collective executive body - JSC FPC Management Board - should increase the quality of management decisions approved by the Board



The highest administrative body of the Company is the General Shareholders Meeting. In the period between meetings, the Board of Directors serves as the general governance of the Company's operations. The Company's day-to-day operations are managed by the General Director, a sole executive body overseen by the Board of Directors and General Shareholders Meeting.

The Board of Directors forms Committees for Strategic Planning, Human Resources and Remuneration, and Auditing. The Audit Commission, the Centre for Internal Control and an external audit firm monitor their actions. JSC FPC adheres to the requirements of the legislation of the Russian Federation, including requirements for the disclosure of information, and strives to observe the requirements of Codex of Corporate Conduct, approved by the command of the Federal Commission of Market Security of the Russian Federation on April 4, 2002, as well as the Principles of Corporate Governance of the OECD.

The following changes were made to the corporate governance policies as written in the charter of JSC FPC in 2013:

- An Extraordinary General Shareholders Meeting on January 22, 2013 decided to amend the JSC FPC Charter's position on the examination of transactions by the Board of Directors (single or interrelated) whose prices exceed 5% of the book value of the assets on the date of the decision to make said transactions;
- By a decision of an Extraordinary General Shareholders Meeting on June 5, 2013 as to the authority of the General Director, approval of transactions related to the free transfer of funds from net profits to the Company's charitable causes within the limits approved by the Annual General Shareholders Meeting is no longer required.

At JSC FPC a unified system has been created to motivate the management and control bodies of JSC FPC's subsidiaries and affiliates.

- In cooperation with the Human Resources and Remuneration Committee, the Board of Directors, has developed standards for the payment of remunerations and compensation to the members of the Board of Directors and to the Audit Commission of the subsidiaries and affiliates of JSC FPC.
- A position was developed as to an incentive system for the general directors of JSC FPC's subsidiaries and affiliates, making provisions for the definition of the principles and criteria for determining remuneration and for evaluating the performance of the general directors of JSC FPC's subsidiaries and affiliates.

In order to respect the interests of JSC FPC, the Company's Board of Directors appoints candidates to represent the Company in the management bodies of FPC's subsidiaries and affiliates. For this purpose, the Company has approved a procedure for the selection of candidates for election to the Boards of Directors of the subsidiaries and affiliates of FPC which provides for the possibility of attracting not only key Company employees but also independent directors to the Boards of Directors.

One of the significant planned changes in FPC's system of corporate governance, aimed at improving the efficiency of managerial decision-making, is the creation of a joint executive body, the JSC FPC Board. Significant authority for dealing with the most important issues of the Company's current operations would be delegated to this Board.

Structure of Management and Control Bodies at JSC FPC



