

The committees' activities are governed by relevant regulations. The committees submit reports on their activities to the Board of Directors on an annual basis.

The Corporate Secretary ensures effective ongoing interaction with shareholders, coordinates the Company's efforts to protect shareholder rights and interests, and supports the activities of the Board of Directors. The Corporate Secretary is accountable to the Board of Directors. The Corporate Secretary's activities are governed by the Regulations on the Corporate Secretary approved by FPC's Board of Directors.

FPC has the standing Audit Commission and appoints its Auditor on an annual basis to provide shareholders with reliable and complete information on its financial and business activities.

The Company has its internal audit function – the Internal Audit Unit. The Regulations on JSC FPC's Internal Audit Organisation, Regulations on JSC FPC's Internal Audit Unit, and the unit's activity plan are approved by the Board of Directors. The Internal Audit Unit is accountable to the Board of Directors.

Assessment of corporate governance quality

Internal assessment of corporate governance quality

In 2020, the Internal Audit Unit assessed the Company's regulations and practices for compliance with regulatory requirements, including recommendations of the Bank of Russia's Corporate Governance Code, as well as compliance with FPC's internal documents.

Regulatory requirements for corporate governance practices were assessed in accordance with the Internal Audit Practice Guidelines No. PR.004-2018, Assessment of Corporate Governance Practices, in the following aspects:

- Shareholder rights protection, activities of the Board of Directors, and interaction of governance bodies
- Activities of the executive management team, including procedures for setting goals, monitoring and controlling their achievement
- Disclosure by the Company of information about its operations
- Corporate social responsibility and business ethics

The final result of the corporate governance practice assessment was 97% of the maximum overall score, which shows that the Company's corporate governance practice is mostly compliant with established regulatory requirements.

The following findings/conclusions were drawn from the internal audit:

- FPC's current corporate governance regulations comply with the key recommendations of the Bank of Russia's Corporate Governance Code and do not contradict the Federal Law On Joint Stock Companies
- The Company complies with the information disclosure requirements established by the Federal Law On Joint Stock Companies and Regulations on Information Disclosure by Issuers of Issue-Grade Securities No. 454-P dated 30 December 2014
- To ensure the efficiency of corporate governance, the Company applies a systemic approach to the interconnection of all corporate governance elements. The Company has in place a KPI system linked to the remuneration system of FPC's General Director
- Timely disclosure of complete and reliable information about the Company increases transparency and enhances stakeholders' trust

The Internal Audit Unit provided recommendations on further enhancing the efficiency of corporate governance at FPC.

Report on compliance with the Bank of Russia's Corporate Governance Code

In 2020, the Company continued to improve its corporate governance system.

FPC's internal documents regulating corporate governance were updated, and new relevant documents were developed during the reporting year.

The Board of Directors approved the following documents:

- A new version of the Regulations on JSC FPC's Dividend Policy
- Code of Ethics for Internal Auditors
- New standards for providing materials regarding items on the agenda of the General Shareholders Meeting of FPC and on the agenda of meetings of FPC's Board of Directors

The Company continued to follow the recommendations of the Bank of Russia's Corporate Governance Code (the "Code"):

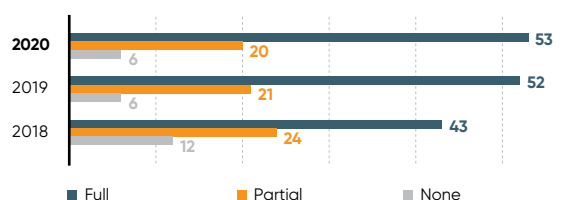
- FPC's Human Resources, Remuneration and Corporate Governance Committee assessed nominees to the Board of Directors for required experience, expertise, business reputation, and absence of conflicts of interest
- FPC's Human Resources, Remuneration and Corporate Governance Committee assessed nominees to the Board of Directors against the independence criteria set by the Code
- The Board of Directors conducted a self-evaluation of its performance as well as the performance of its committees and individual Board members, including the analysis of the needs of the Board of Directors in terms of professional qualifications, experience and business skills of Board

members, the number of Board members, and the performance of the Chairman of the Board of Directors and the Corporate Secretary.

- The Board of Directors reviewed at an in-person meeting the results of assessment of corporate governance practice
- The Company's Annual Report contains the main results of the Board of Directors' performance evaluation
- The Company's Annual Report contains annual financial statements prepared under the IFRS, along with the auditor's report

More details on the Company's compliance with the Code are available in the [Report on Compliance with the Bank of Russia's Corporate Governance Code annexed hereto](#).

Compliance with the Corporate Governance Code



Compliance with the principles and recommendations of the Corporate Governance Code¹

Sections	The number of corporate governance principles recommended by the Code	Compliance								
		full			partial			none		
		2019	2020	2020	2018	2019	2020	2018	2019	2020
Shareholder Rights	13	8	9	9	3	3	3	2	1	1
Board of Directors	36	15	23	24	14	11	10	7	2	2
Corporate Secretary	2	2	2	2	–	–	–	–	–	–
Remuneration System	10	6	6	6	2	2	2	2	2	2
Risk Management System	6	6	6	6	–	–	–	–	–	–
Information Disclosure	7	4	4	4	3	3	3	–	–	–
Material Corporate Actions	5	2	2	2	2	2	2	1	1	1
Total	79	43	52	53	24	21	20	12	6	6

¹ In accordance with Letter of the Bank of Russia No. IN-06-52/8 On Disclosure of Compliance with the Principles and Recommendations of the Corporate Governance Code in the Annual Report of a Public Joint Stock Company, dated 17 February 2016.