

Corporate Governance System

Respect for stakeholder rights, information transparency, and safeguarding the interests of its shareholders are the three most crucial corporate governance tenets of JSC FPC.

Corporate governance principles

Protection of shareholders interests and rights

The Regulations on Preparing and Holding the General Meeting of Shareholders of JSC FPC¹ provide for the corporate governance rights of shareholders.

Protection of the interests and rights of the Company’s shareholders is ensured through a reliable method for recording their rights to shares – the share register is maintained by an independent entity, JSC STATUS registrar.

In addition to the information required by law, shareholders are provided with additional information during the preparation of the General Meeting of Shareholders.

Equal treatment of all shareholders

Shareholders have equal and fair rights to share JSC FPC’s profit by receiving dividends. The Regulations on JSC FPC’s Dividend Policy² establish a mechanism for determining the dividend amount and paying dividends.

All shareholders are provided with materials required for the General Meetings of Shareholders and have equal access to all required information at the Company’s location.

Timely disclosure of information

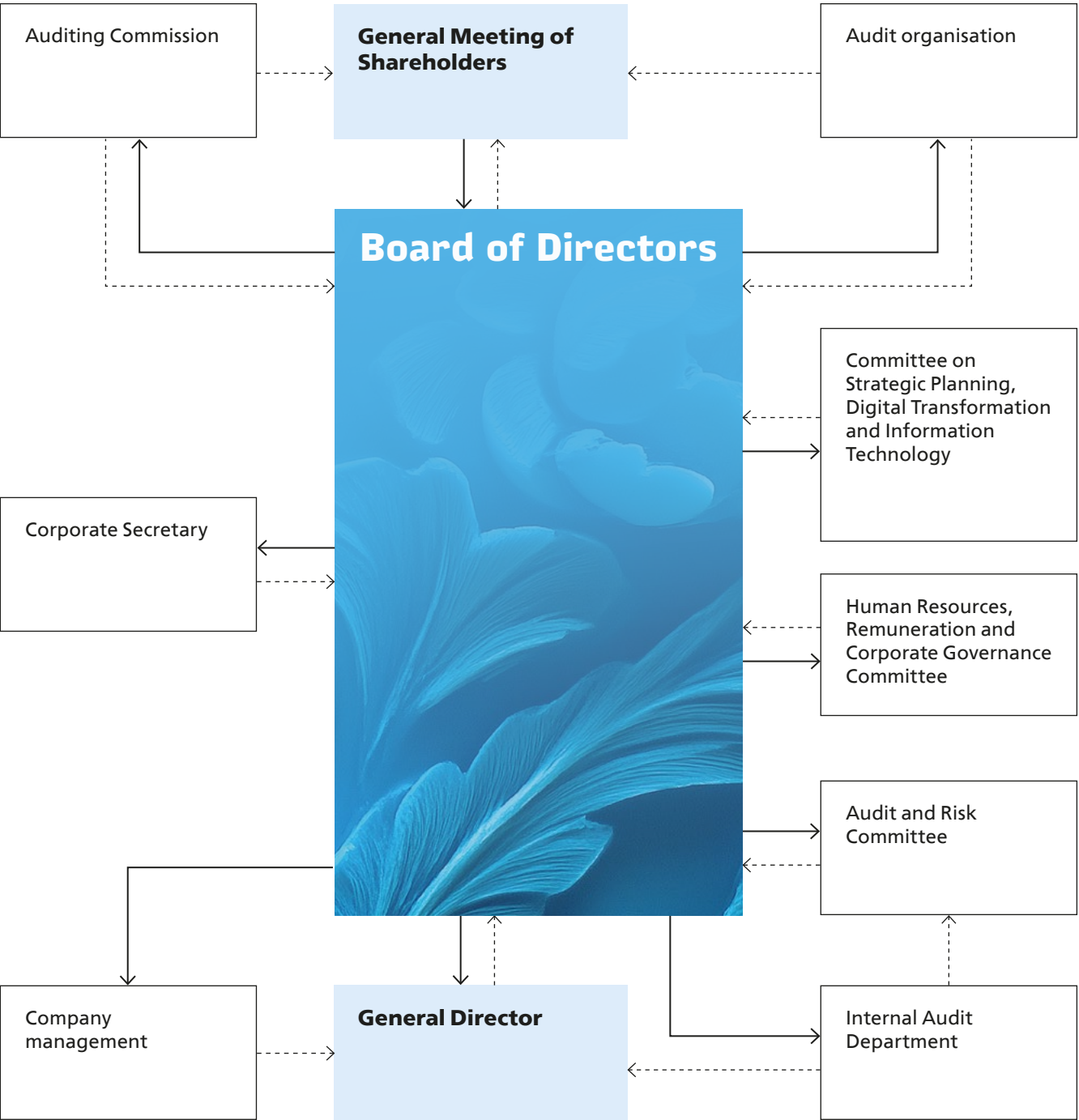
The Company discloses mandatory information in a timely manner on the website and in the newsfeed of SCRIN³, an information agency authorised to disclose the information on securities and other financial instruments. Voluntarily disclosed information related to JSC FPC’s activities, which JSC FPC considers important to be taken into account when making decisions by all or certain interested parties, is proactively disseminated through all available communication channels, including the Company’s website.

Mutual trust and respect for all stakeholders

Relationships between the Company’s shareholders, members of the Board of Directors, and management are based on integrity, trust, mutual respect for legitimate interests, and all parties performing their obligations in good faith.

Corporate governance model and practice

The Company’s corporate governance model



————> Election/agreement
-----> Reporting

¹ Approved by the resolution of the Annual General Meeting of Shareholders of JSC FPC, Minutes No. 50 dated 5 July 2022.
² Approved by the resolution of the Board of Directors of JSC FPC, Minutes No. 4 dated 28 August 2020.
³ Limited Liability Company Integrated Information and News Disclosure System (LLC SCRIN).

JSC FPC’s corporate governance model is built in line with Russian statutory requirements and is a multi-tier system of relationships between participants in the corporate governance process.

The Company’s bodies include the General Meeting of Shareholders, the Board of Directors and the sole executive body – the General Director, whose activities are governed by General Director’s Articles of Association and by-laws.

The delineation of the competence of the Company’s bodies is set out in [JSC FPC’s Articles of Association](#)¹.

Matters reserved to the General Meeting of Shareholders include:

- Making amendments and addenda to the Company’s Articles of Association and approving a new version of the document
- Reorganising the Company
- Liquidating the Company, appointing a liquidation committee, and approving interim and final liquidation balance sheets
- Determining the number, par value, class (type) of the authorised shares of JSC FPC and the rights granted by such shares
- Making a resolution on the placement of bonds convertible into shares, and other issue-grade securities convertible into shares
- Determining the number of Board members, election of Board members and terminating their powers prematurely
- Making a resolution on the payment of remuneration and/or compensation to the members of the Board of Directors of the Company
- Distributing the Company’s profit (including payment (declaration) of dividends, except for the payment (declaration) of dividends for the first quarter, the first six months, and the first nine months of the reporting year) and loss in the reporting year
- Making payment (declaration) of dividends for the first quarter, the first six months, and the first nine months of the reporting year
- Making decisions whether to grant preliminary consent for related-party transactions² in cases when the proportion of independent Board members is less than half of the elected Board members
- Making decisions on preliminary consent to or subsequent approval of major transactions involving property with a value exceeding 50% of the book value of the Company’s assets³

- Approving internal documents regulating the activities of the Company’s governance and control bodies
- Taking a resolution on filing an application to the Bank of Russia requesting for an exemption from the obligation to disclose or provide information according to the Russian laws on securities
- Taking a resolution on cancelling or amending previously adopted resolutions of the General Meeting of Shareholders of the Company

The Board of Directors occupies a key position in JSC FPC’s corporate governance system. Its activities are governed by the [Regulations on the Board of Directors of JSC FPC](#)⁴ approved by the General Meeting of Shareholders. Information on the activities of the Board of Directors is disclosed in the Annual Report and made available to shareholders.

The scope of functions of the Board of Directors:

- Determining the Company’s priority areas of activity, approve its strategy
- Approving the budget, investment programme, major investment projects and their adjustments
- Reviewing the report of the sole executive body on the Company’s performance results for the reporting period, the report on the progress in implementing the Operational Efficiency and Cost Optimisation Programme, the report on the implementation of resolutions of the General Meeting of Shareholders and the Board of Directors
- Determining the number of members of the Auditing Commission of the Company, election of members of the Auditing Commission and early termination of their powers; deciding on payment of remuneration and (or) compensation to the members of the Auditing Commission in accordance with the internal document approved by the General Meeting of Shareholders of the Company
- Appointing the audit organisation (individual auditor), determining the initial (maximum) price of the contract for the provision of services by the audit organisation (individual auditor) of the Company, determining the amount of payment for the services of the audit organisation (individual auditor) of the Company
- Approving the Annual Report, annual accounting (financial) statements of the Company

- Reviewing the results of performance evaluation of the Board of Directors, members of the Board of Directors, committees of the Board of Directors, and the Corporate Secretary of the Company
- Determining key performance indicators (KPIs) for the Company, the sole executive body (temporary sole executive body) of the Company, key management personnel of the Company and approving reports on their fulfilment
- Defining general principles and approaches to organising the risk management, internal control (RM&ICS) and internal audit system in the Company
- Approving the acceptable amount of risks for the Company (risk appetite, preferred risks), including the approach to its determination



For the full list of powers of the Board of Directors, please see [JSC FPC’s Articles of Association](#)

The exclusive competence of the Board of Directors also covers the election of the General Director, early termination of their powers, determination of the terms and conditions of their employment agreement, as well as the person authorised to sign documents on behalf of the Company in the framework of employment relations with the sole executive body. The General Director shall combine positions in the bodies of other organisations, as well as other paid positions held on a part-time basis in other organisations, upon approval of the Board of Directors. The succession of the Company’s executive bodies is ensured by the Board of Directors through an annually approved succession pool for the position of the General Director.

Three standing committees of the Board of Directors of JSC FPC were put in place for preliminary consideration of the most important issues:

- Committee on Strategic Planning, Digital Transformation and Information Technology

- Audit and Risk Committee
- Human Resources, Remuneration and Corporate Governance Committee

The committees are governed by relevant [regulations](#) approved by the Board of Directors. The number and personal composition of the committees, as well as candidates for their chairpersons, shall be determined by the Board of Directors. The Committees submit annual reports to the Board of Directors. (For more details on the activities of the [Committees](#)).

The Corporate Secretary ensures effective ongoing interaction with shareholders, coordinates the Company’s efforts to protect their rights and interests, and supports the activities of the Board of Directors. The activities of the Corporate Secretary are regulated by the Regulations on the Corporate Secretary approved by the Board of Directors of JSC FPC. (For more details on the activities of the Corporate Secretary, see the [Corporate Secretary](#) section.)

To provide shareholders with reliable and complete information on the Company’s financial and economic activities, the Board of Directors annually appoints an auditing organisation and elects the Auditing Commission for a period of three years (for more details, please see the [Auditing Commission](#) section).

To assess the reliability and efficiency of risk management and internal control, JSC FPC put an internal audit division in place.

The Board of Directors of the Company approves internal documents defining the company-wide policy in the field of organisation and implementation of internal audit. The Head of the Internal Audit Function is appointed and dismissed by the General Director based on the resolution of the Board of Directors of the Company. The action plan and budget of the internal audit function of the Company, as well as the terms of the employment agreement with its head, including the amount of remuneration, are approved by the Board of Directors of the Company. The Board of Directors also considers a progress report on the internal audit action plan of the Company.

¹ Approved by the resolution of the Annual General Meeting of Shareholders of JSC FPC, Minutes No. 54 dated 5 July 2023.

² Except for related-party transactions involving a controlling person of the Company.

³ In accordance with the Federal Law ‘On Joint Stock Companies’.

⁴ Approved by the resolution of the Annual General Meeting of Shareholders of JSC FPC, Minutes No. 58 dated 3 July 2024.

Unique features of JSC FPC's corporate governance model

JSC FPC is a company of strategic importance for national defence and security¹. Due to the fact that 100% of the parent company's shares are owned by the Russian Federation, JSC FPC's corporate governance has a number of peculiarities:

- The parent company may not pledge, sell or otherwise dispose of the shares of JSC FPC (with transfer of ownership) without the consent of the Government of the Russian Federation².
- In cases provided for by the Articles of Association of the parent company, when acquiring shares (stakes in the authorised capital) in other business entities, JSC FPC shall follow the directives from the Federal Agency for State Property Management³.
- JSC FPC is required to carry out certain directives from the Russian Federation's government and, if necessary, to make sure that subsidiaries do the same.

JSC FPC is also on the list of key controlled entities that must obtain the parent company's Board of Directors' permission on matters that are material to their operations.

The material matters include:

- Approving development strategies and monitoring their implementation
- Endorsing the main budget parameters
- Determining the voting position on the most important issues on the agenda of the General Meeting of Shareholders and (or) the meeting of the Board of Directors (liquidation or reorganisation of the Company; election of the Board of Directors and the sole executive body of the Company; increase/decrease in the authorised capital of the Company; settlement of major and other transactions by the Company)



¹ The Company carries out the type of activity specified in Sub-clause 36, Article 6, Federal Law No. 57-FZ dated 29 April 2008 “On the Procedure for Foreign Investment in Business Entities of Strategic Importance for National Defence and Security” (it is a natural monopoly included in the register of natural monopolies in the areas referred to in Clause 1, Article 4, Federal Law No. 147-FZ dated 17 August 1995 “On Natural Monopolies”).
² In accordance with Federal Law No. 29-FZ dated 27 February 2003 “On Peculiarities of Management and Disposal of Railway Transport Property”.
³ In accordance with Decree of the Government of the Russian Federation No. 738 dated 3 December 2004 (revised on 31 March 2021, amended on 31 August 2022) “On Management of Federally Owned Shares in Joint Stock Companies and Use of the Special Right of Participation of the Russian Federation in Management of Joint Stock Companies (Golden Share)”.

Assessment of Corporate Governance Quality

External assessment of corporate governance quality

National corporate governance rating (NCGR)

Date of rating	February 2024	February 2025
Assessment period	2023	2024
Rating grade	6++	6++
Characterisation of corporate governance practice	Good Corporate Governance Practice	Good Corporate Governance Practice

The Company received the National Corporate Governance Rating (NCGR®) for the first time in 2024. The Russian Institute of Directors assessed JSC FPC's corporate governance system for 2023 and gave the Company a rating of 6++ ‘Good Corporate Governance Practice’.

In February 2025, based on the Company's 2024 results, the Russian Institute of Directors confirmed JSC FPC's corporate governance rating of 6++.

In accordance with the NCGR scale, the Company follows a number of key recommendations of the Russian Corporate Governance Code and sustainability standards.

JSC FPC has acceptable stakeholder risks related to the quality of corporate governance and sustainability management. Experts noted both positive changes in corporate governance practices over the reporting period and constraining factors. Attention is drawn to the fact that the impact on the rating is related to the continuity of the achieved practices in the future. In building the Company's corporate governance system, symmetry in the development of practices in the Shareholders’ Rights, Information Disclosure, as well as Sustainable Development and ESG components is required. (For more details on the press release, visit the [website](#) of the Russian Institute of Directors.)

In the period between the assignment and confirmation of the rating, the following changes took place in JSC FPC's corporate governance practices:

- The number of independent directors on the Board of Directors was increased from two to three and makes up one third of its numerical composition.
- The Audit and Risks Committee was chaired by an independent director, and the share of Board members in this Committee was increased.
- The share of Board members in the Human Resources, Remuneration and Corporate Governance Committee was increased; the Committee was chaired by an independent director, an expert in ESG practice development.
- The Board of Directors of JSC FPC addressed the matter of approving the succession pool for the position of the sole executive body of JSC FPC.
- At an in-person meeting, the Board of Directors considered the report on compliance with JSC FPC's Information Policy for 2023, and discussed the need to update the Policy.
- The results of the self-assessment of the performance of the Board of Directors, members of the Board of Directors, Chairman of the Board of Directors, Corporate Secretary and committees under the Board of Directors for the 2023–2024 corporate year were reviewed at an in-person meeting.