

## Appendix 7. Opinion of the RSPP Board

### Opinion of the RSPP Board on Non-Financial Reporting on PJSC Rostelecom's Sustainability Report 2018 submitted for public assurance purposes

The RSPP Board on Non-Financial Reporting (the Board), which was established by the resolution of the RSPP Bureau (Decree dated 28 June 2007), reviewed PJSC Rostelecom's Sustainability Report 2018 (the Report) submitted by PJSC Rostelecom (the Company, Rostelecom).

The Company contacted RSPP asking the Board to provide public assurance of the Report. The Board's task was to form an opinion on the relevance and completeness of information on the Company's performance disclosed in the Report in accordance with the principles of responsible business practice contained in the Social Charter of Russian Business and compliant with the United Nations Global Compact, as well as Russian and international social responsibility standards.

In the period between 12 and 28 May 2019, the Board examined the Report submitted by the Company and prepared this Opinion in accordance with the Public Assurance Procedure for non-financial corporate reports approved by the Board. Members of the Board have the necessary expertise in corporate responsibility, sustainability, and non-financial reporting, comply with ethical requirements (independence and objectivity of assessment), and express their own expert opinion rather than the opinion of the organisations they represent.

The Report was evaluated based on the following criteria for the relevance and completeness of the information contained in it:

Information is deemed relevant if it reflects the Company's activities aimed at implementing the principles of responsible business practice outlined in the Social Charter of Russian Business ([www.rspp.ru](http://www.rspp.ru)).

Information is deemed complete if the Report gives a comprehensive view of the Company's activities: values and underlying strategic priorities, governance systems and structures, stakeholder engagement, achievements, key results, and KPIs.

The public assurance procedure takes into account the fact that the Company used international reporting standards. However, assurance of the Report's compliance with the international reporting standards is outside the scope of this Opinion.

Responsibility for the information and statements contained in the Report lies with PJSC Rostelecom. Reliability of the reported data is not subject to public assurance.

This Opinion has been prepared for PJSC Rostelecom. The Company is entitled to use this Opinion both for internal purposes and for stakeholder communications, publishing it with no alterations.

### CONCLUSIONS

After analysing the Report and the information publicly available on the Company's website, and holding a group discussion of results of the independent evaluation performed by members of the Board, the Board confirms the following:

**PJSC Rostelecom's Sustainability Report 2018 contains relevant information on key areas of responsible business practice in compliance with the principles outlined in the Social Charter of Russian Business and discloses the Company's overall performance with sufficient completeness. Recommendations offered by the Board after the public assurance of PJSC Rostelecom's Sustainability Report 2017 were reflected in the Report for 2018. Specifically, the new Report provides more detailed information on the alignment between the Company's goals and objectives and the United Nations Sustainable Development Goals, also known as the 2030 Agenda for Sustainable Development. Also, there is a more detailed description of stakeholders' participation in defining material topics.**

The Report contains relevant information on the following principles of responsible business practice:

**Economic freedom and responsibility.** The Report describes the Company's core business lines, the scope of activities, and markets served, covering its financial performance and key events in the reporting year. It discloses information reflecting the Company's role in promoting digital services to public and private entities, highlighting their economic and social impacts. The Report outlines the Company's strategic priorities for 2018–2022 and describes its business model, providing details on the actions taken to improve the quality and accessibility of services. The document discloses the Company's capital expenditures in 2018 and includes information on its innovative solutions for e-government systems, cyber security, data centres, cloud computing, biometrics, healthcare, education, and utilities. The Report outlines Rostelecom's sustainable development priorities in the context of the UN SDGs and includes information on the Company's actions related to them. The corporate governance and risk management systems are also covered. The Report highlights sustainable development and CRS activities and management. The Company has the Code of Ethics reflecting its key anti-corruption principles and anti-corruption programmes implemented at subsidiaries and affiliates. The document describes the scope of anti-corruption training for employees, as well as the Company's participation in the Anti-Corruption Charter of Russian Business.

**Partnership in business.** The Report explores the Company's principles and practices of engaging with stakeholders, describing engagement mechanisms and formats. According to the document, the Company secures the rights of its shareholders, including by using state-of-the-art digital solutions. The Report discloses information on Rostelecom's partnership with the government, including under the Digital Economy of the Russian Federation programme and other federal IT and telecommunications projects, as well as its active promotion of the national SME development policy. The document describes the Company's role in ensuring the operation of the e-government infrastructure. It provides information on HR management, including professional development, the Long-Term Incentive Programme for

Letter from the President
Company Profile
Building a Sustainable Digital Future
Investing in Our People
Investing in Society
Fostering a Safe and Favourable Environment
Delivering High-Quality Services to Customers
Stakeholder Engagement
Appendices

2020–2022, and social programmes, disclosing results of the Company's health and safety efforts focused on both internal employees and contractors. Customer relations and feedback channels are also in focus. Other topics discussed in the Report include measures to enhance procurement transparency, supplier engagement procedures and practices, sustainable development in the supply chain, and Rostelecom's memberships of international, national, and regional industry unions and associations. The document also describes the Company's partnership with non-commercial organisations aimed at implementing socially significant initiatives, including the Digital Equality programme.

**Human rights.** The Report declares Rostelecom's commitment to ensuring adherence to human rights, highlighting the principles and mechanisms used to provide equal opportunities to employees across all gender and age groups and prevent discrimination in management decision-making. It provides information on ensuring respect for employee rights, the collective bargaining agreement, the Company's methods of informing employees and contractors of its obligations, and relevant requirements set for its business partners. According to the document, Rostelecom develops procedures and training, monitors and assesses progress, and creates feedback channels. The Report includes information on the Company's nationwide project for bridging the digital divide, which enables people to access high-quality digital services wherever they may live.

**Preservation of environment.** The document discloses the Company's environmental impact indicators and their changes over a few years. It describes the implementation of the Company's Environmental Policy aimed at mitigating its environmental impact. The Report provides information on environmental risk management and environmental training of managers and employees. It also discloses data on the Company's environmental protection investments and outlines the key environmental initiatives in 2018. PJSC Rostelecom's environmental management system is reported to have successfully passed an external recertification audit for compliance with GOST ISO 14001. Another topic discussed by the Report is environmental operational control programmes. It is reported that all Rostelecom products and services are assessed for potential negative impact on the environment and local communities. It is also declared that the Company performs environmental monitoring of its existing infrastructure facilities. The Report gives information on the Company's engagement with all its stakeholders as part of its environmental impact assessment process for the design and construction of new facilities. It contains data on sustainable use of natural resources and discloses information on the implementation of Rostelecom's Energy Policy, including power consumption, fuel and energy consumption, and energy efficiency efforts. It is reported that the Company enhances sustainable resource culture among employees.

**Participation in local community development.** The Report describes the Company's socially significant initiatives and projects in Russia, stating that the Company makes full use of its R&D and production capabilities to develop telecommunications infrastructure across all Russian regions. Also, it outlines the key areas covered by the Company's social and charitable programmes. Specifically, in 2018, Rostelecom's digital technology and solutions were used for implementing the following integrated programmes: Digital Equality, Health, Care, Cultural Heritage, Sports, and Environment. Data on the events and scope of the programmes is given for different regions of the Company's operations. When implementing social programmes, PJSC Rostelecom cooperates with federal and regional authorities and non-commercial organisations. Data on PJSC Rostelecom's costs associated with charitable projects is also disclosed. Yet another topic covered by the Report is the Company's volunteer activities.

#### Final conclusions

On the whole, the information contained in the Report reflects the Company's consistent steps to integrate corporate social responsibility and sustainable development principles into its business practices. The Report describes PJSC Rostelecom's strategic priorities, principles, and performance across the key responsible business practices. Special emphasis is placed on the introduction of digital technology and ensuring wide accessibility and quality of telecommunication products and services. It discloses stakeholder engagement, including for the needs of preparation of the Report.

The Report is prepared in compliance with international standards – the GRI Guidelines and the AA1000 Stakeholder Engagement Standard (SES) – which makes the information provided therein easily comparable to the one contained in the reports compiled by other companies. The Company's strategy and performance is presented in the context of the United Nations Sustainable Development Goals and stakeholders' proposals.

PJSC Rostelecom's Sustainability Report 2018 is the Company's eighth non-financial report, which reflects its consistent efforts to enhance public reporting and its commitment to transparency and openness.

---

### RECOMMENDATIONS

While recognising the strengths of PJSC Rostelecom's Sustainability Report 2018, the Board would like to draw the Company's attention to several aspects of relevance and completeness of information that are of importance for stakeholders and recommends taking them into account when preparing reports in the future.

The Board would like to note that the recommendations offered after analysing the Company's 2017 Report remain relevant and can be used in future reporting practice.

The Report discloses specific performance indicators for the key sustainable development areas. In order to enhance completeness, the Board recommends consistently evolving the practice and that all relevant indicators, including labour productivity and capex, reflecting the Company's performance, be expanded and disclosed over time.

The Board would also like to draw the Company's attention to the importance of giving more details on the economic aspect of sustainable development. It recommends including significant information on the topic into future reports, providing links to sources that contain more details on the issue (e.g., an annual report).

The Report contains information on the alignment between the Company's business priorities and the United Nations Sustainable Development Goals. The Board recommends continuing to disclose progress in contributing to the UN SDGs, assessing the Company's performance in attaining strategic goals and objectives from this perspective as well.

The Report also describes Rostelecom's engagement with business partners. It would be useful to give more details on the Company's efforts to ensure compliance with the principles responsible business practice among its business partners, including suppliers of products and services, and contractors, which could provide a better understanding of the Company's responsibility in the supply chain.

Providing per unit rates for environmental impact along with the gross ones helps get a clearer picture of performance on sustainable use of resources and minimisation of negative environmental impact. For instance, the Report discloses the Company's energy consumption rates per sq m. The Board recommends applying the same approach across other areas of environmental impact, specifically, to waste generation.

The Report describes the scope of PJSC Rostelecom's corporate social programmes. However, the Board's recommendation concerning disclosure of information on the projects' results and performance assessment for the most significant projects, including from the perspective of their positive impact and sustainability of results, remains relevant.

The Board would also like to draw the Company's attention to the fact that relevant information on anti-corruption practices will be more complete and convincing if Rostelecom describes the percentage of operations assessed for corruption risks in more detail, which will illustrate the effectiveness of management in the field.

We also recommend describing PJSC Rostelecom's structure in line with its IFRS financial statements to make it more transparent and straightforward.

The RSPP Board on Non-Financial Reporting expresses its positive opinion on the Report, supporting the Company's commitment to the principles of responsible business practice and noting the consistency in enhancing its reporting practices, and confirms that PJSC Rostelecom's Sustainability Report 2018 has passed the public assurance process.

The RSPP Board on Non-Financial Reporting