

The established system requires that due diligence be conducted on companies intending to enter into contract with Russian Railways, including bidders competing in a tender or auction for a contract to supply goods, work or services for Russian Railways' needs.

In accordance with Russian Railways' regulations, the counterparty is required to include a beneficial owner certification form in its submissions for concluding a contract, which is also reflected therein. All draft contracts require approval of the Security Department that can be granted after the successful completion of a comprehensive security audit.

Contracts with counterparties also include anti-corruption and tax clauses that require the parties to comply with the relevant regulations and provide for the termination of the contract if the counterparty is found to engage in corruption.

Conflict of interest

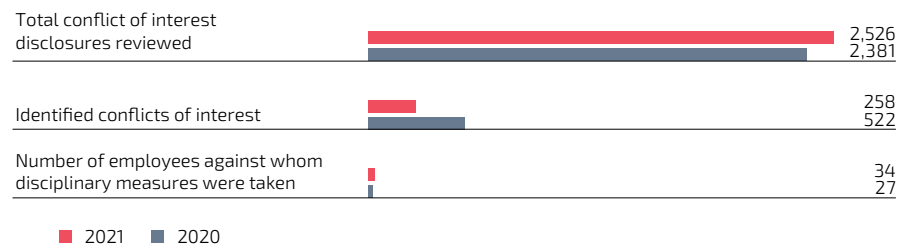
GRI 102-25

Preventive measures, including the prevention and resolution of conflicts of interest, remain an overarching priority for Russian Railways.

2021 saw an increase in the number of conflict of interest disclosures reviewed, which is attributable to improvements in awareness-raising and ethical behaviour across the Company.

The number of conflict of interest disclosures in 2021 at all corporate governance levels increased by 6% y-o-y to 2,526 disclosures from 2,381 disclosures in 2020. The number of identified conflicts of interest almost halved from 522 to 258 cases. The Company applied disciplinary actions for failure to comply with anti-corruption rules to 34 employees (22 employees were admonished, 10 employees were reprimanded, and 2 were dismissed).

Conflict of interest resolution



The Company has a Conflict of Interest Commission established to protect the legitimate interests of the Company and its employees. In 2021, the Commission held two meetings in respect of three executives from the Company's central corporate governance structures.

The railways of the Company have regional conflict of interest commissions, which held 39 meetings on 58 employees. The vast majority of the reviewed cases (over 80%) concerned the resolution of conflicts

of interest arising from a subordinate relationship with a relative, as well as equity participation in and holding management offices at companies doing business with Russian Railways.

Work is ongoing to incorporate digital solutions into conflict of interest resolution processes in the Declarant AIS, an automated reporting system. In 2021, the Company developed and visualised modules for preparing and collecting statistical reports, with the system becoming easier to use thanks to being integrated into the Employee Service Portal.