

Russian Railways' Anti-Corruption Action Plan

Russian Railways' Anti-Corruption Action Plan approved for the relevant period in accordance with the National Anti-Corruption Plan¹ and the respective Instructions of the Russian Government is a fundamental document providing a legal and organisational framework for the Company's anti-corruption action.

Key focus areas of Russian Railways' Anti-Corruption Action Plan for 2021–2024²:

- corruption risk management;
- prevention and resolution of conflicts of interest;
- reporting any inducement to corruption to the employer;
- reporting receipt of gifts by the employee;
- anti-corruption compliance in real property management;
- engagement with law enforcement agencies;
- analysis of anti-corruption measures in procurement;
- expert review of draft contracts to identify and eliminate corruption risks;
- assessment of RMICS from an anti-corruption perspective;
- Anti-Corruption Hotline;
- anti-corruption awareness raising;
- staff training and development;
- analysis of anti-corruption whistleblower protection practices;
- improvement of digital technologies in anti-corruption activities;
- social surveys on anti-corruption..

Corruption risk management

Russian Railways' corruption risk management is an integral part of the Company's risk management and internal control system. It is implemented in line with the Guidelines for Corruption Risk Management³ as amended in 2021, Risk Management and Internal Control Policy⁴ and other documents.

Russian Railways' Board of Directors⁵ approved the anti-corruption risk appetite statements under which the Company follows the principle of zero tolerance for corruption in any form or manifestation.

The Company's business units conducted an annual assessment of their corruption risks and compiled registers of such risks for 2021, with mitigation action underway.

To assess the effectiveness of the risk management and internal control system from an anti-corruption perspective, the Company carries out an annual internal audit and regularly reports to the Audit and Risk Committee of Russian Railways' Board of Directors on the results of anti-corruption monitoring and the effectiveness of the implemented anti-corruption

measures. The Code of Ethics for Internal Auditors⁶ establishes main ethical norms and rules, including the objectivity principle, the 'no conflict of interest' principle and the unified mandatory rules of conduct for internal auditors.

In addition, for internal control purposes, Russian Railways' business units and controlled entities managing regional and functional units carried out over 100 anti-corruption compliance audits, with follow-up corrective activity underway.

¹ Approved by the Russian President's Decree No. 478 dated 16 August 2021.

² Russian Railways' Order No. 2106/r dated 28 September 2021.

³ Russian Railways' Order No. 192/r dated 1 February 2021.

⁴ Approved by the Company's Board of Directors (Minutes No. 17 dated 27 May 2019) and enforced by Russian Railways' Order No. 1223/r of 18 June 2019.

⁵ Minutes No. 6 dated 30 November 2021.

⁶ Russian Railways' Order No. 3034/r dated 25 December 2019.

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

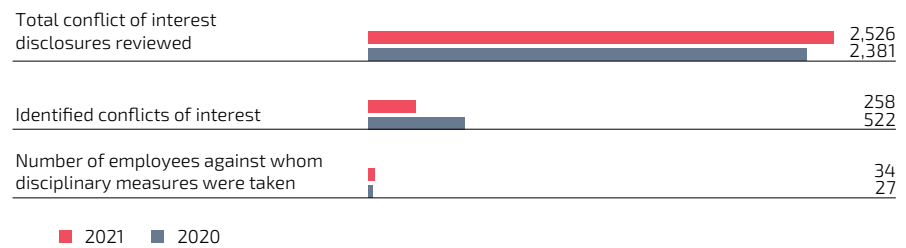
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Preventive measures, including the prevention and resolution of conflicts of interest, remain an overarching priority for Russian Railways.

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.