

Committees of the Board of Directors

For the purposes of preliminary consideration of the most important matters and preparation of relevant recommendations, the Russian Railways Board of Directors has the following committees in place:

- Strategic Planning Committee;
- Audit and Risk Committee;
- Personnel and Remuneration Committee;

- Digital Transformation and Innovation Committee.

The committees are elected by Russian Railways' Board of Directors and act in accordance with the regulations on the committees approved by the Company's Board of Directors¹.

 For more details on committees of the Board of Directors see [Russian Railways' 2021 Annual Report](#), Committees of the Board of Directors section.

Management Board

As a collective executive body, the Company's Management Board handles the general management of business operations (except for matters that are reserved to the General Meeting of Shareholders, the Board of Directors or the CEO and Chairman of the Management Board as per the Federal Law On Joint Stock Companies and the Company's Charter, unless otherwise stated by the Charter).

In line with its key responsibilities, the Management Board is tasked with developing proposals on the Company's business strategy, implementing its

financial and business policy, making decisions on the most important matters of its day-to-day operations and coordinating activities between its divisions, improving the effectiveness of the internal control and risk monitoring systems, and ensuring respect of shareholder rights and their legitimate interests.

The Management Board carries out its activities in accordance with the laws of the Russian Federation, the Company's Charter, resolutions of the General Meeting of Shareholders and the Board of Directors, the Regulation

on the Russian Railways Management Board, and the Company's internal regulations. The Management Board acts in the Company's interests and reports to the Company's General Meeting of Shareholders and the Board of Directors.

Members of the Russian Railways Management Board are appointed by the Company's Board of Directors (with the exception of the Chairman of the Management Board, who is appointed by the Government of the Russian Federation).

¹ The Regulation on the Strategic Planning Committee of Russian Railways' Board of Directors was approved by resolution of the Board of Directors dated 25 April 2014 (Minutes No. 8) and amended by resolution of the Board of Directors dated 19 November 2020 (Minutes No. 1). The Regulation on the Audit and Risk Committee of Russian Railways' Board of Directors was approved by resolution of the Board of Directors dated 25 April 2014 (Minutes No. 8). The Regulation on the Personnel and Remuneration Committee of Russian Railways' Board of Directors was approved by resolution of the Board of Directors dated 25 April 2014 (Minutes No. 8). The Regulation on the Digital Transformation and Innovation Committee of Russian Railways' Board of Directors was approved by resolution of the Board of Directors dated 30 May 2019 (Minutes No. 17) and amended by resolution of the Board of Directors dated 19 November 2020 (Minutes No. 1).

Remuneration of the Management Board

GRI 102-35, 102-36

The remuneration system is focused on improving the effectiveness of the individual and collective performance of the Management Board members and based on the achievements, personal performance assessment of each member, and performance assessment of the Management Board and Russian Railways as a whole. The KPI development principles, KPI structure and list, as well as the procedure for approving, monitoring and controlling the implementation of KPIs are established in the Regulation on Key Performance Indicators of Russian Railways¹.

In 2021, the remuneration of the members of the Russian Railways Management Board was paid in accordance with the Regulation on the Remuneration System for Members of Russian Railways' Management Board² and the Regulation on the Total Annual Personal Remuneration for Members of Russian Railways' Management Board³. In 2021, the Company's Board of Directors approved the Regulation on the Total Annual Personal Remuneration for Members of Russian Railways' Management Board, which changes the way the fixed and variable components of the remuneration are calculated. The total remuneration of the Management Board members accrued and paid in 2021 was RUB 2,314.965 m, including RUB 939.228 m in salaries and RUB 1,375.736 m in bonuses (including RUB 631.7 m in

long-term bonuses for 2019–2020). The annual bonus for 2020 was paid to the Management Board members in accordance with the resolution of Russian Railways' Board of Directors (Minutes No. 14 dated 30 June 2021). The long-term bonus for 2019–2020 was paid to the Management Board members in accordance with the resolutions of Russian Railways' Board of Directors dated 22 July 2021 (Minutes No. 1) and 30 September 2021 (Minutes No. 4).

🔍 For more details on the Management Board see [Russian Railways' 2021 Annual Report](#), Management Board section.

🔍 For details on the Audit Commission, internal control and audit see [Russian Railways' 2021 Annual Report](#), Audit and control section

Risk

management system

GRI 102-15, 102-30, 102-31

Risk management and internal control system

As part of its corporate governance, Russian Railways strives to manage risks more responsibly and efficiently, continuously streamlining risk management processes and integrating them not only into its operations but also into project activities and strategic planning, improving the effectiveness of identification and assessment of risks

and their triggers, as well as enhancing their timely treatment through the review and refinement of business processes with account of the growing influence of external factors.

The Company has in place a risk management and internal control system ("RMICS") which ensures

sustainable development, a more efficient use of internal resources, successfully responds to external challenges, supports revenue growth and helps save resources by fostering a risk-oriented culture.

¹ Approved by the Company's Board of Directors (Minutes No. 9 dated 28 December 2021).

² Approved by the Board of Directors of Russian Railways on 18 December 2019 (Minutes No. 11), not valid since 1 July 2021.

³ Approved by the Board of Directors of Russian Railways on 22 July 2021 (Minutes No. 1) to take effect starting from 1 July 2021.