

## 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 Railways<sup>1</sup>.

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 Board<sup>2</sup> and the Regulation on the Total Annual Personal Remuneration for Members of Russian Railways' Management Board<sup>3</sup>. 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.

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

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

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

## Risk management process

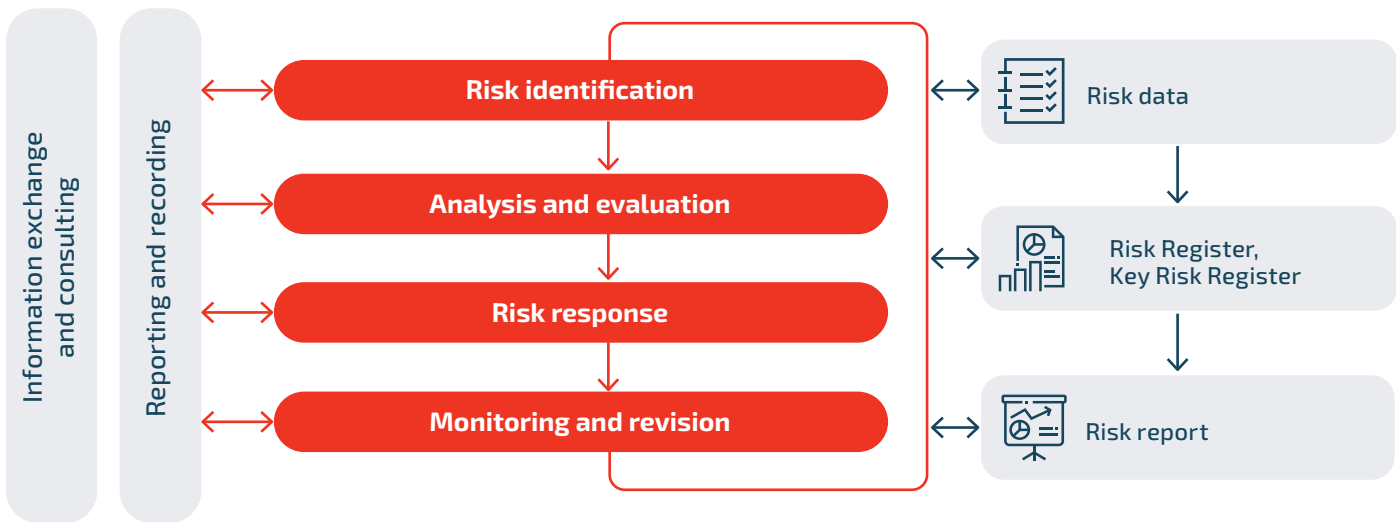
The overall coordination and methodological support of RMICS risk management process are led by the Risk Management and Internal Control Centre, whose performance in 2021 was disclosed in Russian Railways' Annual Report.

Risk management process is governed by internal regulatory documents of the Company. The RMICS process generates

risk reports, which are reviewed and approved by the executive bodies, the Audit and Risk Committee, and the Board of Directors of Russian Railways. The reports include information about the risks, risk mitigation measures, and RMICS performance. The Board sets the risk appetite for, among other things, sustainable development areas such as procurement from small and medium-sized businesses, health,

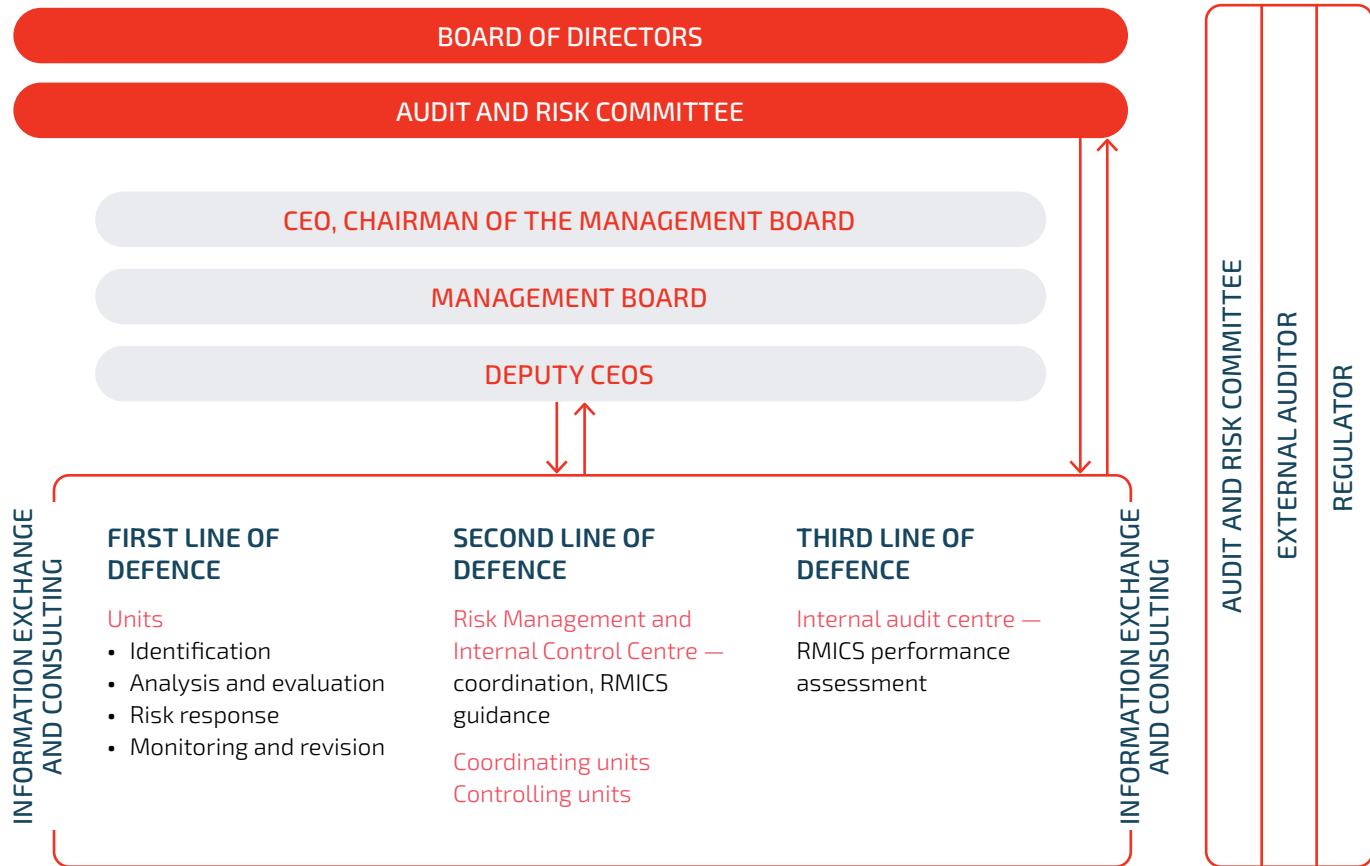
environmental, industrial and fire safety, traffic safety, IT security, anti-corruption measures, finance, and social policy.

Information exchange, consultations, vertical and horizontal interaction of participants are not limited by reporting periods due to continuous risk management and internal control.



## Participants of the Russian Railways' risk management and internal control system

For more details on risk management, key risks and risk assessment see [Russian Railways' 2021 Annual Report](#)



## Sustainability risks

Russian Railways pays particular attention to sustainability risks. Sustainable development of the Company is underpinned by its economic, environmental and social performance as one of Russia's major economic entities.

The Company analyses international sustainability trends, reviews and improves its activity with due account

of ESG principles, which makes it possible to identify growth drivers and leverage sustainability potential, balancing the opportunities and respective risks.

Information on sustainability risk management is available in respective sections of the Report:

📍 [Social risks \(the Personnel Development section\)](#)

- 📍 [Health and safety risks \(the Health and Safety section\)](#)
- 📍 [Corruption risks \(the Anti-Corruption section\)](#)
- 📍 [Climate change risks \(the Climate Action section\)](#)
- 📍 [Procurement risks \(the Procurement Management section\)](#)
- 📍 [Cybersecurity risks \(Annexes\)](#)