

COMMITTEES OF THE BOARD OF DIRECTORS

Report of the Audit and Risk Committee



The Audit and Risk Committee is a consultative and advisory body of the Board of Directors, whose resolutions are advisory. The Committee's primary goal is to assist the Board of Directors' efficient operation in controlling the Company's financial and business activities. It is achieved through addressing the matters within the Committee's authority.

Alla SALTYKOVA

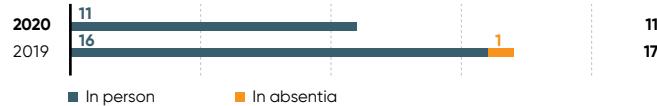
The Committee's goals and objectives

Area	Competencies
Accounting (financial) statements	<ul style="list-style-type: none">→ Monitor the completeness, accuracy and integrity of FPC's accounting (financial) statements; review the material aspects of FPC's accounting policy; participate in reviewing material matters and judgements relating to FPC's accounting (financial) statements→ Review external audit results→ Review the rationale behind, and acceptability of, the current accounting methods, accounting (financial) reporting principles, as well as management accounting methods and management reporting principles→ Preview the Company's draft Annual Report, budget, investment programme, operational efficiency and cost optimisation programme, and relevant performance reports
Risk management and internal control	<ul style="list-style-type: none">→ Monitor the risk management and internal control system for reliability and effectiveness→ Review the effectiveness of risk management and internal control procedures; prepare proposals for their improvement→ Review and assess the implementation of the risk management and internal control policy→ Review and assess the implementation of the conflict of interest management policy→ Prepare recommendations on acceptable risk levels (risk appetite, preferred risks)

Area	Competencies
Internal and external audit	<ul style="list-style-type: none"> → Ensure independent and unbiased approach of the internal audit function and review its effectiveness; review the Company's internal audit policy and internal audit plan; review matters relating to the appointment (removal) of the head of internal audit and the amount of his/her remuneration → Assess nominees to the Company's external auditor for independence, objectivity and absence of conflicts of interest, in particular, assess potential candidates for the Company's auditor role, make proposals on the external auditor's appointment, re-appointment and dismissal as well as remuneration and terms of engagement, oversee external audits and assess audit quality and auditors' reports → Ensure effective interaction between the internal audit function and the Company's external auditor
Combating malpractice by FPC's employees or third parties	<ul style="list-style-type: none"> → Monitor the performance of the system of alerting on potential fraud being committed by FPC's employees or third parties → Oversee special investigations of potential fraud, misuse of insider or confidential information → Monitor the implementation of measures adopted by the Company in response to reports of suspected fraud or other violations

Statistics on the Committee meetings

In 2020, the Audit and Risk Committee held 11 meetings in person and discussed 96 agenda items.



Essential items discussed by the Committee

- Reviewed the audit results of FPC's RAS accounting (financial) statements for 2019
- Reviewed FPC's Annual Report and accounting (financial) statements for 2019
- Reviewed the procedure for distributing FPC's profit and loss for 2019
- Reviewed adjustments to FPC's budget for 2020 and Investment Programme for 2020–2022
- Reviewed the report on FPC's anti-corruption and corruption prevention efforts in 2019 and FPC's anti-corruption and corruption prevention action plan for 2020
- On a quarterly basis, reviewed reports on the Company's financial and business activities prepared by FPC's General Director
- Reviewed organisational matters related to the Internal Audit Unit: report on the performance of JSC FPC's Internal Audit Unit in 2019, self-evaluation results of the Internal Audit Unit in 2019, and JSC FPC's Code of Ethics for Internal Auditors
- Reviewed FPC's policies on sponsorship and charitable activities
- Reviewed FPC's key risk register, evaluation results of the risk management and internal control system in 2019, as well as the compliance system and compliance risk management system
- Reviewed JSC FPC's Financial Risk Management Policy

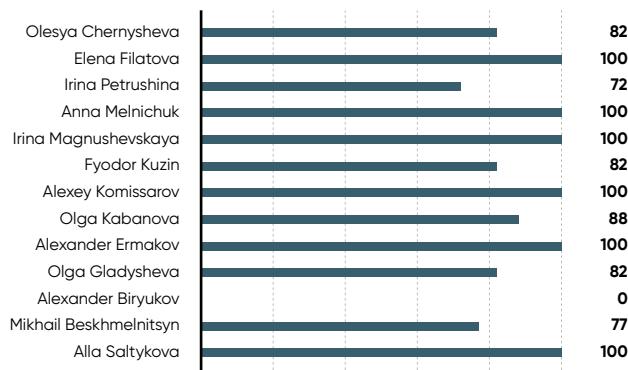
The Committee's plans for 2021

- Review evaluation results of FPC's subsidiary management system
- Review audit results and the action plan covering technical measures to remedy breaches identified by FPC's Audit Commission when auditing FPC's financial and business performance in 2020
- Approve the potential candidate for the external auditor role and material terms of the relevant agreement, including the service fee
- Review the report on the performance of the risk management system in 2020, including risk occurrence, financial risks, loans, and liquidity management
- Review FPC's RAS accounting (financial) statements for 2020, the auditor's report on RAS accounting (financial) statements, and the auditor's recommendations
- Preview FPC's Annual Report for 2020
- Review the annual progress report on FPC's operational efficiency and cost optimisation programme
- Review the report on the performance of the system to prevent and combat corruption and other malpractice by FPC employees and third parties in 2020 and the action plan for 2021
- Review the report on the performance of the Audit and Risk Committee of FPC's Board of Directors in the 2020/2021 corporate year and its efficiency

Committee membership in 2020¹

January–June	August–November ²
Alla Saltykova , Independent Director, FPC; Chairwoman of the Committee	Alla Saltykova , Independent Director, FPC; Chairwoman of the Committee
Mikhail Beskhmelnitsyn , Head of the Control and Analytical Service of the CEO – Chairman of the Executive Board, Russian Railways; Deputy Chairman of the Committee	Olga Gladysheva , Head of the Centre for Risk Management Coordination and Internal Control System Development, Russian Railways
Alexander Biryukov , Head of Management Accounting and Reporting at the Economics Department, Russian Railways	Alexander Ermakov , Deputy Head of the Subsidiaries and Affiliates Management Department – Head of Unit, Russian Railways
Olga Gladysheva , Head of the Centre for Risk Management Coordination and Internal Control System Development, Russian Railways	Alexey Komissarov , Independent Director, FPC; Vice Rector at the Russian Presidential Academy of National Economy and Public Administration
Olga Kabanova , First Deputy Head of the Main Control Department of the City of Moscow	Fyodor Kuzin , Head of Unit at the Subsidiaries and Affiliates Management Department, Russian Railways
Fyodor Kuzin , Head of Unit at the Subsidiaries and Affiliates Management Department, Russian Railways	Irina Magnushevskaya , Deputy Head of the Economics Department, Russian Railways
Irina Petrushina , Head of Unit at Zheldoraudit Internal Audit Centre, a business unit of Russian Railways	Anna Melnichuk , Deputy Head at the Corporate Finance Department – Head of Unit, Russian Railways.
Elena Filatova , Advisor to the Deputy CEO – Chairman of the Executive Board, Russian Railways	Irina Petrushina , Deputy Head of Zheldoraudit Centre, a business unit of Russian Railways
Olesya Chernysheva , Head of the Accounting Department, Russian Railways	Olesya Chernysheva , Head of the Accounting Department, Russian Railways

Individual attendance at the Committee meetings in 2020, %



¹ Positions as at the date of election to the Committee.

² Pursuant to the Regulations on the Audit and Risk Committee of FPC's Board of Directors, if the powers of the Company's directors are terminated early, the powers of the Committee members shall terminate. Following the re-election of the Board of Directors on 30 November 2020, the powers of the listed Committee members were terminated early.

Report of the Human Resources, Remuneration and Corporate Governance Committee



The Human Resources, Remuneration and Corporate Governance Committee is a consultative and advisory body of the Board of Directors, whose resolutions are advisory. The Committee's primary goal is to assist the Board of Directors' efficient operation in developing corporate governance, efficient HR planning and effective and transparent remuneration practice at FPC. It is achieved through addressing the matters within the Committee's authority.

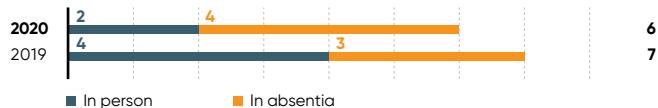
Sergey ZEMLYANSKY

The Committee's goals and objectives

Area	Competencies
Motivation and remuneration systems	<ul style="list-style-type: none"> → Develop and regularly review the Company's policy on remuneration of members of the Board of Directors, the Company's executive bodies and other key managers → Control the implementation of the Company's policy on remuneration and implementation of incentive programmes, evaluate the performance of the Company's executive bodies and other key managers, in particular, review the reports on their performance against KPIs → Preview the material terms of employment contracts with the Company's executive bodies and other key managers as well as bonuses for executive bodies and other key managers and make relevant recommendations to the Board of Directors → Pre-assess the Corporate Secretary's performance in the reporting year
HR and succession planning	<ul style="list-style-type: none"> → Assess members of the Company's Board of Directors in terms of their professional skills, experience, independence and involvement in the Board's work, review all nominees to the Board of Directors for professional qualifications and independence → Develop recommendations on evaluating the performance and improving the procedures of the Board of Directors and its Committees → Develop recommendations on designing an induction programme for newly elected members of the Board of Directors → Analyse the Company's current and anticipated needs regarding the professional qualifications of members of its executive bodies and other key managers → Plan succession, develop recommendations on nominees to positions in the Company's executive bodies and other key management positions
Corporate governance	<ul style="list-style-type: none"> → Monitor the Company's corporate governance practice → Analyse the alignment of the Company's corporate governance system with the Company's goals and objectives, the scale of operations and acceptable risks → Develop proposals to improve the corporate governance practice

Statistics on the Committee meetings

The Committee held 6 meetings in 2020 (2 in person and 4 in absentia) and discussed 33 matters.



Essential items discussed by the Committee

- Assessed nominees to FPC's Board of Directors against the independence criteria
- Reviewed FPC's Collective Bargaining Agreement for 2020–2022
- Reviewed the report on human capital development in FPC
- Reviewed the Board of Directors' performance evaluation and self-evaluation results for the 2019/2020 corporate year
- Reviewed the evaluation results of FPC's corporate governance practice in 2019
- Reviewed JSC FPC's Code of Ethics for Internal Auditors
- Reviewed the Regulations on the System of Key Performance Indicators of JSC FPC
- Approved candidates to the positions of FPC's Deputy General Director and a head of FPC's branch
- On a quarterly basis, reviewed reports on the Company's financial and business activities prepared by FPC's General Director
- Reviewed the Regulations on Incentives for the Person Acting as JSC FPC's Sole Executive Body
- Reviewed bonuses to FPC's General Director

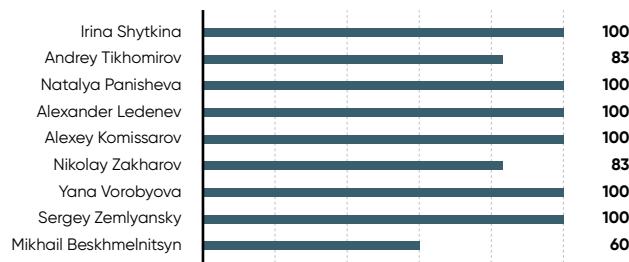
The Committee's plans for 2021

- Decide on FPC's nominees to the boards of directors and audit commissions of FPC subsidiaries
- Review progress reports on corporate KPIs
- Review the General Director's report on FPC's performance in 2020 and Q1 2021
- Review the report on the performance of the Human Resources, Remuneration and Corporate Governance Committee of FPC's Board of Directors in the 2020/2021 corporate year and its evaluation
- Review the performance evaluation results of FPC's Board of Directors, Board committees and Board members for the 2020/2021 corporate year
- Review actions to prepare for the Annual General Shareholders Meeting, including assessment of nominees to FPC's Board of Directors proposed by shareholders
- Reviewed bonuses to FPC's General Director

Committee membership in 2020¹

January–June	August–November ²
Mikhail Beskhmelnitsyn , Head of the Control and Analytical Service of the CEO – Chairman of the Executive Board, Russian Railways; Chairman of the Committee	Sergey Zemlyansky , Independent Director, FPC; Chairman of the Committee
Yana Vorobyova , Deputy Head of the Subsidiaries and Affiliates Management Department, Russian Railways	Yana Vorobyova , Deputy Head of the Subsidiaries and Affiliates Management Department, Russian Railways
Nikolay Zakharov , First Deputy Head of the Personnel Management Department, Russian Railways	Nikolay Zakharov , Senior Specialist of the Personnel Management Department, Russian Railways
Sergey Zemlyansky , Independent Director, FPC	Alexey Komissarov , Independent Director, FPC
Alexander Ledenev , Deputy Head of the Control and Analytical Service of the CEO – Chairman of the Executive Board, Russian Railways	Alexander Ledenev , Deputy Head of the Control and Analytical Service of the CEO – Chairman of the Executive Board, Russian Railways
Natalya Panisheva , Deputy Head of the Economics Department, Russian Railways	Natalya Panisheva , Deputy Head of the Economics Department, Russian Railways
Andrey Tikhomirov , First Deputy Head of the Employment, Remuneration and Motivation Department, Russian Railways	Andrey Tikhomirov , First Deputy Head of the Employment, Remuneration and Motivation Department, Russian Railways
Irina Shytkina , Independent Director, FPC	

Individual attendance at the Committee meetings in 2020, %



¹ 1 Positions as at the date of election to the Committee.

² Pursuant to the Regulations on the Human Resources, Remuneration and Corporate Governance Committee of FPC's Board of Directors, if the powers of the Company's directors are terminated early, the powers of the Committee members shall terminate. Following the re-election of the Board of Directors on 30 November 2020, the powers of the listed Committee members were terminated early.

Report of the Strategic Planning Committee



The Strategic Planning Committee is a consultative and advisory body of the Board of Directors, set up to enable the Board of Directors to improve the Company's long-term performance, whose resolutions are advisory.

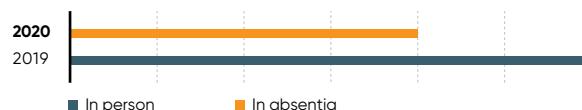
Dmitry PEGOV

The Committee's goals and objectives

- Determine strategic goals of FPC's activities; participate in the development of the Company's strategy and monitor its implementation; make recommendations to the Board of Directors on adjustments to the Company's existing strategy
- Determine the Company's business priorities
- Preview and make recommendations to the Board of Directors on:
 - the Company's dividend policy
 - the Company's investment policy, including the establishment of key principles for the development of the investment policy
 - the Company's membership in other entities (including direct or indirect acquisition and disposal of interests in the share capitals of such entities and imposing a charge on shares or interests)
 - approval of, and adjustments to, the Company's annual budget and investment programme, and approval of the relevant performance report
 - determining the amount of dividend on shares
 - approval of the Company's material transactions
 - significant matters in relation to subsidiaries and affiliates
- Determine the Company's KPIs, assess its long-term performance
- Review the Company's financial model and a model for the valuation of its business and business segments
- Consider reorganisation or liquidation of the Company and its controlled entities
- Consider changes to the organisational structure of the Company's administration
- Consider reorganisation of business processes in the Company and its controlled entities

Statistics on the Committee meetings

In 2020, the Committee held 4 meetings in absentia, reviewing 21 matters.



Essential items discussed by the Committee

- Reviewed the report on the economic effect of the measures under JSC FPC's Innovative Development Programme for 2019–2025
- Reviewed the results of the measures under the Passenger Service Improvement Programme for 2017–2019 in 2019
- Reviewed FPC's KPI targets for 2020
- Reviewed the Concept of Restructuring JSC FPC's Carriage Repair Processes
- Reviewed the progress report on JSC FPC's IT Programme for 2019
- On a quarterly basis, reviewed reports on the Company's financial and business activities prepared by FPC's General Director
- Reviewed adjustments to FPC's budget for 2020 and Investment Programme for 2020–2022

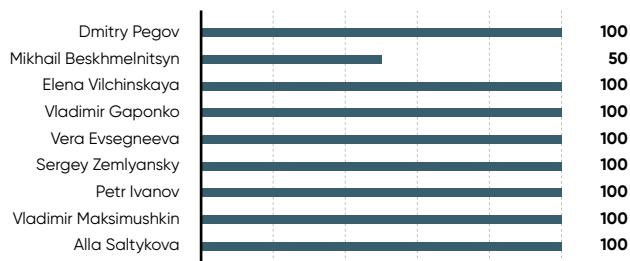
The Committee's plans for 2021

- Review the roadmap to bring the Company's leverage in line with target levels under the Regulations on JSC FPC's Debt Policy based on 2020 performance, including meeting its debt obligations as per the Regulations
- Review the General Director's report on FPC's performance in 2020 and Q1 2021
- Prepare recommendations on the amount of dividend for 2020 and the payout procedure
- Review the report on the performance of the Strategic Planning Committee of FPC's Board of Directors in the 2020/2021 corporate year and its evaluation
- Review the interim progress report on JSC FPC's Strategy to 2025 in 2020

Committee's membership in 2020¹

January–June	August – November ²
Dmitry Pegov , Deputy to the CEO – Chairman of the Executive Board, Russian Railways; Chairman of the Committee	Dmitry Pegov , Deputy to the CEO – Chairman of the Executive Board, Russian Railways; Chairman of the Committee
Mikhail Beskhmelnitsyn , Head of the Control and Analytical Service of the CEO – Chairman of the Executive Board, Russian Railways	Elena Vilchinskaya , Head of Unit at the Central Directorate for Motorised Carriages, a branch of Russian Railways
Elena Vilchinskaya , Head of Unit at the Central Directorate for Motorised Carriages, a branch of Russian Railways	Vladimir Gaponko , Director of Operational Efficiency – Head of the Economics Department, Russian Railways
Vladimir Gaponko – Head of the Economics Department, Russian Railways	Vera Evsegneeva , Head of the Subsidiaries and Affiliates Management Department, Russian Railways
Vera Evsegneeva , Head of the Subsidiaries and Affiliates Management Department, Russian Railways	Sergey Zemlyansky , Independent Director, FPC
Petr Ivanov , General Director, FPC	Petr Ivanov , General Director, FPC
Vladimir Maksimushkin , First Deputy Head of the Economic Environment and Strategic Development Department, Russian Railways	Vladimir Maksimushkin , First Deputy Head of the Economic Environment and Strategic Development Department, Russian Railways
Alla Saltykova , Independent Director, FPC	Alla Saltykova , Independent Director, FPC

Individual attendance at the Committee meetings in 2020, %



¹ Positions as at the date of election.

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