

Governance structure of Russian Railways

General meeting of shareholders

The supreme governance body of Russian Railways. The Russian Federation, represented by the Russian Government, is the sole shareholder of Russian Railways.

Audit Commission

The Board of Directors

Board of directors elected by Russian Railways' shareholder. Pursues a policy that supports the Company's dynamic growth, improves sustainability and increases profitability.

Committees of the Board of Directors

Corporate Secretary

Chief executive officer – chairman of the management board

Appointed by the Government of the Russian Federation.

Advisory bodies under the Chief Executive Officer – Chairman of the Management Board

Management board

Russian Railways' collective executive body. Members are appointed by the Board of Directors, with the exception of Chairman of the Management Board – Chief Executive Officer.

Advisory bodies under the Management Board

Executive office

Departments, divisions and other units of the executive office responsible for operational management.

Advisory bodies run by heads of departments and other units

General Meeting of Shareholders

The supreme governance body of Russian Railways is its General Meeting of Shareholders. As all of the Company's voting shares belong to the Russian Government, its sole shareholder, in line with article 47 of the Federal Law On Joint Stock Companies, article 5 of the Federal Law On the Specifics of Administration and Disposal of Railway Transport Property, and clause 67 of the Company's Charter, all resolutions on matters reserved to the General Meeting of Shareholders

are adopted in writing by the Russian Government and take the form of the sole shareholder's orders and resolutions.

The matters reserved to the General Meeting of Shareholders of Russian Railways are defined by the Federal Law on Joint Stock Companies (article 48) and the Charter of Russian Railways (clause 62). The matters reserved to the General Meeting of Shareholders of Russian Railways include:

- amendments to and modifications of the Company's Charter or approval of a new version of the Company's Charter;
- reorganisation of the Company;
- liquidation of the Company, appointment of the liquidation committee and approval of interim and final liquidation balance-sheets;
- determining the number and election of the Board members, as well as termination of their office;

- determining the number of the Management Board members;
- election of members of the Company's Audit Commission and termination of their office;
- approval of the Company's auditor;
- due increase or reduction of the Company's charter capital;
- approval of annual reports, annual financial statements, including profit and loss statements (income statements) of the Company, and distribution of the Company's profit (including payment (declaration) of dividends except for the profit distributed as dividends for the first quarter, first half, or nine months of the financial year) or losses as at the end of a financial year;
- determining the proceedings of the General Meeting of Shareholders;
- resolutions approving material transactions and interested-party transactions, including those

- involving restricted property where so provided for by articles 79 and 83 of the Federal Law On Joint Stock Companies, and reserved by the said Federal Law to the General Meeting of Shareholders;
- resolutions on joining financial and industrial groups, associations, or other unions of business entities;
- approval of internal documents governing the Company's bodies (regulations on the General Meeting of Members, Board of Directors, Management Board, and Audit Commission);
- dealing with any other matters provided for by the Federal Law On Joint Stock Companies.

In 2019, one Annual General Meeting of Shareholders and nine Extraordinary General Meetings of Shareholders were held. Russian Railways' Annual General Meeting of Shareholders¹ adopted the following resolutions:

- approval of the annual report, balance sheet and income statement for 2018;
- distribution of net profit and losses based on financial performance in 2018;
- payment of dividends to the holders of Russian Railways' ordinary and preference shares based on performance in 2018 and remuneration to members of the Board of Directors and Audit Commission;
- determination of composition of the Board of Directors and Audit Commission and appointment of their members;
- approval of the auditor for 2019.

The Extraordinary General Meetings of Shareholders adopted resolutions on such matters as increase of the charter capital, participation in associations, and amendment of Russian Railways' Charter, its appendices and Regulation on the Board of Directors.

Board of Directors

The Board acts pursuant to the laws of the Russian Federation, the Charter of Russian Railways² and the Regulation on the Board of Directors of Russian Railways³.

The key objective of the Board of Directors is to pursue a policy that supports the Company's robust growth, improves the sustainability of its operations, and increases profitability. The Board also determines the Company's business priorities, approves its long-term plans and core programmes, including the budget and the investment programme, and defines general principles of and approaches to risk management in the Company.

In line with international corporate governance practices, independent directors have been elected to the Board of Directors of Russian Railways since 2008.

The Board of Directors supervises the Company's corporate governance practices. Pursuant to the Company's Charter and the recommendations of the Corporate Governance Code, the Board of Directors plays a key role in decision-making with respect to the Company's controlled entities.

In 2019, Valery Nazarov left the Board of Directors. In accordance with the resolution of Russian Railways'

General Meeting of Shareholders, the number of the Board members was increased to 14, including the following newly elected members:

- Vladimir Puchkov – Advisor to the President of United Aircraft Corporation;
- Christian Kern (independent director).

On 24 July 2019, the Board of Directors resolved to elect Maxim Akimov as the Chairman of the Company's Board of Directors.

¹ Order No. 1393-r of the Russian Government dated 29 June 2019.

² Approved by Resolution No. 585 of the Russian Government dated 18 September 2003.

³ Approved by Order No. 265-r of the Russian Government dated 25 February 2004.