

## Committees of the Russian Railways Board of Directors

In order to tentatively consider the most important issues and prepare the relevant recommendations for the Russian Railways Board of Directors, the Company has the following committees:

- Strategic Planning Committee of the Russian Railways Board of Directors;
- Audit and Risk Committee of the Russian Railways Board of Directors;
- Personnel and Remuneration Committee of the Russian Railways Board of Directors;
- Priority Investment Projects Committee of the Russian Railways Board of Directors.

### Strategic Planning Committee

The Strategic Planning Committee under the Russian Railways Board of Directors (hereinafter the Committee) held 11 meetings during the reporting year. The Committee prepared recommendations for the Russian Railways Board of Directors to adopt decisions, including on the following matters:

- The Company's implementation in 2014 of structural reform measures and a Target Model of the Freight Railway Transportation Market until 2015;
- An analysis of the core risks facing Russian Railways in 2015 with a probability assessment of adverse events and their impact on production, financial and business performance as well as options for actions to take if such adverse events occur;
- The drafting and introduction of a network contract:
  - the establishment of an economic model for the network contract for the maintenance of public railway transportation infrastructure;
  - work to change the classification of public tracks and adjust infrastructure maintenance standards;
  - work to identify low-intensity lines with the determination of the target condition, the required amount of funding for their maintenance and the primary individuals/government authorities interested in their maintenance.

- The implementation of the development strategies of key Russian Railways S&A.
- The approval of the budgets of key Russian Railways S&A.
- The approval of an analysis of the Russian Railways programme to dispose of core assets.
- The termination of Russian Railways in S&A.
- Drafts of the financial plan and investment programme of Russian Railways for 2016 and the planned period of 2016 and 2017 and the main approaches to preparing the financial plan and investment programme of Russian Railways for 2016-2018 taking into account the actual execution of the Russian Railways financial plan, the budgets of S&A and budget restrictions in 2015.
- The integration of GEFCO into the Russian Railways Group.

#### Members of the Strategic Planning Committee under the Russian Railways Board of Directors as of 31 December 2015

No.	Name	Position
1.	Dmitry Komissarov	Committee Chairman Member of the Russian Railways Board of Directors
2.	Grigory Berezkin	Member of the Russian Railways Board of Directors
3.	Alexander Ryazanov	Member of the Russian Railways Board of Directors
4.	Vasily Sidorov	Member of the Russian Railways Board of Directors
5.	Vadim Mikhailov	Senior Vice President of Russian Railways
6.	Sergey Maltsev	Senior Vice President of Russian Railways
7.	Alan Lushnikov	Assistant to the Deputy Chairman of the Government of the Russian Federation
8.	Vasily Gorev	Russian Railways corporate secretary

## Audit and Risk Committee

The Audit and Risk Committee under the Russian Railways Board of Directors (hereinafter the Committee) held eight meetings during the reporting year.

The Committee prepared recommendations for the Russian Railways Board of Directors to adopt decisions, including on the following matters:

- The Company's work plan.
- The work plan, the nomination of the chairman and the adoption of the budget of the Zheldoraudit Internal Audit Centre of Russian Railways for 2015.
- The results of an audit by the Audit Chamber of the Russian Federation to substantiate the amount of losses in income as a result of services provided by Russian Railways for the use of public railway transportation infrastructure subsidised from the budget system of the Russian Federation.
- The anti-corruption measures taken by Russian Railways as part of the implementation of Decree No. 266 of the Russian President dated 11 April 2014 'On the National Anti-Corruption Plan for 2014-2015' (pursuant to clauses 5-6 of the National Plan for 2014-2016).
- The approval of a new version of the Russian Railways Business Ethics Code.
- The results of the Company's procurement activities in 2014.
- The approval of Russian Railways internal documents: on the internal audit system, the internal control system and the Anti-Corruption Policy.
- Recommendations for the Annual General Meeting of Shareholders on agenda items (approval of the Company's auditor, approval of the Company's annual report and annual accounting (financial) statement, including the profit and loss statement, as well as the distribution of the Company's net profit for the year and the payment of dividends).
- The preparation of proposals to identify the principles and approaches to organising the risk management and internal control system at the Company and the preparation of a draft Company Policy on Risk Management and Internal Control as well as proposals on establishing an acceptable level of risk for the Company (risk appetite).
- Recommendations to the Russian Railways General Meeting of Shareholders on the establishment of a fund to pay dividends on the Company's preferred shares using the retained earnings of previous years.
- The approval of related transactions that aim to implement a project to incorporate a right of way into freight yard property of the Moscow-Rizhskaya station and the adjacent section of the land plot as a major transaction.
- An update to the Regulation on the Audit and Risk Committee of the Russian Railways Board of Directors.
- The execution of the instructions of the Audit and Risk Committee dated 16 January 2015.
- The preliminary consideration of the draft interim condensed consolidated financial statement of the Russian Railways Group as of 30 June 2015 and for the six-month period ending on the date specified in accordance with IFRS.
- The determination of the position of Russian Railways (representatives of Russian Railways) at meetings of the boards of directors of Russian Railways S&A on matters concerning the budgets of Russian Railways S&A.
- Reports on the performance results of Russian Railways S&A.
- The approval of the procedure for calculating the indicator 'decrease in the operating expenses of Russian Railways' by no less than two per cent.
- The determination of the price (valuation) of property contributed as payment for a stake in the charter capital of Russian Railways S&A.

### Members of the Risk and Audit Commission under the Russian Railways Board of Directors as of 31 December 2015

No.	Name	Position
1.	Sergey Stepashin	Committee Chairman Member of the Russian Railways Board of Directors
2.	Dmitry Komissarov	Member of the Russian Railways Board of Directors
3.	Vasily Sidorov	Member of the Russian Railways Board of Directors
4.	Anatoly Chabunin	Russian Railways Vice President
5.	Alan Lushnikov	Assistant to the Deputy Chairman of the Government of the Russian Federation
6.	Vasily Gorev	Russian Railways Corporate Secretary

Russian Railways Internal Control and Audit Director Oleg Ivanov and Russian Railways Corporate Finance Department Director Olga Gnedkova take part in the work of the Audit and Risk Committee under the Russian Railways Board of Directors as permanent invitees with the right to provide advice on agenda items in accordance with the Regulation on the Committee.

In addition, the Strategic Planning Committee and the Audit and Risk Committee under the Russian Railways Board of Directors held three joint meetings in the reporting year. The committees

prepared recommendations for the Russian Railways Board of Directors to adopt decisions, including on the following matters:

- The approval of the budgets of key Russian Railways S&A.
- The procedure for considering reports on the valuation of assets (property, shares) by the Russian Railways Board of Directors and the sale of stakes in S&A.
- The approach to the procedure for determining the list of non-core assets

and types of activities and on the effective use of the non-core assets of Russian Railways and its S&A.

- The use of methodological guidelines for the drafting of internal regulatory documents governing the Company's activities (taking into account Directive No. 3984p-P13 of the Russian Government dated 24 June 2015).
- Export contracts (taking into account Directive No. 4807p-P13 of the Russian Government dated 23 July 2015).

## Personnel and Remuneration Committee

The Personnel and Remuneration Committee under the Russian Railways Board of Directors (hereinafter the Committee) held five meetings during the reporting year.

The Committee prepared recommendations for the Russian Railways Board of Directors to adopt decisions, including on the following matters:

- The consideration of the revised draft of the Regulation on Remuneration and Compensation for Members of the Russian Railways Board of Directors.
- Recommendations on the payment of remuneration to members of the Russian Railways Board of Directors for its work in the 2014-2015 corporate year.
- Recommendations on the payment of remuneration to members of the Russian Railways Audit Commission for its work in the 2014-2015 corporate year.
- The approval of the general corporate KPI targets for 2015 used in the bonus system for members of the Russian Railways Management Board and the list of KPI for the purposes of paying a quarterly bonus to the Russian Railways President.

- Nominations for the Company's management and control bodies.
- The determination of the position of Russian Railways (representatives of Russian Railways) on the agenda items of the general meeting of shareholders and meetings of the board of directors of Federal Freight, Federal Passenger Company and TransTelecom Company, which are included in the list of S&A approved by the Russian Railways Board of Directors for which the Russian Railways Board of Directors adopted decisions in accordance with paragraph 1 of sub-clause 23 of clause 71 of the Russian Railways Charter.

Russian Railways Vice President Dmitry Shakhanov, Russian Railways Economics Department Director Irina Kostenets and Russian Railways Corporate Secretary Vasily Gorev take part in the work of the Personnel and Remuneration Committee under the Russian Railways Board of Directors as permanent invitees with the right to provide advice on agenda items in accordance with the Regulation on the Committee.

### Members of the Personnel and Remuneration Committee under the Russian Railways Board of Directors as of 31 December 2015

No.	Name	Position
1.	Alexander Ryazanov	Committee Chairman Member of the Russian Railways Board of Directors
2.	Dmitry Komissarov	Member of the Russian Railways Board of Directors
3.	Vasily Sidorov	Member of the Russian Railways Board of Directors

## Priority Investment Projects Committee

The Priority Investment Projects Committee under the Russian Railways Board of Directors (hereinafter the Committee) was established under a resolution of the Russian Railways Board of Directors dated 9 November 2015 and held one meeting during the reporting year.

The Committee prepared recommendations for the Russian Railways Board of Directors to adopt decisions, including on the following matters:

- The implementation of the investment project 'Development of the Moscow Railway Transport Hub, including the Moscow Little Ring Road and radial routes' and an adjustment to the detailed action plan for implementing this project.
- The implementation of the investment project 'Modernisation of the railway infrastructure of the Baikal-Amur and Trans-Siberian Mainlines with the development of traffic and carrying capacity' and an adjustment to the detailed action plan for implementing measures as part of this project.

### Members of the Priority Investment Projects Committee under the Russian Railways Board of Directors as of 31 December 2015

No.	Name	Position
1.	Arkady Dvorkovich	Committee Chairman Chairman of the Russian Railways Board of Directors Deputy Chairman of the Russian Government
2.	Mikhail Abyzov	Minister of the Russian Federation (by agreement)
3.	Maxim Sokolov	Minister of Transport of the Russian Federation (by agreement)
4.	Anton Siluanov	Minister of Finance of the Russian Federation (by agreement)
5.	Alexey Ulyukayev	Minister of Economic Development of the Russian Federation (by agreement)
6.	Oleg Belozerov	Russian Railways President
7.	Alan Lushnikov	Assistant to the Deputy Chairman of the Government of the Russian Federation

### Permanent members of the Priority Investment Projects Committee under the Russian Railways Board of Directors

No.	Name	Position
1.	Anatoly Krasnoshchek	Russian Railways First Vice President
2.	Sergey Maltsev	Russian Railways Senior Vice President
3.	Vadim Mikhailov	Russian Railways Senior Vice President
4.	Oleg Toni	Russian Railways Vice President
5.	Fyodor Pekhteryev	CEO of the Transportation Economics and Development Institute
6.	Vasily Gorev	Russian Railways corporate secretary

The following projects being implemented by the Company have been included in the list of priority investment projects of Russian Railways:

- 'Modernisation of the railway infrastructure of the Baikal-Amur and Trans-Siberian Mainlines with the development of traffic and carrying capacity';
- 'Development of the Moscow Railway Transport Hub, including the Moscow

Little Ring Road and radial routes';

- 'Development of railway infrastructure at approaches to ports in the Azov and Black Seas, including the bypass of the Krasnodar Railway Hub';
- 'Development of railway infrastructure at approaches to ports in northwest Russia until 2020';
- 'Comprehensive development of the Mezhdurechensk-Tayshet section of

Krasnoyarsk Railway';

- Construction of the Prokhorovka-Zhuravka-Chertkovo-Bataysk railway line;
- measures implemented or planned for implementation by Russian Railways and its S&A as part of the Northern Latitudinal Railway project.

## Corporate secretary

The corporate secretary of Russian Railways is a special official whose tasks include ensuring that the Company's bodies and officials comply with the requirements of the legislation of the Russian Federation, the Charter and internal documents guaranteeing the rights and legitimate interests of shareholders, organising measures to settle conflicts involving the

violation of shareholder rights as well as arranging interaction between the Company and its shareholders and between the Company's management bodies.

The corporate secretary is appointed and dismissed by the decision of the Board of Directors based on a majority of votes by Board members. The corporate secretary's

duties are described in the Regulation on the Russian Railways Corporate Secretary and the Administrative Office of the Corporate Secretary.

Vasily Gorev has been the corporate secretary of Russian Railways since September 2015.

## Management Board of Russian Railways

The Company's Management Board handles the general management of business operations as the collective executive body (except for the resolution of matters that fall within the purview of the General Meeting of Shareholders and the president according to the Federal Law 'On Joint-Stock Companies' and the Company Charter unless otherwise specified by the Charter).

The main tasks of the Company's Management Board include preparing proposals on the Company's business strategy, implementing its financial and business policy, developing decisions on the most important issues concerning its current business operations and coordinating the work of its divisions, improving the efficiency of the internal control and risk monitoring systems and ensuring the observance of the rights and legitimate interests of shareholders.

The Company's Management Board carries out its activities in accordance with the legislation of the Russian Federation, the Charter, the 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 documents.

The Management Board acts in the Company's interests and is accountable to the Company's General Meeting of Shareholders and the Board of Directors.

The purview of the Company's Management Board includes the following matters:

- the preparation and submission to the Board of Directors of the Company's business priorities and long-term plans for their implementation, including the Company's annual budgets and Investment Programme, the preparation of reports on their implementation for the Board of Directors as well as preparing and approving the current business plans;
- the approval of internal estimated tariffs, fees and payments for work (services) performed (rendered) by the Company that are not related to natural monopolies;

the approval of rules that ensure the proper organisation and reliability of accounting at the Company and the timely submission of the annual report and other financial reporting to the relevant bodies as well as information about the Company's operations to shareholders, creditors and the media;

- the submission to the Board of Directors of prospectuses for the issuance of securities and other documents related to the issuance of the Company's securities;
- organising the fulfilment of the Company's long-term and current plans and implementing the Company's investment, financial and other projects;
- establishing the procedure for taking into account the Company's affiliates;
- considering and coordinating draft collective bargaining agreements at the Company and regulations on industry-wide private pension support, mandatory pension insurance,