

Supervisory and audit bodies of Russian Railways

Audit Commission

The Audit Commission oversees the Company's financial and economic activities and acts on the basis of the legislation of the Russian Federation, the Charter of Russian Railways and the Regulation on the Russian Railways Audit Commission approved by Order No. 265-r of the Russian Government dated 25 February 2004.

The purview of the Audit Commission includes auditing the Company's financial and economic activities based on its

performance for the year and at any time based on its own initiative, a resolution of the Board of Directors or at the request of a shareholder; auditing and analysing the Company's financial condition, its ability to pay, the operation of the internal control system and the financial and operational risk management system, asset liquidity and the debt to equity ratio; confirmation of the accuracy of the data contained in the Company's annual report, the annual financial statement and other reports

as well as the Company's other financial documents; verifying the compliance of the decisions on financial and economic matters adopted by the Company's President, Board of Directors and Management Board with the Charter and the resolutions adopted by the General Meeting of Shareholders.

The Russian Railways Audit Commission elected in accordance with Order No. 1233-r of the Russian Government dated 30 June 2015 was approved with seven members:

Natalya Annikova

Chairman

Education: Moscow State University of Railway Engineering; Academy of National Economy under the Government of the Russian Federation.

Professional experience

- 2011-2013 – Advisor to the General Director of RZDstroy.
- 2013-present – First Deputy General Director for Economics and Finance, Construction Office No. 308.
- 2015-present – Chairman, Russian Railways Audit Commission.

Alexander Varvarin

Education: Griboedov Institute of International Law and Economics, Law, Lawyer.

Professional experience:

- 2005-2009 – Director, Legal Department; Director, Corporate Relations Department, Russian Union of Industrialists and Entrepreneurs.
- 2006 – General Director, Centre for the Development of Corporate Relations and the Resolution of Economic Disputes non-profit partnership.
- 2009 – Managing Director for Corporate Relations and Legal Support, Russian Union of Industrialists and Entrepreneurs. Member of the Board of Directors, VCIOM, IDGC of Volga, Kubanenergo, IDGC of North Caucasus and State Transportation Leasing Company; Chairman of the Board of Directors, Innovative Production Centre of Textiles and Light Industry, VNIPlneft, Production Centre, Central Research Institute of the Leather Footwear Industry, Central Research Institute of the Technological Fitting of Textile Equipment, the Central Research Institute of Integrated Light Industry Automation and Central Research Institute of Film Materials and Artificial Leather.
- 2012 – Member of the Russian Railways Audit Commission.

Viktoriya Semerikova

Education: Plekhanov Russian Academy of Economics.

Professional experience

- 2006-2013 – Lead Manager, Chief Manager and Director, Russian Banks Division, Office of Subsidiary Banks, Corporate Development and Financial Assets Department, VTB Bank.
- 2013-present – Advisor to the Director of the Russian Federal Property Agency; Director, Corporate Technologies Office, Russian Federal Property Agency.
- 2013 – Member of the Russian Railways Audit Commission.

Yevgeny Stoloyarov

Education: Faculty of Economics of Lomonosov Moscow State University.

Professional experience

- 2009-2010 – Specialist, Share Trading Division, Troika Dialog Investment Company.
- 2010-2012 – Specialist, Share Sales Division, Renaissance Broker.
- 2012-2013 – Deputy Division Chief, Russian Federal Property Management Agency.
- 2015-present – Deputy Office Director, Russian Federal Property Management Agency.
- 2013 – Member of the Russian Railways Audit Commission.

Maxim Yeronin

Education: MISA National University of Science and Technology and Kutafin Moscow State Law University.

Professional experience

- 2009-present – Chief Specialist/Expert, Consultant and Deputy Director, Corporate Governance Division, Department of Property Relations and Regional Planning, Russian Ministry of Transportation.
- 2014-present – Member of the Russian Railways Audit Commission.

Vasily Shipilov

Education: Moscow State University of Railway Engineering.

Professional experience

- 2008-2010 – Specialist, Russian Ministry of Economic Development.
- 2013-present – Division Chief, Russian Ministry of Economic Development.
- 2010-2013 – Deputy Division Chief, Russian Railways.
- 2014-present – Member of the Russian Railways Audit Commission.

Boris Lyuboshits

Education: Bauman Moscow State Technical University; Academy of National Economy under the Government of the Russian Federation.

Professional experience

- 1999-present – General Director, AuditGroup.
- 2015-present – Member of the Russian Railways Audit Commission.

According to Order No. 1233-r of the Russian Government dated 30 June 2015, a total of RUB 1.5 mln were spent in 2015 on remuneration for members of the Russian Railways Audit Commission for work conducted in 2014.

Internal control and audit

Russian Railways works to improve and develop internal audit and control in accordance with the Organisational Development Programme of the Russian Railways Group until 2017, which was approved in 2014 and updated in December 2015.

Internal control and audit functions at Russian Railways are based on the current organisational and methodological framework prepared in accordance with the best international and national professional practices and meet the ethical standards in matters of internal audit and control adopted in the modern Russian and global business communities.

In 2015, Russian Railways updated and approved regulatory documents at the corporate and functional level that take into account the requirements of federal law and other regulatory legal acts as regards organising internal audit and control, including:

- the Regulation on the Internal Control System at the Russian Railways Group, which was drafted taking into account the recommendations of the Russian Ministry of Finance and using the provisions of the framework 'Internal Control. Integrated Model' of the Committee of Sponsoring Organisations. The document specifies

the purposes, objectives, functions, main requirements, operational structure and the distribution of responsibility among internal control entities.

The internal control system was established to provide reasonable assurance that the Russian Railways Group will achieve its goals.

The internal control system at Russian Railways is governed by a combination of subjects and objects. The objects of the internal control system are the financial and economic activities of Russian Railways divisions and business processes. The