

Anti-corruption

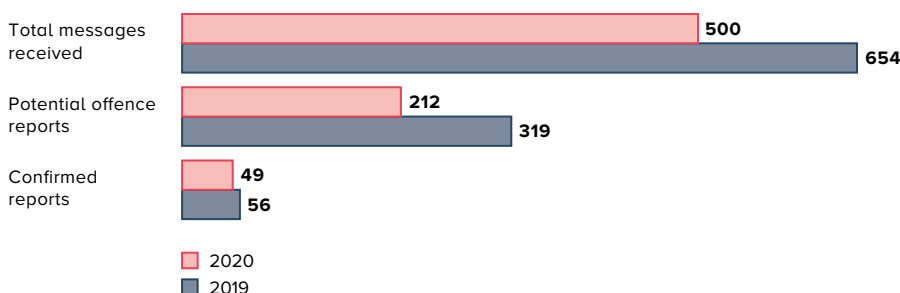
Russian Railways' anti-corruption policy is based on a set of interrelated principles and procedures designed to prevent and combat corruption and respond to corruption risks. It is intended to ensure that the Company's managers and employees, as well as its directors, the investment community and other stakeholders align around the idea of zero tolerance to corruption in all forms and manifestations and inevitability of punishment for corruption-related offences.

The Company operated in accordance with the National Anti-Corruption Plan for 2018–2020¹ and Russian Railways' Anti-Corruption Action Plan for 2018–2020. As required by the Russian Government's order, the Company provided timely reports to the Government on the progress of implementing the National Anti-Corruption Plan. In 2020, it submitted eight reports to the Executive Office of the Russian Government and two reports to the Russian Ministry of Labour and Social Protection.

To ensure a common approach to implementing the Company's anti-corruption policy, Russian Railways' subsidiaries implemented their anti-corruption plans and relied on relevant corporate procedures to introduce and update their internal anti-corruption regulations.

The Company has an effective feedback channel in place – Russian Railways' Anti-Corruption Hotline. Out of 500 messages received via the Hotline in 2020, 212 messages reported potential corrupt behaviour. Having investigated these reports, the Company took disciplinary action against 39 employees, including

Anti-Corruption Hotline performance



3 disciplinary penalties, 28 reprimands and 8 dismissals. Seven reports were escalated to law enforcement agencies.

Russian Railways' centralised system of mandatory anti-corruption training proved to be equally effective. More than 188,000 employees were able to complete the training online despite the pandemic.

In accordance with the 2020 plan for the training and development of Russian Railways managers and office workers¹, 500 employees of the Company responsible for anti-corruption activities were enrolled in an educational programme at the Law School of the Russian University of Transport (MIIT). In 2020, the Company held 16 academic workshops on the important aspects of implementing anti-corruption policies at state-owned companies at the Law School of the Russian University of Transport, in cooperation with the Moscow Interregional Transport Prosecutor's Office and the Centre for Security Studies of the Russian Academy of Sciences. More than 500 employees of Russian Railways took part in the workshops.

The Company is engaged in implementing a number of joint anti-corruption initiatives and is represented on the Expert Task Force On Improving Legal Mechanisms of Preventing Corruption of the Prosecutor General's Office, the rating committee and expert group for the Anti-Corruption Rating of Russian Business run by the Russian Union of Industrialists and Entrepreneurs, the Anti-Corruption Compliance and Business Ethics Council of the Chamber of Commerce and Industry of the Russian Federation, and the technical committee on the development of the Anti-Corruption Activities standard established by the resolution of the Federal Agency on Technical Regulation and Metrology under the Russian Ministry of Industry and Trade.

In December 2020, the Russian Railways Group approved a Comprehensive Anti-Corruption Promotion Programme for 2021–2023 focused on promoting zero tolerance towards corruption offences among employees.

¹ Approved by the Russian President's Decree No. 378 dated 29 June 2018.

² Approved by Russian Railways' Order No. 1545/r dated 20 July 2020.

Seeking independent due diligence, the Company took part in the Anti-Corruption Rating of Russian Business 2020 run by the Russian Union of Industrialists and Entrepreneurs. As a result, the Company's anti-corruption activities were found to be fully compliant with the international anti-corruption standard and the provisions of the Anti-Corruption Charter for Russian Business. Russian Railways was assigned the top A1 rating as a company with the highest level of anti-corruption efforts and a minimum level of corruption risks, associated with a minimum threat to investors, creditors, business partners, and other stakeholders.

Conflicts of interest

Resolution of conflicts of interest is a top-priority objective of the Company's anti-corruption policy. Russian Railways has put in place procedures to identify and prevent conflicts of interest.

The conflict of interest procedures for the members of the Company's Board of Directors are outlined in the Regulation on the Board of Directors of Russian Railways.¹ The members of the Company's Board of Directors, acting reasonably and in good faith, are expected to make decisions considering all available information, in the absence of a conflict of interest. The members of the Company's Board of Directors may not use their official position and information about the Company's operations for their personal advantage or allow using the same by third parties. Directors have a duty to disclose to the Board of Directors any matter under consideration by the Board of Directors in which they have a personal interest before the discussion of such matter begins and a duty to abstain from voting on any such matter.

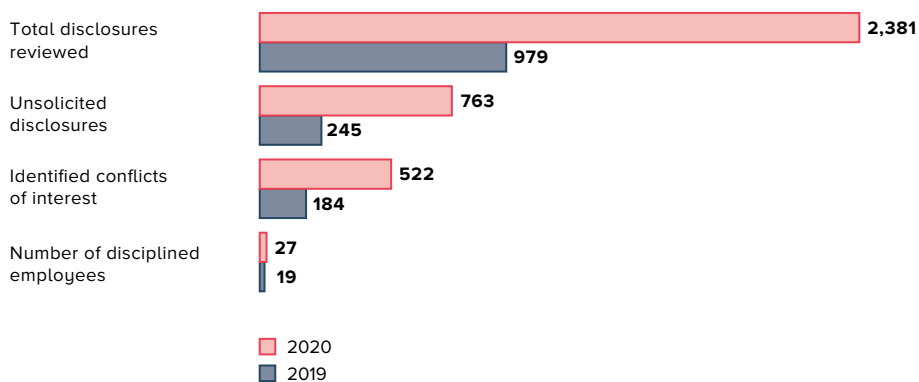
In accordance with the Regulation on the Settlement of the Conflict of Interest of Russian Railways,² all employees are required to immediately disclose

conflicts of interest. Officers responsible for resolving conflicts of interest were appointed at the Executive Office, branches and business units of Russian Railways.

In 2020, Russian Railways pioneered digital solutions to identify conflicts of interest, introduced automated processes for consolidating business unit reports on anti-corruption activities, and implemented an automated reporting system, Declarant AIS. The number of conflict of interest disclosures reviewed in 2020 grew 2.5 times year-on-year to 2,381 disclosures from 979 disclosures in 2019. Similarly, the number of unsolicited conflict of interest disclosures tripled year-on-year to 763 disclosures from 245 disclosures in 2019. In 2020, 522 conflicts of interest (vs 184 conflicts in 2019) were identified and resolved. The Company applied disciplinary actions for failure to comply with anti-corruption rules to 27 employees (14 employees were reprimanded, 11 employees were admonished, and 2 were dismissed).

The Company has a Conflict of Interest Commission established to identify and eliminate causes of and conditions conducive to the emergence of conflicts of interest, ensure an objective and timely consideration and resolution of conflicts of interest, protect the legitimate interests of Russian Railways and the rights of its employees, and implement anti-corruption measures. The Commission held two meetings in 2020. All of the 16 railways of the Company have regional conflict of interest commissions. In 2020, they held 24 meetings on 31 employees. Cases reviewed by the commissions in 2020 mainly concerned the resolution of conflicts of interest arising from a subordinate relationship with a relative, as well as equity participation in and holding management offices at companies doing business with Russian Railways.

Conflict of interest resolution



¹ Approved by Order No. 265-r of the Russian Government dated 25 February 2004 (as amended). Developed in accordance with applicable Russian laws, the Corporate Governance Code and the Charter of Russian Railways.
² Approved by Russian Railways' Order No. 321r dated 24 February 2016.