

# Audit and control

## Audit Commission

The Audit Commission is a standing body, which oversees financial and business operations of the Company. The Audit Commission acts in accordance with the laws of the Russian Federation, the Charter of Russian Railways, resolutions of the General Meeting of Shareholders and the Board of Directors, and the Regulation on the Audit Commission of Russian Railways approved by Order No. 265-r of the Russian Government dated 25 February 2004.

### The Audit Commission is responsible for:

- auditing the Company's business and financial operations for any given year and at any time as it thinks fit or as resolved by the General Meeting of Shareholders, the Company's Board of Directors or requested by the shareholder;
- auditing and reviewing the Company's financial and solvency position, its internal control system and the system of financial and operational risk management, asset liquidity and debt to equity ratio;
- verifying the accuracy of the Company's annual report, annual financial statements and other disclosures or financial documents;
- auditing the accounting and reporting procedures used in the course of business operations;
- auditing the timeliness and accuracy of payments to/from counterparties and the government, payroll and social insurance payments, as well as the accrual and payment of dividends;
- checking the legality of business operations under contracts signed on the Company's behalf;
- auditing assets and other Company resources for efficient use, identifying causes of downtime and overhead costs;
- auditing compliance with improvement orders to address the gaps identified by the Audit Commission;
- auditing business-related resolutions adopted by the Chief Executive Officer – Chairman of the Management Board, the Board of Directors and the Management Board of the Company for compliance with Russian Railways Charter and resolutions of the General Meeting of Shareholders;
- providing recommendations to the Board of Directors and the Management Board of the Company on preparing and adjusting the Company's budgets;
- other matters under its purview as per the Federal Law on Joint Stock Companies, the Company's Charter and the Regulation on the Audit Commission.

### Members of the Audit Commission

The Audit Commission of Russian Railways consists of seven members, as per Order No. 2509-r of the Russian Government dated 30 September 2020.

One of its members, Olga Kabanova, resigned from the Audit Commission at her own request on 17 November 2020.

In accordance with Order No. 2509-r of the Russian Government dated 30 September 2020, the total amount allocated for the remuneration of non-government employees sitting on the Audit Commission was RUB 4,993,718 in 2020.

### Summary of the Audit Commission's work in 2020

In 2020, the Audit Commission of Russian Railways<sup>1</sup> audited the Company's business and financial operations for 2019. The current members of the Audit Commission met twice in 2020 to approve the structure of its Audit Report and Opinion, and approve the 2019 Audit Report and Opinion of the Audit Commission.

In preparation for the 2020 audit of the Company's business and financial operations, the current members of the Audit Commissions held four meetings in 2020 to discuss the following matters:

- electing the Chairman of the Audit Commission;
- electing the Deputy Chairman of the Audit Commission;
- electing the secretary of the Audit Commission;
- approving the Work Plan of the Audit Commission for FY 2020–2021 (the "Work Plan");
- approving the Audit Programme for Russian Railways;
- approving the base list of information to be requested from Russian Railways;
- approving the resignation of Olga Kabanova as a member and the Deputy Chair of the Audit Commission;
- reviewing the progress on the Action Plan to remove identified gaps and implement recommendations made by the Audit Commission on the basis of its 2019 audit of Russian Railways.

In December 2020, the Audit Commission prepared and submitted to the Company its base request for documents and data necessary for the 2020 audit of the Company's financial and business operations.

The Audit Commission of Russian Railways has fully implemented its 2020 Work Plan.

### Members of the Audit Commission

- Alexander Tikhonov (Chairman);
- Igor Belikov;
- Alexander Varvarin;
- Olga Kabanova;
- Mikhail Sorokin;
- Sergey Ubugunov;
- Vasily Shipilov.

For more details on the Audit Commission see the Company's website at:



<sup>1</sup> The composition of the Audit Commission of Russian Railways was approved by Order No. 2509-r of the Russian Government dated 30 September 2020.