

# Corporate governance system

Russian Railways' corporate governance system is based on applicable standards and the nature of its operations and governance as a 100% state-owned single economic entity.<sup>1</sup> Instructions of the Russian Government, which places a special focus on improving the quality of corporate governance in state-owned companies, are of critical importance for shaping the corporate governance practice in the Company.

In implementing its corporate governance framework and tools, Russian Railways also complies with documents issued by the Bank of Russia as the regulator and the Federal Agency for State Property Management as the corporate governance methodologist for state-owned companies. Russian Railways' Board of Directors is the key component of the corporate governance framework, leading the development of the Company's best practice of corporate governance.

In 2020, Russian Railways updated the Charter and Regulation on the Board of Directors to improve the Company's corporate governance quality, reflect changes in the Russian laws, and take into account the recommendations of the Bank of Russia's Corporate Governance Code and the Moscow Exchange's corporate governance requirements for bond issuers. The proposed amendments are based on best practices and seek to redistribute the competences of Russian Railways' governance bodies, update criteria for transactions requiring the consent of Company's Board of Directors and Management Board, and optimise the Board of Directors' competence in relation to Russian Railways' controlled entities.

The Board of Directors of Russian Railways approved the new versions of the Charter and Regulation on the Board of Directors<sup>2</sup> and submitted the documents to federal executive authorities to arrange for adopting relevant government regulations.

In 2020, the Board of Directors reviewed the corporate governance practice at Russian Railways<sup>3</sup> recognising the action plan ("road map") to implement the provisions of the Corporate Governance Code<sup>4</sup> as generally fulfilled.



<sup>1</sup> As defined by Federal Law No. 29-FZ On the Specifics of Administration and Disposal of Railway Transport Property dated 27 February 2003.

<sup>2</sup> Minutes No. 20 dated 30 July 2020 and No. 22 dated 23 September 2020.

<sup>3</sup> Minutes No. 19 dated 24 July 2020.

<sup>4</sup> Approved by the Company's Board of Directors (Minutes No. 18 dated 12 December 2016).

**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

**BOARD OF DIRECTORS**

Elected by Russian Railways' shareholder. Pursues a policy that supports the Company's dynamic growth, improves sustainability and increases profits.

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 executives