

the reliability and effectiveness of the risk management and internal control systems as well as the corporate governance practices of the entity being audited (divisions of Russian Railways, business process and other subjects) and/or the Company as a whole.

Continuous development and improvements to the internal audit and control system allow the Company to respond in a timely and proper manner to changes in the external environment and enhance the effectiveness and efficiency of activities.

Complete information about the procedures used to monitor the financial and business activities of the Company's structural divisions and business processes enables management to adopt effective decisions and achieve the Company's goals while ensuring a high level of control.

Biographical information about internal control and audit executives

Anatoly Chabunin

Vice President and Internal Control and Audit Director of Russian Railways.

Born in 1960.

Education: higher, Novosibirsk Institute of National Economy.

Professional experience at Russian Railways:

- 2015 – Vice President and Internal Control and Audit Director, Russian Railways.

Anastasia Dolgaleva

Director of the Zheldorkontrol Centre.

Born in 1977.

Education: higher, Altai State University.

Professional experience at Russian Railways:

- 2015-2016 – Deputy Director, Zheldorkontrol Internal Control Centre, Russian Railways;
- 2016 – Director, Zheldorkontrol Internal Control Centre, Russian Railways.

Yury Podkopayev

Director of the Zheldoraudit Centre.

Born in 1963.

Education: higher, Moscow Institute of Railway Engineers and a Master's of Business Administration certificate of continuing professional education in corporate audit with in-depth foreign language study.

Professional experience at Russian Railways:

- 2003–2012 – Deputy Director, Zheldorkontrol Internal Control and Audit Centre, Russian Railways; Director, Regional Management Centre in Moscow;
- 2013 – Director, Zheldorkontrol Internal Audit Centre, Russian Railways.

Auditor of statements according to international standards

The auditor of the Company's consolidated financial statements in accordance

with IFRS is Ernst & Young.

Auditor of statements according to Russian accounting standards

In accordance with Order No. 1370-r of the Russian Government dated 30 June 2016, BDO Unicon was approved as the auditor of the accounting (financial) statements of Russian Railways for 2016 according to Russian Accounting Standards.

The amount of annual remuneration for BDO Unicon under the Contract dated 1 July 2016 is RUB 29,950,000, including VAT of RUB 4,568,644.