

# Committees of the Russian Railways Board of Directors

In order to tentatively consider the most important issues and prepare the relevant recommendations for the Russian Railways Board of Directors, the Company has the following committees:

**1** Strategic Planning Committee;

**2** Audit and Risk Committee;

**3** Personnel and Remuneration Committee;

**4** Priority Investment Projects Committee.

The committees are elected

by the Russian Railways Board of Directors and act in accordance with the regulations on the committees approved by the Company's Board of Director.

## Strategic Planning Committee

The purview of the Strategic Planning Committee includes preparing recommendations for the Russian Railways Board of Directors on the following matters:

- determining the strategic goals of the activities of the Company and S&A as well as adjusting

and monitoring the implementation of the strategies of the Company and S&A;

- the Company's dividend policy;
- the Company's participation in other organisations;

- the innovative activities of the Company and S&A;
- the approval of long-term plans and the main programmes for the Company's activities, including the annual budget and investment programme.

### Members of the Strategic Planning Committee under the Russian Railways Board of Directors as of 31 December 2016

No.	Name	Position
1	Alexander Ryazanov	Chairman of the Strategic Planning Committee, Member of the Russian Railways Board of Directors
2	Grigory Berezkin	Member of the Russian Railways Board of Directors
3	Kirill Dmitriev	Member of the Russian Railways Board of Directors
4	Andrey Ivanov	Member of the Russian Railways Board of Directors
5	Sergey Nedoroslev	Member of the Russian Railways Board of Directors
6	Nikolay Podguzov	Member of the Russian Railways Board of Directors
7	Vasily Sidorov	Member of the Russian Railways Board of Directors
8	Alexey Tsydenov	Member of the Russian Railways Board of Directors
9	Vadim Mikhailov	Russian Railways Senior Vice President
10	Sergey Maltsev	Russian Railways Senior Vice President
11	Alan Lushnikov	Assistant to the Deputy Chairman of the Government of the Russian Federation
12	Vasily Gorev	Russian Railways Corporate Secretary
13	Dmitry Komissarov	Chairman of the Board of Directors of Technology Company

The Strategic Planning Committee held 15 meetings during the reporting year.

The Strategic Planning Committee prepared recommendations for the Russian Railways Board of Directors to adopt decisions, including on the following matters:

- reviewing the list of activities that aimed to generate additional revenues for Russian Railways in 2016;
- schedules for updating the development strategies of Gefco and subsidiaries and affiliates included in the list in accordance with sub-clause 23 of clause 71 of the Charter of Russian Railways;
- the implementation status of the Moscow-Kazan HSR project;
- the reorganization of certain educational institutions of Russian Railways;
- the preparation of the updated Concept for the Reform of the Healthcare Facilities of Russian Railways;
- the external independent cost audit of Russian Railways and the development of an action plan for their optimisation for 2016 and the medium term;
- attracting private pension savings to invest in public railway transport, including for the implementation of the Investment Programme of the Russian Railways Group, including based on the example of Blagosostoyanie NPF;
- the implementation of the Financial Plan and Investment Programme of Russian Railways in the first half of 2016;
- the review of the draft terms of reference and criteria for selecting a consultant and the draft contract for the external independent cost audit of Russian Railways;
- the development (updating) of plans (programmes) to reduce operating costs by 10%;
- the activities of the infrastructure complex of Russian Railways;
- the activities of the passenger complex of Russian Railways;
- the restoration of Russian Railways' corporate control over TransContainer and RZD Logistics;
- innovative development;
- the projects of the consolidated financial plan of Russian Railways and its main subsidiaries and the Investment Programme of Russian Railways for 2017 and the planned period of 2018 and 2019.



## Audit and Risk Committee

The purview of the Audit and Risk Committee includes interaction with the Company's Audit Commission as well as preparing recommendations for the Russian Railways Board of Directors on the following matters:

- the Company's accounting (financial) statement;
- risk management, internal control and corporate governance;
- conducting an internal and external audit;
- determining the Company's position on matters involving the assessment of assets (property, shares, etc.)
- for the purposes of concluding transactions therewith;
- the approval of long-term plans and the main programmes for the activities of S&A as well as their annual budgets and reports on their execution.

### Members of the Risk and Audit Committee under the Russian Railways Board of Directors as of 31 December 2016

No.	Name	Position
1	Serḡey Stepashin	Chairman of the Audit and Risk Committee, Member of the Russian Railways Board of Directors
2	Serḡey Nedoroslev	Member of the Russian Railways Board of Directors
3	Vasily Sidorov	Member of the Russian Railways Board of Directors
4	Anatoly Chabunin	Russian Railways Vice President and Internal Control and Audit Director
5	Mikhail Beskhmel'nitsyn	Head of the Control and Analytical Service of the Russian Railways President
6	Alan Lushnikov	Assistant to the Deputy Chairman of the Government of the Russian Federation
7	Vasily Gorev	Russian Railways Corporate Secretary
8	Dmitry Komissarov	Chairman of the Board of Directors of Technology Company

The Audit and Risk Committee held seven meetings in 2016.

The Audit and Risk Committee prepared recommendations for the Russian Railways Board of Directors to adopt decisions, including on the following matters:

- determination of the starting (maximum) contract price for the provision of services involving the mandatory audit of the Russian Railways accounting (financial) statement for 2016;
- the coordination of the activity plan of the Zheldoraudit Internal Audit Centre of Russian Railways for 2016;
- the approval of the budget for the Zheldoraudit Internal Audit Centre of Russian Railways for 2016;
- the results of the procurement activities of Russian Railways for 2015, the first quarter, the first half and the first 9 months of 2016;
- the conclusion of the Russian Railways auditor based on the audit of the Company's consolidated financial statement for 2015;
- the conclusion of the Russian Railways auditor based on the audit of the Company's accounting (financial) statement for 2015;
- the preliminary approval of the annual accounting (financial) statement of Russian Railways for 2015 according to Russian accounting standards, including the profit and loss statement;
- the conclusion of the Russian Railways Audit Commission based on its audit of the Company's financial and business activities for 2015;
- the preliminary approval of the Russian Railways Annual Report for 2015;
- recommendations on the maximum amount of share dividends and the procedure for their payment for the Annual General Meeting of Russian Railways Shareholders based on the Company's results in 2015 as well as the distribution of Russian Railways net profit for 2015;
- recommendations to the Annual General Meeting of Shareholders for the approval of the Russian Railways auditor for 2016;
- the approval of the amount of payment for the services of the Russian Railways auditor for 2016;
- the determination of the position of Russian Railways (representatives of Russian Railways) at meetings of the boards of directors of Russian Railways S&A on matters concerning the approval of a report on the execution of the Company's budget for 2015;
- the approval of related party transactions;
- the approval of the road map developed by Russian Railways to organise risk management and internal control processes in preventing and combating corruption at Russian Railways;
- the approval of an action plan (road map) to introduce the Corporate Governance Code;
- the determination of the placement price for additional shares in Russian Railways.

## Personnel and Remuneration Committee

The purview of the Personnel and Remuneration Committee includes preparing recommendations for the Russian Railways Board of Directors on the following matters:

- the determination of the members of the Company's Management Board (except for the position of Management Board chairman and president);
- the endorsement of the concurrent service of the Management Board chairman and Management Board members in positions in the governing bodies of other organisations;
- the determination of the amount of remuneration and compensation to be paid to members of the Company's Audit Commission;
- the determination of the amount of remuneration and compensation to be paid to members of the Company's Board of Directors;
- the determination of the Company's position (representatives of Russian Railways) when the governing bodies of S&A consider agenda items included in the annual list approved by the Russian Railways Board of Directors for the General Meeting of Shareholders and meetings of the Board of Directors as regards the determination of the number of members of the Board of Directors, the election and early termination of the powers of members of the boards of directors of S&A, the adoption of a resolution on candidates for the heads of the governing bodies and members of the oversight bodies of S&A and the termination of their powers;
- the development and periodic revision of the Company's policy concerning remuneration for members of the Board of Directors, members of the Company's executive bodies and other key executives;
- the selection of an independent consultant on matters concerning remuneration for members of the Company's executive bodies and other key executives.

### Members of the Personnel and Remuneration Committee under the Russian Railways Board of Directors as of 31 December 2016

No.	Name	Position
1	Serġey Nedoroslev	Chairman of the Personnel and Remuneration Committee, Member of the Russian Railways Board of Directors
2	Alexander Ryazanov	Member of the Russian Railways Board of Directors
3	Vasily Sidorov	Member of the Russian Railways Board of Directors
4	Dmitry Komissarov	Chairman of the Board of Directors of Technology Company

Russian Railways Vice President Dmitry Shakhanov, Russian Railways Economics Department Director Irina Kostenets and Russian Railways Corporate Secretary Vasily Gorev take part in the work of the Personnel and Remuneration Committee under the Russian Railways Board of Directors as permanent invitees with the right to provide advice on agenda items in accordance with the Regulation on the Personnel and Remuneration Committee.

The Personnel and Remuneration Committee held nine meetings in 2016.

**The Personnel and Remuneration Committee prepared recommendations for the Russian Railways Board of Directors to adopt decisions, including on the following matters:**

- on the release and appointment of members of the Russian Railways Management Board;
- the determination of the position of Russian Railways (representatives of Russian Railways) at a meeting of the board of directors of Russian Railways S&A included in the list of Russian Railways subsidiaries and affiliates approved by the Russian Railways Board of Directors for which the Russian Railways Board of Directors adopts decisions in accordance with sub-clause 23 of clause 71 of the Russian Railways Charter on matters concerning the election of the general director of the company and the early termination of the powers and election of the company's board of directors;
- the endorsement of the concurrent service of Management Board members

in positions in the governing bodies of other organisations;

- recommendations to the Annual General Meeting of Shareholders on the payment of remuneration to members of the Russian Railways Board of Directors for its work in the 2015-2016 corporate year;
- recommendations to the Annual General Meeting of Shareholders on the payment of remuneration to members of the Russian Railways Audit Commission for its work in the 2015-2016 corporate year;
- the determination of a generalised qualitative assessment of the activities of the Management Board and Russian Railways as a whole for 2015;
- the approval of final fund for the long-term bonus payments to the Russian Railways Management Board for 2013-2015;
- proposals on the number of members and the regulation for the formation of the boards of directors of Russian Railways subsidiaries and affiliates;
- proposals on updates to the remuneration system for members of the boards of directors and committees of the boards of directors of Russian Railways subsidiaries and affiliates;
- proposals on updates to the Regulation on the Remuneration System for Members of the Russian Railways Management Board.

In addition, five joint committee meetings were held in 2016: four joint meetings

of the Strategic Planning Committee and Audit and Risk Committee, and one joint meeting of the Personnel and Remuneration Committee and the Audit and Risk Committee.

**Recommendations were prepared at the joint meetings for the Russian Railways Board of Directors, including on the following matters:**

- the optimisation and improved efficiency of spending on charity and sponsorship (taking into account Directive No. 5024p-P13 of the Government of the Russian Federation dated 31 July 2015:
  - the approval of the Sponsorship and Charitable Activities Policy of Russian Railways;
  - spending on charity and sponsorship of Russian Railways and its subsidiaries in 2016;
- the approval of the Non-core Asset Disposal Programme of Russian Railways and the Register of Non-core Assets of Russian Railways;
- the implementation status of the Moscow-Kazan HSR project;
- the allocation of additional funds to fund the Moscow-Kazan HSR project as part of an adjustment to the Russian Railways Investment Programme and Financial Plan for 2016.

## Priority Investment Projects Committee

The purview of the Priority Investment Projects Committee includes preparing recommendations for the Russian Railways Board of Directors on the following matters:

- the determination of the priority focuses of the Company's investment activities;
- the development and approval of a project reporting format;
- the review of the parameters for the implementation of the Company's priority investment projects, including the efficiency indicators of their implementation;
- the formation of proposals to adjust the parameters for the implementation of the Company's priority investment projects;
- an assessment of the results of the implementation of the Company's priority investment projects;
- the formulation of recommendations on adjustments to the Company's Investment Programme.

### Members of the Priority Investment Projects Committee under the Russian Railways Board of Directors as of 31 December 2016

No.	Name	Position
1	Arkady Dvorkovich	Chairman of the Russian Railways Board of Directors, Deputy Chairman of the Government of the Russian Federation
2	Mikhail Abyzov	Minister of the Russian Federation (by agreement)
3	Oleġ Belozerov	Member of the Russian Railways Board of Directors, Russian Railways President
4	Andrey Ivanov	Member of the Russian Railways Board of Directors, Deputy Minister of Finance of the Russian Federation
5	Alan Lushnikov	Assistant to the Deputy Chairman of the Government of the Russian Federation
6	Nikolay Podġuzov	Member of the Russian Railways Board of Directors, Deputy Minister of Economic Development of the Russian Federation
7	Alexey Tsydenov	Member of the Russian Railways Board of Directors, Deputy Minister of Transportation of the Russian Federation

### Permanent members of the Priority Investment Projects Committee under the Russian Railways Board of Directors

No.	Name	Position
1	Anatoly Krasnoshchek	Russian Railways First Vice President
2	Serġey Maltsev	Russian Railways Senior Vice President
3	Vadim Mikhailov	Russian Railways Senior Vice President
4	Oleġ Toni	Russian Railways Vice President
5	Fyodor Pekhterev	CEO of the Transportation Economics and Development Institute
6	Vasily Gorev	Russian Railways Corporate Secretary

The Priority Investment Projects Committee held four meetings in 2016.

The Priority Investment Projects Committee prepared recommendations for the Russian Railways Board of Directors to adopt decisions, including on the following matters:

- the enhanced efficiency of the transportation and freight operational system of Moscow as part of the fulfilment of Order No. AD-P9-8684 of the Government of the Russian Federation dated 22 December 2015;
- the review of the results of a process and price audit of the measures of the investment project

'Modernisation of the railway infrastructure of the Baikal-Amur and Trans-Siberian Mainlines with the development of traffic and carrying capacity';

- an adjustment to the detailed action plan for the investment project 'Development of the Moscow Railway Transport Hub, including the Moscow Little Ring Road and radial routes';
- an adjustment to the detailed action plan for the investment project 'Modernisation of the railway infrastructure of the Baikal-Amur and Trans-Siberian Mainlines with the development of traffic and carrying capacity';

- an adjustment to the Russian Railways Investment Programme for 2016 based on other infrastructure projects implemented with state support;
- the approval of a detailed action plan and targets for the investment project 'Development and renovation of railway infrastructure at approaches to ports in the Azov and Black Seas';
- the implementation of the investment project 'Development and renovation of railway infrastructure at approaches to ports in the Azov and Black Seas'.

## Corporate secretary

The corporate secretary of Russian Railways is a special official whose tasks include ensuring that the Company's bodies and officials comply with the requirements of the legislation of the Russian Federation, the Charter and internal documents guaranteeing the rights and legitimate interests of shareholders, organising measures to settle conflicts involving the

violation of shareholder rights as well as arranging interaction between the Company and its shareholders and between the Company's management bodies.

The corporate secretary is appointed and dismissed by the decision of the Board of Directors based on a majority of votes by

Board members. The corporate secretary's duties are described in the Regulation on the Russian Railways Corporate Secretary and the Administrative Office of the Corporate Secretary.

Vasily Gorev has been the corporate secretary of Russian Railways since September 2015.

### Vasily Gorev Corporate Secretary

He graduated from Lomonosov Moscow State University in 2005 with a major in mathematics and completed postgraduate studies in 2005-2007. He has an MBA from the University of Chicago Booth School of Business.

#### Professional experience

- 2014-2015 – Involved in the establishment of European Long Haul airline (Barcelona, Spain).
- 2011-2014 – Finance and Corporate Governance Consultant and Analyst at UBS Global Asset Management / UBS O'Connor (Chicago, USA). Started his career at Metropol IFC and UIC (Moscow, Russia).