

Corporate governance system

The corporate governance system in place at the Russian Railways Group allows for:

- 1 implementing the policy of Russian Railways, including the dividend policy, with respect to subsidiaries;
- 2 establishing the management and supervisory bodies of subsidiaries;
- 3 monitoring the business planning process and financial and economic activities of S&A;
- 4 monitoring the disposal of the non-core assets of Russian Railways subsidiaries;
- 5 interacting with shareholders and investors while observing the rights of minority shareholders, including when arranging transactions associated with the purchase and sale of stakes in S&A;
- 6 balancing the goals of the Russian Railways Group and the strategic activities of the Group's companies.

The following best practices are employed as part of the corporate governance system established at the Russian Railways Group:

- the involvement of independent directors in the work of the Russian Railways Board of Directors and the boards of directors of subsidiaries. The Russian Railways Board of Directors includes three independent directors;
- based on the annual general meetings of shareholders held in 2016, independent directors were involved in the work of the boards of directors of the 17 largest subsidiaries;
- Russian Railways subsidiaries conducted most of the key measures to introduce key provisions of the Code of Corporate Governance over the course of 2015-2016;
- a treasury control system has been established for the Group's subsidiaries;
- work is being conducted to introduce the provisions of the Code of Corporate Governance at Russian Railways according to the action plan (road map) approved by the Russian Railways Board of Directors on 12 December 2016;
- the committees under the boards of directors consider agenda items on a tentative basis. Three committees operate under the Russian Railways Board of Directors: the Audit and Risk Committee, the Personnel and Remuneration Committee and the Strategic Planning Committee. Committees under the boards of directors functioned at 26 major companies that are part of the Russian Railways Group.

Management structure of Russian Railways

