

CORPORATE SECRETARY

FPC's Corporate Secretary is elected by a majority of all members of the Board of Directors for an indefinite term. The Board of Directors is entitled to re-elect the Corporate Secretary at any time.

FPC's Corporate Secretary acts as a secretary at the meetings of the Board of Directors, General Meetings of Shareholders and the meetings of the committees of the Board of Directors.

The Corporate Secretary's activities are governed by the Regulations on the Corporate Secretary approved by JSC FPC's Board of Directors in December 2021 (Minutes No. 10).

The tasks of the Corporate Secretary:

- Providing organisational and information support for the work of the General Meeting of Shareholders, the Board of Directors, and committees of the Company's Board of Directors
- Coordinating collaboration between members of the Board of Directors, shareholders and Company's executive bodies to ensure efficient performance of the Board of Directors
- Ensuring compliance by the management bodies and employees of the Company with the requirements of the legislation of the Russian Federation, the Company Articles of Association and internal documents of the Company aimed at exercise of rights and legitimate interests of shareholders
- Developing the Company's corporate governance practices

GENERAL DIRECTOR

The management of JSC FPC's day-to-day operations is delegated to the General Director as the sole executive body. The General Director acts as the Chairman of the Company's Science and Technology Board.

The General Director is accountable to FPC's shareholders and the Board of Directors and submits quarterly reports to the Board on the Company's performance (budget and contract work performance, HR and credit policy, social programmes, insurance coverage, implementation of the Board's resolutions).

The Board of Directors resolves on the election of the Company's General Director, termination of his/her powers, and approves the terms of his/her employment contract, including remuneration and termination.

The General Director is responsible for timely and quality budgeting and budget performance at the Company, preparing budget execution reports and organising activities at the Company's branches.

In October 2020, V. Pyastolov was elected as Director General of JSC FPC by the decision of the Board of Directors

The General Director does not hold a stake in JSC FPC's authorised capital and does not own the Company's ordinary shares.

During the reporting year, the General Director was not engaged in any transactions to acquire, or dispose of, FPC shares.

Deputy General Directors

In line with the main lines of business, FPC's governance structure comprises ten Deputy General Directors, the Corporate Secretary and several business units reporting directly to the General Director.

To ensure the balance of the top-level governance processes and to set up a single centre of responsibility for the organisation and provision of transport services and a single centre of responsibility for the development of financial and business operations, marketing operations,

business and product portfolio, the following positions were included in FPC's governance structure:

- First Deputy Director General in charge of Production, with four Deputies reassigned to him/her: Rolling Stock Management, Production Development, Transport Operations, Service and Quality of Service;
- the Deputy Director General in charge of Economics and Finance, with one Deputy Director General for Marketing reassigned to him/her

Remuneration and Reimbursement for Governance Bodies (the executive body and other key managers)

The remuneration of the sole executive body and JSC FPC's other key managers directly depends on the achievement of relevant key performance indicators.

The Regulations on JSC FPC Executives Remuneration System approved by the Board of Directors of JSC FPC (Minutes No. 4 dated 15 September 2021) and the Regulations on the System of KPI for the Purpose of Awarding Bonuses to the Executives of JSC FPC approved by the Board of Directors of JSC FPC (Minutes No. 12 dated 30 December 2022) were developed in compliance with the following regulations:

- Order of the Russian Government No. 1388-r dated 27 June 2019 — Guidelines on the Application of Key Performance Indicators by Business Entities in Which the Share of the Russian Federation or Its Constituent Entity Exceeds 50%, and Performance Indicators of State Unitary Enterprises to Determine the Remuneration to their Managerial Team
- Order of the Government of the Russian Federation No. 3579-r dated 28 December 2020 – Guidelines on Development and Application of Key Performance Indicators in Joint Stock Companies Whose Shares

are Owned by the Russian Federation and Certain Non-Profit Organisations for Determining Remuneration of their Management Teams (subject to amendments introduced by Order No. 3522-r dated 10 December 2021 and Resolution No. 2072 dated 16 November 2022 of the Government of the Russian Federation)

- Standard Regulations on the System of Key Performance Indicators for Bonus Payments to Managers of Controlled Entity of the Parent Company, approved by Russian Railways Order No. 3272/r dated 12 December 2022 on Updating the Motivation System for Managers of Controlled Entities of the Parent Company
- Standard Regulations on Remuneration System for Managers of a Controlled Entity of the Parent Company approved by Order No. 1542/r dated 16 July 2021 on Approval of Standard Documents Relating to Motivation of Managers of Controlled Companies on the Basis of Key Performance Indicators

The Company's KPIs are applied as KPIs for the General Director of JSC FPC and corporate KPIs for the Company's key management personnel.

Based on the aforementioned KPIs, functional KPIs for key executives of JSC FPC were established and form the basis of their incentive system.

The following was done during the development of the incentive system:

- Regulations on the System of Key Performance Indicators for the Purposes of Bonus Payment to Managers of JSC FPC were approved by the Board of Directors of JSC

FPC, and the Regulations on the Remuneration System for Managers of JSC FPC were amended

- KPIs were ranked through vertical cascading method
- Weight (share) of corporate and functional key performance indicators was determined
- All functional performance indicators for managers were reviewed, focusing on results instead of describing the process

CONTROL AND AUDIT

External Auditor

The external auditor of JSC FPC is engaged through an open tendering procedure. The criteria for assessing the open tendering participants are approved by the Parent Company. No additional procedures are used to ensure the auditor's independence and objectivity during the open tendering procedure.

The Board of Directors of JSC FPC has approved the winner of the open tender as the Company's auditor to review

and confirm the Company's RAS and IFRS financial statements for 2022. The Auditor's remuneration amounts to RUB 20.4 million (including VAT). Contract No. FPK-22-190 dated 12 July 2022. No non-audit services were provided.

The Audit and Risk Committee of JSC FPC did not assess the efficiency of the external audit process in 2022.

Auditing Commission

The Auditing Commission is JSC FPC's permanent internal control body responsible for regular control over financial and business activities of the Company, its branches and representative offices, officers of JSC FPC's governance bodies and administrative units to ensure compliance with the laws of the Russian Federation, JSC FPC's Articles of Association and internal documents.

The Auditing Commission acts in the best interests of JSC FPC's shareholders and is accountable to the General Meeting of Shareholders.

The Auditing Commission is independent of officers of JSC FPC's governance bodies and administrative units.

The Auditing Commission is guided by applicable laws of the Russian Federation, JSC FPC's Articles of Association, the Regulations on the Auditing Commission, and the Regulations on Remuneration and Compensation for the Members of JSC FPC's Auditing Commission.

The Auditing Commission is composed of five members elected by the Board of Directors for a three-year term under JSC FPC's Articles of Association.

The Auditing Commission, which was functioning at the end of the reporting period, was elected by the resolution of JSC FPC's Board of Directors in December 2021 (Minutes No. 10 dated 27 December 2021).

Report on work with the Auditing Commission in 2022

Pursuant to clause 3 of Article 85 of Federal Law No. 208-FZ dated 26 December 1995 On Joint Stock Companies, the Auditing Commission of JSC FPC carried out two audits in JSC FPC during 2022:

- Financial and economic activities of JSC FPC and its branches in 2021
- Monitoring that individual measures to address the concerns arising from the audit of the financial and economic activities of JSC FPC are implemented

Incentives for the members of the Auditing Commission are established by the Regulations on Remuneration and Compensation for the Members of JSC FPC's Auditing

Commission and imply the payment of remuneration for participation in every audit of the financial and business activities of the Company as well as additional remuneration.

The members of JSC FPC's Auditing Commission were paid RUB 585,463.50 for participation in the 2022 audits.

The resolution to pay additional remuneration to members of the Auditing Commission is passed by JSC FPC's Board of Directors in line with paragraph 15.1, subparagraph 24 of JSC FPC's Articles of Association.

By decision of the Board of Directors of JSC FPC (Minutes No. 23 dated 30 June 2022), it was decided not to pay additional remuneration to the members of the Auditing Commission for the audit of the financial and business operations of JSC FPC in 2021.

