

# REPORT ON COMPLIANCE WITH THE BANK OF RUSSIA'S CORPORATE GOVERNANCE CODE

To enhance the efficiency of its corporate governance practice, FPC's Board of Directors has approved JSC FPC's Action Plan to Achieve the Target State of the Corporate Governance System determined by Russian Railways. The following initiatives were planned for, and implemented in, 2018:

- The new version of JSC FPC's Articles of Association taking into account the effective changes in the applicable Russian laws was approved, which sets out:
  - the introduction of the role of the Corporate Secretary
  - the redistribution of authorities between the General Shareholders Meeting and the Board of Directors – in particular, the selection of the Company's Auditor, the election of the Audit Commission, and the approval of FPC's annual reports are now reserved for the Board of Directors
  - the expansion of the Board of Directors authority in determining the KPIs of the Company, its General Director and key managers
  - the change in the procedure for approving interested-party transactions.
- The new version of the Regulations on Remuneration and Reimbursement for Members of the Board of Directors was approved to align the principles regarding motivation for members of the Board of Directors with the recommendations of the Bank of Russia's Corporate Governance Code.
- Regulations on JSC FPC's Information Policy were approved.
- Regulations on JSC FPC's Internal Audit Organisation, Regulations on JSC FPC's Internal Audit Unit, and the Activity Plan of the Internal Audit Unit were approved.
- The Human Resources, Remuneration, and Corporate Governance Committee of FPC's Board of Directors assessed the independence of nominees to the Board of Directors.

## STATISTICS OF COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE IN 2018<sup>1</sup>

SECTIONS	THE NUMBER OF CORPORATE GOVERNANCE PRINCIPLES RECOMMENDED BY THE CODE	COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES					
		FULL		PARTIAL		NONE	
		2017	2018	2017	2018	2017	2018
<b>Shareholder Rights</b>	13	8	8	3	3	2	2
<b>Board of Directors</b>	36	15	15	14	14	7	7
<b>Corporate Secretary</b>	2	–	2	2	–	–	–
<b>Compensation System</b>	10	6	6	1	2	3	2
<b>Risk Management System</b>	6	5	6	1	–	–	–
<b>Information Disclosure</b>	7	2	4	4	3	1	–
<b>Material Corporate Actions</b>	5	2	2	2	2	1	1
<b>Total</b>	<b>79</b>	<b>38</b>	<b>43</b>	<b>27</b>	<b>24</b>	<b>14</b>	<b>12</b>

Read more about compliance with the provisions of the Corporate Governance Code you can find in the appendix "Report on the Implementation of the Bank of Russia Corporate Governance Code" on p. 200

Company Profile

Development Strategy

Performance Overview

Corporate Governance

Sustainable Development

Appendices

<sup>1</sup> In line with Letter of the Bank of Russia dated 17 February 2016 No. IN-06-52/8 On Reporting on Compliance with the Corporate Governance Code by Public Joint Stock Companies.