

CORPORATE GOVERNANCE SYSTEM

Corporate Governance Principles



Protection of shareholder interests and rights

The Regulations on Preparing and Holding the General Meeting of Shareholders of JSC FPC (available on JSC FPC and SKRIN information Agency websites) stipulate the corporate governance rights of shareholders.

The interests and rights of FPC's shareholders are protected through a reliable method for recording their rights to shares – the share register is maintained by an independent entity, JSC STATUS Registry Society.

Shareholders are given additional information when the General Meeting is being prepared, on top of the information that is needed by law.



Equal treatment of all shareholders

Shareholders have equal and fair rights to share JSC FPC's profit by receiving dividends. [The Regulations on JSC FPC's Dividend Policy](#) establish a mechanism for determining the dividend amount and paying dividends.

All shareholders are provided with materials required for the General Meetings of Shareholders and have equal access to all required information at the Company's office.



Timely disclosure of information

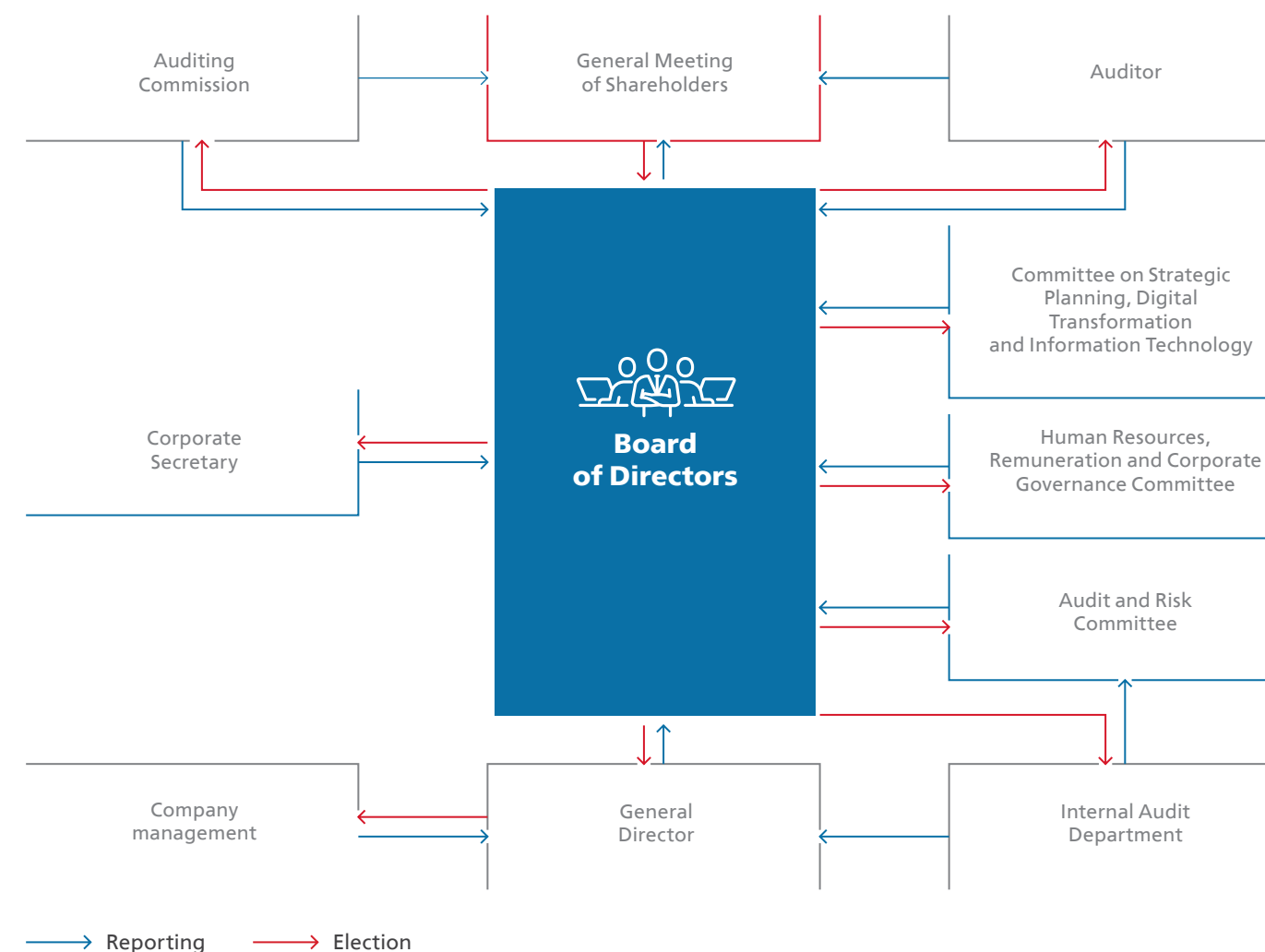
FPC ensures timely disclosure of information on its website and in the news feed of LLC SKRIN information agency (Integrated Information and News Disclosure System) authorised to disclose information about securities and other financial instruments.



Mutual trust and respect for all stakeholders

Relationships between the Company's shareholders, members of the Board of Directors, and management are based on integrity, trust, mutual respect for legitimate interests, and all parties performing their obligations in good faith.

Corporate Governance Model and Practice



JSC FPC's corporate governance model is built in line with Russian statutory requirements and is a multi-tier system of relationships between participants in the corporate governance process.

The General Meeting of Shareholders is the highest governing body of the Company. The Board of Directors occupies a key position in the corporate governance system. The General Director is responsible for overseeing the Company's day-to-day operations.

The General Director is accountable to the General Meeting of Shareholders and the Board of Directors of JSC FPC. The Board of Directors, in its turn, is accountable to JSC FPC’s General Meeting of Shareholders.

The competence of all governance bodies is clearly defined and formalised in the Articles of Association.

The Company adopted [the Regulations on Preparing and Holding the General Meeting of Shareholders of JSC FPC](#).

- Matters reserved to the General Meeting of Shareholders include:
- Amendments and addenda to JSC FPC’s Articles of Association and approval of a new version of the document
 - Reorganisation of the Company
 - Liquidation of the Company, appointment of a liquidation committee, and approval of interim and final liquidation balance sheets
 - Determination of the number, par value, and type (class) of authorised shares and rights attached to such shares
 - Resolutions on the placement of bonds convertible into shares, and other issue-grade securities convertible into shares
 - Election of the Board of Directors and early termination of directors’ powers
 - Approval of annual accounting (financial) statements
 - Distribution of the Company’s profit (including payment (declaration) of dividends, except for the payment (declaration) of dividends for the first quarter, the first six months, and the first nine months of the reporting year) and loss in the reporting year
 - Payout (declaration) of dividends for the first quarter, the first six months, and the first nine months of the reporting year
 - Approval of interested party transactions or passing resolutions on their subsequent approval if the number of disinterested members of the Company’s Board of Directors is less than half of the elected members of the Board
 - Approval of major transactions or passing resolutions on their subsequent approval in cases stipulated by Article 79 of Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995
 - Approval of internal documents governing the activities of the Company’s bodies
 - Resolution on the payment of remuneration and/ or compensation to the members of the Board of Directors
 - Resolution on filing an application to the Bank of Russia requesting for an exemption from the obligation to disclose or provide information according to the Russian laws on securities

The Board of Directors occupies a key position in JSC FPC’s corporate governance system. Its activities are governed by [the Regulations on the Board of Directors of JSC FPC](#) approved by the General Meeting of Shareholders. Information on the activities of the Board of Directors is disclosed in the Annual Report and made available to shareholders.

- The duties of the Board of Directors:
- To determine FPC’s priorities: elaborate and approve the Company’s Development Strategy and Long-term Development Programme, as well as amendments and addenda thereto; review reports on their implementation
 - To approve the Company’s budget and Investment Programme and amendments thereto; review the General Director’s report on the Company’s performance in the reporting period, including information on budget and Investment Programme performance; implement resolutions passed by the General Meeting of Shareholders and the Board of Directors
 - To elect members of the Auditing Commission and approve early termination of their powers
 - To approve the Company’s Auditor and determine the relevant fee
 - To approve an annual report
 - To convene annual and extraordinary general meetings of shareholders; approve the agenda of the General Meeting of Shareholders; determine the record date; and address other matters relating to the preparation and holding of general meetings of shareholders
 - To approve the activity plan of the internal audit function and relevant annual performance reports; appoint and remove the head of Internal Audit Department
 - To determine the Company’s policy on remuneration due to, and/or reimbursement (compensation) of costs incurred by, members of the Board of Directors
 - To review the results of performance assessment of the Board of Directors and its members and committees, as well as that of the Company’s sole executive body
 - To determine the key performance indicators (KPIs) for the Company and its sole executive body and review KPI performance reports; approve a list of the Company’s key managers and compile a list of their corporate KPIs
 - To determine the principles of, and approaches to, organising the internal Control and Risk Management System at the Company
 - To establish acceptable risk levels (risk appetite, preferred risks) for the Company

For the full list of powers of the Board of Directors, please see [JSC FPC’s Articles of Association](#).

The appointment of the General Director, the corporate secretary, and the creation of Board committees are all within the exclusive purview of the Board of Directors.

- Three committees of the Board of Directors were set up to preview the most important matters referred to the Board of Directors of JSC FPC:
- Committee on Strategic Planning, Digital Transformation and Information Technology
 - Audit and Risk Committee
 - Human Resources, Remuneration and Corporate Governance Committee

The committees are governed by relevant [regulations](#) approved by the Board of Directors. The number and composition of the committees, as well as the chairpersons of the committees, shall be determined by the Board of Directors at its first meeting. The committees submit reports on their activities to the Board of Directors on an annual basis.

The Corporate Secretary ensures effective ongoing interaction with shareholders, coordinates the Company’s efforts to protect shareholder rights and interests, and supports the activities of the Board of Directors. The Corporate Secretary is accountable to the Board of Directors. The Corporate Secretary’s activities are governed by the Regulations on the Corporate Secretary approved by FPC’s Board of Directors.

In order to provide shareholders with reliable and complete information on financial and economic activities, the Board of Directors of the Company approves the Auditor and the Auditing Committee.

JSC FPC has an internal audit function — the Internal Audit Department in place. The Head of the Internal Audit Department is appointed by a decision of the Board of Directors. The Regulations on Internal Audit and the Internal Audit Department’s Activity Plan are to be approved by the Board of Directors. The Internal Audit Department is accountable to the Board of Directors.

Features of JSC FPC's Corporate Governance Model

JSC FPC is a company of strategic importance for national defence and security, as it carries out the type of activity specified in sub-clause 36, Article 6, Federal Law No. 57-FZ dated 29 April 2008 on the Procedure for Foreign Investment in Business Entities of Strategic Importance for National Defence and Security (it is a natural monopoly included in the register of natural monopolies in the areas referred to in clause 1, Article 4, Federal Law No. 147-FZ dated 17 August 1995 on Natural Monopolies).

The Russian Federation, which holds 100% of the Parent Company’s shares, is a controlling entity of the Company. Due to the Parent Company’s significant (controlling) ownership of JSC FPC, the following characteristics are applicable to JSC FPC’s corporate governance:

- In accordance with Federal Law No. 29-FZ dated 27 February 2003 on Special Features of Management and Disposal of Railway Transport Property, a single economic entity may not pledge, sell or otherwise dispose of its owned shares in subsidiaries without the consent of the Government of the Russian Federation

- In accordance with Resolution No. 738 dated 3 December 2004 of the Government of the Russian Federation (last updated on 31 March 2021 and amended on 31 August 2022) on management of joint stock companies’ shares in federal ownership and exercise of the Russian Federation’s special right to participate in managing joint stock companies (“golden share”), the Federal Agency for State Property Management is obliged to issue directives to agents of the Russian Federation in the board of directors of joint stock companies on the purchase of shares (stakes in authorised capital) in other business companies, including at a time of their incorporation by a subsidiary or affiliate business entity, if the company’s chapter stipulates that the position of the company or its representatives (when governing bodies of subsidiaries or affiliates consider agenda items of general meetings of shareholders and meetings of boards of directors) on the said issue falls within the competence of the board of directors (supervisory board) of the joint stock company

JSC FPC is required to carry out certain directives from the Russian Federation’s government and, if necessary, to make sure that subsidiaries do the same.

JSC FPC is also on the list of key controlled entities that must obtain the parent company’s board of directors’ permission on matters that are material to their operations:

- Approving development strategies and monitoring their implementation

- Endorsing the main budget parameters
- Determining the voting position on the most important issues on the agenda of the general meeting of shareholders and (or) the meeting of the board of directors (liquidation or reorganisation of the company; election of the board of directors and the sole executive body of the company; increase/decrease in the authorised capital of the company; settlement of major and other transactions by the company)

Assessment of Corporate Governance Quality

Internal quality assessment of corporate governance conducted by the Internal Audit Department

The Internal Audit Department of JSC FPC assessed corporate governance practices for the corporate year 2021/2022, confirming its compliance with the established regulatory requirements to major extent, including the recommendations of the Corporate Governance Code of the Bank of Russia. In certain areas, corporate governance improved in a good way. For the subsidiaries of JSC FPC, specific corporate governance development areas were identified as part of recommendations for further strengthening corporate governance practises.

Report on the progress in compliance with the Bank of Russia’s Corporate Governance Code

The following measures were carried out in the reporting period in accordance with the Corporate Governance Improvement Plan for 2022, which was adopted by the Board of Directors of JSC FPC:

- Strategic Planning, Digital Transformation and Information Technology Committee of the Board of Directors of JSC FPC was established on the basis of the Strategic Planning Committee of the Board of Directors of JSC FPC with relevant competencies in the field of information technology
- Information on the FPC website was structured and updated
- Regulatory framework of JSC FPC governing corporate governance was improved

Company’s area of activity	Document
Shareholder rights	Regulations on Preparing and Holding the General Meeting of Shareholders of JSC FPC as amended
Board of Directors and relevant committees	• Regulations on the Board of Directors of Joint Stock Company Federal Passenger Company as amended • Induction programme for newly elected members of the JSC FPC Board of Directors as amended • Amendments to the Regulations on the Human Resources, Remuneration and Corporate Governance Committee of the Board of Directors of JSC FPC and on the Audit and Risk Committee of the Board of Directors of JSC FPC • Regulations on the performance assessment of the Board of Directors, Board Committees, members of the Board of Directors and the Corporate Secretary of JSC FPC as amended • Regulations on the Strategic Planning, Digital Transformation and Information Technology Committee of the JSC FPC Board of Directors • Regulation on Preparation and Submission of Materials and Information to the Board of Directors of JSC FPC and Committees of the Board of Directors of JSC FPC, Organisation of Control over Execution of Decisions of the Board of Directors of JSC FPC and Recommendations of the Committees of the Board of Directors of JSC FPC as amended
Remuneration system	• Regulations on the System of Key Performance Indicators for the Purpose of Awarding Bonuses to the Executives of JSC FPC as amended • Amendments to the Regulations on JSC FPC Executive Remuneration System
Internal audit	• Regulations on Internal Audit at JSC FPC as amended • Regulations on the Internal Audit Department at JSC FPC as amended
Conflict of interest and anti-corruption policy	• Operational procedure for JSC FPC’s anti-corruption hotline as amended • Regulations on the Prevention and Management of Conflicts of Interest at JSC FPC as amended • Regulations on insider information of JSC FPC as amended
Interactions with subsidiaries and affiliates	• Principles of corporate governance recommended being observed in companies with direct or indirect participation of JSC FPC • New proformas for articles of association, regulations on the general meeting of shareholders (participants) and regulations on the board of directors for JSC FPC subsidiaries

JSC FPC’s internal documents regulating corporate governance were updated, and new relevant documents were developed during the reporting year.

The synchronisation of the Company’s procedures and internal regulatory documentation in connection with the anticipated adoption of the revised version of JSC FPC’s Articles of Association is the primary area of development for the corporate governance system for 2023.

The Company continued to follow the recommendations of the Bank of Russia’s Corporate Governance Code (hereinafter referred to as the Code).

- The Human Resources, Remuneration and Corporate Governance Committee of the Board of Directors of JSC FPC assessed candidates to the Board of Directors for the necessary experience and competencies as well as for the absence of a conflict of interest. The results of the assessment are presented to the Company’s shareholders.
- JSC FPC’s Human Resources, Remuneration and Corporate Governance Committee assessed nominees to the Board of Directors and independent directors (ID) against

the independence criteria set by the Code The results of the assessment are presented to the Company’s shareholders and to the Board of Directors.

- The Board of Directors conducted a self-evaluation of its performance as well as the performance of its committees and individual Board members, including the analysis of the needs of the Board of Directors in terms of professional qualifications, experience and business skills of Board members, the number of Board members, and the performance of the Chairman of the Board of Directors and the Corporate Secretary. The results are reviewed by the Board of Directors.
- The main results of the Board of Directors’ performance assessment were included in the Company’s Annual Report.

As evidenced by the Company’s adherence to the Bank of Russia’s Corporate Governance Code¹, JSC FPC continuously enhances its corporate governance procedures. The proportion of principles and recommendations fully complied with by the Company increased from 68% in 2021 to 71% in 2022.

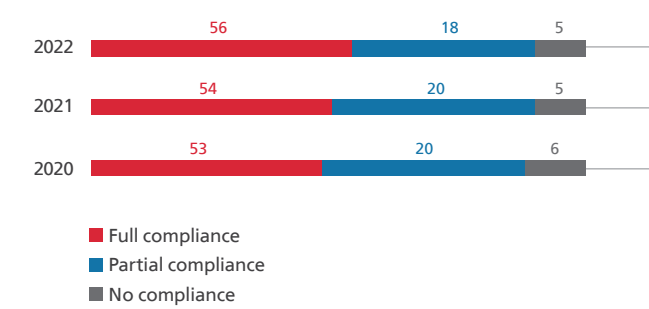
¹ The Company evaluated compliance with the Code by examining and contrasting internal standards and practises with the Code’s recommendations.

In 2022, the Company was subject to a special disclosure regime that was specified by the government and was brought on by the unique foreign policy environment that Russian businesses (JSC FPC in particular) operate in. This resulted in an insignificant rise in the number of instances where the Company did not comply with the principles and recommendations of the Code under the Board of Directors and Corporate Secretary sections.

Compliance with the principles and recommendations of the Corporate Governance Code¹

Sections	Corporate governance principles recommended by the Code	Compliance with the corporate governance principle								
		Full compliance			Partial compliance			None		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Shareholder Rights	13	9	10	10	3	3	3	1	–	–
Board of Directors	36	24	26	25	10	8	9	2	2	2
Corporate Secretary	2	2	2	1	–	–	–	–	–	1
Remuneration System	10	6	6	7	2	2	1	2	2	2
Risk Management System	6	6	6	6	–	–	–	–	–	–
Information Disclosure	7	4	1	3	3	6	4	–	–	–
Material Corporate Actions	5	2	3	4	2	1	1	1	1	–
Total	79	53	54	56	20	20	18	6	5	5

Compliance with the Corporate Governance Code



Detailed information on compliance with the provisions of the Code is given in the Appendix to this Report — Report on Compliance with the Bank of Russia Corporate Governance Code².

GENERAL MEETING OF SHAREHOLDERS

JSC FPC’s highest governance body is the General Meeting of Shareholders. There were four general meetings of FPC’s shareholders in 2022: one annual and three extraordinary meetings.

General Meetings of Shareholders held in the reporting year

Extraordinary General Meeting of Shareholders	14 January 2022
Extraordinary General Meeting of Shareholders	27 April 2022
Annual General Shareholders Meeting	30 June 2022
Extraordinary General Meeting of Shareholders	12 July 2022
Number of items reviewed	58

Resolutions taken by the extraordinary general meetings of shareholders

Date	Resolutions taken
14 January 2022	On determining the number, par value, class (type) of the authorised shares of JSC FPC and the rights granted by such shares On amendments and additions to the Articles of Association of JSC FPC
27 April 2022	On determining the number, par value, class (type) of the authorised shares of JSC FPC and the rights granted by such shares On amendments and additions to the Articles of Association of JSC FPC
12 July 2022	On approval of a major transaction

Resolutions taken at the Annual General Meeting of Shareholders

Date	Resolutions taken
30 June 2022	To approve FPC’s annual accounting (financial) statements for 2021 Not to distribute net profit for 2021 due to the Company’s incurring a loss Not to pay a dividend for 2021 To pay remuneration to members of FPC’s Board of Directors To elect the new Board of Directors To make amendments and additions to the Articles of Association of JSC FPC To approve the Regulations on Preparing and Holding the General Meeting of Shareholders of JSC FPC as amended To approve the Regulations on the Board of Directors of JSC FPC as amended

JSC STATUS Registry Society performed the functions of a counting commission at FPC’s General Shareholders Meetings. The results of the voting were announced at the face-to-face meetings.

¹ In accordance with the Bank of Russia’s letter dated 27 December 2021 On disclosure of a report on compliance with the principles and recommendations of the Corporate Governance Code in the annual report of a public joint stock company.
² The Company evaluated compliance with the Code by examining and contrasting internal standards and practises with the Code’s recommendations.