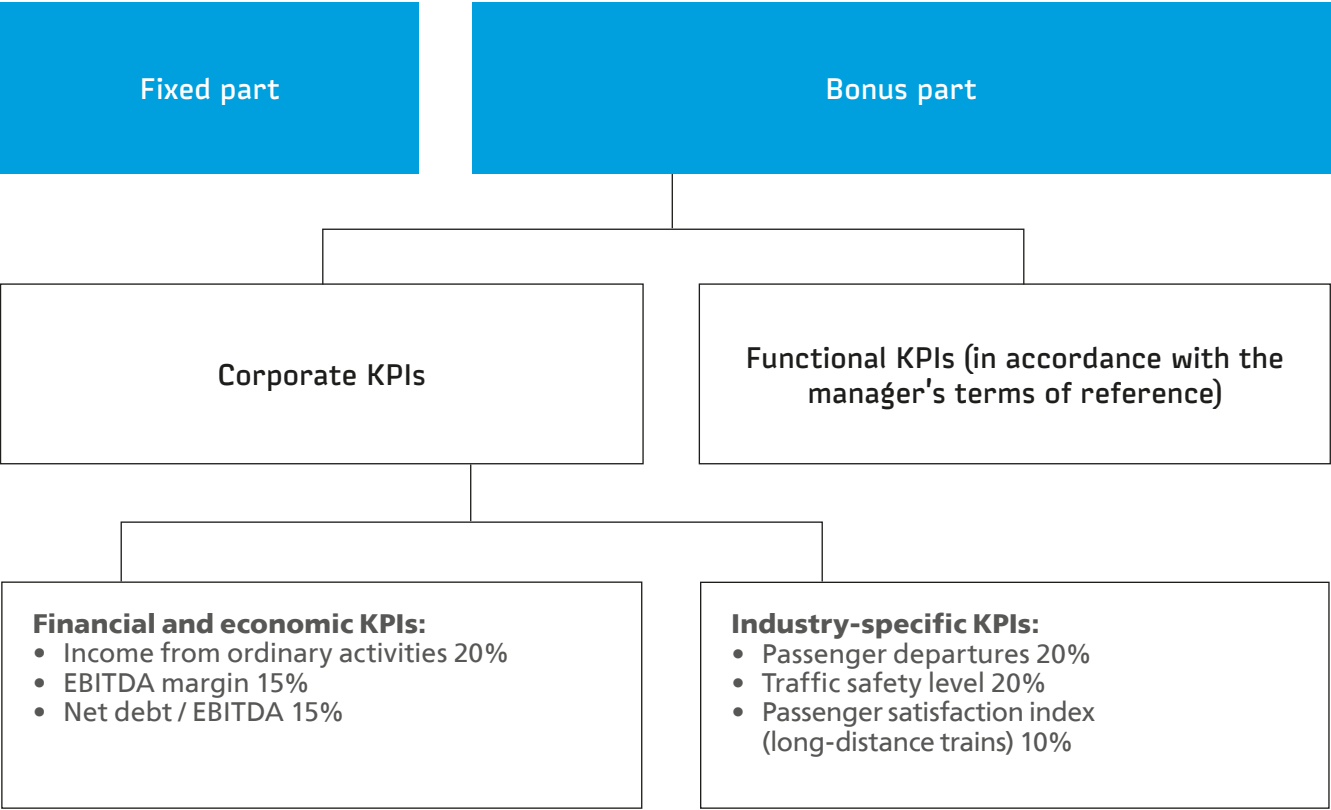
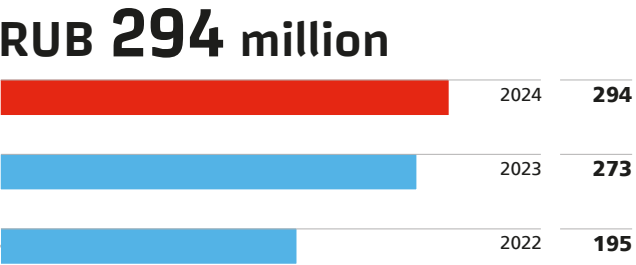


The decision on whether to award bonuses to management based on the results for the reporting year is made by the Board of Directors based on the KPI achievement report, the conclusion of JSC FPC's Internal Audit Department and recommendations of the Human Resources, Remuneration and Corporate Governance Committee.

Remuneration of JSC FPC's General Director and key executives of the Company



Total remuneration of the General Director of JSC FPC and key executives of the Company, RUB million



Controls and Audit

To provide shareholders with reliable and transparent information on the Company's activities, the Board of Directors annually approves an auditing organisation and elects the Auditing Commission for a period of three years. The Company has an internal audit unit to monitor the effectiveness of the RM&ICS.

External audit

The Board of Directors annually appoints an audit organisation to audit the financial statements prepared under IFRS and RAS.

The audit organisation is selected against the results of an annual competitive procedure – an E-tender in accordance with the Procedure for determining JSC FPC's audit organisation, which is preliminarily reviewed by the Audit and Risk Committee and approved by JSC FPC's order.

The initial (maximum) price of the contract for the audit of accounting (financial) statements is determined by the Board of Directors based on the recommendations of the Audit and Risk Committee. Following the results of competitive procedures, the Audit and Risk Committee makes a recommendation regarding the appointment of the audit organisation by the Board of Directors.

The Audit and Risk Committee of the Board of Directors shall arrange for assessment of independence, objectivity and absence of conflict of interest of the Company's external auditors, supervision of the external audit and assessment of the quality of the audit and auditor's report.

The non-audit services rendered by the audit organisation are subject to JSC FPC's Policy on the Provision of Non-Audit Services¹.

The Policy allows for the provision of certain audit and non-audit services that will not impair the audit organisation's objectivity or independence.

The provision of non-audit services is monitored by the Audit and Risk Committee. The Policy defines a list of non-audit services that are subject to mandatory approval by the Committee and services that are prohibited to be provided by the auditor and cannot be approved by the Committee.

As part of the reporting review, the audit organisation regularly submits information to the Audit and Risk Committee of the Board of Directors on the presence or absence of facts of unfair practices and conflicts of interest.

For the audit of the Company's RAS and IFRS financial statements for 2024, the Board of Directors appointed the auditing organisation which won the E-tender. No non-audit services were rendered in the reporting year.

The remuneration of the audit organisation for auditing the financial statements for the year ending 2024 amounted to RUB 24 million, including VAT.

¹ Approved by the Board of Directors (Minutes of the Board of Directors of JSC FPC No. 10 dated 7 December 2018).

Description of service	Cost, including VAT (RUB million)
Review of the Company's IFRS interim condensed consolidated financial statements for the first half of 2024	7.2
Review of the Company's IFRS summarised interim condensed consolidated financial statements for the first half of 2024	0.9
Audit of the Company's RAS financial statements for 2024	7.8
Audit of the Company's IFRS consolidated financial statements for 2024	7.2
Audit of the Company's IFRS summarised consolidated financial statements for 2024	0.9
Non-audit services	–
Total	24

Auditing Commission

The Auditing Commission is a permanent elected body of control over financial and economic activities of the Company.

As stipulated by the Company's Articles of Association, the Auditing Commission is to be elected by the Board of Directors for a term of three years. Its quantitative composition is determined by the decision of the Board of Directors and may include three persons minimum. The Auditing Commission is independent of the Company's officers and management bodies. The General Director and members of the Board of Directors may not be elected to the Auditing Commission.

The Auditing Commission shall be guided by the legislation of the Russian Federation, the Company's Articles of Association, the Regulations on the Auditing Commission¹ and other internal documents, as well as decisions of the General Meeting of Shareholders.

The results of audits, proposals to eliminate causes and conditions contributing to violations of financial and economic activities, as well as proposals to improve the internal control system and increase the efficiency of the Company's operations are communicated to the General Meeting of Shareholders, the Board of Directors and the executive bodies.

During 2024, the Auditing Commission conducted:

- Audit of the financial and economic activities of JSC FPC and its branches for 2023
- Confirmation of the reliability of the data contained in the Company's Annual Report

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.

In 2024, the aggregate remuneration of the Auditing Commission totalled RUB 1,558,600.

In the course of the audit, the Auditing Commission of JSC FPC identified violations, totalling RUB 912.8 million. To rectify the violations discovered, an appropriate plan was developed², which includes 130 measures, responsible persons were identified and deadlines for corrective actions were set.

Interim progress monitoring showed that the planned measures were fulfilled, violations were rectified by 99.1%. The violation, amounting to RUB 8.4 million (0.9%), are currently being rectified.

Internal audit

To assess the reliability and efficiency of risk management and internal control, JSC FPC put an internal audit division in place.

The main purpose of internal audit is to assist the Board of Directors and executive management bodies in improving the efficiency of the Company's management, improving its financial and business operations through a systematic and consistent approach to the analysis and assessment of the RM&ICS and corporate governance practices as tools for providing reasonable assurance of achieving the Company's goals.

The independence of internal audit at JSC FPC is ensured by delineating the administrative and functional accountability of the Internal Audit Department. The Board of Directors of the Company approves internal documents, which define the policy in the field of organisation and implementation of internal audit. The Head of the Internal Audit Function shall be appointed and dismissed by the General Director based on the resolution of the Board of Directors. The action plan and budget of the internal audit function, as well as the terms of the employment agreement with its head, including the amount of remuneration, are approved by the Board of Directors. The Board of Directors also reviews the progress report on the internal audit action plan.

In 2024, the Board of Directors approved the updated Regulations on the KPI System for the Head and Employees of the Internal Audit Department¹, which stipulate that a report on the fulfilment of the functional KPIs by the Head of the Internal Audit Department for the reporting year shall be submitted to the Company's Board of Directors for consideration in order to determine the variable part of their remuneration.

Internal audit at JSC FPC is delegated to the Internal Audit Department, which operates in accordance with the requirements of the regulatory legal acts of the Russian Federation, the by-laws of the parent company and JSC FPC and other documents. The organisation of internal audit at JSC FPC complies with the recommendations of the Federal Agency for State Property Management. It is regulated by the following documents:

- Regulations on Internal Audit²
- Regulations on the Internal Audit Function³

- Intra-corporate standards of audit activities of Russian Railways Holding⁴
- Code of Ethics for Internal Auditors⁵
- Quality Assurance and Improvement Programme for Internal Audit⁶

In 2024, the Internal Audit Department conducted internal audits of individual business processes, rated corporate governance, reliability and efficiency of the risk management and internal control processes. The Department also regularly monitored the rectification of violations and deficiencies in the Company's operations discovered during internal audits.

Each year, the internal audit specialists attend conferences, seminars, and other events to advance their knowledge in order to maintain the high quality of internal audits. The bulk of employees have the internal audit certification.

Assessment of the effectiveness of the internal control and audit system

The Company has a regulated procedure for periodic assessment of the quality of internal audit. Its approaches are defined in the relevant programme and other internal regulatory documents.

The quality of internal audit is assessed once a year based on the results of the Internal Audit Department's activity plan and covers all aspects of the internal auditing. Based on the results of the quality assessment, an action plan for further improvement of internal audit is formed.

The assessment involves the questionnaire survey of the members of the Audit and Risk Committee of the Board of Directors, management, as well as completion of a scorecard by employees of the Internal Audit Department (self-assessment).

The Audit and Risk Committee reviews the results of the internal audit quality assessment on an annual basis.

¹ Approved by the resolution of the Annual General Meeting of Shareholders of JSC FPC, Minutes No. 58 dated 3 July 2024.
² The action plan for the elimination of violations identified by the Auditing Commission of JSC FPC for 2023 approved by Order No. 220 dated 8 May 2024.

¹ Minutes No. 7 dated 9 December 2024.
² Approved by the resolution of the Board of Directors of JSC FPC, Minutes No. 12 dated 30 December 2022.
³ Reviewed by the Audit and Risk Committee of the Board of Directors, Minutes No. 1 dated 11 September 2024, approved by JSC FPC's Order No. 1025/r dated 30 September 2024.
⁴ Approved by the parent company's Order No. 2327r dated 16 November 2016 and put in practice by the Board of Directors of JSC FPC, Minutes No. 13 dated 28 December 2016.
⁵ Approved by the resolution of the Board of Directors of JSC FPC, Minutes No. 23 dated 11 June 2020.
⁶ Approved by the resolution of the Board of Directors of JSC FPC, Minutes No. 15 dated 5 February 2021.