

Key Provisions of the Remuneration and Compensation Policy for the Executive Body and Other Key Employees

The management incentive system aims to improve the efficiency of individual and collective work and is based on the year-end KPI achievement results of the Company. The principles of setting up the KPI system, defining a set of indicators, the procedure for their approval and performance monitoring are set out in the Regulations on the KPI System¹.

The principles, procedure for remuneration and annual bonus payments to executives are set out in the Regulations on the Executive Remuneration System².

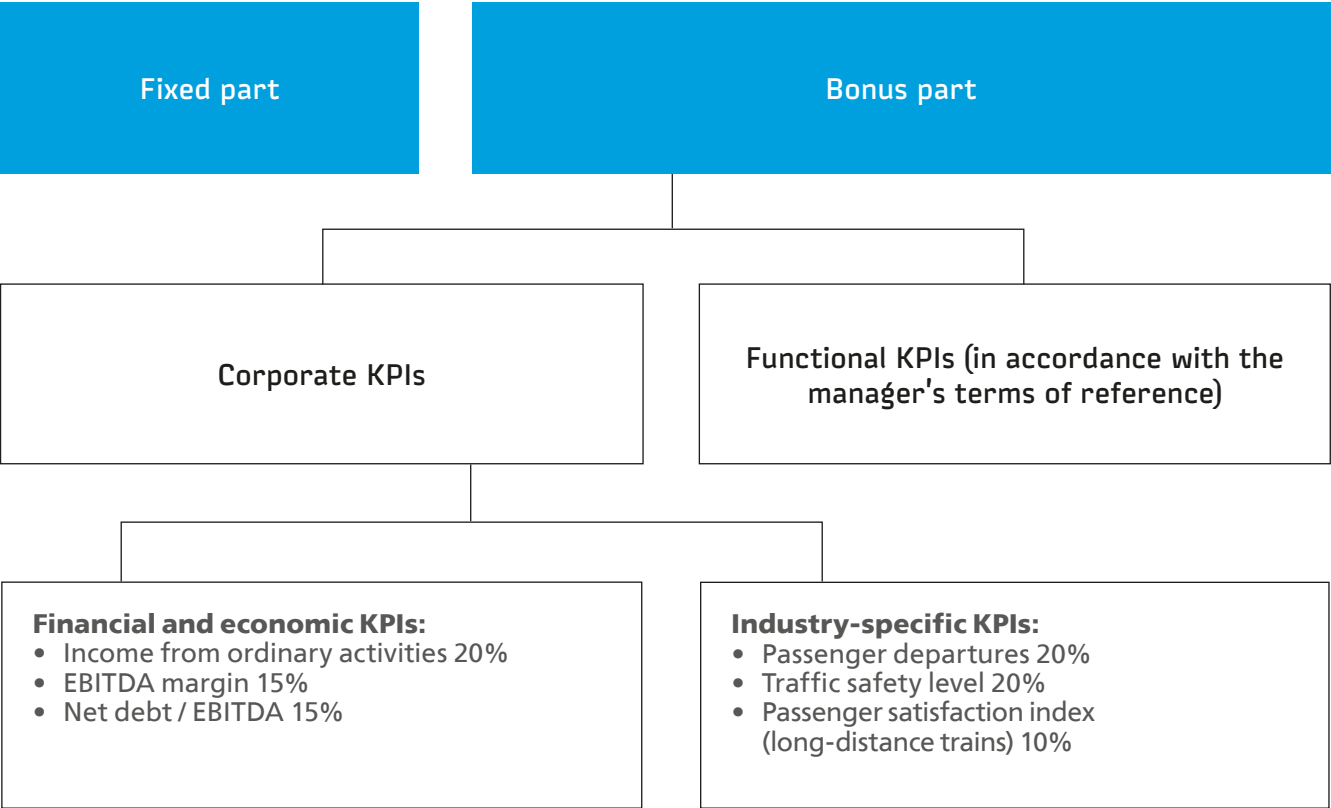
Management remuneration consists of a fixed and a bonus parts. The bonus part depends on the Company's performance for the year and is determined by financial, economic and industry-related indicators. Its size is based on KPIs, the set and target values of which are reviewed annually by the Strategic Planning, Digital Transformation and Information Technology Committee and approved by the Board of Directors. The current incentive system does not provide for long-term incentive programmes for the Director General and their deputies.

¹ Regulations on the KPIs for Awarding Bonuses to the Executives of JSC FPC, approved by the Board of Directors (Minutes No. 9 dated 26 December 2024). The Regulations were developed in pursuance of the Russian Federation Government Order No. 3579-r dated 28 December 2020 "Methodological Recommendations on the Formation and Application of Key Performance Indicators of Joint Stock Companies, the shares of which are owned by the Russian Federation, and certain non-profit organisations for the purpose of determining the amount of remuneration for their management personnel" and the Model Regulations on the System of Key Performance Indicators for the Bonus Payments to Managers of the Parent Company's Controlled Entity, approved by Order of OJSC Russian Railways No. 2659/r dated 29 October 2024 "On approving standard provisions governing the incentive system for managers of companies controlled by OJSC Russian Railways".

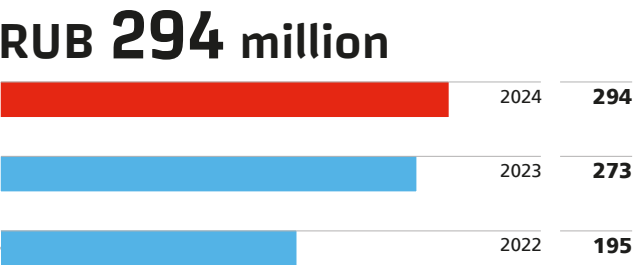
² Regulations on the Executive Remuneration System of JSC FPC approved by the Board of Directors (Minutes No. 9 dated 26 December 2024). The Regulations were developed in pursuance of Resolution of the Government of the Russian Federation No. 209 dated 13 February 2023 "On the terms of remuneration of managers, their deputies, chief accountants and members of collegial executive bodies of state corporations, state-owned companies, business entities, shares in the charter capital of which are owned by the Russian Federation" and the model regulation on the system of remuneration of executives of the major shareholder's controlled company, approved by Order of OJSC Russian Railways No. 2659/r dated 29 October 2024 "On approving standard provisions governing the incentive system for managers of companies controlled by OJSC Russian Railways".

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).