

CORPORATE

GOVERNANCE

OVERVIEW OF THE CORPORATE GOVERNANCE MODEL AND PRACTICE AT FPC

Corporate governance principles

Protecting shareholder interests and rights

The Regulations on Preparing and Holding the General Shareholders Meeting of JSC FPC (published on FPC's website) provide for the corporate governance rights of shareholders.

Protection of interests and rights of FPC's shareholders is provided due to a reliable method for recording their rights to shares – the share register is maintained by an independent entity, Company STATUS.

As part of the preparation for the General Shareholders Meeting, shareholders are provided with supplementary information in addition to the mandatory information required by law.

Equal treatment of all shareholders

Shareholders have equal and fair rights to share FPC's profits by receiving dividends. The Regulations on JSC FPC's Dividend Policy (published on FPC's website) establish a mechanism for determining the amount of dividends and their payment.

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

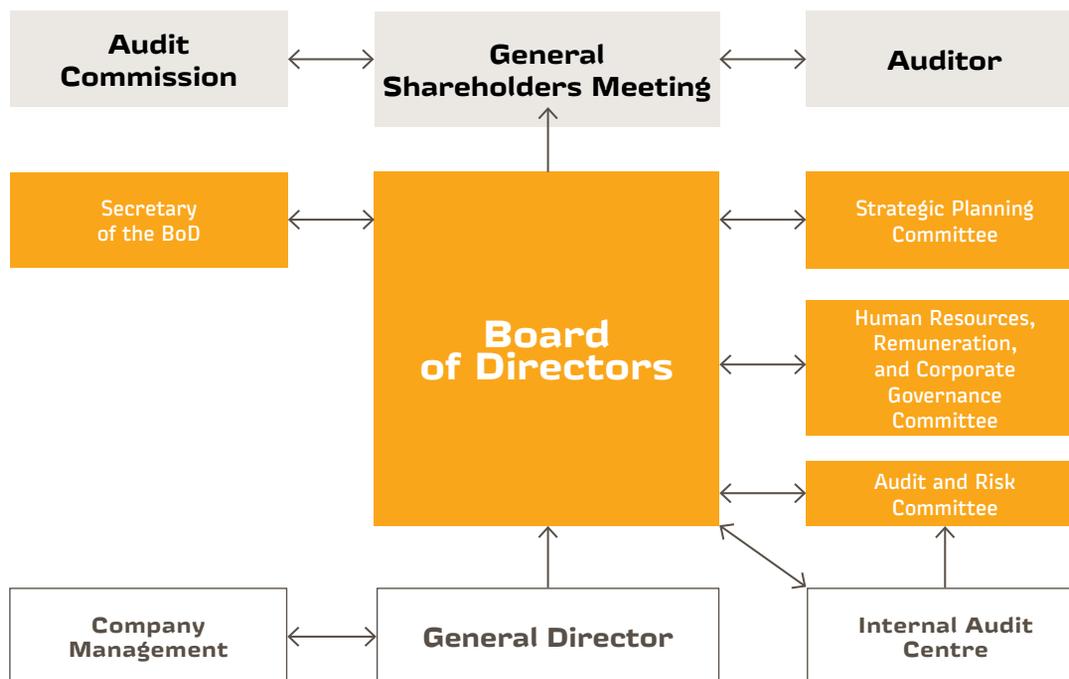
Timely disclosure of information

FPC ensures timely disclosure of information on its website and in the news feed of SKRIN information agency, which is authorised to disclose information about securities and other financial instruments.

Mutual trust and respect for all stakeholders

Relationships between FPC'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.

The Company's corporate governance model



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 Company's supreme governing body is the General Shareholders Meeting, with the Board of Directors occupying a central place in the corporate governance system, and the management of the Company's day-to-day operations delegated to the General Director.

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

The jurisdiction of all governing bodies is clearly defined and formalised in the Articles of Association.

Matters reserved to the General Shareholders Meeting include:

- approval of the Company's Auditor
- election of the Audit Commission and the Board of Directors
- payout (declaration) of dividends following the first quarter, the first six months, and the first nine months of the reporting year
- approval of FPC's Annual Report and annual accounting (financial) statements
- distribution of the Company's profit (including payout (declaration) of dividends, except for the payout (declaration) of dividends following the first quarter, the first six months, and the first nine months of the financial year) and loss following the end of the financial year
- approval of transactions or making decisions for their subsequent approval in cases stipulated by Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995.

The Board of Directors occupies a key position in FPC's corporate governance system, as it:

- determines the focus areas for the Company's development
- approves the key financial and economic targets for FPC and monitors their achievement
- sets strategic priorities both for the near and longer term
- oversees the activities of FPC's executive bodies.

Election of the General Director and the Secretary of the Board of Directors, and appointment of members to the Board of Directors' Committees are reserved to the Board of Directors.

Three Committees have been set up at FPC's Board of Directors to preview the most important matters related to the Company's activities:

- Strategic Planning Committee
- Audit and Risk Committee
- Human Resources, Remuneration, and Corporate Governance Committee.

The Corporate Secretary of the Board of Directors 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.

FPC has the Audit Commission and appoints its Auditor on an annual basis to provide shareholders with reliable and complete information on its financial and business activities.

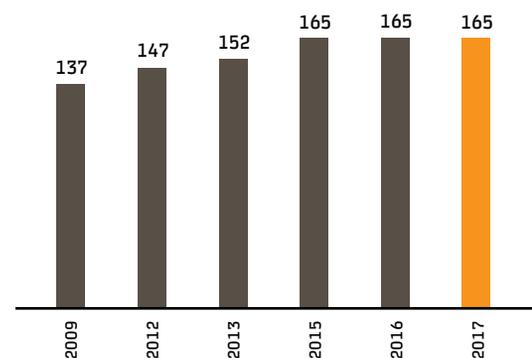
SHARE CAPITAL

In 2017, FPC launched its scheduled issuance of 6,500,000,000 additional shares with a par value of RUB 1 each.

The shares were paid for with cash.

On 27 December 2017, a transaction was made in FPC's securities register to credit all ordinary registered uncertified shares from the additional issuance to Russian Railways' account.

Changes in the Company's share capital, RUB billion



Voting shares by class of shares

Type, class of securities	Registered ordinary shares	Registered ordinary shares (additional shares issued in 2017)
Form of shares issued	uncertified	uncertified
Number of shares issued	165,461,040,539 shares	6,500,000,000 shares
State registration number	1-01-55465-E	1-01-55465-E004D
Par value per share	RUB 1	RUB 1