

Management Board

As a collective executive body, the Company's Management Board handles the general management of business operations (except for matters that are reserved to the General Meeting of Shareholders, the Board of Directors or the CEO and Chairman of the Management Board as per the Federal Law On Joint-Stock Companies and the Company's Charter).

In line with its key responsibilities, the Management Board is tasked with developing proposals on the Company's business strategy, implementing its financial and business policy, making decisions on the most important matters of its day-to-day operations and coordinating activities between its divisions, improving the effectiveness of the internal control and risk monitoring systems, and ensuring respect of shareholder rights and their legitimate interests.

The Management Board carries out its activities in accordance with the laws of the Russian Federation, the Company's Charter, resolutions of the General Meeting of Shareholders and the Board of Directors, the Regulation on the Russian Railways Management Board, and the Company's internal documents.

As per the Regulation on the Russian Railways Management Board approved by Order No. 265-r of the Government of the Russian Federation dated 25 February 2004, the Management Board is responsible for:

- › preparing and submitting the Company's priorities and long-term plans, including annual budgets and the investment programme, to the Board of Directors, preparing progress reports, as well as developing and approving current operation plans;
- › approving internal estimated tariffs, fees and payments for work (services) performed (provided) by the Company that are not related to natural monopolies;
- › approving rules that arrange for and ensure accuracy of accounts, as well as submitting the Company's annual report and other financial statements to the relevant government authorities in a timely manner and providing information about the Company's operations to shareholders, creditors and the media;
- › submitting prospectuses of securities and other documents related to the issuance of the Company's securities to the Board of Directors;
- › arranging for implementation of long-term and current plans of the Company, as well as its investment, financial and other projects;
- › establishing the procedure for keeping an account of the Company's affiliates;
- › reviewing and coordinating the Company's draft Collective Bargaining Agreements and regulations on industry-wide private pension schemes, mandatory pension insurance, professional pension insurance and an industry-wide railway tariff agreement, as well as submitting them to the Company's CEO and Chairman of the Management Board;
- › establishing the procedure for keeping shareholders up-to-date with Company developments;
- › establishing a compensation system and incentives for the Company's employees;
- › issuing binding instructions to subsidiaries on matters specified in the charters of these companies or in their existing agreements with the Company;
- › approving the Company's internal documents on matters that are reserved to the Management Board;
- › resolving other matters related to the Company's ongoing operations that are submitted for consideration of the Management Board by the Chairman of the Management Board, the Board of Directors or shareholders.

While performing the above-listed functions in 2018, the Management Board of Russian Railways held 71 meetings that reviewed and resolved on a number of matters related to the development of the Russian Railways Group.

The key matters included:

- › reviewing the Company's financial and business performance and the delivery of the Company's investment programme and financial plan;
- › approving key documents for individual business lines, including the Conceptual Framework for Promotion of Professional Guidance at Russian Railways until 2025, improvement of the Company's private pension plans in pursuance of Federal Law No. 350-FZ dated 3 October 2018 "On Amendments to Certain Legislative Acts of the Russian Federation regarding the Issues of Award and Payment of Pensions", and a project to build Russian Railways City, a single multi-purpose centre constructed as part of the Group's initiatives to enhance commercial real estate development competencies;
- › reviewing performance under the Collective Bargaining Agreement obligations and compliance with the terms of employee competitions;
- › setting, extending and changing tariffs, fees and rates for services rendered by Russian Railways.

On 11-12 December 2018, the Management Board of Russian Railways held its final meeting to review the Company's operating and financial performance in 2018 and set targets for 2019.