

# Report of the Human Resources, Remuneration and Corporate Governance Committee



## Roles of the Committee

Effective and transparent remuneration practice

Develop and regularly review the Company's Policy on remuneration of members of the Board of Directors, executive bodies and other key managers; make recommendations on the levels of remuneration and reimbursement for members of the Board of Directors and Audit Commission of the Company and its subsidiaries and affiliates; set material terms of contracts with executive officers of the Company; authorise the Company's General Director to serve in governing bodies or hold other paid positions elsewhere; oversee the disclosure of information on remuneration levels, policy and practice and on shareholdings in the Company by members of the Board of Directors and members of collective executive bodies in the Annual Report and on the website of the Company

HR planning

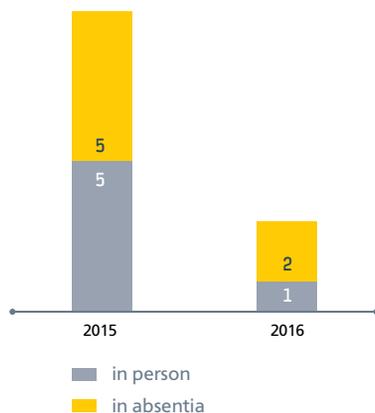
Develop an Induction Programme for Newly Elected Members of the Company's Board of Directors and oversee its implementation; develop a Training and Development Programme for Members of the Board of Directors and oversee its implementation; analyse the current and anticipated needs of the Company in terms of the professional qualifications of members of its executive bodies and other key managers, and ensure succession planning for these positions; discuss, review and make recommendations to the Company's Board of Directors as to appointments of the Company's representatives to supreme governing bodies of its subsidiaries and affiliates, and nominate candidates to the boards of directors and audit commissions of the Company's subsidiaries and affiliates; approve candidates to positions of the Company's executive officers and to certain positions in the Company's administration as determined by FPC's Board of Directors

Development and improvement of the corporate governance practice

Monitor compliance with the Company's Information Policy; monitor reliability and effectiveness of the corporate governance system; review the effectiveness of the corporate governance practice and make proposals for its improvement; monitor procedures which ensure the Company's compliance with Russian laws on corporate governance; determine the Conflict of Interest Management Policy and review and assess its implementation

## Statistics on the Committee meetings

Since the appointment in September 2016, the Committee held three meetings, including two meetings in person and one meeting in absentia. During the period, the Committee discussed 13 agenda items.





## Key items discussed by the Committee

- |   |   |   |  |  |   |
|---|---|---|--|--|---|
| <p>1. Approved nominee heads of FPC's branches.</p> | <p>2. Approved competence profiles of FPC's independent directors for the 2017–2018 corporate year.</p> | <p>3. Made a number of organisational decisions on evaluation of performance by FPC's Board of Directors, committees of the Board of Directors and members of the Board of Directors.</p> | <p>4. Reviewed the outcomes of FPC's Action Plan for the Integration of Key Provisions of the Corporate Governance Code.</p> | <p>5. Reviewed proposed changes to the organisational structure of the Company's administration.</p> | <p>6. Reviewed the General Director's Report on FPC's performance in 9M 2016 (implementation of the Board's resolutions).</p> |
|---|---|---|--|--|---|

## The Committee's plans for 2017

- |  |  |  |  |
|--|--|--|--|
| <p>1. Review the General Director's report on FPC's performance in 2016 and Q1 2017;</p> | <p>2. Determine the levels of remuneration for members of audit commissions and boards of directors of FPC's subsidiaries;</p> | <p>3. Determine the levels of remuneration for members of FPC's Audit Commission and the Board of Directors;</p> | <p>4. Review the outcomes of performance evaluation of FPC's Board of Directors, Committees of the Board of Directors and members of the Board of Directors;</p> |
|--|--|--|--|

The Committee was set up by resolution of the Board of Directors to assist the Board of Directors in developing and improving the corporate governance system and practice; managing relationships between the Company's shareholders, the Board of Directors, executive bodies, and interaction with the Company's subsidiaries; HR planning, professional composition and

efficiency of the Board of Directors; and the development of effective and transparent remuneration practice in the Company.

Members of the Committee are appointed by resolution of the Company's Board of Directors based on the Board members' proposals.

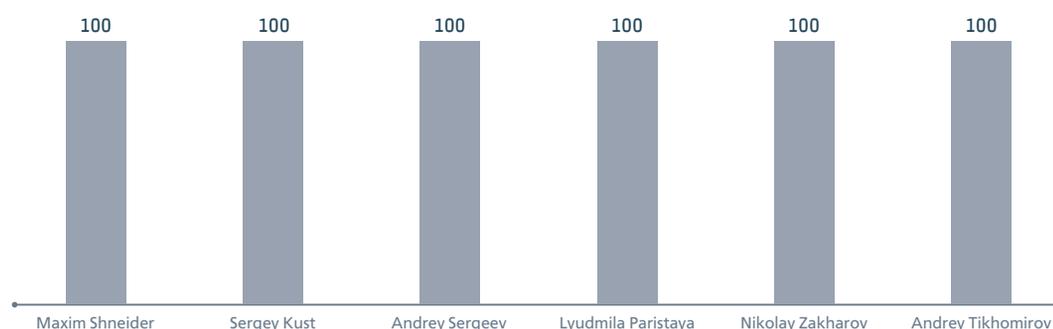
In September 2016, the Company's Board of Directors resolved to reduce the number of Committee members from seven to six.

The Committee is led by Maxim Shneider, member of the Board of Directors.

## CHANGES IN THE COMMITTEE'S MEMBERSHIP IN 2016

Members of the Committee in January–March 2016	Members of the Committee in September–December 2016
<b>Irina Shytkina</b> , Doctor of Law, Professor of Business Law, Faculty of Law, Moscow State University, Independent Director at FPC	<b>Maxim Shneider</b> , Deputy Head of the Passenger Services Management Department, Russian Railways, Chairman of the Committee
<b>Lyudmila Paristaya</b> , Deputy General Director, FPC	<b>Lyudmila Paristaya</b> , Deputy General Director, FPC
<b>Nikolay Zakharov</b> , First Deputy Head of the Personnel Management Department, Russian Railways	<b>Nikolay Zakharov</b> , First Deputy Head of the Personnel Management Department, Russian Railways
<b>Andrey Tikhomirov</b> , First Deputy Head of the Employment, Remuneration and Motivation Department, Russian Railways	<b>Andrey Tikhomirov</b> , First Deputy Head of the Employment, Remuneration and Motivation Department, Russian Railways
<b>Tamara Andranovich</b> , Deputy Head of the Department of Economics, Russian Railways	<b>Sergey Kust</b> , Head of the Subsidiaries and Affiliates Management Department, Russian Railways
<b>Lyudmila Levina</b> , Head of Unit at the Subsidiaries and Affiliates Management Department, Russian Railways	<b>Andrey Sergeev</b> , Independent Director
<b>Aleksandr Golochalov</b> , Head of the Corporate Construction and Organisational Development Department, FPC	

## Statistics on individual attendance of the Committee meetings in 2016, %



The remuneration paid to members of the Committee in 2016 totalled RUB 316,313.