

## Corruption risk management

Russian Railways' corruption risk management is an integral part of the Company's risk management and internal control system. We streamline and harmonise risk management approaches in line with the Guidelines for Corruption Risk Management<sup>1</sup>, Risk Management and Internal Control Policy<sup>2</sup> and other documents.

Across the Company's business units, employees responsible for anti-corruption practices at all governance levels perform regular and consistent assessment of corruption risks, exercise multi-tier control and take corrective actions.

In 2023, the units performed an annual assessment of corruption risks, with the registers for the year compiled after such assessment, response plans implemented and the Russian Railways' consolidated register of corruption risks updated.

We also perform an annual internal audit to check the RMICS performance in preventing and combatting corruption.

The Code of Ethics for Internal Auditors<sup>3</sup> establishes:

- main ethical norms and rules, including the objectivity principle and the 'no conflict of interest' principle;
- unified mandatory rules of conduct for internal auditors.

The Board of Directors' Audit and Risk Committee is regularly informed on monitoring outcomes for RMICS as regards anti-corruption performance and the effectiveness of relevant measures.

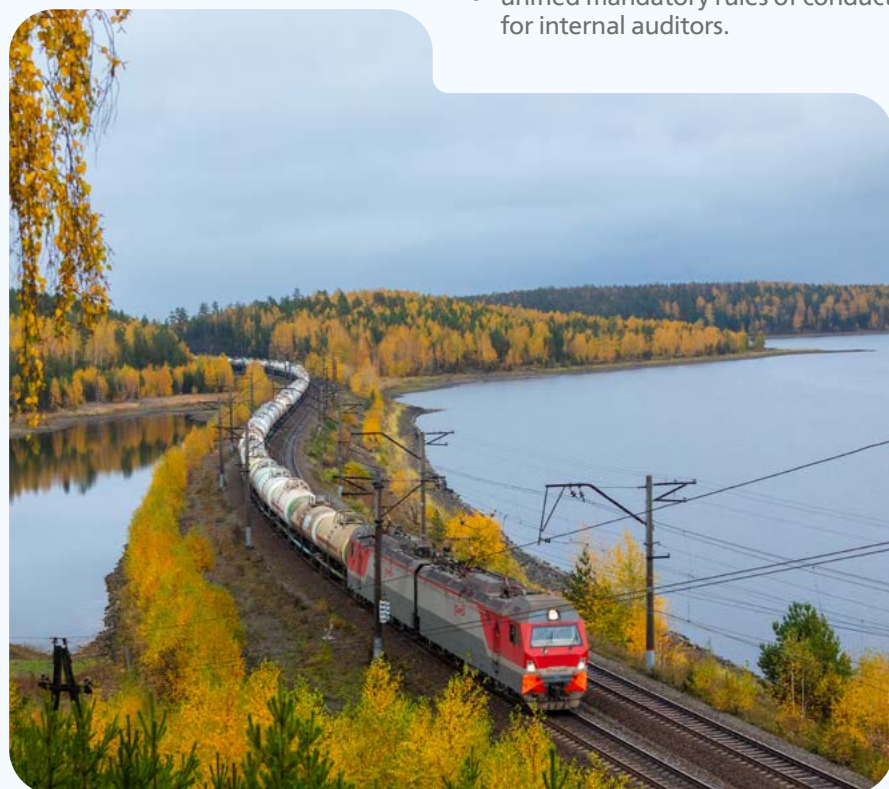
We conduct due diligence on companies intending to enter into contracts with Russian Railways, including bidders competing in a tender or auction for a contract to supply goods, work or services for Russian Railways' needs.

To sign a contract with Russian Railways, counterparties must submit, among other documents, a beneficial owner certification form as provided for in the contract. All draft contracts require approval of the Security Department that can be granted after the successful completion of a security audit.

Contracts with counterparties also include anti-corruption clauses stipulating the following:

- guaranteed compliance with the relevant regulations;
- termination of the contract if the counterparty is found to engage in corruption.

Compliance monitoring and control are key elements of anti-corruption practices. Russian Railways' business units and subsidiaries conducted over 170 audits of its regional and structural units (1.5 times more compared to 2022), with follow-up corrective measures developed and put into action.



<sup>1</sup> Approved by Russian Railways' Order No. 192/r dated 1 February 2021.

<sup>2</sup> Approved by the Company's Board of Directors (Minutes No. 17 dated 27 May 2019) and enforced by Russian Railways' Order No. 1223/r dated 18 June 2019.

<sup>3</sup> Russian Railways' Order No. 3034/r dated 25 December 2019.

## Conflict of interest prevention and management

### GRI 2-15

Prevention and resolution of conflicts of interest remain Russian Railways' overarching priority in combatting corruption.

The Corporate Governance Code<sup>1</sup> features a dedicated anti-corruption section, which includes provisions on preventing and resolving conflicts of interest, among other things. They are mandatory for all governance bodies.

To eliminate causes and conditions conducive to corruption, the Company approved the Regulation on Prevention and Resolution of Conflicts of Interest<sup>2</sup>. This document serves the following purposes:

- setting out the timeline for reviewing conflict of interest reports;

- explaining the meaning of a potential and actual conflict of interest;
- listing those whose personal interest may lead to a conflict of interest;
- describing the response procedure for employees in charge of reviewing such reports at business units and Russian Railways management;
- stipulating criteria for determining a disciplinary action.

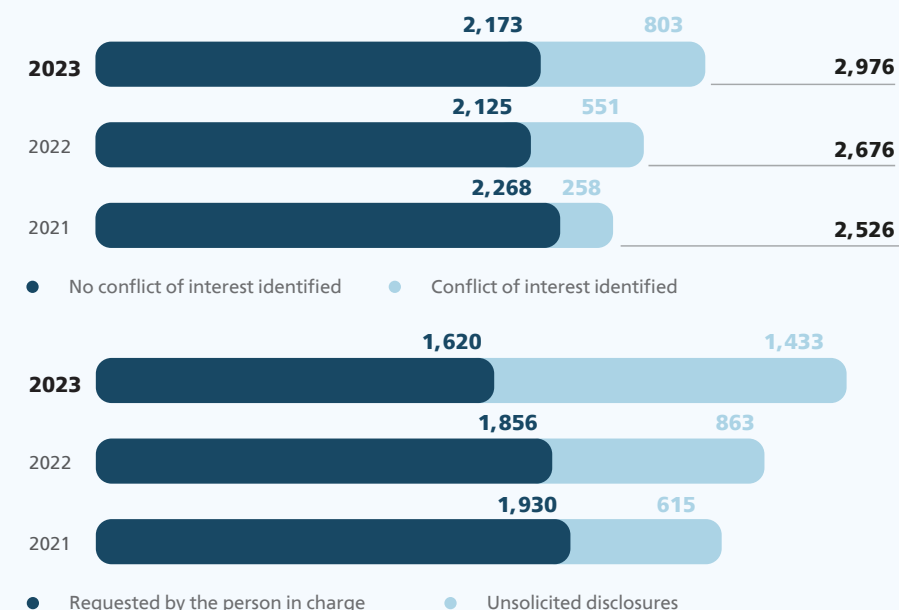
All the Company's employees must do their best to prevent and resolve conflicts of interest.

In 2023, the number of conflict of interest disclosures at all corporate governance levels increased by 11% y-o-y to 2,976.

A total of 803 conflicts of interest were identified compared to 551 in 2022. The Company applied disciplinary actions for failure to comply with anti-corruption rules to 35 employees (24 employees were admonished, and 11 employees were reprimanded).

**Regional conflict of interest commissions set up by the 16 railways of the Company held 16 meetings on 32 employees, with conflict of interest identified in 22 cases.**

### Total conflict of interest disclosures reviewed



<sup>1</sup> Approved by a resolution of Russian Railways' Board of Directors, Minutes No. 1 dated 14 September 2022.

<sup>2</sup> Russian Railways' Order No. 1929/r dated 26 July 2022.

Employees subjected to disciplinary action

**35** people in 2023

**52** people in 2022

**34** people in 2021