

> **1,000**
anti-corruption materials
and 42 relevant videos
released in the corporate
media

200 articles
posted on social
media

4 issues
of the Anticorr digital
almanac distributed to the
Company's business units

We are witnessing the expansion of membership in Anticorr, a voluntary union of the Russian Railways Group employees fostering a culture of zero tolerance to corruption among the Group's teams. The community regularly discusses draft anti-corruption promotion materials and tests some of them on site. On top of that, intellectual anti-corruption volunteering is gaining traction among young employees.

More than 200 authors, including the Company's employees and representatives of educational organisations affiliated with Russian Railways, took part in the Railway Worker's Honour anti-corruption social advertising contest.

In 2023, the Company conducted a survey to explore how Russian Railways' employees perceive its anti-corruption activities. The survey revealed that the majority of respondents (83%) knew how

to deal with attempts at engaging them in corrupt activities. This indicator remained flat compared to 2022.

To make its anti-corruption activities open and transparent, the Company publishes all anti-corruption regulations, rules, guidelines, and information in the Anti-corruption section of its website. The Company's employees can also access these materials from their personal accounts on the Employee Service Portal.



[Anti-corruption at Russian Railways website](#)

Anti-Corruption Rating of Russian Business



Seeking independent due diligence, the Company took part in the Anti-Corruption Rating of Russian Business awarded by the Russian Union of Industrialists and Entrepreneurs based on compliance with the ISO 37001:2016 international anti-corruption standard (Anti-bribery management systems – Requirements with guidance for use) and the provisions of the Russian Anti-Corruption Charter for Business.

In 2023, Russian Railways and three of its controlled entities earned the highest (AAA+) classification in this rating as a company upholding the strongest anti-corruption standards. The Company also received a special award for the Leadership in Promoting Anti-Corruption Principles in Russian Business.

Responsible tax policy

GRI 207-1

As a systemically important company, a large employer and a major taxpayer, Russian Railways is a key contributor to Russia's social and economic progress. We are aware of our responsibility towards the government and society, and are committed to fulfilling our tax liabilities in good faith.

Russian Railways pays all applicable taxes, insurance contributions, levies and charges required by the Russian laws, including VAT, corporate income, property, land, and transportation taxes, insurance fees, MET and others.

The Company adopted the Declaration on Tax Strategy Objectives and Principles (tax strategy)¹, which is in line with the Russian Railways Group's values, mission, strategic priorities, and growth targets.

Higher tax transparency.

The Company takes measures to enhance tax transparency, including through tax monitoring to ensure accurate calculation and timely payment of taxes, levies and insurance fees.

Tax risk management.

The Company uses a comprehensive system to identify and manage tax risks.

Consistency of tax accounting methodology.

Russian Railways develops and sticks to uniform approaches to taxation to ensure the consistency of tax accounting and fair presentation of taxes in its reporting. The Company mitigates tax risks among other things by requesting clarifications from relevant government agencies and reasoned opinions of tax authorities as part of tax monitoring.

In its tax strategy, the Company relies on the following principles:

Taxpayer's good faith.

The Company complies with all tax laws and pays all applicable taxes and levies on time and in full, as well as files tax returns and other documents in a timely manner.

Tax disclosure.

We disclose tax information in accordance with the laws of our countries of operation and international treaties.



¹ Approved by Russian Railways' Order No. 1309/r dated 15 June 2021

Tax burden planning.

The Company has a tax planning system in place to have tax authorities informed of planned tax accruals and to ensure the complete and timely payment of taxes and levies. The Company collaborates with the Russian government agencies to determine a fair tax burden on the rail transportation industry.

Due diligence and mitigating risks of unjustified tax benefits.

Russian Railways exerts every effort to stay within the limits as regards the right to determine tax base and calculate taxes when entering into transactions with its counterparties. The Company's internal controls and procedures serve to mitigate tax risks.

Tax function automation and digitalisation.

Russian Railways seeks to improve its tax management processes by means of continuous automation and digitalisation.

Taxes and insurance fees paid in 2023

The total amount of taxes and insurance fees accrued in accounting statements for 2023 stood at RUB 391.4 bn, including:

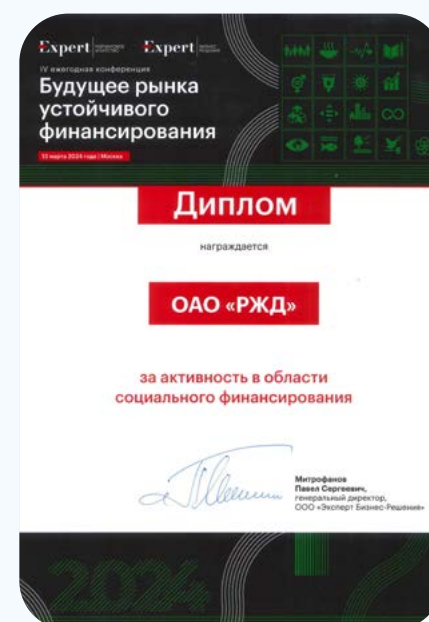
- RUB 1.2 bn owed to the federal budget;
- RUB 179.4 bn owed to the regional and local budgets;
- RUB 210.8 bn owed to extra-budgetary funds.

In 2023, a total of RUB 465.7 bn was allocated towards the payment of current taxes and insurance fees (including offsets and refunds), including:

- RUB 38.5 bn to the federal budget;
- RUB 194.1 bn to the regional and municipal budgets;
- RUB 233.1 bn to the Pension and Social Insurance Fund.



For more details on Russian Railways' tax strategy, see the Company's website



Sustainable financing

GRI 3-3

In December 2023, the Company approved and published an updated version of its Social Financing Framework in the Russian language, which received an independent opinion from the Expert RA rating agency confirming its compliance with the sustainability principles. During the Future of the Sustainable Finance Market conference sponsored by Expert RA, Russian Railways was awarded a diploma as the first Russian company to provide a notable example of verifying the Social Financing Framework.

According to the Framework, proceeds from social financing instruments will be used to finance social projects in the following areas:

- developing railway infrastructure and ensuring transport accessibility;
- ensuring affordable healthcare;
- ensuring affordable education;
- other social projects.

[Social financing concept](#)

Procurement management

Management approach

In procuring goods, works and services, Russian Railways adheres to the principles of equality, fairness, non-discrimination and the absence of unreasonable restrictions on competition among bidders. On top of that, the Company pursues an open approach to promote publicity and transparency in these processes and foster fair competition.

Russian Railways' procurement activities are governed by:

- Federal Law No. 223-FZ On Procurement of Goods, Work and Services by Certain Types of Legal Entities dated 18 July 2011;
- other procurement laws and regulations;
- Regulation on the Procurement of Goods, Work and Services for the Needs of Russian Railways¹.

Russian Railways complies with anti-corruption and tax clauses, and no conflict of interest requirements. Suppliers may be included in the register of bad faith suppliers only on the grounds and in the manner set forth by applicable Russian laws.

Procurement risks

The Company's key procurement risks include:

- procurement of materials and resources at inadequate prices;
- procurement of materials and resources in volumes insufficient for Russian Railways' units;
- failure to procure from small and medium-sized businesses as required;
- violation of laws when arranging and holding procurement procedures;
- violation of laws when making procurement disclosures;
- improper preparation of documents for competitive procurement.

To manage these risks, the Company:

- analyses market prices and monitors initial (maximum) prices;
- considers/plans procurement taking into account the requirements for purchases exclusively from small and medium-sized businesses;
- monitors if its units fulfil the requirements for procurement from small and medium-sized businesses;
- monitors legislative changes and amends its procurement regulations;
- monitors changes in the functions of information systems;

- standardises documents to arrange and hold procurement procedures;
- trains its employees;
- makes sure that planning, procurement and contracting are timely;
- automates processes and improves the functions of information systems;
- provides timely responses to queries on procurement.

¹ Approved by resolution of Russian Railways' Board of Directors dated 28 June 2018, Minutes No. 26.