

Corporate Governance Model

Committees of the Board of Directors

The Board of Directors has three committees:

Audit Committee	Nominations and Remuneration Committee	Strategy Committee
Functions of the Board of Directors committees		
Key role in monitoring the completeness, accuracy and credibility of the Company's financial statements, reliability and efficiency of the risk management system, internal control framework and corporate governance, and in ensuring independence and impartiality of internal and external audits	Preliminary review of matters related to the development of an efficient and transparent remuneration policy and framework, HR planning, expertise and effectiveness of the Board of Directors, executive bodies and other key managers of the Company	Preliminary review of matters related to the drafting and implementation of the Company's development strategy and determination of its priorities and strategic goals, monitoring of progress on the Company's strategy, and provision of recommendations on adjustment of the existing development strategy

Report on the Audit Committee's Performance

The Board of Directors set up the Audit Committee, the Nominations and Remuneration Committee and the Strategy Committee for preliminary review of the most critical aspects of the Company's operations.

The Committees' activities, competencies and functions, the procedure to convene and hold the Committee meetings and issue resolutions, and the rights and responsibilities of the Committee members are all set out in the Regulation on the Committees of TransContainer¹.

Membership of the Audit Committee before 20.02.2018	Membership of the Audit Committee from 05.03.2018 to 15.05.2018	Membership of the Audit Committee from 23.05.2018 to 31.12.2018
<ul style="list-style-type: none"> Richard Werner - Chairman, Independent Director; Alexander Panchenko - Deputy Chairman, Non-executive Director; Irina Kostenets - Member of the Audit Committee, Non-executive Director; Peter Lloyd O'Brien - Member of the Audit Committee, Independent Director; Irina Shytкина - Member of the Audit Committee, Independent Director 	<ul style="list-style-type: none"> Sergey Ludin – Chairman, Independent Director; Tatiana Orlova - Deputy Chair, Non-executive Director; David Davidovich - Member of the Audit Committee, Independent Director; Sergey Tugarinov - Member of the Audit Committee, Non-executive Director; Mark Garber - Member of the Audit Committee, Non-executive Director 	<ul style="list-style-type: none"> Sergey Ludin – Chairman, Independent Director; Tatiana Orlova - Deputy Chair, Non-executive Director; David Davidovich - Member of the Audit Committee, Independent Director; Sergey Tugarinov - Member of the Audit Committee, Non-executive Director; Mark Garber - Member of the Audit Committee, Non-executive Director; Alexander Panchenko - Member of the Audit Committee, Non-executive Director

Kristina Galkina - Secretary of the Audit Committee

1. Reference to document:https://trcont.com/documents/20143/69792/180621-%D0%9F%D1%80%D0%B8%D0%BB.%E2%84%96+5_%D0%9F%D0%BE%D0%BB%D0%BE%D0%B6%D0%B5%D0%BD%D0%B8%D0%B5-%D0%BE-%D0%BA%D0%BE%D0%BC%D0%B8%D1%82%D0%B5%D1%82%D0%B0%D1%85-%D0%A2%D0%9A.pdf/a3b0e8eb-c6ca-0c94-bd54-1b2d8bd17241

In 2018, the Audit Committee held 9 in-person meetings and 1 in form of absentee voting, and discussed a total of 65 issues.

The Audit Committee's agendas were drafted based on the Board's instructions and the Committee's Work Schedule approved at the first meeting of the newly elected Committee. In accordance with the Audit Committee's Work Schedule, 55 issues were discussed, including those related to financial (accounting) statements, risk management, internal control, corporate governance, internal and external audit, combating misconduct by the Company's employees or third parties, and handling of the Committee's organisational matters. Issues outside the scope of the Work Schedule included the financial and legal audit of TransContainer, measures to improve the performance of Kedentransservice, use of materiality criteria for filtering the immovable assets not covered by the Company's Non-Core Asset Disposal Programme (postponed), and approval of non-audit service contracts with PricewaterhouseCoopers Audit (PwC Audit) and other members of the same global network.

Items Reviewed by the Audit Committee in 2018 by Business Lines (%)



Internal and external audit	30
Accounting (financial) statements	15
Risk management, internal control, corporate governance	15
Organisation issues of the Audit Committee	14
Combating misconduct by the Company's employees or third parties	3
Other	23

Interaction with the Revision Commission

The Chairman of the Audit Committee invites the representatives of the Revision Commission to attend the Audit Committee's meetings held to review matters related to the audit of the Company's financial and business operations, seeking to engage in a constructive and detailed discussion about the audit findings and identified violations. The Audit Committee considers opinions of the Revision Commission members on the materiality of identified violations and management comments on the reasons behind such violations and proposed remedial actions. The Audit Committee is also charged with monitoring the steps taken to eliminate the violations identified by the Revision Commission.

Interaction with the External Auditor and the Internal Audit Service

The Chairman of the Audit Committee invites the representatives of the Company's auditor and head of the Internal Audit Service to attend most Audit Committee's meetings in order to improve interaction between the Audit Committee and the Company's external auditor / Internal Audit Service. Hence, the members of the Audit Committee have an opportunity to get timely feedback from the auditors on the items discussed at the meetings of the Audit Committee. Moreover, the Company seeks to ensure the highest level of transparency and make information on the Company's operations available to all stakeholders, including the Audit Committee, the external auditor and the Internal Audit Service.

In addition, the Audit Committee holds regular confidential meetings with the external auditor and head of the Internal Audit Service without inviting the representatives of the management. Such meetings are held pursuant to the approved schedule for confidential meetings of the Audit Committee with the external auditor and head of the Company's Internal Audit Service. In 2018, the Audit Committee held four meetings, including two meetings with the representatives of PwC Audit, the Company's external auditor, and two meetings with head of the Internal Audit Service.

In 2018, with a view to ensuring independence and impartiality of external audit function, the Audit Committee suggested that the Board of Directors submit a recommendation to the Annual General Meeting of shareholders encouraging it to approve PwC Audit as a TransContainer's auditor to carry out an audit of the Company's RAS and IFRS financial (accounting) statements for 2018. The Audit Committee gave recommendations to the Board of Directors with regard to amount of remuneration for the external auditor.

Number of the Audit Committee's Confidential Meetings with the External Auditor and Head of the Company's Internal Audit Service in 2014-2018.

Item	2014	2015	2016	2017	2018
External Auditor	3	3	4	4	2
Head of Internal Audit Service	1	3	4	5	2

Report on the Nominations and Remuneration Committee's Performance

Membership of the Nominations and Remuneration Committee before 20.02.2018

- Irina Shytkina - Chair, Senior Independent Director;
- Irina Kostenets - Deputy Chairman, Non-executive Director;
- Richard Werner - Member of the Nominations and Remuneration Committee, Independent Director;
- Peter Lloyd O'Brien - Member of the Nominations and Remuneration Committee, Independent Director;
- Leila Mammed Zade - Member of the Nominations and Remuneration Committee, Non-executive Director

Membership of the Nominations and Remuneration Committee from 05.03.2018 to 15.05.2018

- Alexander Panchenko – Chairman, Non-executive Director;
- Vladimir Gaponko - Deputy Chairman, Non-executive Director;
- David Davidovich - Member of the Nominations and Remuneration Committee, Independent Director;
- Leila Mammed Zade - Member of the Nominations and Remuneration Committee, Non-executive Director;
- Igor Koval - Member of the Nominations and Remuneration Committee, Non-executive Director;
- Evgeny Charkin - Member of the Nominations and Remuneration Committee, Non-executive Director

Membership of the Nominations and Remuneration Committee from 23.05.2018 to 31.12.2018

- Vladimir Gaponko – Chairman, Non-executive Director;
- Igor Charkin - Deputy Chairman, Non-executive Director;
- David Davidovich - Member of the Nominations and Remuneration Committee, Independent Director;
- Igor Koval - Member of the Nominations and Remuneration Committee, Non-executive Director;
- Alexander Panchenko - Member of the Nominations and Remuneration Committee, Non-executive Director

Kristina Galkina – Secretary of the Nominations and Remuneration Committee till 5 September, 2018;
 Maria Nikolaeva – Secretary of the Nominations and Remuneration Committee from 5 September to 31 December 2018 r.

In 2018, the Nominations and Remuneration Committee held 10 in-person meetings discussing a total of 52 matters.

The Nominations and Remuneration Committee's agendas were drafted based on the Board's instructions and the Committee's Work Schedule approved at the first meeting of the newly elected Committee. The Nominations and Remuneration Committee reviewed items related to the policy and practices of remunerating members of the Company's management, HR planning, nominations, and composition of the Company's governance bodies. Issues outside the scope of the Work Schedule included preliminary consideration of nominees to the Executive Board and the subsidiaries governance bodies.

Interviews with Candidates to Key Company Positions

To approve nominees to key Company positions, in 2018, the Nominations and Remuneration Committee continued to conduct face-to-face interviews with said candidates. Staging of face-to-face interviews with candidates, along with the in-depth analysis of the candidates' educational and professional background, help members of the Nominations and Remuneration Committee get a better understanding of the candidates' professional and personal qualities and their suitability for the Company's key positions.

Items Reviewed by the Nominations and Remuneration Committee in 2018



■ HR planning, nominations and membership of the Company's governance bodies	44
■ Remuneration policy and practice for the Members of the Board of Directors and the management	31
■ Other	25

Report on the Strategy Committee's Performance

Membership of the Strategy Committee before 20.02.2018

Sergey Tugarinov - Chairman, Non-executive Director;
Leila Mammed Zade - Deputy Chair, Non-executive Director;

Petr Baskakov - Member of the Strategy Committee;

Andrey Tonkikh - Member of the Strategy Committee, Non-executive Director;

Richard Werner - Member of the Strategy Committee, Independent Director;

Steven Hellman - Member of the Strategy Committee, Non-executive Director

Dmitry Knyazhev - Secretary of the Strategy Committee

Membership of the Strategy Committee from 05.03.2018 to 15.05.2018

Sergey Tugarinov - Chairman, Non-executive Director;
Leila Mammed Zade - Deputy Chair;

Petr Baskakov - Member of the Strategy Committee;

Vladimir Gaponko - Member of the Strategy Committee, Non-executive Director;

Sergey Ludin - Member of the Strategy Committee, Independent Director;

Evgeny Charkin - Member of the Strategy Committee, Non-executive Director

Membership of the Strategy Committee from 23.05.2018 to 31.12.2018

Sergey Tugarinov - Chairman, Non-executive Director;
Sergey Avseikov - Deputy Chairman, Non-executive Director;

Vladimir Gaponko - Member of the Strategy Committee, Non-executive Director;

Igor Koval - Member of the Strategy Committee, Non-executive Director;

Sergey Ludin - Member of the Strategy Committee, Independent Director;

Alexander Panchenko - Member of the Strategy Committee, Non-executive Director

In 2018, the Audit Committee held 9 in-person meetings and 1 in form of absentee voting, and discussed a total of 42 issues.

Items related to setting the Company's business priorities, budgeting and budget monitoring, managing the Company's subsidiaries, investing in other entities, and handling of the Committee's organisational matters were discussed. The Strategy Committee's agendas were drafted based on the Board's instructions and the Committee's Work Schedule approved at the first meeting of the newly elected Committee.



Corporate Secretary

In 2018, Kristina Galkina acted as the Corporate Secretary of TransContainer.

The Company's Corporate Secretary should ensure effective interaction with shareholders, coordinate the Company's efforts to protect shareholder rights and interests, and support the Board of Directors and its committees.

The Corporate Secretary's duties are provided for by the Regulation on the Corporate Secretary of TransContainer¹.

KRISTINA GALKINA

Corporate Secretary (from September 2016)

Born in 1978.
Graduated from the Moscow State University of Railways in 2000 with a degree in Industrial and Civil Construction.
Completed the Corporate Secretary in a Joint-Stock Company retraining programme at the Higher School of Economics in 2007.
Completed the Corporate Secretary training programme at the Institute of Stock Market and Management in 2016.

Professional experience:

- 2016–present - Corporate Secretary, TransContainer;
- 2008–present - Deputy Head, TransContainer's Corporate Governance Department;
- 2014–2016 - Secretary, TransContainer's Executive Board;
- 2012–2016 - Secretary, TransContainer's Strategy Committee.

Member of the National Association of Corporate Secretaries (NACS).
Citizenship: Russian Federation.
Does not hold shares or any other securities of the Company.

1. The Regulations are available on the Company's website: <https://trcont.com/investor-relations/charter-and-bylaws/bylaws>