

# Control and Monitoring

## Internal Control System

TransContainer's Internal Control Policy provides for the effective management of the Company's internal controls through efficient day-to-day interaction of the following participants:

- Board of Directors;
- committees of the Board of Directors, including the Audit Committee;
- Company's executive bodies (the Executive Board and the CEO);
- collective operating bodies set up by the Company's executive bodies to perform specific functions, including the Risk Committee;
- heads of the Company's structural units;
- Company's employees engaged in control procedures as part of their duties;
- Revision Commission.

## Internal Audit Service

The Internal Audit Service was established to assist the Board of Directors and executive bodies in enhancing the Company's management efficiency and improving its financial and economic operations through a systematic and consistent approach to the analysis and evaluation of risk management, internal control and corporate governance systems as tools to provide reasonable assurance that the Company will achieve its goals.

Committed to independence and neutrality, the Internal Audit Service is guided by the Regulation on the Internal Audit Service of TransContainer<sup>1</sup>, Russian laws, Regulation on the Audit Committee of TransContainer, resolutions of the general meeting of shareholders and the Board of Directors, the Company's by-laws, internal auditing guidance as per the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors.

To ensure independence and prevent bias, the Internal Audit Service has a functional reporting line to the Board of Directors and an administrative reporting line to the Company's CEO. The Head of the Internal Audit Service is appointed or terminated by the CEO upon resolution of the Board of Directors. The Head of the Internal Audit Service reports to the Audit Committee and the Board of Directors on the performance of the Internal Audit Service throughout the reporting quarter and annually, and on the current state of the internal control and risk management systems, progress against the annual action plan and budget of

the Internal Audit Service.

The Internal Audit Service is headed by Elena Ustinova.

Key projects of the Internal Audit Service in 2018:

- assessment of corporate governance;
- analysis of measures to eliminate the gaps identified by the Revision Commission during the audit of TransContainer's operations in 2017;
- assessment of the effectiveness of the risk management and internal control framework;
- audit of financial and operational activities of the Company's five branches;
- assessment of controls over the engagement of co-contractors under freight forwarding services contracts.

## Revision Commission

The Revision Commission is a permanent internal control body that monitors the Company's financial and business activities, including those of the Company's branches and representative offices, to ensure compliance with the existing Russian laws and the Company's Charter and by-laws.

The Revision Commission acts in the interests of the Company's shareholders and is accountable to the general meeting of shareholders. It is independent of the officers of the Company's governance bodies, and its members are not the Company's officers or employees. Members of the Revision Commission are not officials or employees of the Company.

From 18 February to 19 March 2019, the Revision Commission audited the Company's 2018 operations.

In 2018, the Chairman of TransContainer's Revision Commission was present at the meeting of the Audit Committee discussing a report on the 2017 audit results.

Remuneration of its members is paid in accordance with the Regulation on Remuneration and Compensation Payable to Members of TransContainer's Revision Commission.

1. The Regulations are available on the Company's website: <https://trcont.com/documents/20143/69792/Regulations-Internal-Audit-160517-eng.pdf/80622eaf-4686-d9e5-efb8-aa28bc26192e>.