

**EXPLANATORY NOTE**  
*regarding:*  
***On the candidacy for the position of Auditor of the Company***

In accordance with the Articles of the Company the Board of Directors recommend to the General meeting of shareholders a candidate for the position of Auditor of the Company. In accordance with paragraph 2.2.2 of the Regulations for the Audit Committee of JSC TransContainer as approved by the decision of the Board of Directors of April 20, 2011 (Minutes No. 13), the Audit Committee shall select the candidate for the position of Auditor under the External Auditor Rotation and Interaction Policy to the Extent of Non-Audit Services (hereinafter, the Rotation Policy) approved by the decision of the Board of Directors of September 7, 2009 (Minutes No. 3).

Under the Rotation Policy, a candidate for the position of the Auditor of financial statements of JSC TransContainer in accordance with RAS and consolidated financial statements in accordance with IFRS (hereinafter, the Financial Statements) shall be selected on a competitive basis at least once every five years. In 2015, the tender was held among the audit organizations of Big Four. At the Meeting of February 18, 2015, the Audit Committee approved the tender documentation, the qualification requirements applicable to the candidate for the position of Auditor and the schedule for tendering procedures. At the Meeting of February 18, 2015, the Audit Committee heard all the tender participants (Big Four audit organizations) with their presentations and commercial offers.

Following the results of examination and assessment of all the offers, the Audit Committee decided to choose the audit company JSC PriceWaterhouseCoopers Audit as the winner of the closed competitive tender for selecting the Auditor of PJSC Transcontainer.

The audit company JSC PriceWaterhouseCoopers Audit audited the Financial Statements of PJSC Transcontainer for 2017 in accordance with the terms and conditions of the existing agreements, the established schedule and the audit procedures. The Auditor performed all of its obligations in accordance with the terms and conditions of the contracts for provision of audit services. In the course of work members of the Audit Committee received all of the information, explanations and responses required from the Company's Auditor in a timely manner.

In accordance of the Decision of the Audit Committee (Minutes No. 8 of March 26, 2018), the Audit Committee considers that the audit was in accordance

with the legislation of the Russian Federation in the field of auditing and International Standards on Auditing.

On March 26, 2018, the Audit Committee also considered the price offer of JSC PriceWaterhouseCoopers Audit for 2018 amounted to 16 200 000 (sixteen million two hundred thousand) rubles, VAT and overhead costs not included (including the purchase of shares of CJSC Logistics Terminal). In this case, the increase in the cost of audit services will be 1,3%, as compared to 2017, and consider to be reasonable in view of the possible purchasing shares of CJSC Logistics Terminal. If shares of CJSC Logistics Terminal are not purchased, the cost of audit services will be 15 500 000 (fifteen million) rubles, VAT and overhead costs not included. In this case, the decrease in the cost of audit services will be 3,1%, as compared to 2017.

Package of Audit services includes: an assessment review of interim condensed consolidated financial statements in accordance with IFRS for the first half of 2018, special financial statements for the first half of 2018 prepared according to the Instructions and Accounting policy of the JSC RZD Group special financial statements for the first half of 2018 prepared according to the Instructions and Accounting policy of the PJSC TransContainer Group for inclusion in the consolidated financial information of the FESCO Group, an audit of financial statements of PJSC TransContainer in accordance with RAS for 2018 and consolidated financial statements of the PJSC TransContainer Group in accordance with IFRS for 2018, and special financial statements prepared according to the Instructions and Accounting policy of JSC RZD for 2018, special financial statements prepared according to the Instructions and Accounting policy of the PJSC TransContainer Group for 2018 for inclusion in the consolidated financial statements of the FESCO Group.

It is proposed to the General meeting of shareholders to approve the audit company JSC PricewaterhouseCoopers Audit as the Auditor of the Company's financial statements for 2018.