

FOCUSING ON PRIORITIES

UNITING THE COUNTRY

Annual
Report
2020



MESSAGE FROM THE CEO – CHAIRMAN OF THE EXECUTIVE BOARD, RUSSIAN RAILWAYS

Dear partners
and colleagues,

2020 was one of the most challenging years in the history of the transport industry, hitting the passenger segment particularly hard. Federal Passenger Company has passed this test of resilience with flying colours, performing strongly throughout the year by tackling tasks of unprecedented scale and complexity.

The passenger journey has been upended, with its focus shifting towards protecting people's health, including both customers and Company employees.

All processes were promptly redesigned – almost in real time – and a contactless service model was adopted to meet all sanitary and epidemiological requirements.

FPC consistently implemented its strategic development programmes. We continued our large-scale rolling stock renewal

FPC has passed this test of resilience with flying colours, performing strongly throughout the year by tackling tasks of unprecedented scale and complexity.

and also presented a lineup of next-generation carriages, designed in cooperation with machine builders. We placed a particular emphasis on maintaining and developing our route network and improving the passenger experience.

As passenger services are embarking on a path towards recovery, it is crucial to maintain and consolidate these trends. I am convinced that Federal Passenger Company will be up to this challenge and will continue making steady progress towards new milestones.

CEO – Chairman of the Executive
Board, Russian Railways

Oleg BELOZEROV



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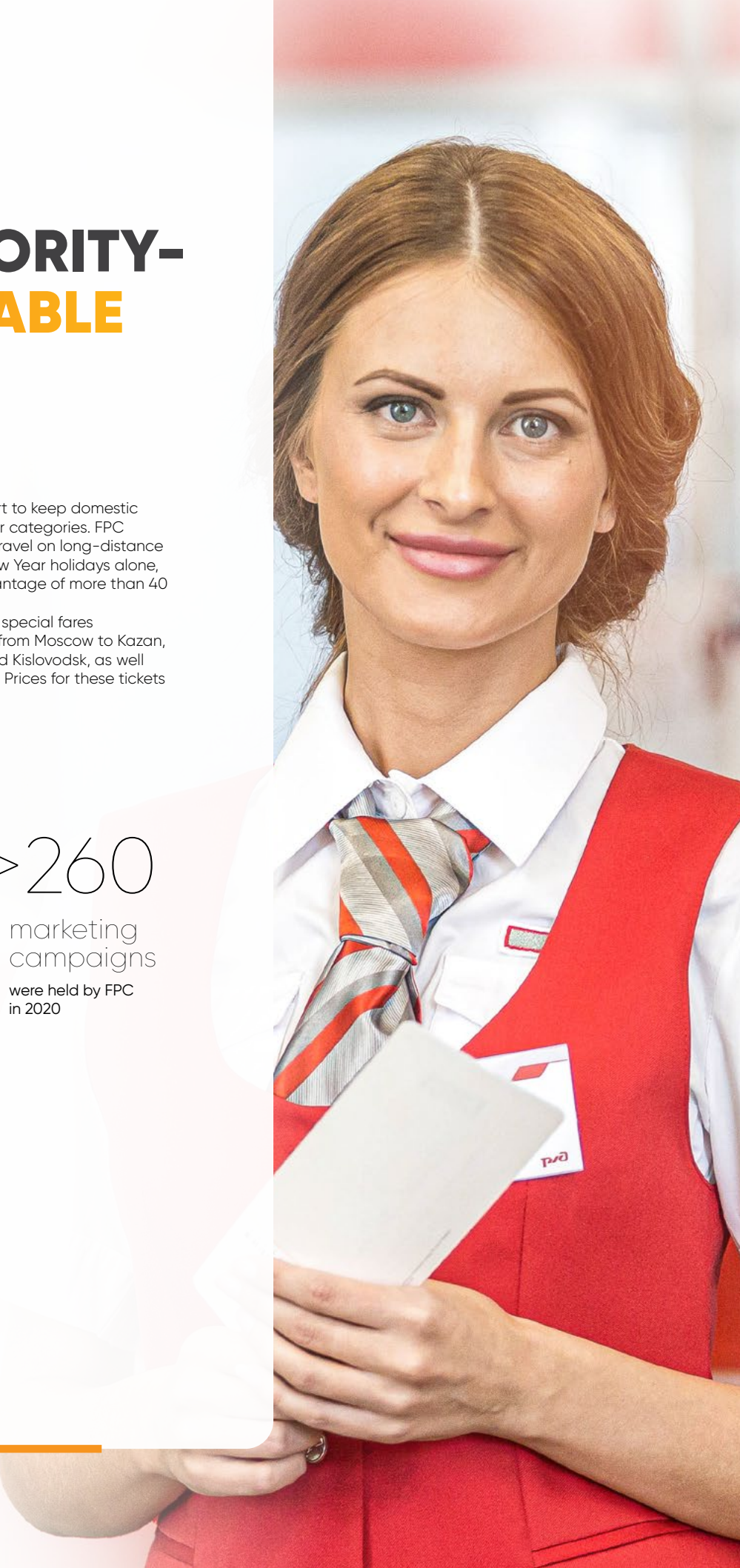
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OUR PRIORITY- AFFORDABLE PRICES

The Company has put every effort to keep domestic travel affordable for all passenger categories. FPC offered discounts for passenger travel on long-distance trains almost daily. During the New Year holidays alone, about 450,000 people took advantage of more than 40 promotions of the Company. The most popular offers included special fares on double-decker trains running from Moscow to Kazan, Samara, Penza, Adler, Izhevsk, and Kislovodsk, as well as from Saint Petersburg to Adler. Prices for these tickets started from RUB 999.

>10
million people
benefited from discounts and special offers in 2020

>260
marketing campaigns
were held by FPC in 2020



FPC AT A GLANCE

FPC is a national rail passenger carrier of the Russian Federation and an entity subject to antimonopoly regulation.

FPC ensures transport accessibility and connectivity between Russian regions.

16,600
carriages
in FPC's rolling stock fleet

31.2 %
share of long-distance trains
in the domestic passenger
traffic
of these:

475
train pairs

27.7 %
FPC's share

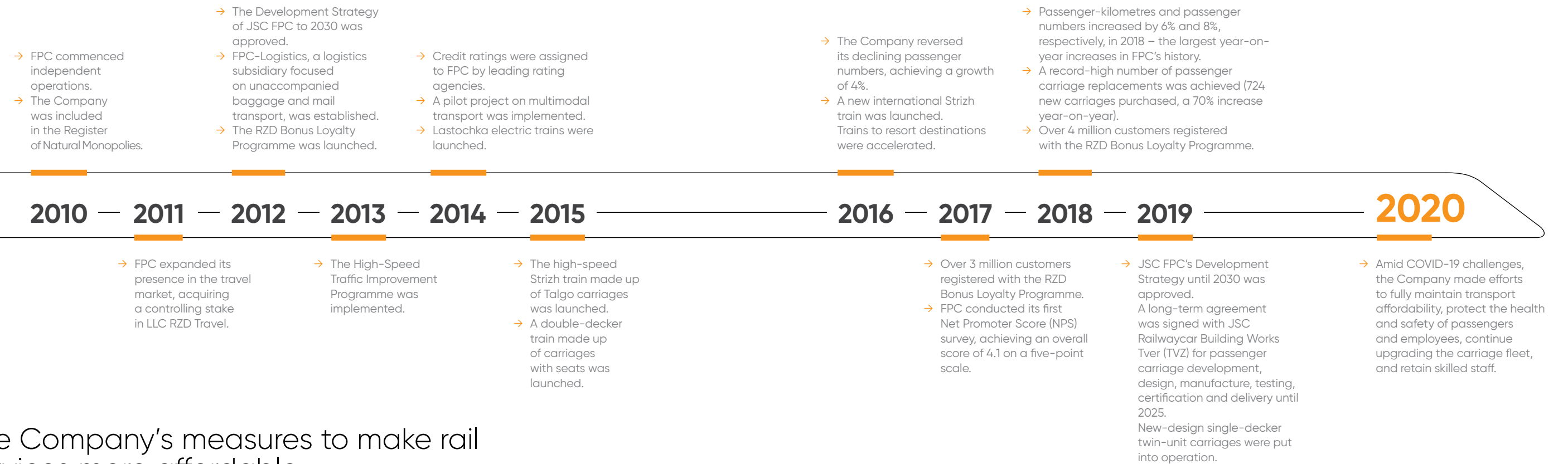
77
out of Russia's 85
regions
covered by FPC's route network

A socially responsible business sustainably developing mobility across travel classes and regions of Russia

 Russia's leader in passenger mobility

MOVING INTO THE FUTURE

From carriage operator to integrated mobility provider



The Company's measures to make rail services more affordable

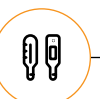
and protect the health of passengers during the COVID-19 pandemic



Targeted messaging was used to promote special offers with promo codes tailored to different passenger segments. For example, in October 2020, a promotion was launched to support healthcare workers on the frontline of the COVID-19 pandemic, offering healthcare employees promo codes for a 50% discount when purchasing round trip tickets in second-class sleeping carriages in FPC trains before 1 April 2021.



Remote ticket cancellation option was offered to passengers. The Company refunded all unused tickets with no fees charged. A special temporary ticketing procedure was established, with no refund fees charged for unused ticket refunds and an option to get refunds for non-refundable tickets.



Temporary socially distanced seating plans were introduced on trains. Daily train disinfection protocols were implemented. Body-temperature checks were also introduced for passengers and train crews, and continuous coordination of efforts was maintained with the Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor).



In April 2020, deregulated fares were fixed to prevent an increase in fares



Self-isolation support initiatives: discounts of up to 40% when purchasing both seats in first-class sleeping carriages and 25% when purchasing all four seats in second-class sleeping carriages



A new remote booking service was launched for passengers purchasing e-tickets with bank cards.



A unified call centre was set up for passengers based on a cloud PBX with a dedicated 24/7 phone number 8 800 250 15 20.



Preventive measures during travel included informing passengers about the need to use personal protective equipment (through stickers and leaflets in carriages), personal protective measures and the possibility to purchase masks and gloves from the train crew.

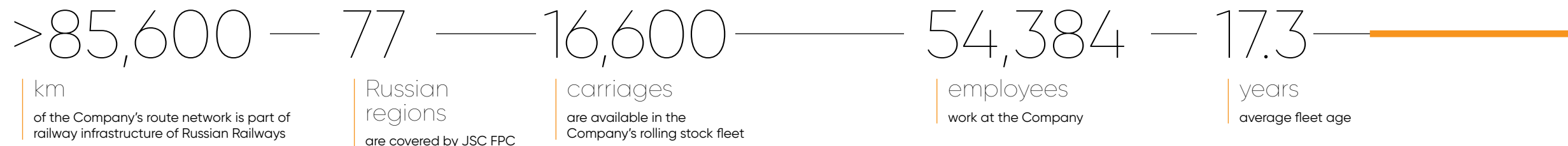
GEOGRAPHY OF ACTIVITY

Russian Railways rail infrastructure forms the basis of FPC's route network (over 85,600 km as at the end of 2020) – the world's third-longest rail network.



- The Company's route network includes several routes within Russia for which no other alternative modes of transport are available, such as Tynda–Komsomolsk, Petrozavodsk–Kostomuksha, Kamyshin–Moscow, Tomsk–Bely Yar, etc.
- Prior to the pandemic, FPC provided direct and transit passenger services to 23 European and Asian countries, including Germany, France, Poland, Austria, the Czech Republic, Monaco, Italy, Finland, China, Mongolia, North Korea, Latvia, Lithuania, Estonia, Ukraine, Moldova, Belarus, Abkhazia, Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Azerbaijan.

- 1 Northwest Branch**
Saint Petersburg
- 2 Moscow Branch**
Moscow
- 3 Gorky Branch**
Nizhny Novgorod
- 4 Northern Branch**
Yaroslavl
- 5 North Caucasus Branch**
Rostov-on-Don
- 6 Volga Branch**
Saratov
- 7 Kuybyshev Branch**
Samara
- 8 Ural Branch**
Yekaterinburg
- 9 West Siberian Branch**
Novosibirsk
- 10 Yenisey Branch**
Krasnoyarsk
- 11 East Siberian Branch**
Irkutsk
- 12 Zabaikalie Branch**
Chita
- 13 Far East Branch**
Khabarovsk



STRUCTURE AND DYNAMICS ASSETS

Passenger rolling stock is FPC's key asset, making up 88% of total assets. As at the end of 2020, the Company's carriage inventory totalled 16,600 carriages.

Asset structure as at 31 December 2020, RUB billion

Assets	Book value
Carriages	244.9
Real estate	26.3
Other movable property	5.9
Intangible assets	0.5
Land	0.2
Total	277.8

Changes in the carriage fleet structure, carriages

Carriage type	Description	Fleet as at 31 December 2019	Acquired	Retired	Fleet as at 31 December 2020
Deluxe	Compartment carriages, each compartment featuring a shower room, a washbasin and a toilet	116		2	114
First-class sleeping	Compartment carriages with double berth compartments	537	28	66	499
RIC	Compartment carriages, Euro standard size	301		34	267
MIXED	Compartment carriages with deluxe and first-class sleeping compartments	13			13
K	Compartment carriages with four-berth compartments	7,955	390	769	7,576
O	Third-class open sleeping carriages	6,636	212	279	6,569
MO	Interregional carriages	668	7	38	637
B	Baggage carriages	217		51	166
R	Dining carriages	759	11	56	714
Other carriages	Power cars and ancillary vehicles	43		2	41
Total		17,245	648	1,297	16,596

TYPES OF ACTIVITIES



Passenger safety



Over 98 % train punctuality



Extensive route network



Comfortable travel



Provision for the carriage of passengers with special needs

Rail passenger services on domestic routes in the regulated segment:

- Third-class open sleeping carriages
- Fourth-class seating carriages
- Carriages with seats
- Motorised carriages

Rail passenger services on domestic routes in the deregulated segment:

- Deluxe and saloon carriages
- First-class sleeping carriages
- Second-class sleeping carriages
- Special order services
- Tourist trips
- All carriage types in higher-speed trains
- Running of third-party carriages on FPC trains on domestic routes

International long-distance passenger services:

- Passenger services on international routes
- Running of third-party carriages on FPC trains on international routes

Baggage, unaccompanied baggage, and mail transport:

- Baggage transport
- Unaccompanied baggage transport
- Running of carriages for freight forwarders on FPC trains.

Other lines of business:

- Repair and maintenance of clients' rolling stock
- Value-added services on trains
- Leasing rolling stock
- Leasing real estate and equipment

Competitive advantages of long-distance trains



Travelling in any weather



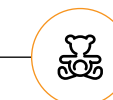
Environmentally friendly mode of transport



Growing share of new carriages in the fleet



Increased baggage allowance¹



Children up to five years old travelling free of charge

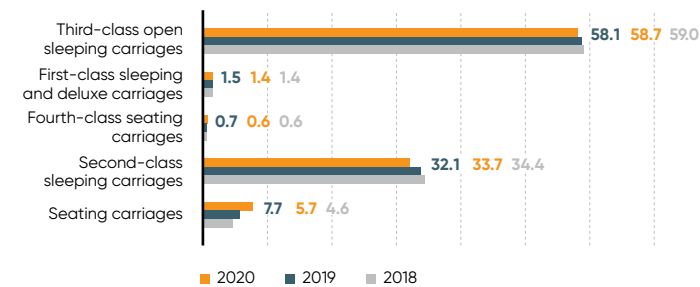
¹ In addition to personal items, passengers are allowed to carry hand luggage of up to 36 kg, or up to 50 kg in first-class sleeping carriages, per each ticket for free.

Operational highlights

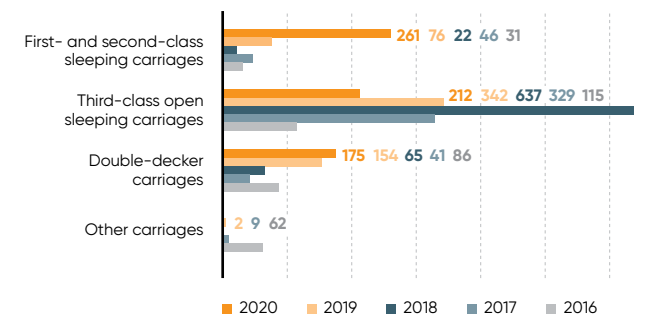
Operational highlights

Indicators	2018	2019	2020	Change 2020/2019, %
Passenger-km travelled, billion	91.6	93.6	48.2	51.5
On FPC trains	87.7	90.0	47.6	52.9
Deregulated segment	33.6	34.7	18.1	52.2
Domestic traffic	31.9	32.8	17.8	54.2
International traffic	1.8	1.9	0.3	17.5
Regulated segment	54.1	55.2	29.4	53.3
On trains of the CIS and Baltic states	3.8	3.6	0.6	17.6
Passengers carried, million	102.0	105.8	59.0	55.8
Deregulated segment	41.7	43.8	23.3	53.2
Regulated segment	60.3	62.0	35.7	57.6
Average train size, carriages	12.7	12.5	10.1	80.8

Passenger-km by carriage type, %



Rolling stock acquisition, carriages



Financial highlights

The year-on-year decrease in EBITDA margin was linked to lower revenues as passenger-kilometres dropped due to declines in population mobility starting from March 2020 on the back of the COVID-19 pandemic.

EBITDA and EBITDA margin (including subsidies)

Indicators	2018	2019	2020
EBITDA	26,8	29,6	-22,9
EBITDA margin	11,4	12,1	-16,7

Operating revenues, RUB billion



Total debt to revenue and EBITDA ratios

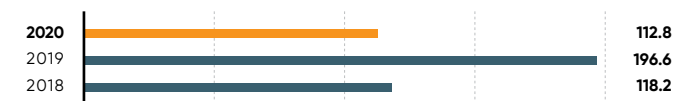
Indicators	2018	2019	2020
Total debt / revenue	0,11	0,21	0,49
Total debt / EBITDA	0,85	1,71	-2,81

Sustainability highlights

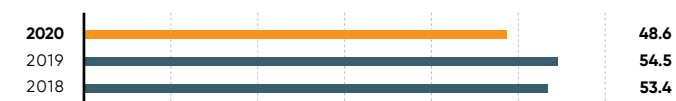
Employees trained, employees



Employee training costs, RUB million



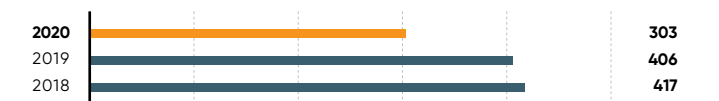
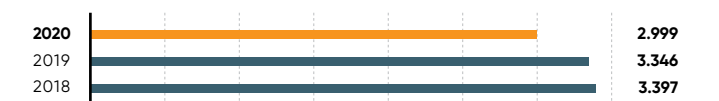
Benefits package per employee, '000 RUB



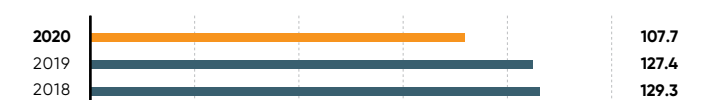
Social security package for retired employees, '000 RUB.



Occupational health and safety costs, RUB million

Greenhouse gas emissions, '000 tonnes of CO₂Total used water discharge, million m³

Electricity consumption, MWh



INVESTMENT APPEAL

Key drivers of FPC's investment appeal

A strong position in the long-distance rail passenger transport market in Russia	Strategic importance in achieving the long-term objectives of the state-owned RZD Holding
Significant growth potential of population mobility	Well-developed infrastructure and passenger carriage fleet of unprecedented scale
State-regulated fares for long-distance rail passenger services and compensation of respective revenue shortfall	Low competition in the domestic rail passenger services market due to high entry barriers for new players entering the market and long payback periods
FPC is vital both socially and strategically to Russia as the leading transport operator for long- and medium-distance travel spanning most of the country, including travel to regions with extreme natural and climatic conditions and lacking road and air infrastructure	The Company's current development strategy focus on significantly increasing average speeds, developing integrated services, increasing the volume of rail services within Russia, and improving the competitiveness of existing services
High standards of corporate governance	Effective risk management and internal controls

CREDIT RATINGS

In March 2020, S&P Global Ratings affirmed FPC's rating at BBB-, revising its outlook from negative to stable. In May, the agency placed FPC's BBB- rating on CreditWatch, negative outlook, and on 13 November, it downgraded the Company's credit rating to BB+ with a stable outlook due to a significant reduction in passenger-kilometres and large capital expenditures.

In July 2020, Moody's rating agency affirmed FPC's rating at Baa2, changing the outlook to negative, which is one notch higher than the sovereign rating.

In August 2020, Fitch Ratings affirmed FPC's rating at BBB with a stable outlook.

As at the end of December 2020, FPC had investment-grade credit ratings from two leading international rating agencies.

In December 2020, the Russian national rating agency ACRA affirmed its AA+(RU) high credit quality rating for FPC, with a stable outlook.

FPC's credit ratings as at the end of 2020¹

S&P Global

BB+

| Stable

FitchRatings

BBB

| Stable

MOODY'S

Baa2

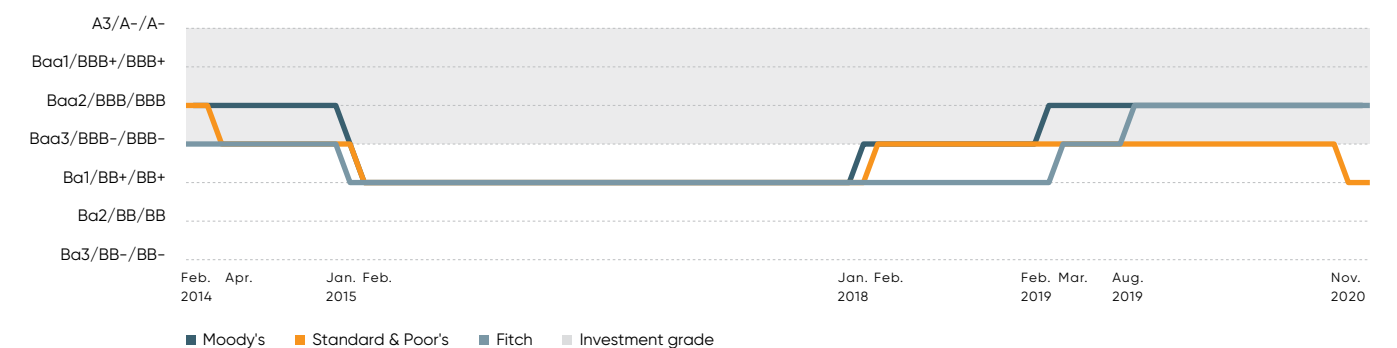
| Negative

AKPA

AA+(RU)

| Stable

Changes in FPC's credit ratings



¹ As at 31 December 2020.

KEY EVENTS IN 2020

Vladimir Pyastolov appointed General Director of JSC FPC

On 2 October 2020, the Board of Directors elected Vladimir Pyastolov, who had been in charge of the North Caucasus Railway (a branch of Russian Railways) since January 2016, to the position of General Director of JSC FPC.

Vladimir Pyastolov graduated from the Ural Electromechanical Institute of Railway Engineers with a degree in Railway Transport Services Management (1992) and the Ural Academy of Public Administration with a degree in State and Municipal Management (2009).

From 1984 to 2012, he worked at the South Ural Railway, having worked his way up from a traffic department operator at the Zlatoust branch to First Deputy Head of the South Ural Railway.

In 2012, he was appointed First Deputy Head of the North Caucasus Railway, and then headed it from 2016 to 2020.

Presentation of a concept open-plan carriage with personalised spaces

On 13 February, at the Adler railway station, FPC jointly with JSC Transmashholding presented one of the concepts for an open-plan carriage with personalised spaces. The concept was developed under the Long-Term Agreement between JSC FPC and JSC TVZ for passenger rolling stock development, design, manufacture, testing, and certification in 2019–2025.

The concept showcased to passengers is based around a combination of the standard berth arrangement of third-class open sleeping carriages with compartment modular sections. Each carriage can keep traditional-layout berths convenient for families, large groups or senior passengers travelling together, and also berths for customers seeking more privacy on a trip.

The pavilion with the life-size model at the Adler station remained open for visits for two weeks. Everyone could leave their feedback and suggestions concerning the concept carriage by filling out a paper or online questionnaire. The feedback is used to further improve the carriage design.

FPC's first Business Woman corporate contest

Between 2 and 4 March, the Company held its first FPC Business Woman corporate contest and an off-site meeting themed "Improving Human Capital Efficiency". The event participants were female employees based at the Company's branches across Russia. Women are well represented across all levels of the organisation, working as ticket clerks, passenger train attendants, train masters, site managers, and also occupying management positions, including at the executive level. The meeting discussed matters related to career and personal growth, the role of women in business development, as well as topics around corporate culture, and occupational health and safety.

The Company pays great attention to creating a truly comfortable working environment for women.

New tourist train Sochi connecting popular Black Sea resorts

On 15 August, a new tourist train No. 927/928 Sochi was launched between popular resorts of the Black Sea on the Tuapse–Sochi–Gagra route.

The interior designs of the Sochi train's signature carriages are stylised to look like they are from the 1970s and 1980s, yet they fully meet all modern requirements. Each carriage is equipped with air conditioning, environmentally friendly toilet facilities, sockets and USB ports to charge devices.

Launch of the Strizh higher-speed passenger trains between Saint Petersburg and cities in the Volga region

On 21 August, Strizh higher-speed train No. 713/714 was launched on the Saint Petersburg–Samara route, almost halving the travel time to 19 hours. This became possible due to a special schedule and the carriage design of Strizh trains, unique in Russia, which allows train speeds of up to 200 km/h.

The launch of the new higher-speed train has improved interregional transport connectivity, enhanced the quality of transport services for people and contributed to the development of domestic tourism.

Presentation of the T-sized passenger carriage concept at Moscow Paveletsky station

On 2 October, at Paveletsky railway station in Moscow, FPC presented the concept for a next-generation third-class open sleeping carriage, developed by Transmashholding for FPC through a joint effort with FPC experts. The carriage is designed for operation in Russia and has larger dimensions than conventional carriages in long-distance trains.

Previously, only carriages for suburban electric trains were manufactured in size T. The new size carriage has larger dimensions than those of standard size carriages in long-distance trains (1-BM), being 28 cm wider and 73 cm longer.

By expanding the exterior carriage dimensions and revising the interior layout, designers managed to increase the internal space as well (from 16 m to 18,9 m), an almost 3 m increase in length. The presented concept has larger berths and luggage storage space by 10% and 14%, respectively.

Double-decker trains launched on new routes

On 12 October and 16 November, despite the adverse epidemiological situation, FPC launched two double-decker trains, No. 21/22 Murmansk–Saint Petersburg and No. 743/744 Moscow–Smolensk. There were thus 20

pairs of double-decker trains running on 14 routes across Russia in 2020.

The new rolling stock is equipped with microclimate and air purification systems and environmentally friendly toilets, as well as sockets and USB ports for charging mobile devices. For people with disabilities, one carriage in every train is equipped with a boarding lift for wheelchairs and other necessary equipment for a comfortable ride, with all information duplicated in Braille

55th anniversary of the South Ural branded train

On 20 November, the Chelyabinsk railway station hosted an official train departure ceremony to mark the 55th anniversary of the South Ural branded train No. 13/14 Chelyabinsk–Moscow.

The train on this route was launched in 1965 and became one of the first branded trains of the South Ural Railway. The South Ural train has traditionally pioneered some of the best practices in customer service.

The event included an award ceremony celebrating the passenger who was the first to purchase a ticket for the anniversary trip from the departure station.

MESSAGE FROM THE CHAIRMAN

Dear shareholders and colleagues,

Last year put the resilience of the entire passenger segment of Russian railways to the test. Among other market players, Federal Passenger Company, Russia's largest long-distance rail passenger carrier, bore the brunt of the pandemic.

International services were suspended due to restrictions aimed at curbing the spread of COVID-19.

With borders closed not only between countries, but also between regions, the Company had to pivot its operations and optimise business processes to ensure the stability of services and passenger safety.

2020 has changed the way millions of Russians lead their lives. In our country, long-distance trains have become more than just a means of travel: as restrictions were gradually lifted, many decided to rediscover their country, neighbouring regions and nearby towns and cities. Domestic tourism has found a new lease on life. Many Russians chose to travel by rail: for them, the train is now a comfortable and safe way to travel to amazing places far away from the megacities, such as Karelia, Lake Baikal, the lands of the northern lights or the seaside.

RZD Holding and Federal Passenger Company worked with travel agencies to develop unique rail offerings for tourists, including hotel and train weekends, vintage steam train rides and rail cruises. We have developed offerings that have been met with strong demand. Throughout the year, tourists were offered an opportunity to purchase discounted tickets: over 10 million passengers took advantage of these special marketing offers from FPC.

An important highlight of 2020 was the launch of tourist train No. 927/928 Sochi, which runs along the Black Sea coast to connect Tuapse, Sochi and Gagra, Russia's famous southern seaside resorts. Some elements of the carriages' interior design are stylised in the Soviet era fashion, making tourists feel as if they are travelling back in time.

Open Samara, an integrated rail tourist project, was established on the banks of the Volga River, with tourist programmes launched in Izhevsk and Penza. Throughout the year, we actively developed our multimodal train/bus services, offering comfortable rides to resorts in the Kaliningrad Region.

In addition, special tourist train routes to Veliky Ustyug and Kostroma were designed in the run-up to the New Year holidays, and a New Year Express train was launched to run between Saint Petersburg and Yaroslavl.

Looking ahead, I am confident that demand for rail travel in Russia will only grow stronger. Considering this trend, coupled with our commitment to consistently

□□ We have adapted our passenger services to a challenging situation, while gaining unique experience that will propel us forward.

improving passenger comfort and security on our long-distance trains, Federal Passenger Company continues to renew its rolling stock. For example, 533 new passenger carriages were added to our passenger fleet in 2020, including 175 double-deckers. We also continue to expand the route network of our double-decker trains. State-of-the-art trains were launched between Murmansk and Saint Petersburg, and between Moscow and Smolensk.

We have adapted our passenger services to a challenging situation, while gaining unique experience that will propel us forward.

Federal Passenger Company has confirmed its status as a socially responsible carrier that provides safe and comfortable passenger services across Russia every day of the year.



Chairman of the Board of Directors

Dmitry PEGOV

EQUALLY IMPORTANT-INDIVIDUAL APPROACH

In 2020, FPC introduced targeted messaging to promote special offers with promo codes tailored to different passenger segments. For example, in October 2020, a promotion was launched to support healthcare workers on the frontline of the COVID-19 pandemic, offering healthcare employees promo codes for a 50% discount when purchasing round trip tickets in second-class sleeping carriages in FPC trains before 1 April 2021.

32,700 3,800

targeted messages

for different passenger segments sent by the Company in 2020

people

took advantage of the Company's offers and used promo codes to purchase tickets with a discount in 2020



For more details, see our website



MARKET OVERVIEW

The spread of the novel coronavirus has had a significant impact on the Russian economy and long-distance passenger transport.

Macroeconomic environment

Key economic growth indicators, % as compared to 2019

Indicators	2020
GDP	96.9
Consumer Price Index, average for the year	103.4
Investment in fixed assets	95.9
Real household disposable income	96.5
Unemployment (as at the end of December)	5.9
Retail sales	95.9
Sales of paid retail services	82.7

According to the estimates of the Federal State Statistics Service (Rosstat), the GDP physical volume index in 2020 was 96.9% as compared to 2019.

According to the estimates of the Federal State Statistics Service (Rosstat), the GDP physical volume index in 2020 was 96.9% as compared to 2019. The 3.1% decline in GDP in 2020 was driven by COVID-19 restrictions and by a drop in global demand for energy resources.

In 2020, the consumer price index was 103.4% (vs a 104.5% inflation rate in the previous year), real disposable income dropped (96.5%), as did retail sales (95.9%) and sales of paid retail services (82.7%).

Unemployment increased from 4.6% in December 2019 to 5.9% in December 2020.

Russian transport market

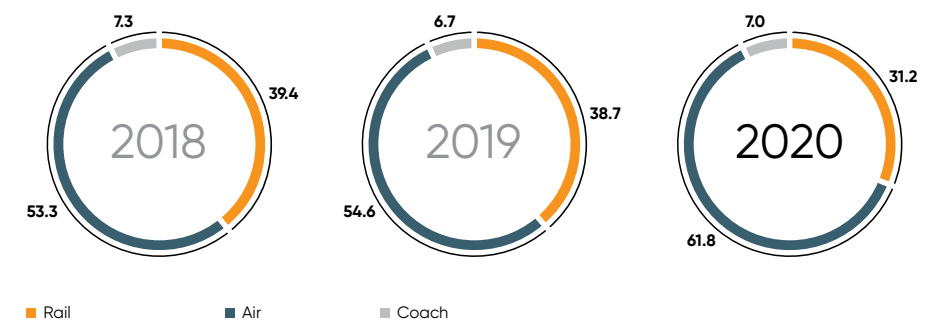
FPC's main competition in the long-distance passenger market is from airlines, coach service operators, and private road transport.

In recent years, competition in the long-distance passenger market has increased significantly. Rail transport has ceased to dominate the long-distance passenger market as airline industry grew, the number of private vehicles increased, modern car-sharing services developed, government support was rolled out to promote regional aviation, and new highways and airports were constructed and upgraded.

In 2020, due to measures taken to combat the spread of the novel coronavirus, significant restrictions were imposed on passenger transport arrangements, affecting the performance of all modes of transport.

In addition, population mobility was affected by a decrease in passengers' solvency.

Passenger-kilometres travelled on domestic long-distance routes, %



¹ Estimate.
² 9M 2020 compared to 9M 2019.
³ Estimate.

Share of passenger-kilometres travelled on domestic long-distance routes by rail carrier, %

Carrier	2018	2019	2020
FPC	36,4	35,5	27,7
Directorate for Higher-Speed Services, a branch of Russian Railways	1,6	1,8	1,8
Other	1,4	1,4	1,7

Source: Statistical Reporting Forms TsO-33 and TsO-32 for rail transport, Federal Agency for Air Transport (Rosaviatsiya) (<http://www.favt.ru>) for air transport, expert estimates based on Rosstat's data (www.gks.ru) for road transport

In 2020, the share of rail in total passenger-kilometres decreased to 31.2% (38.7% in 2019), along with FPC's share, which shrank to 27.7% (35.5% in 2019). This trend is due to an accelerated absolute growth in air traffic since June 2020, which was driven by a significant reduction in air fares, redistribution of traffic flows, and the launches of new domestic destinations, including routes to the South of Russia, as well as government support for airlines amid the COVID-19 pandemic.

In addition, many airlines refused refunds for cancelled flights and offered vouchers to passengers. The use of these vouchers by the public is one of the drivers of the accelerated growth in passenger traffic. At the same time, rail passengers who wished to cancel their journey due to COVID-19 were offered full fare refunds with no fees or charges.

International transport market

International long-distance passenger services

In 2020, before restrictions were imposed, FPC provided direct and transit passenger services to and from 23 European and Asian countries: Germany, France, Poland, Austria, the Czech Republic, Monaco, Italy, Finland, China, Mongolia, North Korea, Latvia, Lithuania, Estonia, Ukraine, Moldova, Belarus, Abkhazia, Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Azerbaijan.

In March 2020, all international passenger trains were suspended upon agreement with foreign railway authorities as part of the COVID-19 response.

Overall, in 2020, international passenger traffic amounted to 19% of the 2019 level, with 19% for the CIS and Baltic states, 23% for Abkhazia, and 18% for non-FSU countries.

In addition, since June 2020, there has been a downward trend in the average distance travelled by rail passengers, indicating a shift away from longer distance travels.

FPC accounted for 89.3% of long-distance passenger traffic on domestic routes operated by Russian rail carriers in 2020.

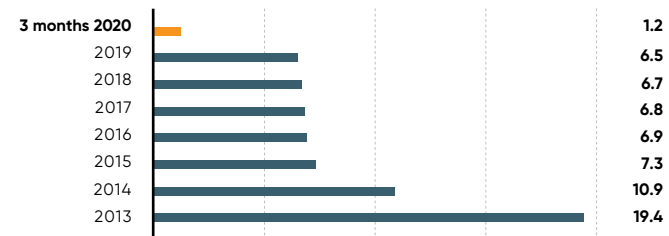
In 2020, the number of passengers carried on FPC trains on domestic routes was 58.1% of the 2019 level – 57.6% in the regulated segment and 58.9% in the deregulated segment.

Overall, passenger traffic in the domestic long-distance passenger market decreased by 31.4% year-on-year in 2020. FPC's passenger-kilometres on domestic routes stood at 53.6% of the 2019 level, with 53.3% in the regulated segment and 54.2% in the deregulated segment.

According to the Federal Agency for Air Transport (Rosaviatsiya), in 2020, air passenger-kilometres on domestic routes was 77.7% of the 2019 level.

As COVID-19 restrictions in Russian regions were lifted, population mobility started to increase. To meet travel demand, train services were restored, with fares set to ensure the affordability of services, and marketing promotions and discounts were rolled out for both all passengers and certain groups, including in third-class open sleeping carriages.

International passenger traffic, million people



COMPARISON TO FPC'S PEERS

Passenger traffic

Indicators	FPC			DB Fernverkehr (Germany) ¹			DB Fernverkehr (Germany) ²		
	2019	2020	Growth rate, %	2019	2020	Growth rate, %	2019	2020	Growth rate, %
Passengers carried, million people	105.8	59.0	-44	150.7	81.3	-46	132.2	76.6	-42
Revenue, EUR billion	3.3	1.6	-52	5.0	2.9	-42	8.7	4.1	-53



DB Fernverkehr (Germany)

DB Fernverkehr is a Deutsche Bahn Group business unit providing national high-speed and cross-border long-distance rail passenger services.

Rolling stock repair, maintenance, and management, as well as communications and IT services are provided by specialist companies within Deutsche Bahn Group.



SNCF Voyages (France)

Voyages is a business unit of SNCF Holding, which comprises several companies offering rail and coach services in Europe, as well as specialist companies engaged in sales, customer relations, IT, and rolling stock management.

Repair operations are not part of the unit's activities and are provided by Masteris, a company within the Holding that provides services to SNCF Holding and third-party customers across Europe.



FPC (Russian Federation)

Unlike the cited peer companies, FPC's activities cover the majority of important business processes: acquisition, maintenance and repair of rolling stock, sales organisation, revenue collection, as well as management and administration, IT, and communications. FPC has 13 regional branches and an extensive network of depots and carriage sites, as well as an ample amount of highly skilled personnel to support all business processes.

¹ Deutsche Bahn – Deutsche Bahn Facts & Figures 2020.

² SNCF – SNCF Group annual financial report (31 December 2020)

COMPANY STRATEGY

As a key business unit of RZD Holding, FPC's operations in general are focused on achieving financial, economic, and volume targets set out in the Long-Term Development Programme of Russian Railways until 2025 (LDP) approved by the Russian Government.

In 2019, FPC developed and approved the Long-Term Development Strategy until 2030 (the "Strategy") and set up a framework for its implementation.

In 2020, the Company approved the Regulations on the System of Key Performance Indicators of JSC FPC to motivate company management to achieve FPC's strategic goals through a system of target key performance indicators (KPIs).

Mission

We are improving the quality of life by offering extremely safe, affordable and comfortable passenger experience.

Vision

FPC is Russia's leader in passenger mobility. It is a highly efficient, financially sound, and customer-focused company that strives to enhance value while ensuring sustainable development in passenger mobility across customer segments and regions of Russia, covering key long-distance destinations in demand.

Russia's leader in passenger mobility

- A national carrier providing traditional and high-speed long-distance rail passenger services both in Russia and abroad
- The leader by passenger traffic in long-distance transport in Russia
- The leader in long-distance ticket aggregation services offering single tickets connecting rail passenger services across Russia's regions

118

million people
Passengers carried



Customer-focused company

- Leader in service quality in long-distance land transport, providing high-quality value proposition and comfortable long-distance travel experience, including transit connections with other modes of transport and multimodal transport services

330

billion RUB
Estimated earnings

Socially responsible company

- Sustainable development of mobility across customer segments and regions of Russia

171

billion RUB
Total amount of rolling stock purchases (cumulative for 2021–2025)

Highly efficient, financially stable company

- Maximising financial results and ensuring self-sufficiency in operations

54

billion pkm
Passenger-kilometres in the regulated segment

¹ Approved by resolution of FPC's Board of Directors (Minutes No. 24 dated 2 July 2020).

Strategic goals of the Company

According to the Strategy, the Company's main focus is on significantly increasing the average train speeds, developing comprehensive combined transport operations (such as multimodal transport services), increasing passenger traffic on the key routes in Russia, and improving the competitiveness of our existing services. The Company will also continue to act as a public carrier, which means servicing single-mode or socially important routes.

The Strategy's key targets relevant to FPC address changes in the transport market, the competitive situation, evolving customer requirements, and development trends in the passenger transport regulatory environment. FPC's Strategy assumes the Company retains its current role within the strategic development programme of RZD Holding.

FPC's strategic goals

	2025	2030
Passengers carried, million passengers	118	122
Revenue, RUB billion	330	431
Net debt/EBITDA, ratio		Max 2
Carriage acquisition, carriages	>4,000 carriages (cumulative for 2021–2030)	

2020 Strategy delivery summary

Although in 2020 FPC operated in an unfavourable economic environment due to the COVID-19 pandemic, the Company was able to maintain interregional connections and meet all the requirements of the Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor) aimed at improving the affordability of rail services and protecting the health of passengers.

FPC's vast workforce of was retained, and salaries were paid on time.

At the same time, the Company implemented an ambitious cost optimisation programme.

To maintain its financial stability, in 2020, FPC took advantage of government support measures set out in regulatory documents for companies affected by the spread of COVID-19.

While restrictions were in force, the Company focused on further improvement of services, new route development, and rolling stock repair. These operational approaches and solutions, as well as the implementation of strategic initiatives enable us to tentatively forecast that FPC will reach the 2019 level of traffic volumes as early as by 2022.

¹ See the Strategic Areas of Development section.

Strategic areas of development

Network

Continuous rail network optimisation is planned:

- In the under 1,500 km route segment:
 - Accelerate trains
 - Increase capacity
- In the over 1,500 km route segment:
 - Improve efficiency
 - Implement a hub-based model
 - Develop high-speed lines

Fleet

3,400 carriages will be replaced between 2021 and 2025. The innovative rolling stock will make up approximately 23% of the total rolling stock by 2025.

The carriages will be purchased under the long-term contract signed with JSC TVZ, valid until 2025 and providing for the supply of rolling stock in four batches:

1. Existing model range
2. New models of single-decker carriages
3. New models of double-decker carriages
4. Innovative single-deckers and double-deckers

The rolling stock will feature an improved carriage design characterised by:

- personal space and privacy for relaxation
- spacious interior with room to walk around
- low floors and barrier-free environment
- dedicated baggage areas
- advanced technical equipment
- IT-driven development.

Product offering

The Company is planning transition to a new unified high-quality product offering which includes:

- four train types:
 - daytime express trains – quick travel within a business day, travel time – up to 6 hours, target distances – under 600 km
 - night express trains – a comfortable ride providing for a good night's sleep, travel time – up to 12 hours, target distances – under 1,500 km
 - regular trains – a low-cost and convenient way to travel long distances, travel time – more than 12 hours, target distances – above 1,500 km
 - tourist trains – special comfortable trains for travelling along a pre-planned tourist route (deluxe carriages offering five-star hotel-grade service; unique branded trains, e.g. Red Arrow, Rossiya)
- service classes optimisation.

¹ The scope of replacement can be adjusted.

² Two coach routes were operated between Nizhny Novgorod and Gorodets.

³ Two coach routes were operated between Belgorod and Rossosh.

The principle underlying the implementation of a strategic initiative is based on customer-centricity. An intuitive value proposition is being developed for passengers, based around the unification of technical equipment of carriages and standardisation of value-added services by service class.

In each service class, the passenger will be provided with a clear set of services and the rolling stock of the stated condition and equipment level.

Multimodality

In 2020, the Company offered multimodal transport services to 11 destinations.

Due to lower demand for passenger services caused by COVID-19 restrictions, seven multimodal routes (Stary Oskol–Valuyki, Vologda–Yaroslavl, Arzamas–Diveyevo, Nizhny Novgorod–Arzamas, Nizhny Novgorod–Cheboksary, and Nizhny Novgorod–Gorodets) out of the eleven routes operated before the pandemic were cancelled as from April 2020.

The four existing multimodal routes, Belgorod–Rossosh–Adler/Kislovodsk, Kostroma–Yaroslavl–Saint Petersburg, Boksity (Severouralsk)–Serov–Yekaterinburg, continued to operate.

32,800 passengers travelled on multimodal routes in 2020.

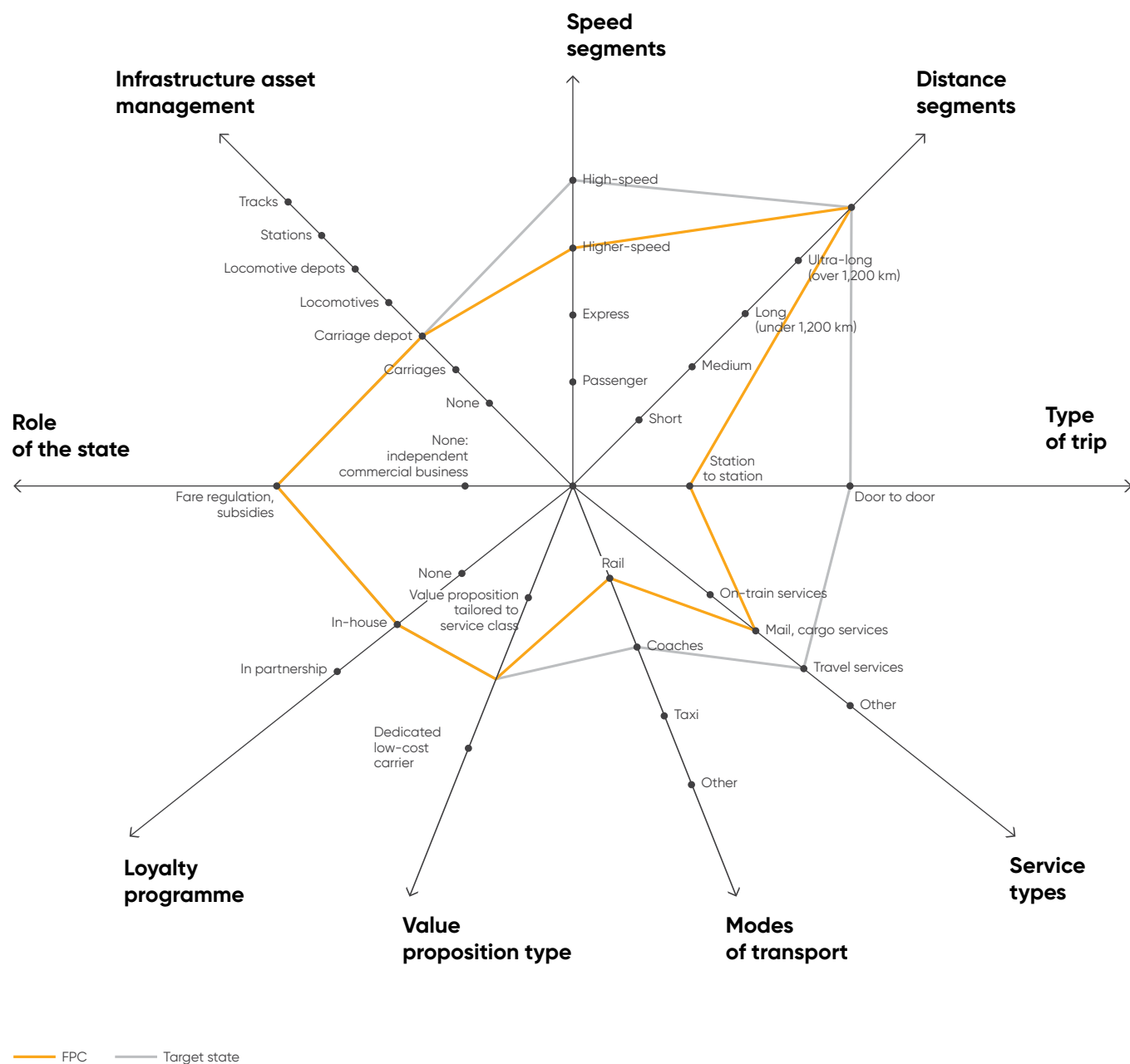
FPC is planning to further expand its multimodal services and improve the performance of the existing routes.

Other business lines and adjacent businesses

FPC's sustainability will be further enhanced by diversifying its operations as well as developing businesses that improve the profitability of passenger services, in particular:

- on-train passenger services
- development of rail tourism
- services involving all modes of transport
- logistics services (cargo, mail, etc.).

Target business model¹



¹ Draft target business model outlined for FPC in the Long-Term Development Programme of Russian Railways until 2025. Elements may be adjusted.


Key performance indicators


The Company's KPI system is used to evaluate FPC's performance and contribution to the implementation of RZD Holding's strategic goals.


Regulations on the System of Key Performance Indicators of JSC FPC were approved by resolution of FPC's Board of Directors on


2 July 2020¹. The list of KPIs includes annual and quarterly indicators such as EBITDA, EBITDA margin, ROIC, on-time performance, passenger-kilometres travelled, labour productivity, traffic safety, passenger satisfaction index, and effective corporate governance practices.


FPC's key objectives for 2021


-  consolidating the Company's position in the passenger market through route network expansion, offering a new level of customer service, rolling stock replacement, and operational infrastructure upgrade and modernisation


-  implementing the initiatives outlined in JSC FPC's Development Strategy until 2030. Key initiatives to be implemented in 2021: expanding the double-decker service footprint, launching new trains, enhancing the competitiveness of the existing product range, and replacing the rolling stock

-  designing and implementing integrated marketing projects to develop new offerings in the passenger market

-  bringing the long-distance passenger satisfaction index to at least 87.8 points

-  building digital capabilities and actively deploying digital technologies to enhance the efficiency of internal processes and improve services

-  maintaining interactions with federal executive authorities regarding compensation for revenue shortfall caused by state regulation of tariffs for long-distance passenger services in third-class open sleeping carriages and fourth-class seating carriages

-  implementing preventive measures to ensure the epidemic safety of rail passenger services, aimed, in particular, at reducing the risk of the emergence and spread of COVID-19.

¹ Minutes No. 24 dated 2 July 2020.

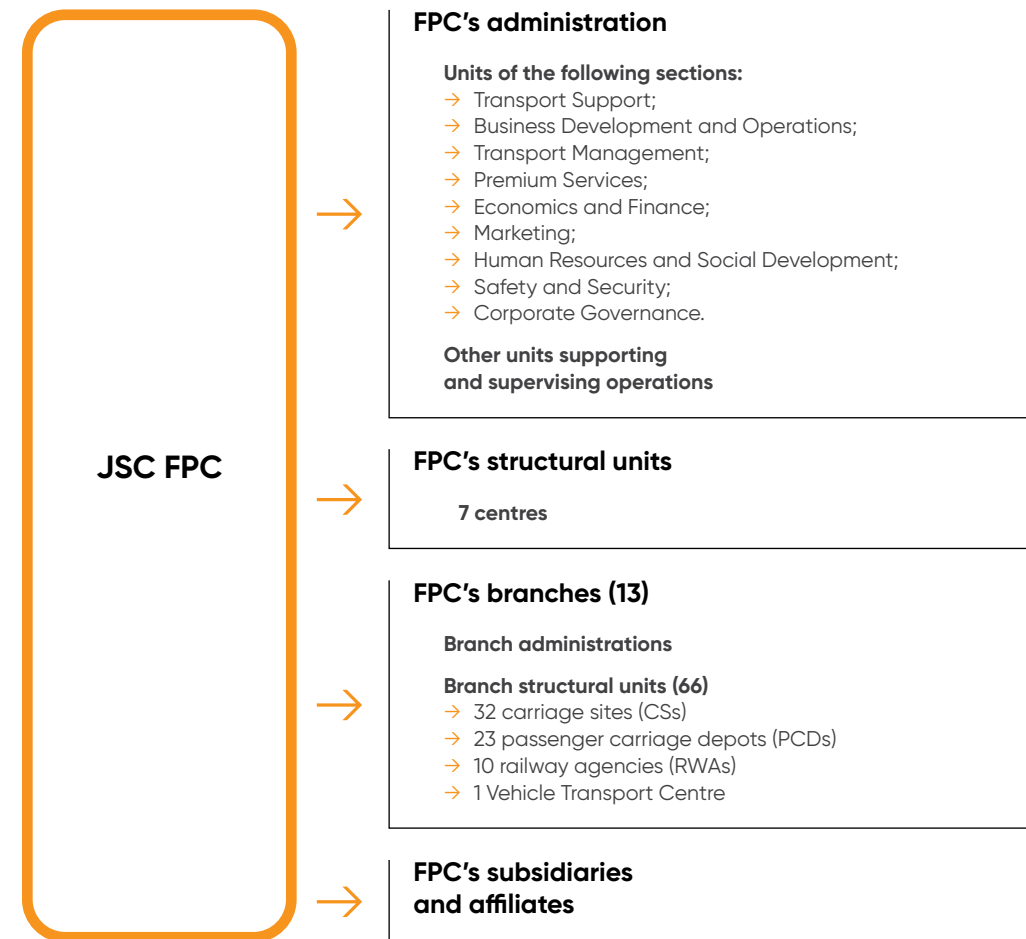
BUSINESS MODEL



ORGANISATIONAL STRUCTURE

FPC's organisational structure includes administration, 7 centres, 13 regional branches, 6 subsidiaries and affiliates. The branches comprise 23 passenger carriage depots, 32 carriage sites, 10 railway agencies, and the Vehicle Transport Centre.

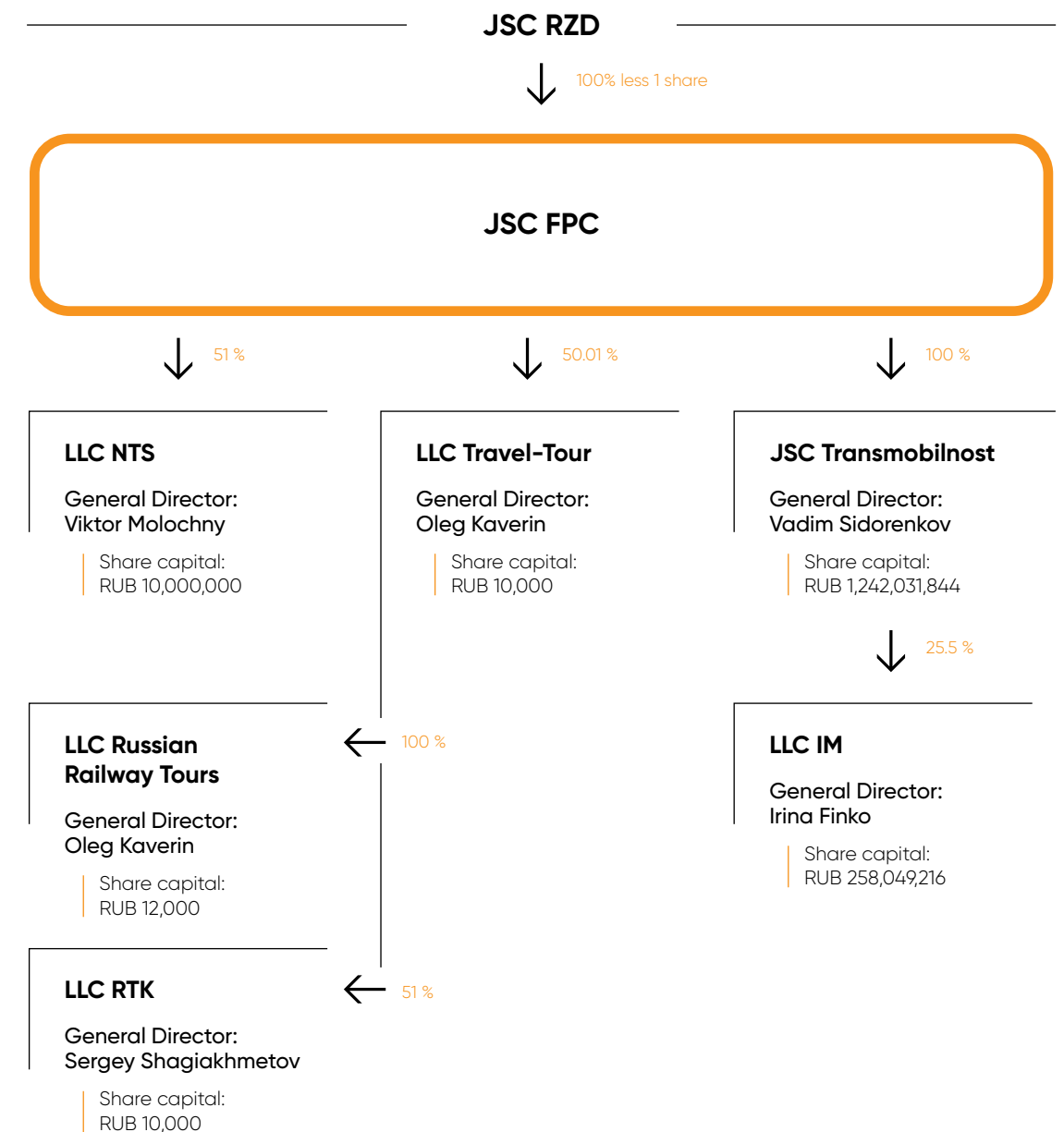
FPC's organisational structure (as at 31 December 2020)



INFORMATION ABOUT SUBSIDIARIES AND AFFILIATES

The following subsidiaries and affiliates are covered by FPC's corporate governance system: LLC NTS, LLC Travel-Tour, LLC Russian Railway Tours, LLC RTK, JSC Transmobilnost, and LLC IM.

FPC's organisational structure



¹ JSC FPC-Logistika was renamed JSC Transmobilnost on 22 April 2019.

LLC NTS

LLC NTS operates in the following areas:

- Delivering drinks, food, and non-food products to FPC trains for sale to passengers via train attendants and independent operators (railway catering operators) on board
- Small- and large-scale wholesale trade in beverages and food products from warehouses leased by LLC NTS to any company selling such goods in Russia
- Railway catering operator acting under dining carriage lease agreements with FPC

- Railway catering operator and supplier of food and non-food products for sale to passengers on higher-speed Strizh trains
- Supplier of on-board meals, both included in the fare and additional ones, which can be pre-ordered when purchasing a ticket at a ticket office or online on Russian Railways' website, or ordered directly from a train attendant during the journey
- Sale of goods to passengers on FPC trains via train attendants, where LLC NTS acts as an agent and receives agency fees reflected in the revenue

Net profit, RUB million



Revenue from sales of goods and services, RUB million

Indicators	2019	2020
Sales of goods, total:	1,252.6	1,147.7
Train attendants	961.5	614.6
Strizh trains	96.5	127.5
Wholesale trade	194.6	405.6
Sales of services, total:	1,090.7	495.4
Dining carriages	376.2	216.8
Catering	713.4	278.6
Other services	1.1	-
Total	2,343.4	1,643.2

The COVID-19 situation and related restrictions led to a reduction in passenger numbers, including children travelling in summer, cancellation of a number of trains on which LLC NTS sold goods and provided catering services, a ban on visiting dining carriages (during the pandemic until July 2020, dining carriages only

provided takeaway services), and a ban on sales of merchandise to passengers as well as alcoholic drinks in dining carriages (Urgent Order No. 2253 dated 29 March 2020). This all resulted in LLC NTS's revenue dropping to the 2019 level of RUB 700.2 million, or by 299%, in 2020.

Travel Tour Group

Travel Tour Group's objectives:

- Develop rail tourism by building up new tourist-oriented rail routes
- Increase the volume of rail services provided to organised passenger groups
- Develop the middle-class rail travel segment
- Meet foreign and domestic demand for visiting Russia's cultural and historical centres

LLC Travel-Tour

LLC Travel-Tour, the Group's parent company, has coordinating and technical roles.

LLC Russian Railway Tours

LLC Russian Railway Tours' key activities:

- Organising own rail tours
- Organising rail services, chartered VIP rail services and tourist travel services for RZD Holding employees
- Servicing tourist groups organised by travel agencies as well as corporate customers in rented trailing carriages or special trains

The number of passengers serviced by LLC Russian Railways Tours fell to 197,700 in 2020, or by 70% year-on-year, due to COVID-19 restrictions.

The number of passengers serviced in the Tourism segment decreased due to border closures with EU countries and China, resulting in suspended sales of some international tours – the most profitable products offered by the Company.

Due to mass event bans during 2020, the Company signed one corporate services contract (the Comprehensive Services segment).

The Rail Services business, comprising children and shift worker transportation services, shrank due to the lack of travelling children. On the contrary, shift worker transportation services have recovered to 2019 levels. The Company also started a new project to lease out carriages for shift worker accommodation.

Net profit, RUB million



Passengers serviced by LLC Russian Railway Tours, by segment

Segment	2019	2020
Tourism	133,250	10,550
Comprehensive services	3,772	9
Rail services	145,639	74,366
Total	282,661	84,925

LLC RTK

Previously, LLC RTK's core business included sales of tickets and travel services as well as business trips for RZD Holding employees.

In Q3 2020, LLC RTK refocused its operations and currently provides services under a service agreement for supplying carriages with sleep equipment, such as mattresses and pillows, upon request from FPC's North Caucasus Branch.

The company's revenue according to its accounting statements as at 31 December 2020 was RUB 108 million, with net profit of RUB 16 million.

JSC Transmobilnost

JSC Transmobilnost was established to provide unaccompanied baggage transport services within FPC Group, achieve profitability in the segment and regain FPC's leading position in the unaccompanied baggage transport market.

Core activities of JSC Transmobilnost:

- Providing carload services using baggage carriages
- Leasing baggage carriages

In 2020, the number of carloads shipped by Transmobilnost grew by 60.7% year-on-year, driven by both increased demand for freight services amid the pandemic, and the expansion of its operating fleet, achieved through FPC's contribution

of 14 carriages to Transmobilnost under an asset contribution agreement, and carriage overhauls throughout the year.

Net profit, RUB million



JSC Transmobilnost's operating results

Indicators	2019	2020
Number of carloads shipped	1,984	3,190
Operating fleet, carriages	169	179



¹ Including operated and leased carriages.

LLC IM

LLC IM (a JSC Transmobilnost subsidiary) acts as the operator for the Innovative Mobility multimodal platform providing a single interface to offer passengers tools for planning, booking, and purchasing tickets for trips involving various modes of transport, as well as related value-added services. The multimodal platform integrates all modes of transport into a single network offering passengers door-to-door travel experience.

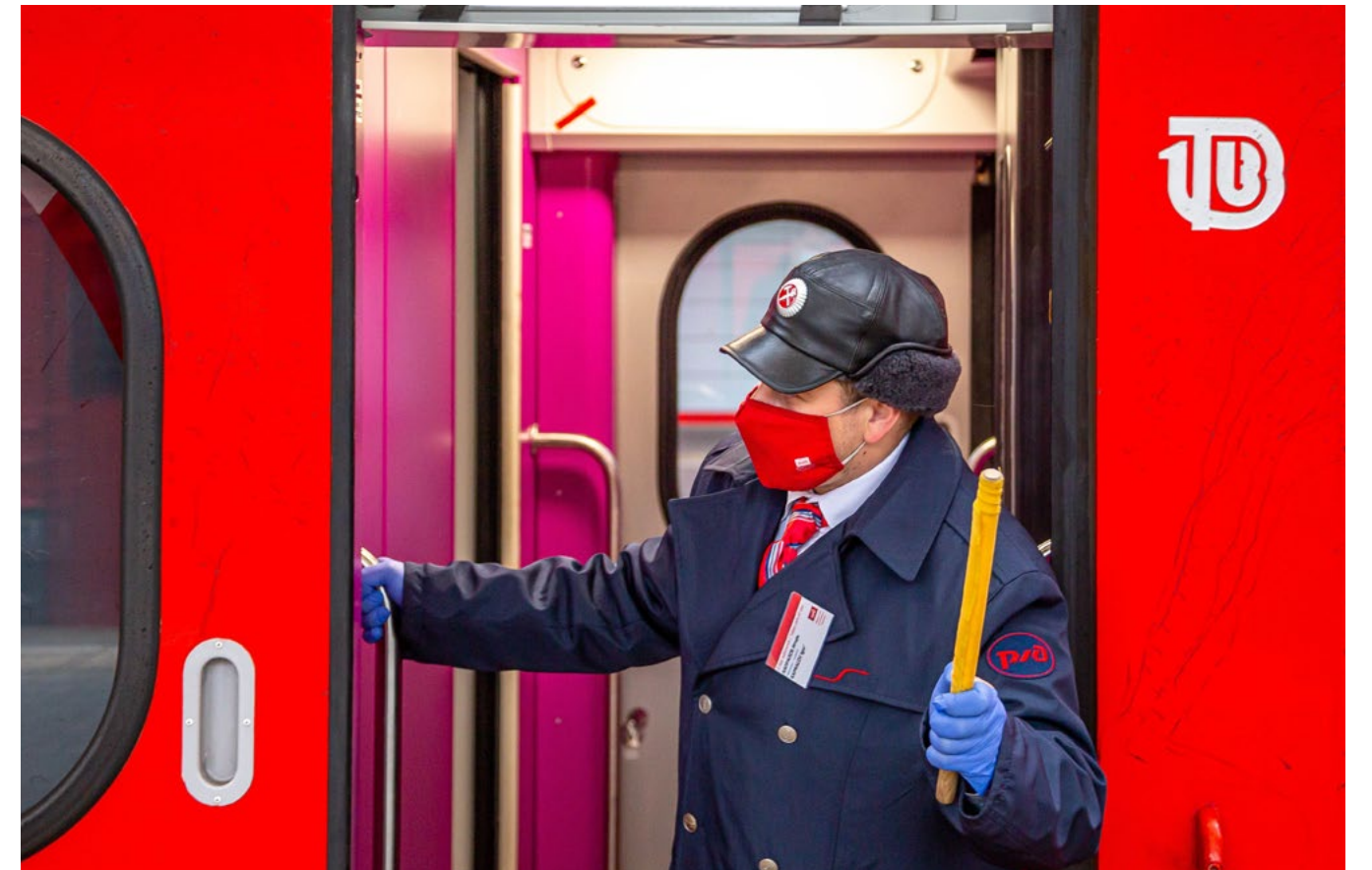
The number of tickets issued/refunded in 2020 declined by 36.5% year-on-year due a decrease in passenger traffic across all modes of transport as a result of reduced passenger mobility amid COVID-19 restrictions.

Net profit, RUB million



LLC IM's operating results

Indicators	2019	2020
Number of e-tickets sold, '000 tickets	21,120.6	13,409.9



MESSAGE FROM THE GENERAL DIRECTOR

Dear shareholders,
partners and colleagues,

2020 was a year of trials and restrictions for Federal Passenger Company due to the coronavirus pandemic and, as a consequence, the worsening social and economic situation in the country.

The key tasks for FPC during 2020 were to protect the health and well-being of passengers and employees while ensuring the smooth operation of our regional route network, boosting performance and driving further growth.

During 2020, the Company took comprehensive and timely measures to address these tasks.

Mandatory disinfection protocols were reinforced on trains to clean all carriage surfaces with special disinfectants, while the frequencies of cleaning in transit were stepped up.

Daily temperature checks were introduced for train crews, in parallel with regular COVID-19 testing. Amid the pandemic-induced restrictions, remote collaboration was operationalised, including online meetings, meetups and conferences, and remote-work arrangements were rolled out.

In order to ensure stable operations, we maintained our headcount and continued to pay salaries uninterrupted.

During this challenging period, the Company focused on strengthening its economic resilience, including by providing affordable travel and improving the quality of its services and products.

Throughout the year, priority was given to maintaining population mobility across Russia. Given the growing demand for passenger services, Federal Passenger Company prepared a phased plan to restore scheduled long-distance train services domestically, starting from mid-June 2020. As restrictions were gradually lifted, the number of trains in operation increased, for example seasonal trains were restored to the Russian Black Sea coast and North Caucasus resorts. We continue making further progress in this area, taking into account increased domestic travel demand from Russians.

To attract more passengers to rail, FPC consistently worked to optimise our pricing depending on changes in the COVID-19 situation: over 260 marketing promotions (including 59 network-wide) were run in 2020, which were used by more than 10 million people.

From April 2020, marketing promotions aimed at encouraging a higher level of social distancing were launched: entire compartments in second-class and first-class

sleeping carriages could be bought at a discount. During the summer season, prompted by the growing passenger demand for travel, FPC successfully implemented traditional marketing promotions such as discounts and special fares for upper beds in second-class sleeping carriages, special fares for carriages with seats and discounts on round-trip tickets. The bulk of these marketing campaigns ran in Q3 2020 as the COVID-19 situation had improved.

For the first time, we launched targeted mailing of special offers for different passenger service segments, available through a discount code. As an example of this, in October 2020, as a sign of gratitude and appreciation for their professionalism and hard work, a campaign was launched to support healthcare workers on the COVID-19 frontline with a 50% discount code for round-trip tickets in second-class sleeping carriages on FPC trains.

We also actively pushed our online services, with the share of e-ticket sales up to 63% of total tickets sold in 2020.

We have also expanded the range of meal deliveries directly to trains from catering enterprises. Now food can be ordered not only via Russian Railways' website, but also via the RZD for Passengers mobile app, available for iOS and Android devices. In 2020, 36 restaurants and cafés across 21 Russian cities joined the service.

Despite the challenges of 2020, Federal Passenger Company has managed to retain its staff, adapt to a new mode of operation, respond promptly to restrictions, cut its own costs to ensure the affordability of rail transport, all without compromising on our high level of service.

Based on the experience gained, the Company will continue to work on improving the quality of service and boosting passenger demand for FPC train services.

During this challenging period, the Company focused on strengthening its economic resilience, including by providing affordable travel and improving the quality of its services and products.

General Director

Vladimir PYASTOLOV



EQUALLY IMPORTANT – NEW ROUTES

New tourist train Sochi connecting popular Black Sea resorts

On 15 August, a new tourist train No. 927/928 Sochi was launched between popular resorts of the Black Sea on the Tuapse–Sochi–Gagra route.

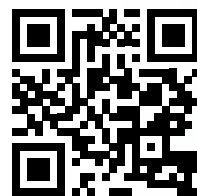
The interior designs of the train's signature carriages are stylised to look like they are from the 1970s and 1980s, yet they fully meet all modern requirements. Each carriage is equipped with air conditioning, environmentally friendly toilet facilities, sockets and USB ports to charge devices.

5

tourist-oriented rail routes

>25,000

passengers travelled by tourist trains in 2020



More details on tourist trains – routes, timetable, on-board services



MARKETING POLICY

We maintain a continued focus on reducing fares, and deliver various promotions and marketing initiatives as part of efforts to make passenger services more affordable.

Pricing policies

Regulated transportation segment

The Tariff Guidelines approved by Decree No. 156-t/1 of the Federal Tariff Service (FTS of Russia) dated 27 July 2010 set the fares for travelling in third-class open sleeping and fourth-class seating carriages on passenger and express trains, as well as first-, second- and third-class motorised carriages. The fares are indexed annually and depend on the train category and travelling distance.

Since 2003, tariff differentiation is allowed by applicable laws. The coefficients set out in the Flexible Tariff Regulation Schedule are applied to the basic fares to mitigate seasonal demand fluctuations.

Index values for the fares, fees, and charges for works (services) and the differentiated index values for calendar periods within a particular year are announced by relevant decrees of FAS Russia.

Starting from 2015, FPC may adjust tariffs for third-class open sleeping carriages within the set price limits, which enables various marketing promotions in the segment.

A zero VAT rate for long-distance public rail passenger services was set as from 2017 under Federal Law No. 401-FZ On Amendments to Parts One and Two of the Tax Code of the Russian Federation

and Certain Legislative Acts of the Russian Federation, dated 30 November 2016.

Fares for third-class open sleeping carriages and fourth-class seating carriages were revised upwards by 3.5% as from 1 January 2020 (Decree of FAS Russia No. 1232/19 dated 20 September 2019).

We continued to run marketing campaigns to generate demand for tickets in third-class open sleeping carriages and fourth-class seating carriages. Flexible ticketing depending on the location of berths has made passenger services more affordable for different passenger categories without exceeding the price limits set in Decree of FAS Russia No. 1232/19 dated 20 September 2019.

Deregulated transportation segment

FPC may set the prices of fares for first-class and second-class sleeping carriages at its discretion in line with item 5 of the List of Services of Natural Rail Monopolies with Regulated Fares, Fees and Charges¹.

FPC may also set the prices of fares for domestic public rail passenger services on higher-speed trains at its discretion. This right is set out in Decree No. 431-t/1 of the FTS of Russia On Changing State Regulation of Natural Monopolies in the Context of Domestic Public Rail Passenger Services, as well as Bed Linen Provision Service, dated 14 December 2010.

As a result, in the deregulated segment, FPC provides passenger services in the second- and first-class sleeping carriages, deluxe carriages, and in all carriages of higher-speed trains. The deregulated segment also covers tourist and commercial services. In this segment, FPC may set the prices of passenger fares at its discretion.

Fundamental pricing mechanisms in the deregulated system include the dynamic pricing system and a range of marketing promotions and ticketing initiatives.

¹ The List was approved by Resolution of the Russian Government No. 643 On Government Regulation of, and Control Over, Fares, Fees and Charges for Services of Natural Rail Monopolies, dated 5 August 2009.

Dynamic pricing system

The dynamic pricing system is a multifactor pricing tool that combines most approaches previously used as marketing promotion tools: pricing depending on seat/berth category (upper or lower berth), day of the week, booking date, etc. Unlike static marketing promotions which offer the rates set in advance for an extended period, the dynamic pricing system implies flexible ticketing reflecting internal dynamics and various external trends as at the sale date.

The pricing system helps ensure the balance between the demand for, and cost of, services, ultimately driving the demand for rail services.

Marketing promotions

The promotions run in 2020 had different objectives, depending on the external environment.

First quarter

In Q1 2020, marketing initiatives were run amid stable levels of population mobility and regular demand elasticity. The main objective was to improve the affordability and increase the volume of rail services.

During the year, the Company delivered 46 marketing campaigns (18 large-scale and 28 targeted initiatives).

In the deregulated segment, special fares were introduced for travel in double-decker trains, carriages with seats in higher-speed trains, and first-class sleeping carriages. In the regulated segment, discounts were offered depending on the location of seats/berths.

Second quarter

During the adverse epidemiological situation since April 2020, marketing campaigns focused on providing a safe travel environment to passengers: discounts up to 25% and 40% were offered on full-compartment tickets in second-class and first-class sleeping carriages, respectively, which was the Company's first-ever promotion of this kind. This set of discounts remained the key tariff policy tool through May 2020.

Since June 2020, prompted by the growing passenger demand for travel, FPC combined the discounts on full-compartment tickets in first-class and second-class sleeping carriages with traditional

In 2020, the average yield (revenue/passenger-km) in the deregulated domestic segment was 98.1% of the 2019 level, due to the need to stimulate passenger traffic and compete against other modes of transport.

FPC runs various marketing promotions to stimulate consumer demand in both the deregulated and regulated segments, boost the Company's revenue as well as defend its position in the passenger market.



marketing promotions such as discounts and special fares for upper beds in second-class sleeping carriages, special fares for carriages with seats and discounts on round-trip tickets.

In addition, passengers aged over 60 were offered discounts to encourage them to purchase tickets in second-class sleeping carriages instead of third-class open sleeping carriages and thus enable better self-isolation and health protection.

Vulnerable social groups were also entitled to fare discounts. During the summer, large families (with three or more children) could travel in second-class sleeping carriages with a 20% discount.

Another campaign was the Hero Cities promotion (special fares in second-class sleeping carriages). In addition, a 20% discount was applied to round-trip tickets.

A total of 21 marketing initiatives were delivered in Q2 2020, which is fewer than in Q1 2020 as marketing activities mostly took place in June 2020.

Third quarter

As the COVID-19 situation began to improve, and passenger demand for travel picked up, the Company made its best efforts to launch as many marketing promotions and initiatives as possible, delivering a total of 101 campaigns during Q3 2020.

Main categories of promotions delivered in Q3 2020 in the deregulated segment:

- Discounts on full-compartment tickets in first-class and second-class sleeping carriages
- Special fares for double-decker trains, with prices for second-class sleeping carriage reduced to levels comparable with third-class open sleeping carriages (one of the most popular promotions)
- Special fares for first-class sleeping carriages
- Special fares for higher-speed trains
- Up to 50% discounts on top berths in second-class sleeping carriages
- Incentive fares for 15 trains, reducing prices on second-class and third-class open sleeping carriages by up to 50%
- The already traditional "velvet season" campaign was launched in 2020 as early as in late September

In the regulated segment, passengers were offered discounts on both third-class open sleeping carriages and carriages with seats in express trains:

- Up to 30% for certain categories of seats/berths on third-class open sleeping carriages
- 20% for carriages with seats in express trains Moscow–Yaroslavl, Rostov-on-Don–Kislovodsk, Adler–Krasnodar, Adler–Maykop, Yekaterinburg–Tyumen, and others.

Fourth quarter

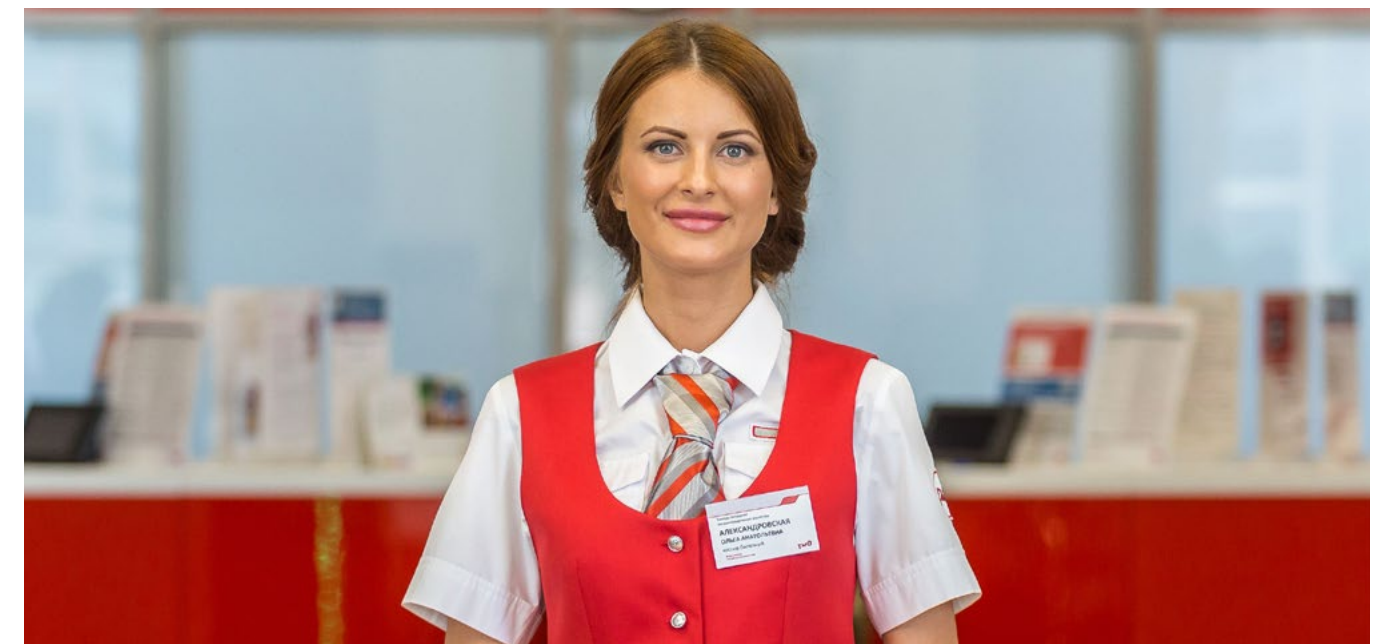
The Company continued its aggressive marketing push in Q4 2020, running a total of 93 promotions.

In addition to the initiative groups delivered earlier, a unique promotion was launched in November 2020, offering journeys on the Moscow–Vladivostok route for as low as RUB 2,020.

Discounts for large families and the retired were complemented by measures to improve the affordability of rail travel for children.

In addition to discounted tickets for third-class open sleeping and fourth-class seating carriages and carriages with seats in the 800s trains, for the academic year starting on 1 September 2020, school students were eligible to receive a discount on fares for second-class sleeping carriages in double-decker trains in the amount of 50% off the regular fares for third-class open sleeping carriages for the same travel distance.

Despite a drop in passenger traffic, the Company has fulfilled its obligations to provide children aged 10 through 17, with a 50% discount during summer holidays from 1 June to 31 August on domestic routes in third-class open sleeping and fourth-class seating carriages as well as first-, second- and third-class carriages in the 800s trains operated by FPC. The Company decided to extend the 50% discount offered during summer holidays from 1 July to 31 August 2020 to children aged 10 through 17. The discount, on par with benefits for school students, was extended to second-class sleeping carriages in double-decker trains.



¹ Pursuant to the amendment to Resolution of the Russian Government No. 1172 dated 30 December 2009 (Resolution of the Russian Government No. 865 dated 17 June 2020).

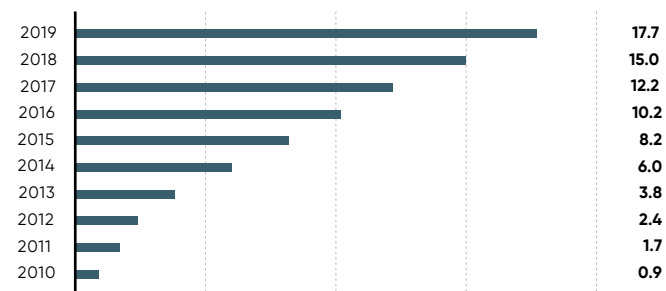
Projects implemented in 2020

Daytime trains

In 2020, daytime long-distance trains carried more than 10.6 million passengers, or 60.2% of the 2019 level, amid the COVID-19 pandemic. Daytime traffic accounted for 18.3% of FPC's total annual passenger traffic.

In the 2019/2020 train schedule, 57 daytime train pairs ran on 32 domestic routes, including Moscow–Tambov, Moscow–Lipetsk, Moscow–Yaroslavl, Moscow–Belgorod, Moscow–Smolensk, Moscow–Kursk, Moscow–Bryansk, Moscow–Saransk, Krasnodar–Adler, and Krasnodar–Imeretinsky Resort.

Passengers carried by daytime train since 2010, million



Passengers carried, '000



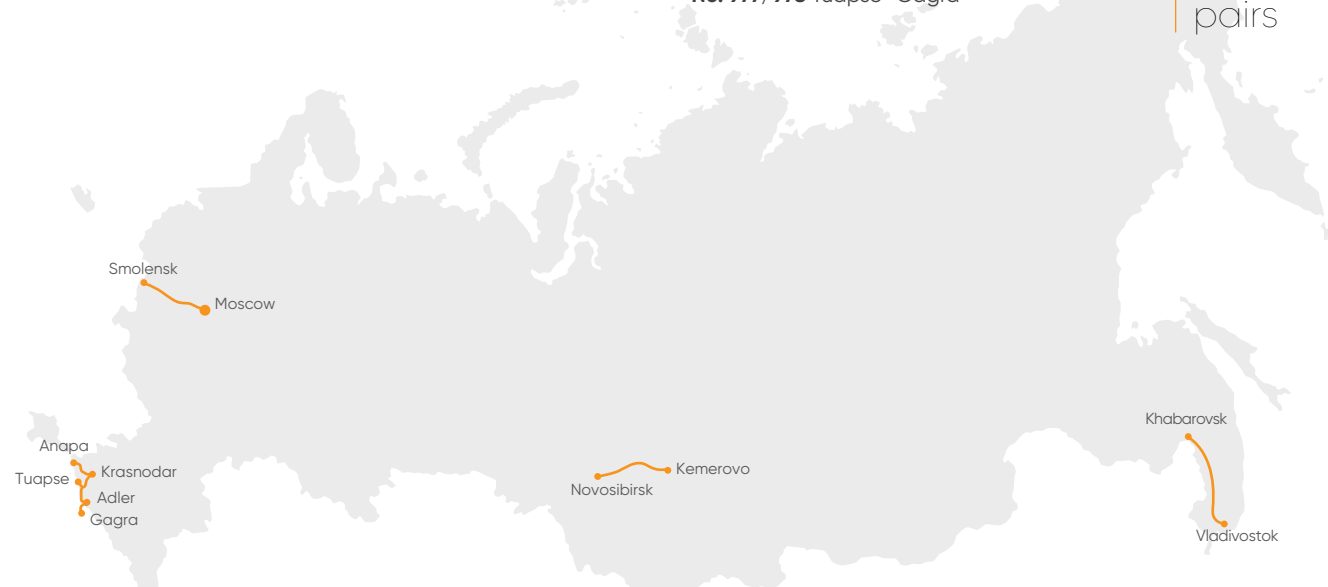
FPC's daytime passenger services

39 routes | 70 train pairs

New trains launched in 2020

- No. 101/102 Vladivostok–Khabarovsk
- No. 147/148 Novosibirsk–Kemerovo
- No. 743/744 Moscow–Smolensk
- No. 823/824 Krasnodar–Anapa
- No. 829/830 Adler–Anapa
- No. 977/978 Tuapse–Gagra

6 train pairs



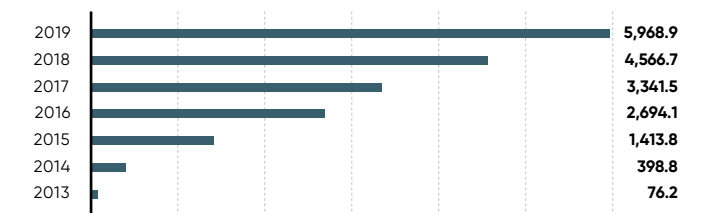
Double-decker trains

In 2020, double-decker trains carried more than 5.3 million passengers, or 89.2% of the 2019 level. Double-decker traffic accounted for 9.1% of FPC's total annual passenger traffic.

In 2020, new double-decker trains were introduced: No. 21/22 Saint Petersburg–Murmansk, Nos. 27/28 and 29/30 Saint Petersburg–Moscow and No. 743/744 Moscow–Smolensk.

Double-decker carriages are used on 14 routes: Moscow–Kislovodsk, Moscow–Saint Petersburg, Moscow–Petrozavodsk, Saint Petersburg–Murmansk, Moscow–Kazan, Moscow–Izhevsk, Moscow–Samara, Moscow–Penza, Saint Petersburg–Adler, Moscow–Adler, Rostov–Adler, Moscow–Voronezh, Moscow–Smolensk and Moscow–Bryansk.

Passengers carried by double-decker trains since 2013, '000



Passengers carried, '000



FPC's passenger services operating double-decker carriages

14 routes | 20 train pairs

New trains launched in 2020

- No. 21/22 Saint Petersburg–Murmansk
- No. 27/28 Petersburg–Moscow
- No. 29/30 Petersburg–Moscow
- No. 743/744 Moscow–Smolensk

4 train pairs



Higher-speed trains

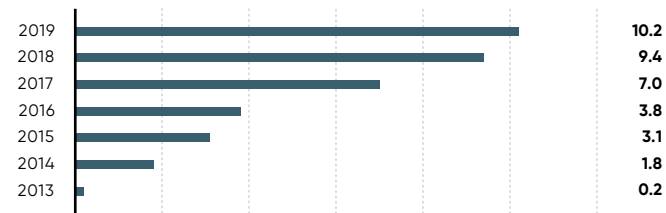
In 2020, FPC's higher-speed trains carried about 6.6 million passengers, or 64.2% of the 2019 level, accounting for 11.3% of FPC's total annual passenger traffic.

To improve customer service quality, trains No. 713/714 Saint Petersburg–Samara, No. 711/712 Moscow–Saint Petersburg and No. 743/744 Moscow–Smolensk were launched in 2020.

By end-2020, 28 pairs of FPC's higher-speed trains were operated on nine routes, from Moscow to Nizhny Novgorod, Smolensk, Voronezh, Orel, Kursk, Bryansk, Belgorod and Saint Petersburg, and from Saint Petersburg to Samara.

FPC's higher-speed trains, including Lastochka trains, carried about 4.7 million passengers in 2020, or 60.0% of the 2019 level. Lastochka trains accounted for 8.0% of FPC's total annual passenger traffic.

Passengers carried by double-decker trains since 2013, million



Passengers carried, '000



FPC's higher-speed passenger trains



New trains launched in 2020

- №711/712 Saint Petersburg–Moscow
- № 713/714 Saint Petersburg–Samara
- №743/744 Moscow–Smolensk

3 train pairs

Car transporters

>4,700 vehicles carried in car transporters in FPC trains (86.7% of the 2019 level)

Expanding Presence in the International Transport Market

Key principles of FPC's passenger services

As part of our efforts to improve passenger comfort, we maintain a continued focus on preparing proposals for train timetable adjustments to offer more convenient arrival/departure times and maximise train travelling speeds subject to capacity constraints of Russian Railways' infrastructure.

Traffic and new trains

In the 2020/2021 standard train schedule, the overall traffic of FPC passenger trains amounts to 475 train pairs, including 278 pairs of express trains, 166 pairs of passenger trains and 31 pairs of higher-speed trains.

A total of 128 splitting train pairs were included in the schedule to improve operating performance and rolling stock efficiency, including 88 pairs of year-round trains, 34 pairs of summer trains and 6 pairs of winter trains.

To improve the passenger experience and attract more passengers to rail, the 2020/2021 schedule includes new long-distance FPC train pairs

New daytime trains:

- Locomotive-hauled trains with passenger carriages (three pairs):
- No. 101/102 Khabarovsk–Vladivostok
 - No. 147/148 Novosibirsk–Kemerovo
 - No. 927/928 Tuapse–Gagra

Lastochka (four pairs):

- No. 823/824 Krasnodar–Anapa
- No. 829/830 Adler–Anapa
- No. 717/718 Moscow–Minsk
- No. 721/722 Moscow–Minsk

Double-decker trains (one pair):

- No. 743/744 Moscow–Smolensk

New night trains:

- No. 713/714 Saint Petersburg–Samara (Talgo train)
- No. 711/712 Moscow–Saint Petersburg
- No. 93/94 Barnaul–Nizhnevartovsk
- No. 115/116 Tomsk–Adler
- No. 147/148 Kazan–Moscow
- No. 263/264 Orsk–Samara
- No. 357/358 Moscow–Balakovo
- No. 11/12 Samara–Vladivostok



CUSTOMER SERVICE

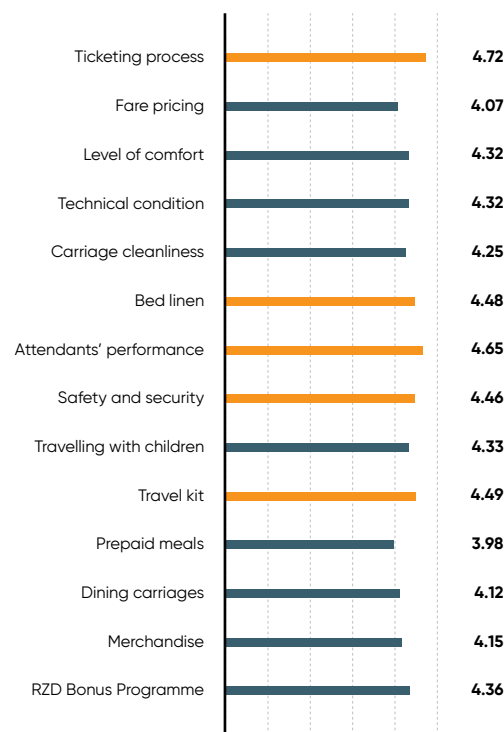
The Company has been able to maintain a high level of customer service through constant focus on service quality improvement. Improving passenger experience is a top priority for the Company.

Customer service levels

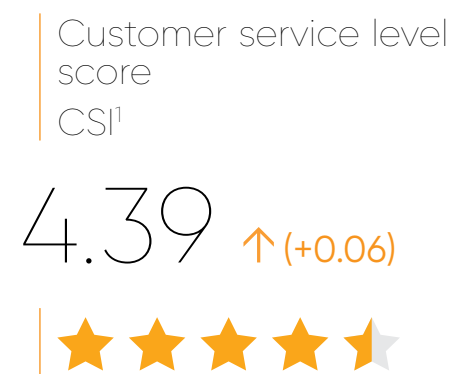
Passenger satisfaction with service quality is monitored on a regular basis through online surveys on opros.fpc.ru. This channel provides the Company with recent feedback and customer reviews enabling prompt responses to passenger comments and suggestions

According to passenger evaluation of service quality in 2020, our customer satisfaction score was 4.39 on a 5-point scale, up 1% from 2019.

Key customer service quality metrics



Customer satisfaction index (CSI) (2020 data)



Number of respondents
242,141 passengers

¹ CSI: Customer Satisfaction Index

- Overall passenger satisfaction with FPC services is based on passenger ratings of the following:
- Ticketing process (online, in a mobile app or ticket offices)
 - Fare pricing
 - Customer service on-board (travel comfort, technical condition and cleanliness of carriages, attendants' performance, bed linen and travel kit)
 - Catering (prepaid meals, dining carriage services and merchandise)
 - RZD Bonus Loyalty Programme

A total of 242,141 passengers provided feedback on FPC service quality in 2020.

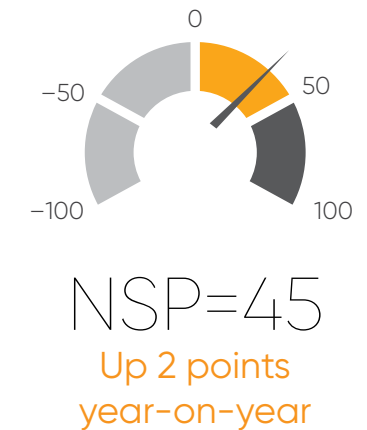
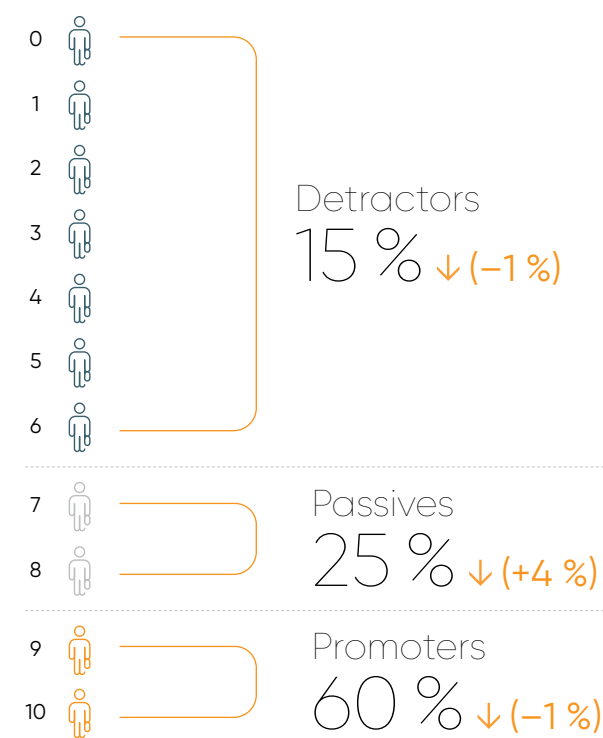
The Company regularly monitors NPS (Net Promoter Score, measuring customer loyalty to a product, service or company), to develop its services, improve competitiveness and assess passenger loyalty to the Company and their willingness to recommend its services to others.

In 2020, our NPS stood at 45, up 2 points from 2019 and 1.4 times higher than three years ago. Passengers are loyal to the Company, as the share of promoters is 45% larger than that of detractors.



Details on carriage types on FPC routes, service classes and available services can be found in the Types and Classes of Service section of Russian Railways' website

FPC'S passenger net promoter score (2020 data)



Number of respondents
242,141 passengers

Survey type
Online survey

¹ NSP = share of promoters – share of detractors

Customer Service Innovations

Informing staff on passengers with medical skills on a train.

The software of Express-3 system was successfully modified for quick identification of passengers with medical skills on a train to request aid in case other passengers are unwell.

Customer service and staff work during the novel coronavirus outbreak.

The following measures were taken to curb the spread of the coronavirus:

- Disinfection of all surfaces in carriages before a journey
- Increasing carriage cleaning frequency en route from two times per day to four times per day
- Use of personal protective equipment (masks, gloves) and hand sanitiser by train crews while attending to passenger needs
- Passenger temperature screening

Troika travel cards of the Moscow Metro

Since March 2020, passengers on trains arriving to Moscow are offered Troika travel cards of the Moscow Metro prepaid for two trips for RUB 225. Over 5,300 cards have been sold since the project launch, grossing more than RUB 1.1 million.

Enhancing meal quality

Food delivery to a carriage door

Since the beginning of 2020, FPC offers a new service whereby passengers can order door-to-door food and add-on items delivery from restaurants located in cities where FPC trains stop on their journeys.

The service complements the existing catering services.

A total of 52 restaurants and cafes are connected to the service in the following cities: Moscow, Saint Petersburg, Samara, Yaroslavl, Novosibirsk, Krasnodar, Ulan-Ude, Irkutsk, Chita, Chelyabinsk, Khabarovsk, Saratov, Petrozavodsk, Yekaterinburg, Voronezh, Tyumen, Komsomolsk-on-Amur, Surgut, Vologda, Krasnoyarsk, Ivanovo, Vladivostok, Ufa, Mineralnye Vody, Nizhny Novgorod, Smolensk, Kazan, Sochi, Penza, Cheboksary, and Omsk. New partners keep joining the list.

Launch of the Sochi tourist train on the Tuapse–Gagra route

On 15 August 2020, a new tourist train No. 927/928 Sochi was launched on the Tuapse–Sochi–Gagra route. All carriages feature a retro design in the style of the 1970s–1980s and state-of-the-art equipment.

Launch of Strizh higher-speed trains on the Saint Petersburg–Moscow–Samara route.

Strizh higher-speed trains were launched on the Saint Petersburg–Moscow–Samara route on 20 August 2020, featuring carriages made by Pantentes Talgo S.L., previously used on the Moscow–Berlin route.

Personalised passenger notification of arrival

Since 1 September 2020, economy-class travel kits issued to passengers in premium carriages include a sticker that a passenger can put up on their compartment door to indicate time when they want to be woken up before arrival to their destination.

The service is provided both at departure and transit stations. An order can be placed at the Russian Railways website through a personal online account while buying an e-ticket or at the Services for Ticket Owners page later.

In October 2020, the service was supplemented with an option to order food delivery to a train carriage through RZD for Passengers mobile app on iOS or Android devices.

Currently, work is underway to migrate the service from <https://pass.rzd.ru> to <https://ticket.rzd.ru>, implement its functionality in the Poputchik (Fellow Passenger) multimedia portal and further improve the service.

Catering concept

On 25 November 2020, Oleg Belozerov, Chief Executive Officer – Chairman of the Executive Board at Russian Railways, approved the key provisions of the Long-Distance Train Catering Concept (the “Concept”).

The key objectives of the Concept are to improve passenger catering and satisfaction on FPC trains through the following:

- Transparent carrier-operator relations model
- Creating a single brand book for dining carriages
- Implementation of a customer service matrix
- Use of local and international best practices
- Service attendant motivation and training

A number of initiatives will be rolled out to achieve the Concept objectives, covering all key elements of catering on trains:

- Adjusting menus to incorporate consumer preferences for courses and prices

→ Service streamlining:

- Higher standardisation of menus on comparable routes including recipes and cooking techniques
- Changing in cooking techniques (a shift towards almost ready meals)
- Equipment upgrade, given its high wear and tear and availability of new technologies
- New infrastructure solutions (in particular, conversion of compartments in administrative carriages to store and cook meals on routes with limited consumer purchasing power)

Phased implementation of the Concept elements is now underway on pilot routes. Transition to the new model of operator relations is scheduled for completion by year-end 2021.



Current Condition of the Passenger Carriage Fleet

FPC operates highly diverse rolling stock:

- Carriages of different types and ages (average age: about 17 years)
- Average wear: approximately 55%
- Over 80% of carriages are equipped with air conditioning units
- Approximately 75% of carriages are equipped with environmentally friendly toilet facilities

The average carriage age, a key metric showing the technical condition of a carriage fleet, was 17.3 years as at 31 December 2020. In recent years, the average age of our carriages has been decreasing through massive retirement of carriages reaching the end of their life.

16 596

carriages

total passenger carriage fleet as at 31 December 2020



Changes in carriage fleet structure, carriages

Carriage type	Description	Fleet as at 31 December 2019	Acquired	Retired	Fleet as at 31 December 2020	Average age of carriages as at 31 December 2019, years	Average age of carriages as at 31 December 2020, years	Average wear, %
Deluxe	Compartment carriages (each featuring a shower room, a washbasin and a toilet)	116		2	114	12.2	13.2	46.2
First-class sleeping	Compartment carriages with double berth compartments	537	28	66	499	15.6	14.6	50
RIC	Compartment carriages, Euro standard size	301		34	267	14	11.9	37.2
MIXED	Compartment carriages with deluxe and first-class sleeping compartments	13			13	7	8	20.6
K	Compartment carriages with four-berth compartments	7,955	390	769	7 576	19.5	18.9	64.3
O	Third-class open sleeping carriages	6,636	212	279	6 569	14.4	14.9	44.4
MO	Interregional carriages	668	7	38	637	15.3	15.1	53
B	Baggage carriages	217		51	166	21.2	21.9	79.9
R	Dining carriages	759	11	56	714	27	27	72.1
Other carriages	Power cars and ancillary vehicles	43		2	41	21.9	22.2	64.2
Total		17,245	648	1,297	16,596	17.4	17.3	55.5

Modern, Higher-Performance Rolling Stock

To meet the demands of increasing passenger traffic as well as reduce travel times and ticket prices, FPC purchases carriages with advanced technical features and improved interior design. All new rolling stock is equipped with environmentally friendly toilet facilities (bio toilets) and air conditioning units.

Double-decker carriages

The fundamental advantage of a double-decker carriage is its increased passenger capacity allowing to carry more passengers on busy routes, especially to southern resorts. Double-decker carriages are as comfortable and equipped as modern conventional carriages, and even surpass them in many other respects. Depending on the class, double-decker carriages have double-berth or four-berth compartments. Air conditioning and heating units in each carriage help constantly maintain a comfortable microclimate. Environmentally friendly toilet facilities with three cabins allow passengers to use toilets at stops and within resort areas. Slackless couplings and pressure-proof gangways helped reduce noise and vibration in carriages and increase the safety of passengers when moving from carriage to carriage. The demands of disabled passengers have also been considered: one of the carriages in each train (administrative

587

double-decker carriages
in the Company's rail fleet

carriage) is equipped with special lifts for boarding wheelchair users from low platforms and has a special compartment and toilet.

In addition to two-berth and four-berth compartments, the train running between Moscow and Voronezh now has double-decker carriages with seats in standard and improved interiors. The Russian-made double-decker carriage with seats features curved glass windows on the second deck used for the first time in the history of Russian carriage building.

The carriage is equipped with new modern rigid slackless couplings and pressure-proof gangways. For visually impaired passengers, all signage in carriages is duplicated in Braille.



RIC carriages

The RIC sleeping carriage, model 61-4476 (WLABmz), is intended for international passenger services in the UIC countries (1,435 mm gauge), the European part of the Russian Federation, the CIS, and Baltic countries (1,520 mm gauge).

The carriage complies with mandatory standards of the Russian Federation (GOST, NB ZhT) and the European Community (TSI, EN, UIC) in terms of design and construction, as well as exterior and interior design.

Operation between railway networks with different track gauges is carried out by replacing bogies at gauge-changers using existing infrastructure facilities (gauge changing station at Brest).

200

RIC carriages
in the Company's rail fleet

The maximum operating speed is 200 km/h on 1,435 mm gauge tracks and 160 km/h on 1,520 mm gauge tracks.

The Company holds permits for operating new RIC carriages in 16 European countries.



Talgo trains

Due to their original design and technology solutions, passenger carriages by Patentes Talgo S.L. have several specific technical features, which significantly increase the average speed of rolling stock on the existing track infrastructure. The maximum speed of the trains in service is 200 km/h.

The natural tilting system allows increasing the speed of the train on curved tracks while reducing the negative impact of unbalanced lateral force on passenger comfort.

The system for radial positioning of trucks in curves allows increasing the service life of running gear while reducing rail wear.

The use of air suspension in conjunction with the natural tilting system and the system for radial positioning of trucks in curves provides a smooth ride and, thereby, significantly improves passenger comfort.

140

Talgo carriages
in the Company's rail fleet

To run continuous diagnostics across the most safety-critical systems, the train is equipped with an automatic monitoring system allowing to monitor the brake system parameters (including antiskid device), and the operation of the climate system, electrical equipment, safety systems, fire alarm, fire extinguishing system, etc.

Currently, Talgo trains run on the Moscow–Nizhny Novgorod, Saint Petersburg–Samara and Moscow–Saint Petersburg routes.



Carriage-2019

The carriages are operated in trains of the Far East, Zabaikalie, Volga and Northwest Branches.

Developed by JSC TVZ, the Carriage-2019 model range includes model 61-4516 (third-class open sleeping), model 61-4517 (second-class sleeping) and model 61-4529 (administrative compartment) carriages. The carriage designs have incorporated the most advanced features popular with passengers.

Specific features of the new model range carriages:

- Use of semi-automated customer service technologies with a single service compartment for two carriages
- No redundant vestibules, which allows creating additional areas for extra passenger comfort during travel (shower, multifunctional service area with vending machines, hot and cold drinking water purifiers, and other equipment)

This design means that new carriages are included in a train set as twin units: one carriage with a service compartment + one carriage with no service compartment.

The design features of the new model range carriages also include:

- pressure-proof gangways
- full LED lighting
- power sockets (220 V) and USB ports at each berth
- sensor taps, hand driers and baby changing tables in toilets

407

carriages in the Carriage-2019
model range
in the Company's fleet

- convertible tables and personal safes for each passenger in compartment carriages
- automated sliding interior doors
- refreshed interior design.

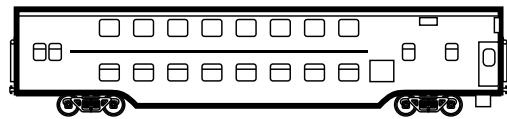
The administrative carriage features a compartment to accommodate two wheelchair users along with their travelling companions, a specially designed toilet with shower and boarding lifts in the redundant vestibule. The disabled passenger compartment is equipped with a passenger information display featuring a text-to-voice service activated by a button.



New carriage types

Average carriage life: at least 40 years

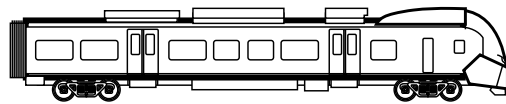
Double-decker compartment carriage with berths. Model 61-4465



→ 64 passengers → 160 km/h

- Environmentally friendly toilet facility
- Air conditioner
- Water cooler
- Audio and video system

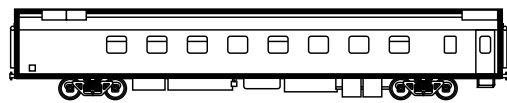
Lastochka higher-speed electric train (Desiro RUS)



→ 443 passengers → 160 km/h

- Environmentally friendly toilet facility
- Air conditioner (an individual unit in each cab and passenger compartment)
- Retractable steps for easy boarding from and alighting to low platforms (220 mm)
- Passive safety system for passengers
- Floor-mounted racks for large hand luggage

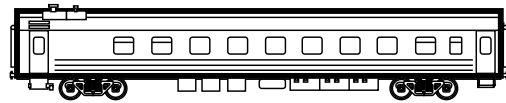
RIC type sleeping carriage for use on international routes. Model 61-4476



→ 32 passengers → 160–200 km/h

- Environmentally friendly toilet facility, including a shower
- Climate control (heating, ventilation, cooling)
- Water supply system
- Reading lights
- Power sockets to charge mobile phones or laptops
- Public address system with a volume control

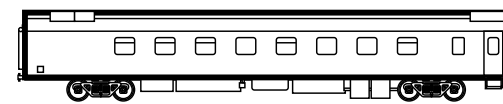
Passenger carriage with seats. Model 61-4458



→ 60 passengers → 160 km/h

- Environmentally friendly toilet facility
- Air conditioner
- Water cooler
- Audio and video system
- Attendant call buttons

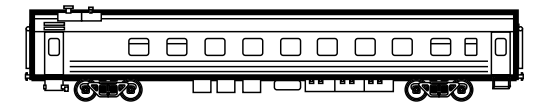
Compartment carriage for train sets. Model 61-4462



→ 36 (18) passengers → 160 км/ч

- Environmentally friendly toilet facility
- Air conditioner
- Water cooler
- Audio and video system

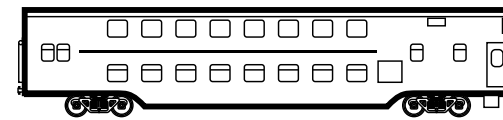
Open sleeping carriage. Model 61-4447



→ 54 passengers → 160 km/h

- Environmentally friendly toilet facility
- Air conditioner
- Fire-extinguishing system connected to the on-board water supply system

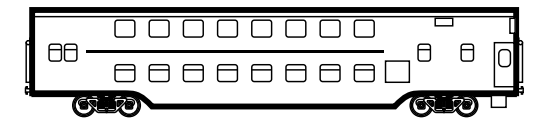
Double-decker compartment carriage with seats. Model 61-4465



→ 64 passengers → 160 km/h

- Environmentally friendly toilet facility
- Air conditioner
- Water cooler
- Audio and video system

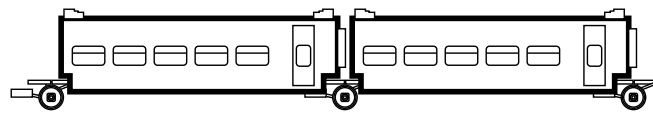
Double-decker carriage with seats. Model 61-4492



→ 60 berths per first-class carriage
→ 104 berths per second-class carriage
→ 160 km/h

- Environmentally friendly toilet facility
- Air conditioning and purification system
- Passenger information displays
- Audio and video system
- Fire alarm system
- Train security and communication monitoring and control system

Strizh higher-speed train (Talgo)



→ **443 passengers** → **160 km/h**

- Environmentally friendly toilet facility (motorised carriages)
- Air conditioner (an individual unit in each cab and passenger compartment)
- Retractable steps for easy boarding from and alighting to low platforms (220 mm)
- Passive safety system for passengers
- Floor-mounted racks for large hand luggage

7 trains

| by Patentes Talgo S.L.

20 carriages per train

| including 1 buffet carriage, 1 dining carriage,
2 railway service carriages with a diesel generator

For use on international routes

→ **3 train sets with 1,520/1,435 mm variable-gauge wheelsets**

→ **216 passenger seats**

- 2 first-class carriages with seats
- 9 first- and second-class sleeping carriages
- 2 VIP sleeping carriages with a toilet and a shower in each compartment
- 3 first-class sleeping carriages, each with a compartment for special needs passengers

Commissioned in 2016

For use on domestic routes

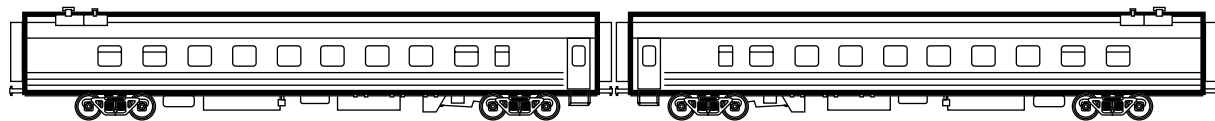
→ **4 train sets with fixed-gauge wheelsets**

→ **414 passenger seats**

- 11 first- and second-class carriages with seats
- 5 VIP sleeping carriages with a toilet and a shower in each compartment

Commissioned in June 2015
(Moscow–Nizhny Novgorod route)

Carriage-2019



- Twin units: transition to semi-automated customer service technologies with a single attendant team per two carriages; smart use of the carriage space, divided into service areas and shower cubicles
- Single-vestibule body: reduced labour intensity of carriage equipment maintenance
- LED lighting: reduced energy consumption and operating expenses
- Autonomous operation of bio toilets: continued operability of toilet modules, translating into improved equipment reliability

Rolling Stock Improvement in 2020–2025

FPC is continuously working to improve passenger carriage design with a particular focus on the comfort and functionality of a passenger seat.

Modular third-class open sleeping carriage

The carriage concept development was commissioned by FPC

The carriage features the traditional layout of passenger berths; however, the design and ergonomics were changed dramatically. The primary purpose of these changes was to improve personal comfort and provide passengers with the opportunity to tailor the space to their individual needs.

The concept has kept traditional-layout berths convenient for large groups travelling together or senior passengers but also offers new berths for improved privacy achieved by using individual partitioning sections that can also be used to hold hand luggage and outerwear.

The modular carriage concept provides personal space for each passenger by using:

- individual curtains closing off a berth
- closets for personal items and luggage in the passenger compartment
- ladder and a handrail to access the upper berth
- lighting at the head of each berth and individual reading lights (in addition to general ceiling light)
- individual air nozzles with temperature control
- power sockets (220 V) and USB ports.

Given the planned transition to larger carriages (size T, used for electric trains), the implementation of this concept will enable adding one more passenger compartment to a carriage, increasing the length of berths and fitting a shower into a dedicated cubicle.



A life-size model of a carriage with three compartments featuring this modular interior was presented at the 13th International Forum "Transport of Russia", and the model was showcased during 2020 at railway stations in Moscow and Sochi. During October 2020, the prototype carriage was publicly exhibited to a general audience of potential passengers at Paveletsky railway station square in Moscow. The final decision on whether to develop the concept further will be based on a survey of visitors taking a tour of the prototype carriage. The survey results helped to identify the best combination of compartments with built-in closets and the traditional layout, as well as areas for improvement in design solutions.

The new concept includes a range of measures to ensure:

- fire safety (use of appropriate materials, fire alarm system, fire exits, water suppression system, first-aid firefighting equipment)
- traffic safety – reliability of units (running gear, couplings, gangway platforms, brakes, etc.)
- personal security (a CCTV system).

Upgrading the Carriages

In addition to new rolling stock purchases, FPC focuses on upgrading and improving the equipment of carriages built earlier.

In 2019, the new third-class open sleeping carriage concept, developed by Vagonremmash, was implemented in a pilot batch of carriages converted from traditional mass-produced carriages through overhauls with service life extension.

The main feature of the new concept is the personal space optionality offered to each passenger by using partitions installed along the aisle, and individual curtains. The refreshed third-class open sleeping carriage provides for a modular replacement of interior elements, which will help reduce repair time and costs and also enable changes to the interior over the service life of the carriage.

In 2020, FPC continued to refresh its fleet of third-class open sleeping carriages. Vagonremmash carried out overhauls with service life extension (overhaul reconditioning) and repairs of 55 carriages of this type.

Based on the successful projects for overhaul reconditioning of third-class open sleeping carriages with interior renewal, a refreshed interior design was developed for second-class sleeping carriages 47K slated for overhaul reconditioning. All innovations successfully used in the overhauled third-class open sleeping carriages were also leveraged for second-class carriages.

In 2020, the overhaul reconditioning programme refreshed the interiors of 337 second-class sleeping carriages.

In 2020, the Company launched branded carriages for the Ruskeala Express and Sochi trains as part of efforts to develop rail tourism. The Ruskeala Express interiors were inspired by the famous Nikolaevsky Express carriages, and the Sochi carriages have a retro design in the style of the 1970s–1980s Soviet

Union. All carriages are built using latest technology and fitted with advanced equipment.

Another still focus area is equipping carriages with environmentally friendly toilet facilities.

In 2020, the percentage of carriages equipped with air conditioning units increased by 4.5%, and the number of carriages with environmentally friendly toilet facilities increased by 6.9% of the assigned fleet.

Carriage-2020

Another R&D focus area is double-decker carriages developed under the Carriage-2020 project. Due to the pandemic-induced restrictions on operations, the development project completion was postponed to 2021.

The project features:

- use of twin units
- increased double-decker height in size Tpr under GOST 9238–2013 (upper outline along the a–b–b1–a2 line), improving passenger comfort on upper berths of the second deck by increasing the distance between the berth and the ceiling
- refreshed interior and modern design
- bogies with air suspension system (improved smoothness and passenger comfort)
- a next-generation system for detecting potential failures (mechanical parameters monitoring, real-time data transmission to the situation centre, mileage intervals before first maintenance increased to 10,000 km)
- semi-automated customer service technologies with a single service compartment for two carriages (improving train crew productivity).

Features to provide additional comfort for passengers in the carriage:

- A modern design, developed using international best practices and high-quality finishing materials
- Improved soundproofing and vibration insulation
- Wi-Fi hotspot
- Intercoms for communication with a train attendant
- A full-fledged self-service area with vending machines and a purifier
- Convertible tables and personal safes in compartments
- Automated sliding interior doors
- Individual temperature control at each compartment
- A shower cubicle in each carriage

In 2020, prototypes of two compartment carriages and one administrative carriage were developed and underwent preliminary integrated testing.

Yet another R&D focus area is the Carriage-2023 model range project, envisaging the development of single-decker locomotive-hauled carriages in size T and push-pull double-decker electric trains. The project's stage one was the design of the modular open-plan carriage described above.

Availability of carriages equipped with air conditioning units and environmentally friendly toilet facilities

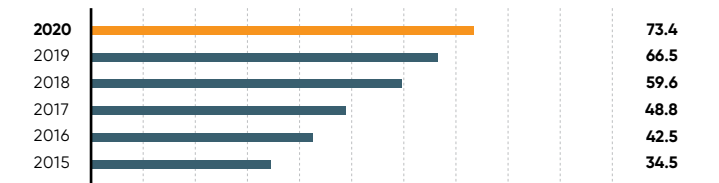
The Company operates 12,552 carriages with power sockets for device charging, with the share of such carriages in the total fleet at 79.9%.

FPC has completed a project to equip its branded trains with high-speed data lines, with a total of 6,373 carriages equipped with this connectivity solution. The data line is used to provide passengers with access to the Poputchnik (Fellow Passenger) multimedia portal, as well as for technical purposes – to support the operation of the carriage equipment monitoring and diagnostics system, the CCTV system, and the passenger boarding control system. The Company also plans to use the data line for providing a voice communication service for the train crew and for deploying the software to replace legacy equipment used in the passenger train security and communication monitoring and control system.

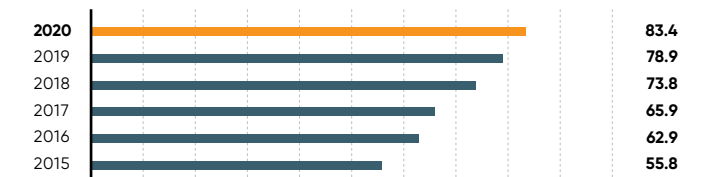
Water and air sanitisers are also being installed, with the percentage of carriages already equipped with these solutions already standing at 32% and 42%, respectively.

Sandwich frames made of plastic and aluminium have completely replaced wooden window frames in passenger carriages.

The assigned fleet equipped with bio toilets, %



The assigned fleet equipped with air conditioning, %



Message from Deputy General Director For Economics and Finance

The year 2020 was unique for our Company.

We faced an unprecedented drop in traffic driven by the COVID-19 pandemic in Russia. As restrictions were introduced last March, passengers began to cancel trips and claim refunds en masse. At some points, ridership fell by as low as 75%, dropping by 48.5% on average for the year, with revenue down 44.7% year-on-year to RUB 130.9 billion.

In this context, FPC, supported by Russian Railways, took a range of measures to reduce risks and mitigate the consequences of the crisis. It was crucial for us to maintain stable operations and retain people's trust while creating the conditions to restore traffic and stabilise the situation as quickly as practically possible.

Firstly, to maintain our customer focus and remain a reliable partner, we continued to run long-distance services on all socially important routes, ensuring transport connectivity.

We also designed a RUB 60.8 billion crisis response plan to cut costs as traffic declined, covering, for example, trains on underused routes: we reduced their frequencies without compromising on the seating capacity, combined several trains into one, or temporarily suspended operations on routes where alternative options enjoyed greater demand. The Company took organisational measures to reduce incentive payments, cancel bonuses for management, suspend business travel, and mothball facilities unrelated to passenger services.

Secondly, additional debt was raised to ensure salaries, taxes and trade payables were paid on time. Short-term credit facilities worth a total of RUB 9.6 billion were arranged as part of the government business support programme. These steps helped us retain all our key staff.

Thirdly, the RUB 17 billion debt for locomotive and infrastructure services was restructured with the support of Russian Railways. FPC was able to discharge all of its obligations, primarily by immediately refunding trips cancelled by passengers.

Fourthly, to help maintain the long-term rolling stock renewal programme, which is strategically important for Company development, FPC raised RUB 20 billion through a follow-on offering of shares. As a result, our CAPEX totalled RUB 46.3 billion, and 473 single-deckers and 175 double-deckers were purchased.

The Company implemented a range of response measures with the support of Russian Railways to mitigate the consequences of the crisis, maintain stable operations, retain people's trust despite the challenging environment, and provide a safety margin to quickly restore traffic and stabilise the situation.

Although our leverage at year-end dipped into negative territory at $-2.6x$, the Company has a balanced debt portfolio, 75% of which is represented by long-term borrowings maturing after 2021. We also developed a roadmap to bring our leverage in line with target levels and reach a positive $3.9x$ by 2021-end.

Our continued ability to meet payment obligations as well as the support we had from Russian Railways and the government amid the crisis had a positive impact on FPC's rating profile, with two leading international rating agencies affirming the Company's investment-grade credit rating in late December 2020. The Russian national rating agency ACRA also affirmed its "AA+(RU)" high credit quality rating on FPC, with a stable outlook.

Traffic recovery in Q1 2021 reflects an uptrend confirming the forecast that ridership is on track to return to pre-pandemic levels and reach a break-even point in 2022.

Kind regards,

Alexander MUSLOVETS



Financial results, RUB billion

Indicators	2018	2019	2020	Change 2020/2019	
				+/-	%
Operating revenue	226.1	236.9	130.9	-105.9	55.3
Passenger services	202.4	213.4	114.6	-98.8	53.7
Other sales	23.7	23.4	16.3	-7.2	69.5
Operating expenses	222.2	230.9	181.5	-49.3	78.6
Passenger services	206.1	215.1	169.0	-46.1	78.6
Other sales	16.1	15.8	12.5	-3.3	79.2
Operating result	3.9	6.0	-50.6	-56.6	-841.5
Passenger services	-3.7	-1.7	-54.4	-52.7	-
Other sales	7.6	7.7	3.8	-3.9	49.6
Other revenue	15.6	23.6	24.4	0.8	103.3
Subsidies from the federal budget	8.6	7.7	6.6	-1.1	85.9
Other expenses	10.7	20.5	17.2	-3.3	83.6
Other revenue and expenses	4.8	3.1	7.2	4.1	236.3
Profit (loss) before tax	8.8	9.1	-43.4	-52.4	-478.6
EBITDA, including subsidies	26.8	29.6	-22.9	-52.5	-77.5
EBITDA margin, including subsidies, %	11.4	12.1	-16.7	-28.8 n. n.	-
Income tax and other similar liabilities	2.7	0.5 ¹	-9.8	-10.3	-
Net profit	6.1	8.51	-33.6	-42.1	-394.2
Net profit margin, %	2.69	3.60¹	-25.70	-29.3 n. n.	-

¹ As per the audited statements for 2020.

Key operational highlights

In the reporting period, FPC's passenger traffic reduced significantly due to the pandemic.

The epidemiological situation and restrictions on the movement of people in 2020 caused by the spread of the novel coronavirus drove a decrease in the total number of passengers carried to 59.0 million people, or 55.8% of the 2019 level, including 35.7 million people in the regulated segment and 23.3 million people in the deregulated segment.

In 2020, passenger-kilometres reduced by 48.5% year-on-year to 48.2 billion passenger-km. Ridership of FPC trains decreased to 47.6 billion passenger-km (52.9% of the 2019 level), including 29.4

billion passenger-km in the regulated segment (53.3% of the 2019 level) and 18.1 billion passenger-km in the deregulated segment (52.2% of the 2019 level).

In the reporting year, passenger-kilometres served by trains of the CIS and Baltic states totalled 0.6 billion passenger-km (17.6% of the 2019 level).

An 82.4% year-on-year decrease in international passengers was due to the suspension of foreign trains introduced to curb the spread of the novel coronavirus

Volume-based indicators

Indicators	2018	2019	2020	Change 2020/2019, %
Passenger-km travelled, billion	91.6	93.6	48.2	51.5
On FPC trains	87.7	90.0	47.6	52.9
Deregulated segment	33.6	34.7	18.1	52.2
Domestic traffic	31.9	32.8	17.8	54.2
Interstate traffic	1.8	1.9	0.3	17.5
Regulated segment	54.1	55.2	29.4	53.3
On trains of the CIS and Baltic states	3.8	3.6	0.6	17.6
Passengers carried, million	102.0	105.8	59.0	55.8
Deregulated segment	41.7	43.8	23.3	53.2
Regulated segment	60.3	62.0	35.7	57.6

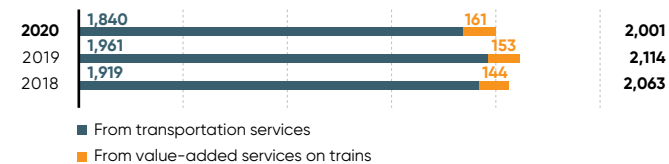
With passenger-kilometres served by FPC trains down to 47.6 billion passenger-km, or 52.9% of the 2019 level, the Company optimised its carriage-kilometre performance, rightsizing it to 1,916.9 million carriage-km, or 66.2% of the 2019 level. At the same time, as it was impossible to immediately cancel trains as demand for passenger services declined and given the need to maintain services on rail-only routes, the capacity utilisation rate dropped to 57.2 %, or 79.7 p.p., of the 2019 level.

The Company's compliance with the requirements of the Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor) implying the need to implement socially distanced (1.5–2 m) seating plans aimed at reducing the risk of COVID-19 outbreaks and spread also greatly contributed to the reduction in the carriage capacity utilisation rate.

Financial results

Revenue

Average revenue per passenger (including VAT), RUB



Changes in operating revenue, RUB billion

Indicators	2018	2019	2020	Change 2020/2019, %
Operating revenue, total	226.1	236.9	130.9	55.3
Revenue from passenger services	202.4	213.4	114.6	53.7
Deregulated segment	104.3	109.2	53.6	49.0
First-class and second-class sleeping carriages	89.8	95.1	51.2	53.9
International services	14.6	14.0	2.3	16.5
Regulated segment	98.1	104.2	61.1	58.6
Passenger services	91.4	98.1	55.0	56.0
Including:				
third-class open sleeping carriages	85.2	91.4	50.9	55.8
fourth-class seating carriages	6.2	6.8	4.1	59.9
Baggage, unaccompanied baggage, and mail transportation	6.7	6.1	6.1	100.1
Revenue from other activities	23.7	23.4	16.3	69.5
Repair and maintenance of clients' rolling stock	1.7	1.9	1.9	97.2
Value-added services on trains	12.4	13.5	7.9	58.5
Premium services	3.4	3.7	2.2	59.8
Bed linen on trains	9.1	9.8	5.7	58.0
Other lines of business (property lease to third parties, agency contracts)	9.6	8.0	6.5	81.2

Revenue from passenger services

In 2020, revenue from passenger services amounted to RUB 114.6 billion, down 46.3% year-on-year.

The key driver of the year-on-year reduction in revenue was a sharp decline in ridership across the Company amid the spread of the novel coronavirus in the Russian Federation.

The most significant year-on-year decrease in revenue, more than 82%, was recorded in international traffic.

On the back of lower population mobility in 2020, revenue from domestic passenger services declined by 45.0%, including a 46.1% decline in the deregulated segment and a 44.0% decline in the regulated segment.

Despite a general downward trend in traffic volumes, revenue from baggage, unaccompanied baggage, and mail transportation remained flat year-on-year.

Revenue from other activities

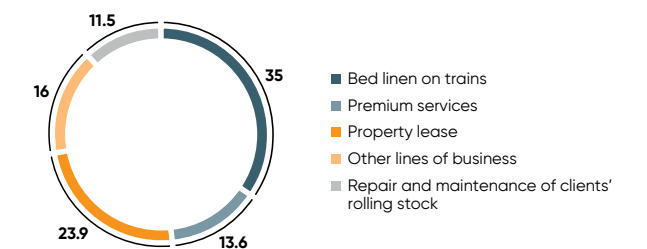
FPC's other activities include:

- repair of clients' rolling stock
- provision of value-added services on trains
- lease of movable and immovable property
- other services.

In 2020, revenue from other activities totalled RUB 16.3 billion, down 30.5% year-on-year.

The decrease was mainly driven by value-added services on trains (down 41.5% year-on-year) due to a significant reduction in the number of passengers carried on FPC trains amid an adverse epidemiological situation resulting from the spread of the novel coronavirus (COVID-19).

Breakdown of revenue from other activities, %



Changes in revenue from other activities, RUB billion

Indicators	2018	2019	2020	Change 2020/2019	
				+/-	%
Revenue from other activities	23.7	23.4	16.3	-7.2	69.5
Repair of clients' rolling stock	1.7	1.9	1.9	-0.1	97.2
Value-added services on trains	12.4	13.5	7.9	-5.6	58.5
Bed linen on trains	9.1	9.8	5.7	-4.1	58.0
Premium services	3.4	3.7	2.2	-1.5	59.8
Property lease	5.6	4.3	3.9	-0.4	90.4
Other services	3.9	3.7	2.6	-1.1	70.6

Expenses

Rail service expenses

In 2020, rail service expenses amounted to RUB 169.0 billion, or 98.6% of the target (78.6% of the 2019 level).

The cost of passenger services in 2020 totalled RUB 35.08 per 10 passenger-km, or 81.3% of the target (152.6% of the 2019 level).

Rail service expenses, RUB billion

Indicators	2018	2019	2020	Change 2020/2019, %
Total	206.1	215.1	169.0	78.6
Payroll costs	32.6	34.0	27.3	80.1
Social contributions	8.9	9.5	7.6	80.3
Material costs	24.5	26.4	21.6	81.8
Materials	6.2	6.5	5.3	81.9
Fuel	0.7	0.7	0.5	70.6
Electricity	0.4	0.5	0.4	87.7
Other	17.1	18.7	15.3	82.0
Other expenses	126.5	129.9	97.6	75.1
Infrastructure payments	70.1	72.7	54.1	74.3
Locomotive lease	45.0	46.7	35.1	75.2
Depreciation	13.6	15.3	15.0	98.2

Expenses on other activities

In 2020, expenses on other activities totalled RUB 12.5 billion, down 20.8% year-on-year.

The year-on-year decrease was mainly driven by value-added services on trains (61.8%) due to a significant reduction in the number of passengers carried on FPC trains amid an adverse epidemiological situation resulting from the spread of the novel coronavirus (COVID-19).

Expenses on other activities, RUB billion

Indicators	2018	2019	2020	Change 2020/2019	
				+/-	%
Expenses on other activities	16,1	15,8	12,5	-3,3	79,2
Repair of clients' rolling stock	1,3	1,5	1,6	0,1	106,6
Value-added services on trains	9,2	9,9	6,1	-3,8	61,8
Bed linen on trains	6,8	7,0	4,2	-2,8	60,4
Premium services	2,4	2,8	1,9	-0,9	65,3
Property lease	2,7	1,9	2,6	0,8	142,1
Other services	2,8	2,6	2,2	-0,4	84,4

Overhauls programme

In 2020, actual expenses on overhauls of fixed assets were RUB 5.5 billion, or 101.1% of the 2019 level, including:

- RUB 5.4 billion on overhauls of passenger carriages (103.8% of the 2019 level)
- RUB 0.1 billion on overhauls of buildings and structures performed by third parties (31.7% of the 2019 level).

Changes in expenses on overhauls of fixed assets, RUB billion

Overhauls	2018	2019	2020	Change 2020/2019, %
Fixed assets, total	4.8	5.4	5.5	101.1
Carriages	4.6	5.2	5.4	103.8
Buildings and structures	0.2	0.2	0.1	31.7

Efficiency and cost optimisation programme

FPC developed an Operational Efficiency and Cost Optimisation Programme for 2018–2020 to enhance its performance. In 2020, the total impact of the programme was RUB 3.8 billion.

The Programme aims to:

- assess and optimise current expenses
- improve working capital management
- improve procurement and supply chain management
- streamline the remuneration and motivation system
- optimise headcount
- implement other activities.

Headcount and labour productivity

Labour productivity in volume terms was down 41.3% year-on-year as skilled employees were retained while traffic plummeted. Headcount adjustment to match operations in Q2 and Q3 2020 was suspended on the back of government support measures which required that the headcount be maintained at 90% of the existing workforce.

Change in headcount and labour productivity

Indicators	2018	2019	2020	Change 2020/2019, %
FPC's headcount, FTEs	58,975	58,224	53,053	91.1
Including in rail services	53,896	53,861	48,516	90.1
Labour productivity, '000 passenger-km/FTE	1,628	1,670	980	58.7

Other revenue and expenses

In 2020, the financial result from other revenue and expenses amounted to RUB 7.2 billion. Key revenues received as part of other FPC's income were government subsidies allocated as compensation for the revenue shortfall caused by the government regulation of long-distance tariffs

for third-class open sleeping and fourth-class seating carriages. In 2020, RUB 6.6 billion in subsidies were received from the federal budget (RUB 7.7 billion in 2019). Interest expenses on loans accounted for the bulk of other expenses, amounting to RUB 4.2 billion in 2020 and RUB 4.0 billion in 2019.

Changes in other revenue and expenses, RUB billion

Indicators	2018	2019	2020	Change 2020/2019, %
Other revenue	15.6	23.6	24.4	103.3
Interest receivable	0.8	1.0	0.3	30.3
Proceeds from the disposal of fixed and other assets	0.8	10.1	9.0	88.8
Subsidies from the federal budget	8.6	7.7	6.6	85.9
Others	5.4	4.8	8.5	176.4
Other expenses	10.7	20.5	17.2	83.6
Interest payable	2.8	4.0	4.2	103.3
Expenses on the disposal of fixed and other assets	0.4	9.6	8.1	84.7
Cash management services	1.8	2.1	1.3	62.5
Others	5.7	4.8	3.6	74.3

Debt policy

As at 31 December 2020, FPC's debt amounted to RUB 63.8 billion (excluding RUB 0.6 billion worth of accrued interest payable in the following quarter), including RUB 15.3 billion of loan liabilities and RUB 48.5 billion of bond liabilities.

No long-term debt was raised in 2020.

The nearest bond maturity date is in 2022, with a total of RUB 38.5 billion of bonds expected to be repaid between 2023 and 2028.

FPC had no debt denominated in a foreign currency.

In confirmation of the borrowing limits at credit institutions as at 31 December 2020, confirmations were received from partner banks that penalties for non-compliance with covenants will not be applied (covenant holidays).

Loans will be repaid in full by the end of 2021.

To close the cash gap in 2020, FPC raised RUB 30.1 billion through short-term borrowings: RUB 10.0 billion from Bank GPB (JSC), RUB 1.0 billion from Russian Railways, RUB 9.6 billion from JSC ALFA-BANK, additional RUB 5.0 billion from VTB Bank (PJSC) and RUB 4.6 billion from JSC ALFA-BANK on preferential terms within the government-sponsored COVID-19 support programmes for businesses.

FPC's debt maturities as at 31 December 2020, RUB billion

Indicators	2021	2022	2023	2024	2025	2026	2027	2028
Debt maturity	15.3	10	13	10	5.5	0	0	10

Balance sheet total

In 2020, FPC's balance sheet total increased by RUB 12 billion, or by 4%.

The size of FPC's share capital was RUB 206,961,040,539 as at 31 December 2020.

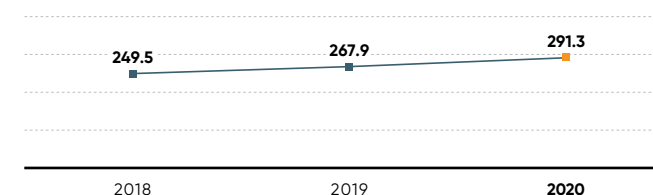
As at 31 December 2020, FPC's non-current liabilities totalled RUB 49.7 billion, including loans and borrowings in the amount of RUB 48.5 billion.

In the reporting year, the Company's net assets decreased by 6% to RUB 206.7 billion.

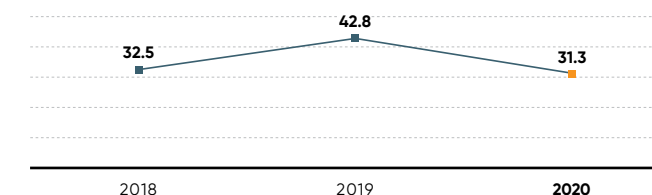
Key balance sheet items¹, RUB billion

Indicators	2018	2019	2020	Change 2020/2019, %
Non-current assets	249.5	267.9	291.3	108.7
Current assets	32.5	42.8	31.3	73.1
Assets	282.0	310.7	322.6	103.8
Equity and reserves	196.8	220.3	206.6	93.8
Non-current liabilities	47.5	56.5	49.7	88.0
Current liabilities	37.8	34.0	66.4	195.4
Liabilities	282.0	310.7	322.6	103.8

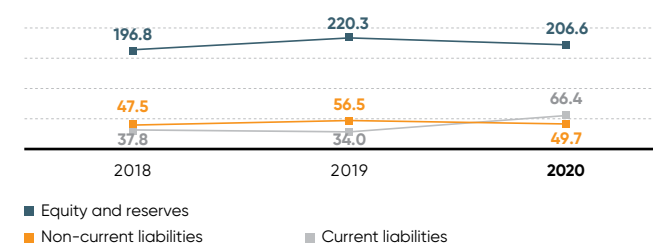
Non-current assets, RUB billion



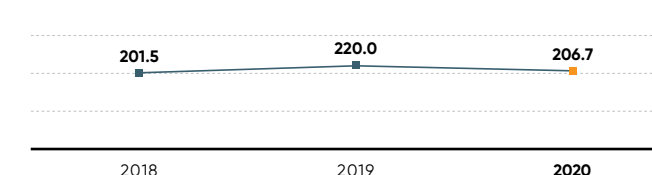
Current assets, RUB billion



Changes in liabilities¹, RUB billion



Net assets, RUB billion



Changes in FPC's net assets, RUB billion

Indicators	2018	2019	2020	Change 2020/2019, %
Net assets	201.5	220.0	206.7	94.0

¹ As per the audited statements for 2020.

Inventories

As at 31 December 2020, FPC's actual inventories amounted to RUB 4.368 billion, including RUB 0.152 billion worth of fuel, against the set standard of RUB 4.198 billion, including RUB 0.181 billion worth of fuel. Actual inventories exceeded the standard by a total of RUB 0.170 billion, or 4%.

The main reasons for exceeding the standard:

- Optimisation of rolling stock repair programmes, cancellation of international trains and a reduction in domestic traffic due to the adverse epidemiological situation in the Russian Federation caused by the COVID-19 pandemic
- Revaluation of the book value of passenger carriages purchased in 2019 and 2020 with spare parts, tools and accessories for new carriages reclassified as materials.

The actual inventories for the operating process (excluding spare parts, tools and accessories for new carriages and inventories held at transit maintenance centres and wheelset change centres within the rail infrastructure, which are not used in operations) at FPC amounted to RUB 3.997 billion as at 31 December 2020, against the set standard of RUB 3.991 billion. The standard for operating inventories was exceeded by RUB 0.006 billion, or 0.1%.

Receivables as at 31 December, RUB billion

Receivables	2018	2019	2020
Trade receivables (except for rail services)	0.49	0.59	11.32
Trade receivables (for rail services)	1.07	1.79	1.47
Prepayments	0.48	0.97	0.44
Taxes and charges	8.11	11.49	7.80
Other receivables	1.13	0.87	0.70
Total	11.27	15.71	21.73

Payables as at the end of December 2020 were RUB 45.7 billion, up 68.0% year-on-year. The largest share of payables was attributed to trade payables totalling RUB 37.24 billion, or 81.4%, including RUB 17.1 billion for infrastructure services and locomotive lease, restructured by Russian Railways, and prepayments received for rail services, amounting to RUB 4.21 billion, or 9.2%.

Receivables and payables

As at 31 December 2020, FPC's receivables totalled RUB 21.73 billion.

Trade receivables (except for rail services) accounted for 52.1% of total receivables, or RUB 11.3 billion. The bulk of this debt, RUB 9.9 billion, was due to the application of the terms of settlements stipulated by a long-term contract.

Taxes and charges receivable accounted for 35.9%, or RUB 7.8 billion.

The largest share of trade receivables (except for rail services) was due for sale of property – 87.6%, or RUB 9.9 billion, and lease of rolling stock and immovable property – 8.9%, or RUB 1.01 billion.

Trade receivables due for passenger services amounted to RUB 1.47 billion, or 6.8%, in line with the terms of relevant contracts.

As at the end of December 2020, prepayments totalled RUB 0.44 billion, or 2.0%.

As payables are above receivables, the Company can use payables as an additional source of financing. Receivables to payables ratio is 0.48.

Payables as at 31 December, RUB billion

Indicators	2018	2019	2020
Trade payables	9.95	12.39	37.24
Payroll liabilities	1.48	1.59	1.14
Taxes and charges, social insurance	1.87	1.25	1.26
Prepayments received for other activities	0.29	0.26	0.25
Prepayments received for rail services	8.70	9.31	4.21
Other payables	2.50	2.41	1.64
Total	24.80	27.20	45.74

Cash flows¹

As at 1 January 2020, FPC's balance of cash including short-term deposits totalled RUB 2.4 billion, including RUB 1.7 billion in the current account.

Cash flows from operating activities

In 2020, the cash flow from operating activities totalled RUB 149.7 billion, including RUB 6.6 billion from the federal budget. Most cash

(77%) was received from passenger services, totalling RUB 114.2 billion excluding transit charges.

Operating expenses amounted to RUB 186.8 billion, including expenses for infrastructure services and locomotive lease totalling RUB 89.5 billion, or 48%.

Negative cash flow from operating activities was RUB 37.1 billion.

Cash flows from operating activities, RUB billion

Indicators	2018	2019	2020
Net cash flow	3.3	-1.8	-37.1
Cash received	267.1	275.7	149.7
Cash used	263.8	277.6	186.8

Cash flows from investing activities

Expenses for investment activities totalled RUB 268.0 billion.

In the reporting period, RUB 45.3 billion (98% of investments) were allocated for passenger rolling stock replacement and upgrades:
 → RUB 34.2 billion for the acquisition of new passenger carriages
 → RUB 11.1 billion for passenger rolling stock upgrades

Negative cash flow from investing activities amounted to RUB 25.2 billion.

Cash flows from investing activities, RUB billion

Indicators	2018	2019	2020
Cash flow	-60.6	-47.8	-25.2
Cash received	1.6	241.6	242.8
Cash used	62.2	289.3	268.0

¹ In accordance with the management accounting data.

Cash flows from financing activities

In 2020, cash received from financing activities totalled RUB 79.7 billion (of which 25% was attributed to borrowings).

Cash used in the amount of RUB 15.85 billion resulted from:
 → interest payments on loans and borrowings – RUB 11.71 billion
 → repayment of loans and borrowings – RUB 4.14 billion.

Net cash flows from financing activities totalled RUB 63.8 billion.

FPC's total cash flow for the reporting year was RUB 1.5 billion.

As at 31 December 2020, FPC's balance of cash including short-term deposits was RUB 3.9 billion, including RUB 3.8 billion in the current account.

Cash flows from financing activities, RUB billion

Indicators	2018	2019	2020
Net cash flow	50.5	45.5	63.8
Cash received	55.2	68.5	79.7
Cash used	4.7	23.0	15.9

Financial review

Indicators	2018	2019 ¹	2020
Liquidity			
Absolute liquidity ratio	0.46	0.67	0.07
Quick liquidity ratio	0.76	1.14	0.26
Current liquidity ratio	0.87	1.26	0.33
Leverage ratio	0.70	0.72	0.64
Margins, %			
Sales margin (including subsidies)**	15.45	15.20	-13.47
Return on equity (ROE)	3.12	4.09	-15.75
Return on assets, including subsidies (ROA)**	5.56	5.46	-11.82
Liabilities			
Liabilities in the balance sheet total	0.30	0.29	0.36
Financial leverage (interest-bearing borrowings/equity)	0.23	0.23	0.31
Total debt/EBITDA	1.72	1.71	-2.81
Total debt/revenue	0.20	0.21	0.49

¹ As per the audited statements for 2020.

² The calculation includes cash received by FPC from ALFA-BANK in the amount of RUB 4,566,000,000 and cash received from Russian Railways to replenish net assets in the amount of RUB 1,990,417,000. The calculation for 2019 takes into account RUB 2,484,605,000 received from Russian Railways for the replenishment of net assets.

**Absolute liquidity ratio:
0.07**

The ratio is the most stringent solvency criterion showing how much short-term debt can be covered by the Company immediately if necessary by the available cash and highly liquid short-term investments.

In 2020, the ratio decreased by 0.60 year-on-year (0.67 in 2019). Key drivers of the decrease: a RUB 18,539,943,000 increase in payables, a RUB 19,680,662,000 decrease in the balance of short-term loans issued by Russian Railways, and a RUB 14,583,542,000 increase in the balance of short-term borrowings.

**Quick liquidity ratio:
0.26**

The ratio shows how much short-term debt can be covered by the Company if its receivables are fully repaid (where payments are expected within 12 months after the reporting date).

In 2020, the ratio decreased by 0.88 year-on-year (1.14 in 2019).

**Current liquidity ratio:
0.33**

The ratio shows how much short-term debt can be covered by the Company by its current assets. In contrast to the absolute and quick liquidity ratios, this indicator shows the Company's solvency over a relatively longer term.

In 2020, the ratio decreased by 0.93 year-on-year (1.26 in 2019), which indicates a significant deterioration in the Company's overall working capital availability to support business operations and repay current liabilities compared to 2019.

**Leverage ratio
0.64**

The ratio shows the share of the Company's assets that are covered by its funds. The higher the ratio, the more financially stable the Company is and the lower its reliance on third-party loans. From an investor or creditor's perspective, the higher the ratio, the lower the risk of losing investments in the Company or loans extended to the Company.

The ratio decreased by 0.08 year-on-year (0.72 in 2019), a sign of the Company's decreased financial stability.

**Sales margin (including subsidies):
-13.47**

It is an indicator of the Company's financial performance, indicating the share of profit in the Company's revenue. Sales margin shows the effectiveness of the Company's pricing policy and its ability to control costs. It indicates the share of gross profit in the Company's sales.

In 2020, sales margin decreased by 32.53 p.p. year-on-year (6.55% in 2019), suggesting a decrease in the share of gross profit in total sales.

**Return on equity (ROE):
-15.75**

This indicator is one of the key indicators of the Company's performance, used to evaluate its investability over the longer term and showing how many units of net profit the Company generates with each unit of shareholders' equity.

In 2020, ROE decreased by 20.14 p.p. year-on-year (3.87% in 2019). This indicates the low efficiency of the Company's use of the capital invested by the founders.

**Return on assets, including subsidies (ROA):
-11.82**

This financial ratio shows the return on all assets used by the Company. The ratio indicates the Company's ability to generate profit without taking into account its capital structure (financial leverage), as well as the quality of asset management.

In 2020, ROA decreased by 13.16 p.p. year-on-year (2.74% in 2019) as revenue reduction outpaced cost reduction due to the need to maintain passenger services even amid a significant decline in passenger-kilometres, as well as to a significant share of fixed costs in the Company's cost structure.

**Liabilities in the balance sheet total:
0.36**

The lower share of borrowings in the balance sheet total (0.29 in 2019) clearly demonstrates the trend towards stronger financial stability of the Company. Accordingly, the higher the share of own funds in the balance sheet total, the better the financial position of the Company.

Financial leverage (interest-bearing borrowings/equity):
0.31

Financial leverage indicates the ratio of borrowings to total capitalisation and shows how efficiently the Company uses equity. It determines the degree of the Company's reliance on borrowings. The capitalisation ratio is used only in the same industry context and in the context of the Company's revenue and cash flows.

Total debt/EBITDA:
-2.81

This indicator shows the Company's debt burden and its ability to repay existing liabilities (solvency).

In 2020, the ratio decreased by 4.51 year-on-year (1.71 in 2019).

Total debt/revenue:
0.49

This indicator shows the Company's debt burden vs its total revenue (0.21 in 2019).



INVESTMENT MANAGEMENT

As an integral component of the Development Strategy, the Company's Investment Policy establishes investment priorities, structure, criteria, areas, and sources.

Investment ranking

The Company's investment projects are ranked into five categories:

- Long-term projects
- Replacement of retired fixed assets generating financial impact
- Cost-effective projects
- Replacement of retired fixed assets generating technological impact
- Technology and social projects

Each project is ranked from 0 to 100. The higher the score, the higher priority is given to the project within the investment programme.

Investment programme structure by project category

Programme	Share in the programme, %	Rank
Long-term projects	3	From 63 to 100
Revamping of carriage washing facilities, construction and revamping of engineering networks and facilities		
Replacement of retired fixed assets with a direct financial impact	36	From 46 to 100
Replacement of single-decker carriages		
Projects with a direct financial impact	33	From 26 to 80
Acquisition of double-decker carriages and installation of meters for water consumption and discharge		
Replacement of retired fixed assets with a technological impact	25	From 18 to 45
Upgrading rolling stock, renewing hazardous industrial facilities, acquiring company cars		
Technology and social projects	3	From 0 to 25
Total	100	

Investment structure

In the reporting period, RUB 45.3 billion (97.8% of total investment) were allocated for passenger rolling stock replacement and upgrades.

The remaining CAPEX totalling RUB 1.0 billion, or 2.2%, was used to support depot upgrades, IT projects, and other initiatives.

46.3

billion RUB

investment programme in 2020

Investment programme structure, RUB billion

Indicators	2018	2019	2020	Change 2020/2019
Rolling stock acquisition	30.9	30.7	34.2	3.5
Rolling stock upgrades	11.1	11.2	11.1	-0.1
Depot upgrades	0.9	1.1	0.6	-0.5
IT projects	0.2	0.4	0.3	-0.1
Other projects	0.8	0.3	0.1	-0.2
Total	43.9	43.7	46.3	2.6

Passenger rolling stock replacement

CAPEX in 2020 – RUB 34.2 billion:

- RUB 32.1 billion for acquisition of new passenger carriages including:
 - 358 single-decker carriages of the new, 2019 model range
 - 175 double-decker carriages
- for the purchase of used passenger carriages – RUB 2.1 billion

The new rolling stock was purchased to upgrade the fleet and replace retired carriages.

The Company's carriage procurement programme prioritises rolling stock acquisition to replace retired carriages and upgrade profit-making trains. A total of 473 carriages (RUB 18.2 billion) were purchased for this purpose in 2020.

For profitable, high-demand passenger destinations, the Company also purchased 175 double-decker carriages (worth RUB 16.0 billion) to introduce trains on the following routes: Moscow–Petrozavodsk, Moscow–Kazan, Moscow–Saint Petersburg, and Saint Petersburg–Murmansk.

Passenger rolling stock upgrades

CAPEX in 2020 – RUB 11.1 billion:

A large portion of the funds (RUB 10.7 billion, or 96.4%) was used to perform overhauls with service life extension (overhaul reconditioning) and upgrades for 447 carriages.

Depot upgrades

CAPEX in 2020 – RUB 0.6 billion:

- Investments in depots were primarily used to:
- upgrade existing production facilities (RUB 0.4 billion)
 - purchase equipment to ensure uninterrupted depot operations (RUB 0.2 billion).

IT projects

RUB 0.3 billion were spent on IT projects at FPC in 2020 (development of FPC's control and monitoring system, and supply of specialised equipment for ticket offices, as well as network, server and peripheral equipment).

Other projects

Investments in other projects totalled RUB 0.1 billion (acquisition of equipment for transport safety and security, drafting of design documents, etc.).

Sources of financing for the investment programme:

- Equity (retained earnings) – RUB 6.6 billion
- Borrowings (proceeds from share issue, change in working capital) – RUB 39.7 billion

Priority investment areas

Customer-focused investment

FPC spent RUB 42.7 billion in 2020 to improve its customer experience through a number of initiatives:

- 533 new, highly efficient passenger carriages were purchased, with improved performance and passenger comfort, with the investments totalling RUB 32.1 billion and aimed at reducing transit times and enhancing both transport safety and passenger experience
- RUB 10.7 billion were spent on passenger carriage overhaul reconditioning (447 carriages)

Besides, RUB 0.3 billion were spent on the implementation of information technology innovations.

Investment in safety

RUB 0.5 billion were used in 2020 to enhance passenger safety and improve the passenger experience.

Major investments in transport safety included:

- RUB 0.2 billion to replace retired rolling stock
- RUB 0.3 billion to install new frames, bolsters, and 1,520 mm gauge bogies during scheduled carriage repairs.

Upgrades

To maintain its existing carriage repair and maintenance facilities, FPC invested RUB 0.4 billion in rehabilitation and upgrades of its fixed assets in 2020



Medium-term investment

The long-term agreement with TVZ for rolling stock development, design, manufacture, testing, and certification in 2019–2025 provides for the supply of 3,731 carriages for a total of RUB 237 billion.

The rolling stock acquisition programme is based on investment efficiency. FPC's priority is to continue upgrading its profitable rolling stock, making sure the profit is enough to pay the investment off during the rolling stock service life.

The type of rolling stock for each destination is selected based on economic factors such as profitability and return on investment, as well as technical limitations such as utilising particular carriages on specific routes.

Double-decker carriages have twice the capacity of single-decker carriages and are therefore more cost-effective. Double-decker carriages are especially popular on routes with limited infrastructure as each double-decker carriage can replace two single-decker carriages, enabling FPC to halve the number of passenger trains. Also, FPC's double-decker rolling stock meets all modern requirements for passenger comfort on-board trains.

At the same time, the operation of double-decker carriages requires retrofitted originating and turnaround stations, in particular, inspection pits and high-voltage charging points.

Unlike double-deckers, single-decker carriages can be operated throughout the entire network of Russian Railways. Single-decker procurement is planned based on the existing carriage type system – first-class sleeping, second-class sleeping, and third-class open sleeping carriages.

Sources of financing

Sources of financing for the investment programme in 2020 included:

- equity (earnings retained by the Company) – RUB 6.6 billion
- borrowings – RUB 39.6 billion (including RUB 20.0 billion in proceeds from share issue, and RUB 19.6 billion from change in working capital).

Modern third-class open sleeping carriages have a higher capacity to meet established passenger preferences and maintain lower fares.

Since 2019, new rolling stock, Carriage-2019, has been procured. The carriage was designed to provide for more capacity and semi-automated customer service on board.

Acquisition of locomotive-hauled passenger carriages with seats is viable for routes of up to six hours of travel time and sufficient passenger traffic. The Company determines the most efficient type of rolling stock for each destination, considering investment performance and technical limitations.

The Passenger Rolling Stock Upgrade project for 2021–2023 provides for RUB 20.1 billion of CAPEX, including RUB 10.2 billion for performing overhauls with service life extension (overhaul reconditioning) on 401 carriages.

Moreover, in 2021–2023, FPC plans to allocate RUB 2.8 billion for depot upgrades and RUB 2.3 billion for IT projects.

FPC plans to invest a total of RUB 0.3 billion into other projects in 2021–2023.

PASSENGER SAFETY

Safety and reliability are the passengers' basic requirements. Since its inception, JSC Federal Passenger Company has been annually meeting the key targets for traffic safety and improved reliability of technical equipment.

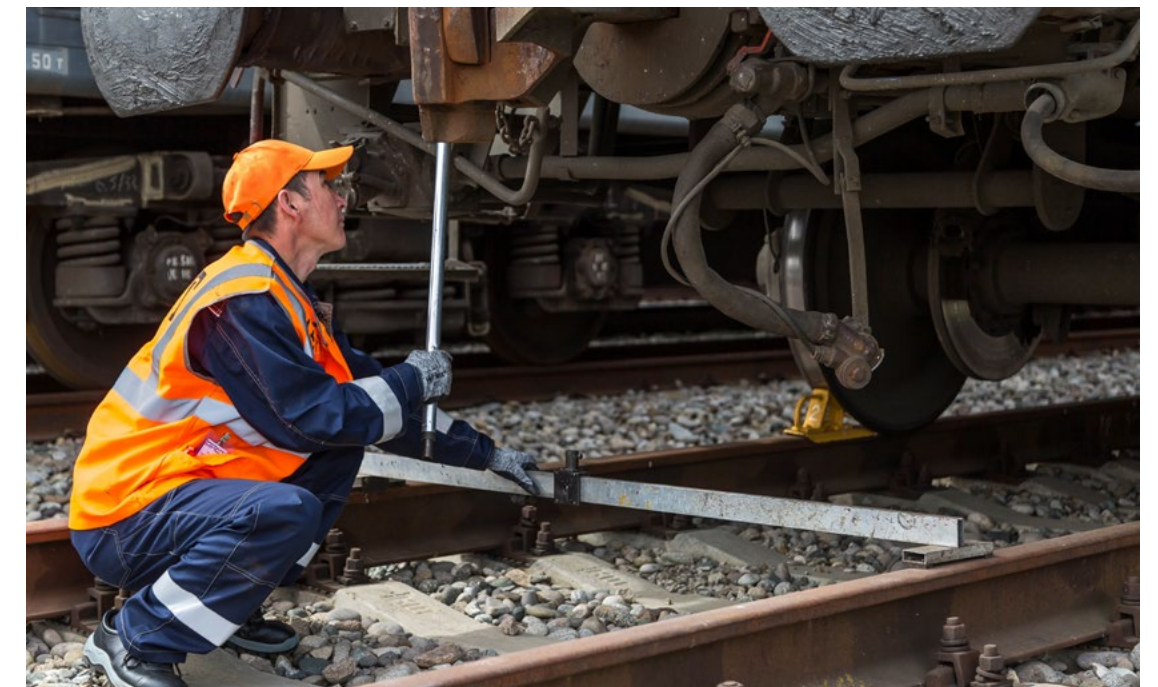
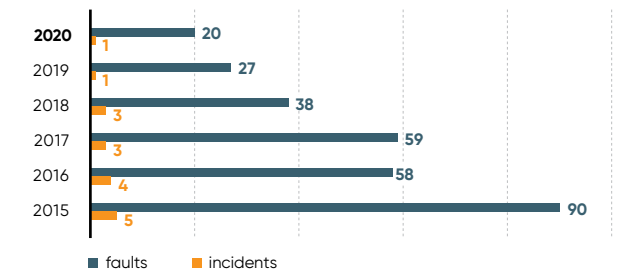
Train operation safety

This consistent performance is driven by the traffic safety policy adopted at FPC and the systematic efforts across the following areas:

- Implementation of FPC's Programme of Measures to Reduce the Frequency of Traffic Incidents and Accidents and the Severity of Their Consequences, and to Achieve the Set Targets for Traffic Safety
- Implementation of the roadmap to ensure functional traffic safety at FPC
- Continued expansion of the annual scope of activities of structural units responsible for technical audits of operating processes

- Adoption of digital capabilities and technologies in traffic safety
- Maintaining staff competencies through training, professional development and mentoring

Number of train operation safety breaches



Fire safety

In 2020, one fire incident was reported at FPC (one in 2019). The fire occurred at a temporary scrap metal storage site located at the passenger carriage depot Moskva-3 of the Moscow branch due to an unidentified person bringing in an unauthorised source of fire.

In 2020, the Company implemented an operational fire safety programme for a total exceeding RUB 145.8 million:

- servicing of fire safety systems (total costs: over RUB 45.2 million)
- procurement and application of fire safety materials and equipment, including fire extinguishers, Strazhnik-3 fire extinguishing aerosol generators, eye and respiratory personal protective equipment (PPE), entrenching tools, etc. (total costs: RUB 39.1 million)
- measures to ensure compliance with statutory and mandatory fire safety requirements (total costs: over RUB 11.8 million), including:
 - servicing of fire extinguishers
 - fireproofing

In 2020, the Company implemented an operational fire safety programme for a total exceeding

>145.8

| million RUB

- tests of escape ladders and roof railings
 - assigning explosive and fire hazard classes to premises following the Electric Installation Guidelines
 - installation of fire-rated doors
- over RUB 49.7 million were spent on daily fire prevention measures for FPC's rolling stock and stationary facilities under the contract with FGP Security of Railway Transport.

Industrial safety

In 2020, no accidents or incidents were reported at hazardous industrial facilities of FPC.

During the year, FPC implemented its Industrial Safety programme, investing RUB 19.6 million across 375 activities at 180 hazardous facilities, including expert assessments of industrial safety, and inspections and certifications of machinery.

In 2020, as part of its Renewal of Industrial Safety Facilities investment programme, FPC replaced equipment at hazardous facilities that reached the end of its standard service life for RUB 59.849 million. A total of 31 projects were implemented under the programme.

In line with Federal Law No. 225-FZ On Compulsory Insurance of Civil Liability of the Owner of a Hazardous Facility for Inflicting Damage as a Result of an Accident at the Hazardous Facility, dated 27 July 2010, all FPC's hazardous facilities are insured.

375

| activities

held at 180 hazardous facilities of the Company under the Industrial Safety programme, with investments at

19.6

| million RUB

CORPORATE QUALITY MANAGEMENT SYSTEM

FPC's corporate quality management system (FPC's QMS) is built in line with Russian Railways' Quality Management Strategy, the Development Strategy of JSC FPC, and ISO 9001:2015 Quality management systems – Requirements.

Quality policy and targets

Quality management activities at the Company are governed by JSC FPC's Quality Policy.

In managing the quality of its services, FPC strives to:

- meet customer requirements and expectations by continuously improving service quality and ensuring high levels of service, comfort and safety
- continuously improve the Company's operational efficiency and performance by enhancing its QMS and business processes and introducing new technologies for lean production, rolling stock maintenance, and customer service.

To achieve these goals and ensure sustainable development, FPC's management undertakes to:

- follow the Management's Leadership principle, foster collaboration between employees in achieving goals, enhance employees' competencies, motivation and corporate relations culture
- support and develop mutually beneficial long-term relations with suppliers, improve the satisfaction levels among the Company's customers and all of its stakeholders

- manage potential corporate risks, prevent recurring and potential inconsistencies, and make decisions based on objective evidence and stakeholder requirements
- keep its QMS compliant with ISO 9001:2015 international standard and stakeholder requirements
- continuously improve its corporate quality management system, enhance operational efficiency and performance through process improvement, innovation and cost optimisation.

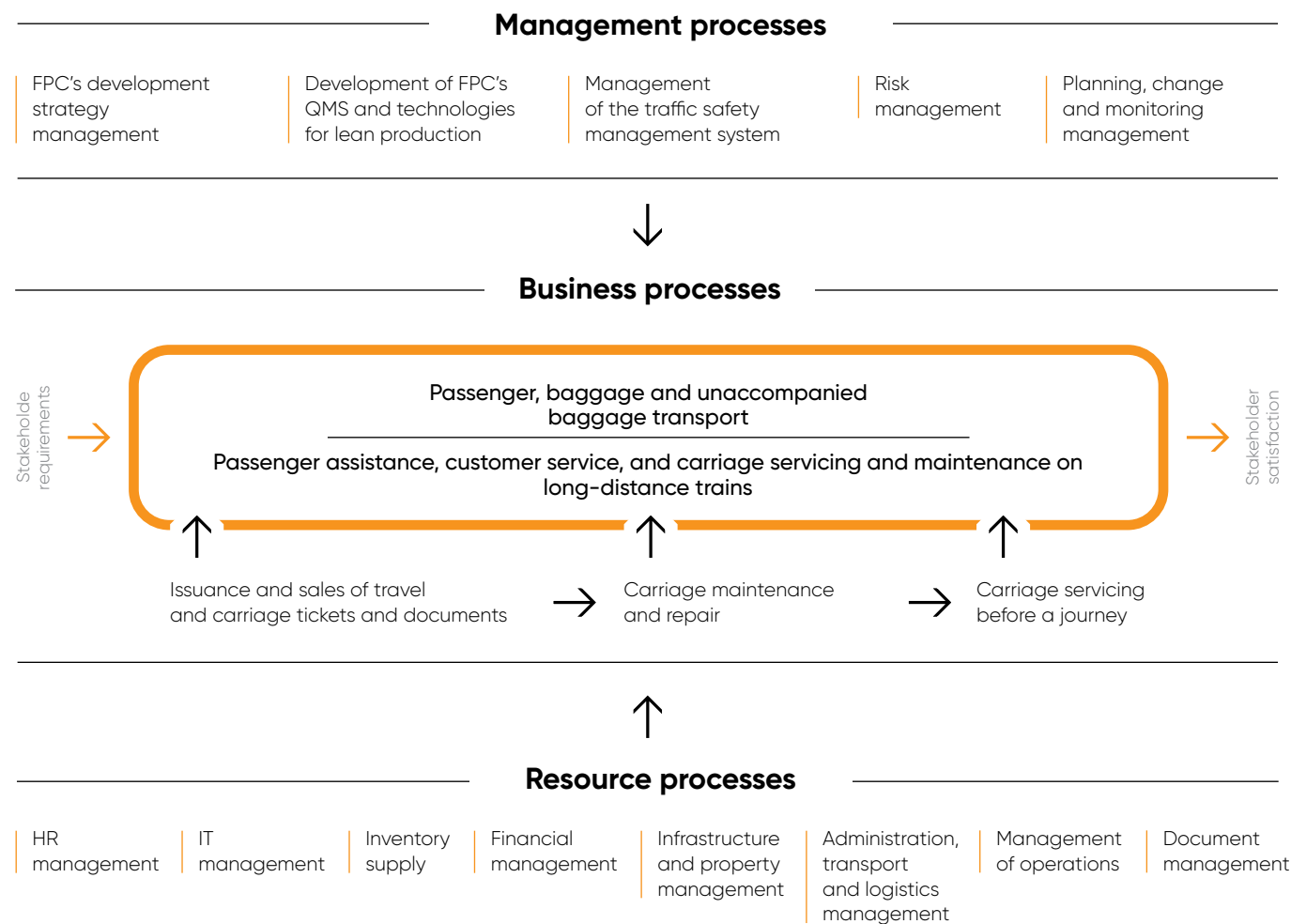
FPC management assumes responsibility for organising the work on implementing this Quality Policy and providing the necessary resources.

Process approach and customer focus

Building and managing the interrelated processes of the corporate quality management system as a uniform system fosters the Company's operational efficiency and performance in goal achievement.

In 2020, FPC continued updating a process model of its corporate quality management system, which is reflected in the Standard for Corporate Quality Management System – Quality Guide, FPC STO 1.011.1-4 in line with ISO 9001:2015 Quality

management systems – Requirements and ISO/TS 22163:2017 Railway applications – Quality management system – Business management system requirements for rail organisations: ISO 9001:2015 and particular requirements for application in the rail sector to promote more efficient management of the Company's processes while ensuring the continuous improvement of service quality and maximum delivery on stakeholder requirements and expectations.



Certification of FPC's QMS and compliance with ISO 9001:2015 Quality management systems – Requirements

In 2020, FPC successfully passed a QMS inspection for compliance with ISO 9001:2015 Quality management systems – Requirements to confirm its existing certificate No. 19.2511.026 dated 24 December 2019 for the Company's core business processes:

- Passenger, baggage and unaccompanied baggage transport
- Passenger assistance, customer service, and carriage servicing and maintenance on long-distance trains
- Issuance and sales of travel and carriage tickets and documents
- Carriage servicing before a journey
- Carriage overhauls with service life extension (overhaul reconditioning)
- Depot repairs (DR)
- Stage one and two (KR-1 and KR-2) carriage overhauls
- Current repairs of coupled/uncoupled carriages
- Wheelset repairs
- Repairs of carriage components and assemblies
- Carriage maintenance and inspection (TO-1, TO-2, and TO-3)

Key advantages of having a certificate of compliance with ISO 9001:2015 Quality management systems – Requirements:

- Image of a customer-focused company confirmed by state-level documents
- Confirmation of FPC's compliance with global best practices in quality management by an independent certification body
- Increased passenger satisfaction driven by services provided in line with global quality standards
- Improved operational efficiency and performance of the corporate governance system
- Increased share value
- FPC's higher score in bids (tenders) for the provision of auxiliary services held by Russian Railways and other customers

Lean production

Lean production utilises the PDCA cycle (Plan – Do – Check – Act).

FPC is guided by the following principles in developing and improving its lean production technologies:

- Customer focus
- Focus on the process
- Production process flexibility
- Standardisation
- Elimination of waste
- Transparency
- Error proofing
- Excellence

Projects implemented following the introduction of lean production technologies across FPC's operating processes:

- The approach to the 5C system at workplaces has been improved. Daily self-assessment of workplaces and workspaces involving the use of assessment sheets and photo reports has been introduced. All data are posted on the Company's public portal accessible to its operating units
- In the remote learning system, a training course on the 5C system at workplaces, workspaces and offices was delivered. More than 3,000 FPC employees successfully completed the course

A Roadmap for Building a Lean Production System at FPC in 2021–2023 was developed and approved (2 March 2021, No. FPC-115). Participants, processes, monitoring procedure and resources required to achieve the target state of the lean production system were defined.

The main stages of the roadmap:

- Implementing the 5C system at operational workplaces and offices
- Training on the requirements of the 5C system, lean production technologies and tools
- Introducing lean technologies in managing process equipment, metrology and fuel and energy resources
- Building of a lean production system across FPC's operating processes
- Update and development of the regulatory framework for using lean production technologies and managing a lean production system
- Certification for compliance with ISO/TS 22163 Railways. Quality Management System. Requirements for Business Management Systems at Enterprises in the Railway Industry: ISO 9001:2015 and Specific Requirements for the Railway Industry

GOVERNMENT RELATIONS

In 2020, the Company's government engagement, both at the federal and regional levels, was focused on protecting its passengers and employees against the novel coronavirus (COVID-19) and mitigating the economic impacts from restricted population mobility.

In spring 2020, FPC had to suspend all international services and temporarily suspend a significant portion of its domestic route network, due in part to requests from the heads of Russian regions. The Company also took preventive measures to ensure safe passenger transportation and staff work in full compliance with applicable supervisory requirements.

These steps had a significant impact on the Company's financial performance in 2020 and prompted us to seek extra government support measures.

As a company systemically important to the Russian economy, in 2020, FPC concluded a number of loan agreements with favourable interest rates for a total of RUB 5 billion, used to pay wages and unified social tax.

Resolution of the Russian Government No. 927 On Changes to Section 1 of the List of Russian Economy Industries Most Severely Affected by the Spread of the Novel Coronavirus, dated 26 June 2020, included intercity rail passenger services (economic activity code OKVED 2 49.10.1) in the list of Russian industries most severely affected by the novel coronavirus, previously approved by Resolution of the Russian Government No. 434 dated 3 April 2020.

As a company active in a Russian industry most severely affected by the spread of the novel coronavirus (COVID-19), in 2020, FPC was able to conclude a working capital loan agreement with a favourable interest rate for RUB 4.6 billion with an option to write off the principal and accrued interest in 2021.

In the second half of 2020, the Company worked together with relevant departments of Russian Railways, the Russian Government and relevant ministries and agencies to restore rail traffic with the Kaliningrad Region with transit through Lithuania and Belarus as well as traffic with Abkhazia. The Company also received relevant approvals and helped repatriate large numbers of Uzbek citizens stranded in Russia during the lockdown.

INTERNATIONAL ACTIVITIES

International services

FPC provides direct and transit passenger services to and from 23 European and Asian countries: Germany, France, Poland, Austria, the Czech Republic, Monaco, Italy, Finland, China, Mongolia, North Korea, Latvia, Lithuania, Estonia, Ukraine, Moldova, Belarus, Abkhazia, Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Azerbaijan.

Between January and March 2020, due to the threat of the novel coronavirus (COVID-19), Russian and foreign governments started imposing national epidemiological safety measures, with resulting restrictions on passenger services depending on the COVID-19 situation.

On 27 March 2020, the Russian Government suspended all international rail passenger services (Order No. 763-r dated 27 March 2020).

In order to improve summer recreation opportunities for people in Russia, the emergency response centre for preventing the import and spread of the novel coronavirus infection in Russia chaired by Deputy Prime Minister Tatyana Golikova decided to restore rail passenger services with Abkhazia.

Between 7 and 15 August 2020, train services were fully restored to the 2019/2020 schedule. Also, a new tourist train No. 927/928 Sochi was added to the Tuapse–Gagra–Tuapse route, carrying a total of 19,200 passengers between 15 August and 31 December 2020.

In 2020, international passenger traffic totalled 1.2 million passengers, or 19% of the 2019 level.

Cooperation within international organisations

FPC cooperation with foreign partners in 2020 focused on sharing best practices in organising passenger services during the pandemic and on potential procedures for restoring international rail passenger services after restrictions are fully or partially lifted.

These activities were supported by international trade organisations and supranational organisations (OSJD, CRT, UIC, EEC), collecting and analysing data from railway authorities and carriers. These efforts resulted in recommendations on passenger safety and restoring international rail passenger services.

Importantly, the measures taken by FPC to protect the health of its passengers and employees were exhaustive and proved effective at the height of the pandemic. Domestic experience will also be used in restoring international services.

FPC plans to restore international train services in phases, in line with demand as well as route performance in 2019.

In 2020, ongoing projects in international passenger service regulation within OSJD, CRT, CIT and UIC continued as planned using videoconferencing channels.

¹ OSJD – International Organisation for Cooperation of Railways; CRT – Council for Rail Transport of the Commonwealth Member States and the Baltic states; UIC – International Union of Railways; EEC – Eurasian Economic Commission.

EQUALLY IMPORTANT – NEW SOLUTIONS

Presentation of the T-sized passenger carriage concept

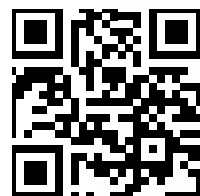
On 2 October, at Paveletsky railway station in Moscow, FPC presented the concept for a next-generation third-class open sleeping carriage with larger dimensions than conventional carriages in long-distance trains. By expanding the exterior carriage dimensions and revising the interior layout, designers managed to increase the internal space as well (from 16 m to 18.9 m), an almost 3 m increase in length. The presented concept has larger berths and luggage storage space by 10% and 14%, respectively.

533

new carriages added to the passenger rail fleet in 2020

175

new double-decker carriages purchased in 2020



For more details, see our website



CORPORATE GOVERNANCE SYSTEM

Corporate governance principles

Protecting shareholder interests and rights

The Regulations on Preparing and Holding the General Shareholders Meeting of JSC FPC (available on FPC's website) provide for the corporate governance rights of shareholders.

Protection of the interests and rights of FPC's shareholders is ensured through a reliable method for recording their rights to shares – the share register is maintained by an independent entity, Registry Society STATUS.

As part of the preparation for the General Shareholders Meeting, shareholders are provided with supplementary information in addition to the mandatory information required by law.

Equal treatment of all shareholders

Shareholders have equal and fair rights to share FPC's profit by receiving dividends. The Regulations on JSC FPC's Dividend Policy establish a mechanism for determining the dividend amount and paying dividends.

All shareholders are provided with materials required for the General Shareholders Meetings and have equal access to all required information at the Company's office.

Timely disclosure of information

FPC ensures timely disclosure of information on its website and in the news feed of SKRIN information agency authorised to disclose information about securities and other financial instruments.

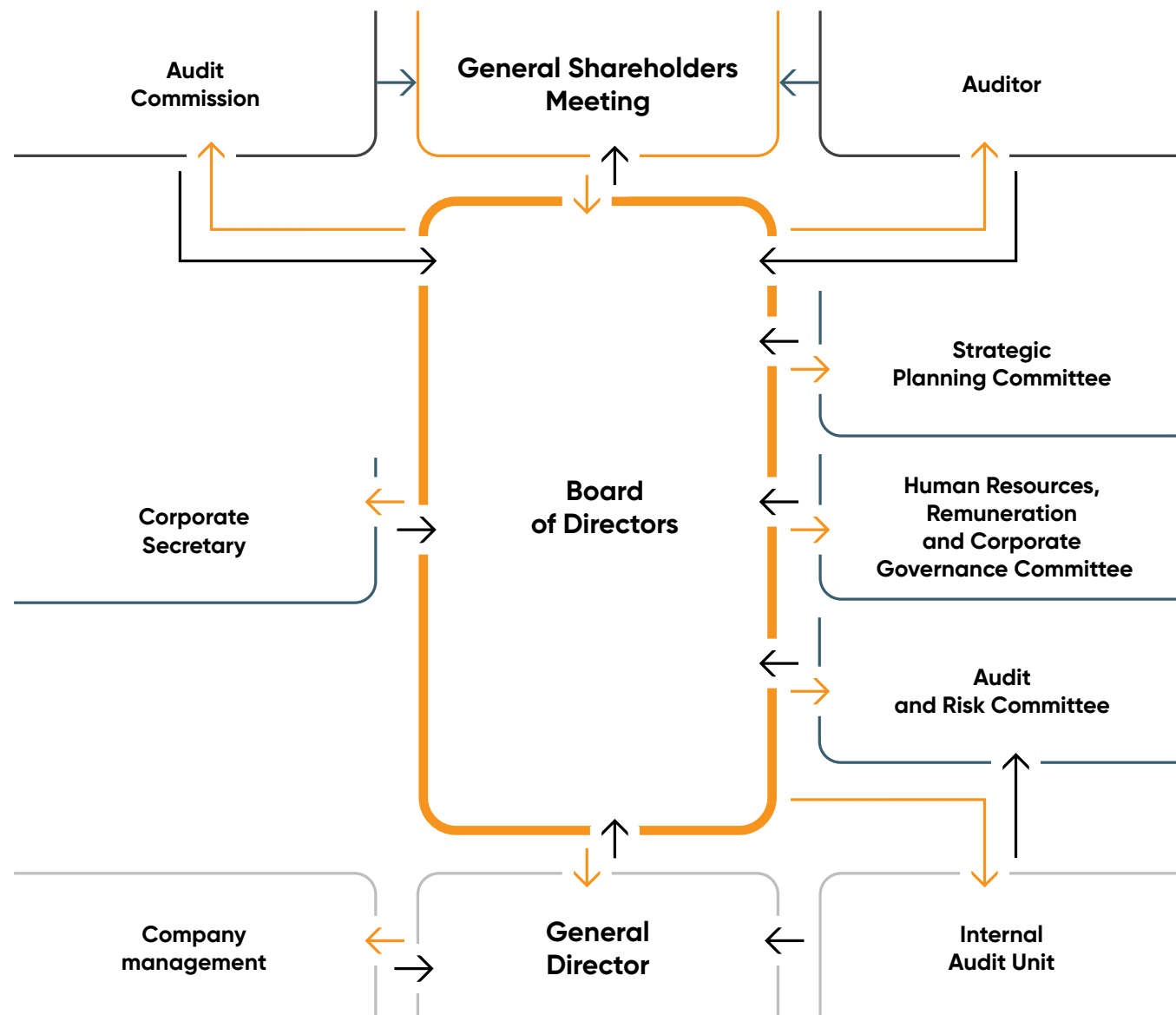
Mutual trust and respect for all stakeholders

Relationships between FPC's shareholders, Board members, and management are based on integrity, trust, mutual respect for legitimate interests, and all parties performing their obligations in good faith.

Corporate governance model and practice

FPC's corporate governance model is built in line with Russian statutory requirements and is a multi-tier system of relationships between participants in the corporate governance process.

The Company's corporate governance model



→ Elects → Reports to

The Company's highest governance body is the General Shareholders Meeting, with the Board of Directors occupying a central position in the corporate governance system, and the management of the Company's day-to-day operations delegated to the General Director.

The General Director is accountable to the General Shareholders Meeting and the Board of Directors. The Board of Directors, in its turn, is accountable to FPC's General Shareholders Meeting.

The jurisdiction of all governance bodies is clearly defined and formalised in the Articles of Association.

The Company has adopted the Regulations on Preparing and Holding the General Shareholders Meeting of JSC FPC.

Matters reserved to the General Shareholders Meeting include:

- amendments and addenda to JSC FPC's Articles of Association and approval of a new version of the document
- reorganisation of the Company
- liquidation of the Company, appointment of a liquidation committee, and approval of interim and final liquidation balance sheets
- determination of the number, par value, and type (class) of authorised shares and rights attach to these shares
- resolution on the placement of bonds convertible into shares, and other issue-grade securities convertible into shares
- election of the Board of Directors and early termination of directors' powers
- approval of annual accounting (financial) statements
- distribution of the Company's profit (including payout (declaration) of dividends, except for the payout (declaration) of dividends for the first quarter, the first six months, and the first nine months of the reporting year) and loss in the reporting year
- payout (declaration) of dividends for the first quarter, the first six months, and the first nine months of the reporting year
- approval of interested party transactions or passing resolutions on their subsequent approval if the number of disinterested members of the Company's Board of Directors is less than half of the elected directors
- approval of major transactions or passing resolutions on their subsequent approval in cases stipulated by Article 79 of Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995
- approval of internal documents governing the activities of FPC's bodies
- resolution on the payment of remuneration and/or compensation to members of the Board of Directors
- resolution on filing an application to the Bank of Russia asking for an exemption from the obligation to disclose or provide information according to the Russian laws on securities.

The Board of Directors occupies a key position in FPC's corporate governance system. Its activities are governed by the Regulations on the Board of Directors of JSC FPC approved by the General Shareholders Meeting. Information on the activities of the Board of Directors is disclosed in the Annual Report and made available to shareholders.

The duties of the Board of Directors are to:

- determine FPC's priorities: design and approve the Company's development strategy and long-term development programme, as well as amendments and addenda thereto; review reports on their implementation
- approve FPC's budget and investment programme and amendments thereto; review the General Director's report on the Company's performance in the reporting period, including information on budget and investment programme performance; implement resolutions passed by the General Shareholders Meeting and the Board of Directors
- elect members of the Audit Commission and approve early termination of their powers
- approve the Company's Auditor and determine the relevant fee
- approve annual reports
- convene Annual and Extraordinary General Shareholders Meetings; approve the agenda of General Shareholders Meetings; determine the record date; and address other matters relating to the preparation and holding of General Shareholders Meetings
- approve the activity plan of the internal audit function and relevant annual performance reports; appoint and remove the head of internal audit
- determine FPC's policy on remuneration due to, and/or reimbursement (compensation) of costs incurred by, members of the Board of Directors
- review the results of performance evaluation of the Board of Directors and its members and committees, as well as of the Company's sole executive body
- determine the key performance indicators (KPIs) for FPC and its sole executive body and review KPI performance reports; approve a list of the Company's key managers and compile a list of their corporate KPIs
- determine the principles of, and approaches to, organising the risk management and internal control system at FPC
- establish acceptable risk levels (risk appetite, preferred risks).

For the full list of powers of the Board of Directors, see JSC FPC's Articles of Association.

Election of the General Director and the Corporate Secretary and appointment of members to the Board of Directors' committees are also reserved to the Board of Directors.

Three committees of the Board of Directors have been set up to preview the most important matters referred to the Board of Directors:

- Strategic Planning Committee
- Audit and Risk Committee
- Human Resources, Remuneration and Corporate Governance Committee

The committees' activities are governed by relevant regulations. The committees submit reports on their activities to the Board of Directors on an annual basis.

The Corporate Secretary ensures effective ongoing interaction with shareholders, coordinates the Company's efforts to protect shareholder rights and interests, and supports the activities of the Board of Directors. The Corporate Secretary is accountable to the Board of Directors. The Corporate Secretary's activities are governed by the Regulations on the Corporate Secretary approved by FPC's Board of Directors.

FPC has the standing Audit Commission and appoints its Auditor on an annual basis to provide shareholders with reliable and complete information on its financial and business activities.

The Company has its internal audit function – the Internal Audit Unit. The Regulations on JSC FPC's Internal Audit Organisation, Regulations on JSC FPC's Internal Audit Unit, and the unit's activity plan are approved by the Board of Directors. The Internal Audit Unit is accountable to the Board of Directors.

Assessment of corporate governance quality

Internal assessment of corporate governance quality

In 2020, the Internal Audit Unit assessed the Company's regulations and practices for compliance with regulatory requirements, including recommendations of the Bank of Russia's Corporate Governance Code, as well as compliance with FPC's internal documents.

Regulatory requirements for corporate governance practices were assessed in accordance with the Internal Audit Practice Guidelines No. PR.004-2018, Assessment of Corporate Governance Practices, in the following aspects:

- Shareholder rights protection, activities of the Board of Directors, and interaction of governance bodies
- Activities of the executive management team, including procedures for setting goals, monitoring and controlling their achievement
- Disclosure by the Company of information about its operations
- Corporate social responsibility and business ethics

The final result of the corporate governance practice assessment was 97% of the maximum overall score, which shows that the Company's corporate governance practice is mostly compliant with established regulatory requirements.

The following findings/conclusions were drawn from the internal audit:

- FPC's current corporate governance regulations comply with the key recommendations of the Bank of Russia's Corporate Governance Code and do not contradict the Federal Law On Joint Stock Companies
- The Company complies with the information disclosure requirements established by the Federal Law On Joint Stock Companies and Regulations on Information Disclosure by Issuers of Issue-Grade Securities No. 454-P dated 30 December 2014
- To ensure the efficiency of corporate governance, the Company applies a systemic approach to the interconnection of all corporate governance elements. The Company has in place a KPI system linked to the remuneration system of FPC's General Director
- Timely disclosure of complete and reliable information about the Company increases transparency and enhances stakeholders' trust

The Internal Audit Unit provided recommendations on further enhancing the efficiency of corporate governance at FPC.

Report on compliance with the Bank of Russia's Corporate Governance Code

In 2020, the Company continued to improve its corporate governance system.

FPC's internal documents regulating corporate governance were updated, and new relevant documents were developed during the reporting year.

The Board of Directors approved the following documents:

- A new version of the Regulations on JSC FPC's Dividend Policy
- Code of Ethics for Internal Auditors
- New standards for providing materials regarding items on the agenda of the General Shareholders Meeting of FPC and on the agenda of meetings of FPC's Board of Directors

The Company continued to follow the recommendations of the Bank of Russia's Corporate Governance Code (the "Code"):

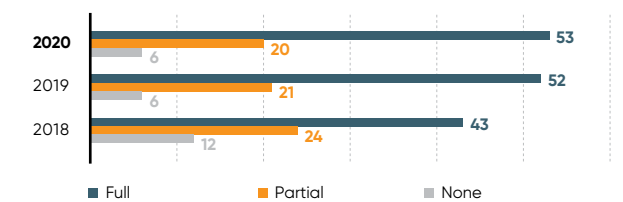
- FPC's Human Resources, Remuneration and Corporate Governance Committee assessed nominees to the Board of Directors for required experience, expertise, business reputation, and absence of conflicts of interest
- FPC's Human Resources, Remuneration and Corporate Governance Committee assessed nominees to the Board of Directors against the independence criteria set by the Code
- The Board of Directors conducted a self-evaluation of its performance as well as the performance of its committees and individual Board members, including the analysis of the needs of the Board of Directors in terms of professional qualifications, experience and business skills of Board

members, the number of Board members, and the performance of the Chairman of the Board of Directors and the Corporate Secretary.

- The Board of Directors reviewed at an in-person meeting the results of assessment of corporate governance practice
- The Company's Annual Report contains the main results of the Board of Directors' performance evaluation
- The Company's Annual Report contains annual financial statements prepared under the IFRS, along with the auditor's report

More details on the Company's compliance with the Code are available in the [Report on Compliance with the Bank of Russia's Corporate Governance Code annexed hereto](#).

Compliance with the Corporate Governance Code



Compliance with the principles and recommendations of the Corporate Governance Code¹

Sections	The number of corporate governance principles recommended by the Code	Compliance								
		full			partial			none		
		2019	2020	2018	2019	2020	2018	2019	2020	
Shareholder Rights	13	9	8	3	3	3	2	1	1	
Board of Directors	36	24	15	14	11	10	7	2	2	
Corporate Secretary	2	2	2	–	–	–	–	–	–	
Remuneration System	10	6	6	2	2	2	2	2	2	
Risk Management System	6	6	6	–	–	–	–	–	–	
Information Disclosure	7	4	4	3	3	3	–	–	–	
Material Corporate Actions	5	2	2	2	2	2	1	1	1	
Total	79	53	43	24	21	20	12	6	6	

¹ In accordance with Letter of the Bank of Russia No. IN-06-52/8 On Disclosure of Compliance with the Principles and Recommendations of the Corporate Governance Code in the Annual Report of a Public Joint Stock Company, dated 17 February 2016.

SHAREHOLDERS MEETINGS

FPC's highest governance body is the General Shareholders Meeting.

In 2020, three General Shareholders Meetings were held – one Annual General Shareholders Meeting and two Extraordinary General Shareholders Meetings.

Joint Stock Company Registry Society STATUS performed the functions of a counting commission at FPC's General Shareholders Meetings. Voting results were announced at the meetings.

General Shareholders Meetings held in 2020

Annual General Shareholders Meeting	30 June 2020		
Extraordinary General Shareholders Meeting	3 September 2020	30 November 2020	
Number of items reviewed	5	2	3

Resolutions passed by the Annual General Shareholders Meeting

Date	Resolutions
30 June 2020	Approved FPC's annual accounting (financial) statements for 2019
	Distributed JSC FPC's profit from financial and business operations for full year 2019 in the amount of RUB 6,629,395,000
	Resolved not to pay any dividend for 2019
	Considered the payment of remuneration to members of FPC's Board of Directors in accordance with the Regulations on Remuneration and Compensation Payable to Members of FPC's Board of Directors, no resolution was passed
	Elected the new Board of Directors

Resolutions passed by the Extraordinary General Shareholders Meetings

Date	Resolutions
3 September 2020	Resolved on the procedure of the issuance of additional JSC FPC shares
30 November 2020	Resolved to elect the new Board of Directors
	Resolved to pay remuneration to members of FPC's Board of Directors

BOARD OF DIRECTORS

Brief biographical details of members of the Board of Directors



Dmitry PEGOV

**Non-Executive Director
Chairman of the Board of Directors**

Year of birth: 1973

Nationality: Russian Federation

First elected to the Board of Directors in 2017

Chairman of FPC's Board of Directors since March 2017

Chairman of the Strategic Planning Committee of FPC's Board of Directors

Education

Emperor Alexander I Saint Petersburg State Transport University with a degree in Locomotives (Electric Locomotives and Electric Trains)

Experience

From 2004 to 2009, he was Head of the Saint Petersburg–Moskovskoye locomotive depot of the Locomotive Directorate, a structural unit of the Transcom Suburban Service Directorate of the Oktyabrskaya Railway, a branch of Russian Railways.

In June 2009, he was appointed Head of the Northwest Directorate for Higher-Speed Services, a structural unit of the Directorate for Higher-Speed Services, a branch of Russian Railways.

From February 2010 to July 2014, he was CEO of the Directorate for Higher-Speed Services, a branch of Russian Railways.

From July 2014 to May 2017, he headed Moscow Metro.

In May 2017, he was appointed Director for Passenger Services at Russian Railways.

In December 2018, he was appointed Deputy to the CEO – Chairman of the Executive Board of Russian Railways.

Also in December 2018, he joined the Executive Board of Russian Railways.

Key professional competencies:

- Macroeconomic and industry analysis
- Government relations
- Strategic planning and development
- Strategic management

Positions held in other companies:

- Member of the Board of Directors at High-Speed Rail Lines
- Chairman of the Board of Directors at OY Karelian Trains Ltd
- Member of the Executive Board at Russian Railways



Vera EVSEGNEEVA

Non-Executive Director
Deputy Chairwoman of the Board of Directors

Year of birth: 1980

Nationality: Russian Federation

First elected to the Board of Directors in March 2018

Member of the Strategic Planning Committee of FPC's Board of Directors

Education

Lomonosov Moscow State University with a degree in Economics, holds an MBA from the Russian Presidential Academy of National Economy and Public Administration

Experience

From 2012 to 2013, she acted as Director for Strategic Development at HPC Mosenergo.

From 2013 to 2017, she was General Director of VK Consult.

Since 2017, she has been Deputy Head, Acting Head, and Head of the Subsidiaries and Affiliates Management Department at Russian Railways.

Key professional competencies:

- Government relations
- Corporate governance
- Strategic planning and development
- Strategic management

Positions held in other companies:

- General Director of VESTA
- Member of the boards of directors at RASCOM, Aeroexpress, TransTeleCom, SC CRC-1, Federal Freight
- Chairwoman of the Board of Directors at JSC RZD Business Asset
- Member of the Supervisory Board at GEFCO S.A.



Olga GNEDKOVA

Non-Executive Director

Year of birth: 1960

Nationality: Russian Federation

First elected to the Board of Directors in December 2009 by the founders' meeting

Education

Novosibirsk Institute of Railway Engineers with a degree in Accounting

PhD in Economics

Experience

Started her career in railways **in 1981** as an accountant at the West Siberian Railway.

In 2000, she was appointed Head of the Financial Service at the West Siberian Railway.

From 2002 to 2004, she acted as Deputy Head – Head of the Financial Service at the Moscow Railway.

In 2004, she was appointed Deputy Head of Economics and Finance at the Moscow Railway.

From 2004 to 2005, she was Head of the Financial Management Department at Russian Railways.

From 2005 to 2017, she acted as Head of the Corporate Finance Department and a member of the Executive Board at Russian Railways.

In 2017, she was appointed Economics and Finance Director of Russian Railways.

In March 2018, she was appointed Deputy to the CEO – Chairman of the Executive Board at Russian Railways.

Key professional competencies:

- Corporate finance and investor relations
- Macroeconomic and industry analysis
- Taxation, strategic planning and development
- Finance and audit

Positions held in other companies:

- Member of the Executive Board at Russian Railways



**Alla
SALTYKOVA**

Independent Director

Year of birth: 1970

Nationality: Russian Federation

Elected to the Board of Directors in June 2016

Chairwoman of the Audit and Risk Committee of FPC's Board of Directors and a member of the Strategic Planning Committee of FPC's Board of Directors

Education

Moscow State Linguistic University, Faculty of English

Holds MBAs from California State University (Hayward, USA) and the Academy of National Economy under the Government of the Russian Federation

Obtained the IoD Certificate in Company Direction under the IoD's Chartered Director global programme for the qualification of directors

Experience

Until 2011, she was Director of the Audit Department at PricewaterhouseCoopers International Network.

From 2011 to 2014, she was a partner at Deloitte international network of firms.

From 2014 to 2019, she acted as Deputy Executive Director of the non-profit foundation Forum Analytical Centre; in 2019, she served at the Agency for Strategic Initiatives to Promote New Projects.

Since 2019, she as acted as Deputy Director of the Institute of Transport Economics and Transport Policy Studies, Faculty of Urban and Regional Development at the National Research University Higher School of Economics.

Key professional competencies:

- Finance and audit
- Internal audit and internal control
- Risk management
- Corporate governance
- Management and optimisation of major investment projects
- Strategic planning and development

Positions held in other companies:

- Independent member of the Board of Directors at SC CRC-1



**Sergey
ZEMLYANSKY**

Independent Director

Year of birth: 1968

Nationality: Russian Federation

Elected to the Board of Directors in 2017

Chairman of the Human Resources, Remuneration and Corporate Governance Committee of FPC's Board of Directors

Education

Ryazan Higher Airborne Command School with a degree in Armoured Fighting Vehicles Operation and Automotive Engineering

Institute of Advanced Training at the Financial Academy under the Government of the Russian Federation with a degree in Economics in Banking and Insurance

Holds an EMBA from Moscow School of Management SKOLKOVO

Obtained the IoD Certificate in Company Direction under the IoD's Chartered Director global programme for the qualification of directors

Experience

From 1993, he held senior positions and was a member of management boards at several commercial banks.

From 2012 to 2013, he was First Deputy President and a member of the Management Board at Novikombank.

From 2013 to 2017, he was Deputy Chairman of the Board at RIABANK.

Since 2007, he has worked at Stroyholding Stolitsa as Advertising and Marketing Director and as Economics Director.

From 2018 to 2020, he served as Senior Vice President at Nefteprombank.

Since 2020, he has been Deputy Director at the Corporate and Project Management Research Institute, Vice President of the Federation of Parachute Sport of Moscow and a member of the SKOLKOVO Independent Directors Club.

Key professional competencies:

- Finance and audit
- Strategic planning and development
- Corporate governance
- Strategic management
- HR

Positions held in other companies:

- Member of the Board of Directors at GARANT RAIL SERVICES
- Vice President of the Federation of Parachute Sport of Moscow
- Member of the SKOLKOVO Independent Directors Club



**Vladimir
GAPONKO**

Non-Executive Director

Year of birth: 1979

Nationality: Russian Federation

First elected to the Board of Directors in 2018

Member of the Strategic Planning Committee of FPC's Board of Directors

Education

Moscow State University of Railway Engineering (MIIT) with a degree in Finance and Credit

Holds an Executive MBA from the University of Chicago Booth School of Business

Experience

From 2010 to 2015, he acted as Head of the Management Accounting and Reporting Department at Russian Railways.

From 2015 to 2016, he was Head of the Department of Management Accounting and Methodology of Long-Term Tariff Policy at Russian Railways.

From 2016 to 2017, he served as Head of the Management Accounting and Reporting Department at Russian Railways.

From 2017 to 2020, he was Head of the Economics Department at Russian Railways.

On 20 January 2020, he was appointed Director of Operational Efficiency – Head of the Economics Department at Russian Railways. Member of the Executive Board at Russian Railways.

Key professional competencies:

- Government relations
- IT and telecommunications
- Strategic planning and development
- Finance and audit

Positions held in other companies:

- Member of the boards of directors of Institute of Economy and Development of Transport (IEDT), and Federal Freight
- Member of the Supervisory Board at GEFCO S.A.
- Member of the management boards at Russian Railways and the Russian Railways Corporate University



**Alexey
KOMISSAROV**

Independent Director

Year of birth: 1969

Nationality: Russian Federation

First elected to the Board of Directors in 2020

Member of the Audit and Risk Committee of FPC's Board of Directors

Education

Moscow Automobile and Road Construction Institute (State Technical University) with a degree in Automobiles and Automotive Infrastructure

Holds an MBA from Kingston University (London, UK)

Experience

From 1993 to 2011, he founded Autorepair Systems and was its CEO until 2011.

From 2011 to 2015, he was Minister of the Government of Moscow, serving as Head of the Department of Science, Industrial Policy and Entrepreneurship of Moscow from 2011 to 2014 and Advisor to the Mayor of Moscow from 2014 to 2015.

From 2015 to 2017, he was Director of the Industrial Development Fund.

Since 2017, he has been Vice Rector of the Russian Presidential Academy of National Economy and Public Administration and Director of the Graduate School of Public Management.

Since 2018, he has acted as the CEO of Russia – the Country of Opportunities.

Key professional competencies:

- Government relations
- Corporate governance
- Strategic planning and development
- HR management and corporate social responsibility

Positions held in other companies:

- Independent Director at Yandex N.V. and SIBUR Holding
- Co-chairman of the central headquarters of the All-Russia People's Front
- Founder of the Gennady Komissarov Foundation for the Support of Young Scientists



**Tatiana
ORLOVA**

Non-Executive Director

Year of birth: 1978

Nationality: Russian Federation

First elected to the Board of Directors in 2020

Education

Plekhanov Russian Academy of Economics with a degree in Economics

Experience

From 2008 to 2011, she was Deputy Head of Borrowing at the Corporate Finance Department of Russian Railways.

From 2011 to 2013, she served as Head of Capital Markets and Investor Relations at the Corporate Finance Department of Russian Railways.

From 2013 to 2015, she was Deputy Head of the Corporate Finance Department – Head of Capital Markets and Investor Relations at Russian Railways.

From 2015 to 2019, she held the position of Deputy Head at the Corporate Finance Department of Russian Railways.

In November 2019, she was appointed Head of the Corporate Finance Department at Russian Railways.

Key professional competencies:

- Government relations
- Corporate finance and investor relations
- Strategic planning and development
- HR management and corporate social responsibility

Positions held in other companies:

- Member of the Supervisory Board at GEFCO S.A.
- Member of the Board of Directors at TransTeleCom



**Vladimir
PYASTOLOV**

Executive Director

Year of birth: 1967

Nationality: Russian Federation

First elected to the Board of Directors in 2020

Education

The Ural Electromechanical Institute of Railway Engineers with a degree in Railway Engineering, Operation of Railway Transportation Process

The Ural Academy of Public Administration with a degree in Management

Experience

Started his career in railways **in 1984** as a traffic department operator at the Zlatoust branch of the South Ural Railway.

From 1993 to 2008, he held a number of senior positions at the South Ural Railway, a branch of Russian Railways.

In 2008, he was appointed First Deputy Head of the South Ural Railway, a branch of Russian Railways.

From 2012 to 2016, he was First Deputy Head of the North Caucasus Railway, a branch of Russian Railways.

In 2016, he was appointed Head of the North Caucasus Railway, a branch of Russian Railways.

In 2020, he was elected General Director of FPC.

Key professional competencies:

- Government relations
- Strategic planning and development
- Strategic management

Positions held in other companies:

- Member of the Board of Directors at FC Lokomotiv Moscow

Additional information on Board members

Members of the Board of Directors do not hold a stake in FPC's share capital, do not own the Company's ordinary shares, and were not engaged in any transactions to acquire, or dispose of, FPC shares in the reporting year.

No claims were filed in 2020 against members of the Board of Directors concerning the performance of their duties as directors.

FPC did not extend any loans (credit facilities) to members of the Board of Directors.

No conflicts of interest were reported to the Board of Directors.

Non-executive and independent directors are not eligible for pension contributions, insurance programmes, investment programmes, or other benefits and privileges.

Board of Directors' report

Composition of the Board of Directors

The Board of Directors is elected by FPC's Annual General Shareholders Meeting in accordance with the Company's Articles of Association and is composed of nine members.

In June 2020, the following directors were elected to FPC's Board of Directors by the Annual General Shareholders Meeting: Vladimir Gaponko, Olga Gnedkova, Vera Evsegneeva, Sergey Zemlyansky, Petr Ivanov, Alexey Komissarov, Tatiana Orlova, Dmitry Pegov, and Alla Saltykova.

The powers of Mikhail Beskhmel'nitsyn and Irina Shytkina were terminated.

In November 2020, FPC's Board of Directors was re-elected by resolution of the Extraordinary General Shareholders Meeting due to the termination of labour relations with the Company's General Director Petr Ivanov and the need to elect FPC's current General Director Vladimir Pyastolov to the Board of Directors.

Composition of FPC's Board of Directors in 2020

From 1 January to 30 June	From 30 June to 30 November	From 30 November to 31 December
Dmitry Pegov	Dmitry Pegov	Dmitry Pegov
Mikhail Beskhmel'nitsyn	Vladimir Gaponko	Vladimir Gaponko
Vladimir Gaponko	Olga Gnedkova	Olga Gnedkova
Olga Gnedkova	Vera Evsegneeva	Vera Evsegneeva
Vera Evsegneeva	Sergey Zemlyansky	Sergey Zemlyansky
Sergey Zemlyansky	Petr Ivanov	Alexey Komissarov
Petr Ivanov	Alexey Komissarov	Tatiana Orlova
Alla Saltykova	Tatiana Orlova	Vladimir Pyastolov
Irina Shytkina	Alla Saltykova	Alla Saltykova

Structure of the Board of Directors

FPC's Board of Directors performs efficiently due to a balanced composition of members in terms of their qualifications, experience, expertise and competencies as well as age and gender.

The Company meets the recommendations of the Corporate Governance Code that independent directors should make up at least one third of the Board members.

FPC's Human Resources, Remuneration and Corporate Governance Committee assesses nominees to the Board of Directors against the independence criteria set by the Corporate Governance Code. Based on the information submitted to the Committee, the following Board members meet the formal independence criteria: Alla Saltykova, Sergey Zemlyansky, Alexey Komissarov.

The Board includes four women and five men from different age groups, allowing directors to gain a deep insight into agenda items.

The Board members are highly skilled professionals and have the trust of shareholders. The Human Resources, Remuneration and Corporate Governance Committee reviewed the professional qualifications of all nominees to the Board of Directors.

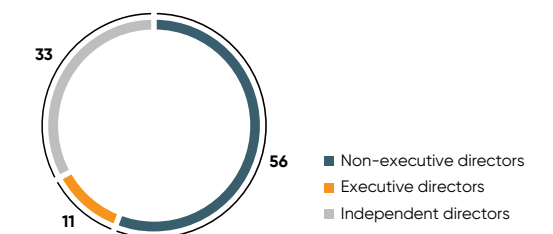
Director Olga Gnedkova has been a continuous Board member since first elected by the founders' meeting in 2009.

Induction programme and training

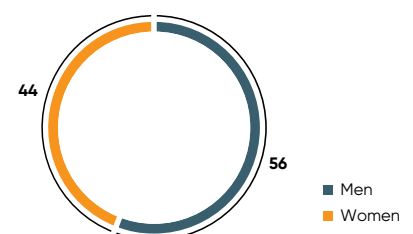
To gain a prompt and efficient insight into FPC's operating, financial and business activities, new members of the Board of Directors take an induction training course under the Induction Programme for Newly Elected Members of FPC's Board of Directors approved by the Board.

As part of the induction training, FPC organises office meetings with the General Director and key managers, provides key documents and presentations about FPC's operations, and arranges for site visits to the Company's facilities.

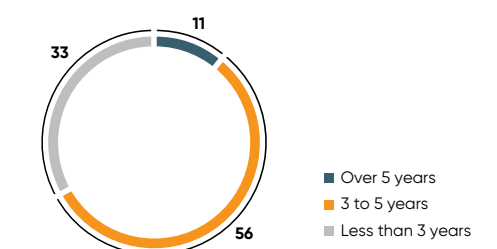
Breakdown by directors' independence, %



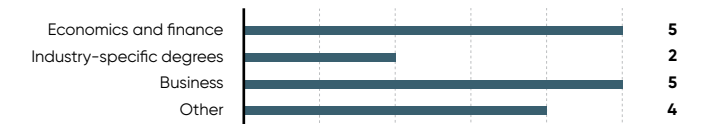
Breakdown by gender, %



Breakdown by the length of service, %



Directors' educational background¹



¹ Directors Vladimir Gaponko, Vera Evsegneeva, Sergey Zemlyansky, Alexey Komissarov, Vladimir Pyastolov, and Alla Saltykova each have two or more higher education degrees. Director Olga Gnedkova has an academic degree.

In 2020, the induction training was conducted for Alexey Komissarov, an independent director. As part of the induction training, meetings with the General Director and Deputy General Directors were held at the Company's office, and site visits to the Situation Centre and the Company's facilities were arranged.

To enhance the directors' professional competencies, the Company engages them in forums, strategic sessions, conferences and other events relevant to FPC's profile.

Meetings of the Board of Directors

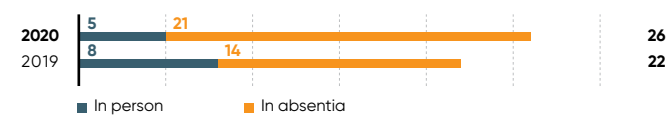
A sufficient number of meetings of the Board of Directors are held regularly in line with the approved activity plan. In 2020, amid the COVID-19 pandemic, the frequency of in-person Board meetings decreased with meetings moved online. At the same time, the meetings were as intensive as in 2019. Directors actively participated in the Board's activities: attendance at meetings was 95%.

In 2020, 26 meetings of FPC's Board of Directors were held, including 21 meetings in absentia and 5 meetings in person. The Board reviewed 136 matters during 2020. The length of in-person meetings averaged 1.7 hours.

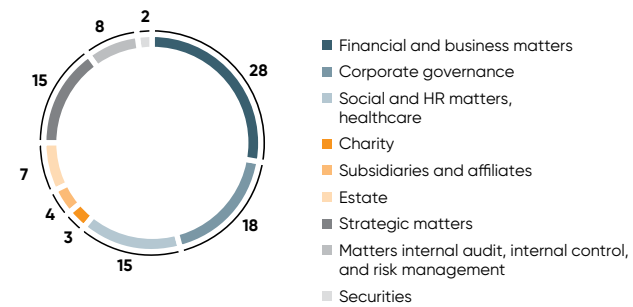
Attendance at meetings of FPC's Board of Directors by its members in 2020

Name	Meetings in person ¹	Meetings in absentia	%
Mikhail Beskhmel'nitsyn	2(0)/2	6/11	54
Vladimir Gaponko	3(0)/5	17/21	80
Olga Gnedkova	3(2)/5	21/21	100
Vera Evsegneeva	3(2)/5	21/21	100
Sergey Zemlyansky	5(0)/5	21/21	100
Petr Ivanov	4(1)/5	18/18	100
Dmitry Pegov	5(0)/5	21/21	100
Alla Saitykova	4(1)/5	21/21	100
Irina Shytkina	1(1)/2	11/11	100
Alexey Komissarov	2(1)/3	10/10	100
Tatiana Orlova	0(2)/3	9/10	90
Vladimir Pyastolov	0	3/3	100

Statistics of meetings of the Board of Directors



Matters reviewed by the Board of Directors in 2020, %



¹ The format "6(2)/8" in the table means that the concerned director personally attended six of eight meetings, and participated in two in-person meetings by submitting a written opinion.

Key resolutions of the Board of Directors in 2020

Group of matters	Resolutions	
Strategic matters	Approved JSC FPC's IT Programme for 2020	
	Approved adjustments to FPC's budget for 2020 based on the 1H 2020 performance	
	Resolved to adjust JSC FPC's Investment Programme for 2020–2022	
	Approved the Regulations on the System of Key Performance Indicators of JSC FPC, as well as target values of key performance indicators of JSC FPC for 2020	
Securities	Approved the new version of the Regulations on JSC FPC's Dividend Policy	
	Resolved to increase FPC's share capital by placing additional shares and approved the document containing the terms and conditions of placing FPC securities	
Corporate governance	Resolved on convening the Annual and Extraordinary General Shareholders Meetings of JSC FPC and making relevant preparations	
	Resolved on the organisation of activities of the Board of Directors' committees, in particular, approved the committees' activity plans for the 2020/2021 corporate year. Reviewed reports on the committees' performance in the 2019/2020 corporate year	
	Reviewed the results of performance evaluation of FPC's Board of Directors and its committees	
	Adopted as guidance the Guidelines on Standards for Providing Materials Regarding Items on the Agenda of the General Shareholders (Members) Meeting and on the Agenda of Meetings of the Board of Directors (Supervisory Board) of Business Entities	
	Reviewed the results of evaluation of FPC's corporate governance practice in 2019 conducted by the Internal Audit Unit	
	Reviewed the report on corporate governance practice at business entities in which FPC directly or indirectly holds an interest	
	Internal audit, internal control, and risk management	Reviewed reports on the performance of the Internal Audit Unit in 2019 and 1H 2020
		Approved JSC FPC's Code of Ethics for Internal Auditors
		Reviewed the results of self-evaluation of FPC's risk management and internal control system
		Reviewed the register of key risks and the Procedure for Determining the Acceptable Risk Levels
HR	Reviewed the results of evaluation of the reliability and effectiveness of FPC's risk management and internal control system in 2019 conducted by the Internal Audit Unit	
	Resolved to elect FPC's General Director	
	Approved candidates to the positions of FPC's Deputy General Director and heads of FPC's branch	
	Reviewed the reports of FPC's General Director on the implementation of measures to counter the negative consequences of the coronavirus pandemic	

Performance evaluation of FPC's Board of Directors

The Company formalised the Board of Directors' performance evaluation procedure in the Regulations on Performance Evaluation of the Board of Directors, Board Members, and Committees of the Board of Directors of JSC FPC, approved by FPC's Board of Directors in October 2015.

In the reporting period, FPC's Board of Directors carried out a self-evaluation through questionnaires filled in by Board members to evaluate the overall performance of the Board of Directors and its committees as well as individual performance of each Board member. The analysis included the needs of the Board of Directors in terms of professional qualifications, experience and business skills of Board members, the number of Board

members, and the performance of the Chairman of the Board of Directors and the Corporate Secretary.

The Board of Directors reviewed the self-evaluation results at its meeting in June 2020.

The weighted average performance score was 4.5 out of 5 for the Board of Directors and 4.8 out of 5 for individual Board members. The evaluation showed that most of the assessed parameters comply with best-practice standards.

The Board of Directors and its committees intend to adhere to the Company's established practices and maintain high performance levels in 2021.

Key results of performance evaluation

- The Board of Directors has the necessary competencies to drive the Company's growth. Distribution of authority between the Board of Directors and the executive management team can be deemed reasonable.
- The Board of Directors duly monitors the Company's financial position and the work of FPC's executive bodies.
- The Board of Directors' committees are highly effective; their activities are well organised. The committees support the Board of Directors' efficient performance.
- The Chairman of the Board of Directors duly exercises his formalised and non-formalised responsibilities.
- The Board members effectively interact with each other as well as with shareholders, stakeholders and executives.

Remuneration of members of the Board of Directors

The principles for motivating members of FPC's Board of Directors, as well as paying compensation and reimbursement of expenses to members of the Board of Directors are set out in the Regulations on Remuneration and Compensation Payable to Members of FPC's Board of Directors approved by FPC's Annual General Shareholders Meeting in June 2018.

The Regulations include transparent mechanisms to determine directors' remuneration in line with the recommendations of the Corporate Governance Code. The remuneration paid for the past corporate year is the only form of monetary remuneration payable to members of the Board of Directors. FPC does not apply any form of short-term motivation or additional financial incentive for its directors.

Remuneration of members of the Board of Directors is differentiated depending on the scope of directors' responsibilities and considering additional time spent

on discharging the functions of the Chairman of the Board of Directors, the Deputy Chairman of the Board of Directors, a committee member, and a committee Chairman or Deputy Chairman.

To calculate fixed remuneration for serving on the Board of Directors, FPC uses a formula based on the fixed part of remuneration adjusted for the factor of a director's attendance at meetings and a factor of his/her contribution to the performance of the Board of Directors as its Chairman or Deputy Chairman.

Additional remuneration is payable for serving on a committee of the Board of Directors, which is calculated based on the fixed part of remuneration adjusted for the factor of a director's attendance at committee meetings and an additional factor for discharging the functions of the Chairman, the Deputy Chairman, or a member of a committee of the Board of Directors.

Payments to members of the Board of Directors for discharging extra functions

Function	Payment
Chairman of the Board of Directors	50% of the fixed part of remuneration
Deputy Chairman of the Board of Directors	25% of the fixed part of remuneration
Committee Chairman	25% of the fixed part of remuneration
Deputy Chairman of a committee	25% of the fixed part of remuneration for the meetings where the director acted as Chairman of a committee of the Board of Directors
Committee member	15% of the fixed part of remuneration

If a member of the Board of Directors is a member of several committees, additional remuneration is calculated and paid for serving on each committee.

The remuneration for serving on the Board of Directors is only paid if a director attends at least 50% of meetings (from his/her election to the termination of powers).

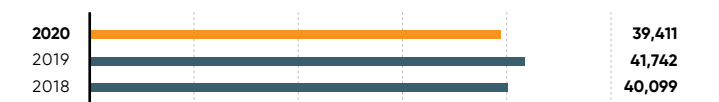
Additional remuneration is only paid if a director attends (personally or by submitting a written opinion) at least 50% of in-person committee meetings (from his/her election to the termination of powers).

Members of FPC's Board of Directors are reimbursed for expenses incurred when attending the Board meetings (committee meetings) in the amount of actual and documented expenses, in particular:

- travel expenses for a round trip to the venue of the Board meeting (committee meeting) (including passenger insurance and service fee) by plane in business class or by train in a first-class sleeping carriage

- travel expenses for a round trip from the airport or the railway station to the hotel
- accommodation expenses for a single room in a hotel
- other expenses incurred when attending the Board meeting (committee meeting).

Total remuneration paid to members of the Board of Directors¹, RUB thousand



¹ These amounts do not include personal income tax or payments related to Petr Ivanov's and, since October 2020, Vladimir Pyastolov's discharging the functions of FPC's General Director. Vladimir Gaponko and Olga Gnedkova waived their remuneration in 2020.

Report of the Audit and Risk Committee



The Audit and Risk Committee is a consultative and advisory body of the Board of Directors, whose resolutions are advisory. The Committee's primary goal is to assist the Board of Directors' efficient operation in controlling the Company's financial and business activities. It is achieved through addressing the matters within the Committee's authority.

Alla SALTYSKOVA

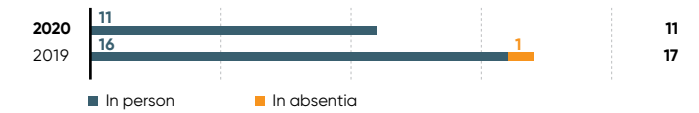
The Committee's goals and objectives

Area	Competencies
Accounting (financial) statements	<ul style="list-style-type: none"> → Monitor the completeness, accuracy and integrity of FPC's accounting (financial) statements; review the material aspects of FPC's accounting policy; participate in reviewing material matters and judgements relating to FPC's accounting (financial) statements → Review external audit results → Review the rationale behind, and acceptability of, the current accounting methods, accounting (financial) reporting principles, as well as management accounting methods and management reporting principles → Preview the Company's draft Annual Report, budget, investment programme, operational efficiency and cost optimisation programme, and relevant performance reports
Risk management and internal control	<ul style="list-style-type: none"> → Monitor the risk management and internal control system for reliability and effectiveness → Review the effectiveness of risk management and internal control procedures; prepare proposals for their improvement → Review and assess the implementation of the risk management and internal control policy → Review and assess the implementation of the conflict of interest management policy → Prepare recommendations on acceptable risk levels (risk appetite, preferred risks)

Area	Competencies
Internal and external audit	<ul style="list-style-type: none"> → Ensure independent and unbiased approach of the internal audit function and review its effectiveness; review the Company's internal audit policy and internal audit plan; review matters relating to the appointment (removal) of the head of internal audit and the amount of his/her remuneration → Assess nominees to the Company's external auditor for independence, objectivity and absence of conflicts of interest, in particular, assess potential candidates for the Company's auditor role, make proposals on the external auditor's appointment, re-appointment and dismissal as well as remuneration and terms of engagement, oversee external audits and assess audit quality and auditors' reports → Ensure effective interaction between the internal audit function and the Company's external auditor
Combating malpractice by FPC's employees or third parties	<ul style="list-style-type: none"> → Monitor the performance of the system of alerting on potential fraud being committed by FPC's employees or third parties → Oversee special investigations of potential fraud, misuse of insider or confidential information → Monitor the implementation of measures adopted by the Company in response to reports of suspected fraud or other violations

Statistics on the Committee meetings

In 2020, the Audit and Risk Committee held 11 meetings in person and discussed 96 agenda items.



Essential items discussed by the Committee

→	Reviewed the audit results of FPC's RAS accounting (financial) statements for 2019
→	Reviewed FPC's Annual Report and accounting (financial) statements for 2019
→	Reviewed the procedure for distributing FPC's profit and loss for 2019
→	Reviewed adjustments to FPC's budget for 2020 and Investment Programme for 2020–2022
→	Reviewed the report on FPC's anti-corruption and corruption prevention efforts in 2019 and FPC's anti-corruption and corruption prevention action plan for 2020
→	On a quarterly basis, reviewed reports on the Company's financial and business activities prepared by FPC's General Director
→	Reviewed organisational matters related to the Internal Audit Unit: report on the performance of JSC FPC's Internal Audit Unit in 2019, self-evaluation results of the Internal Audit Unit in 2019, and JSC FPC's Code of Ethics for Internal Auditors
→	Reviewed FPC's policies on sponsorship and charitable activities
→	Reviewed FPC's key risk register, evaluation results of the risk management and internal control system in 2019, as well as the compliance system and compliance risk management system
→	Reviewed JSC FPC's Financial Risk Management Policy

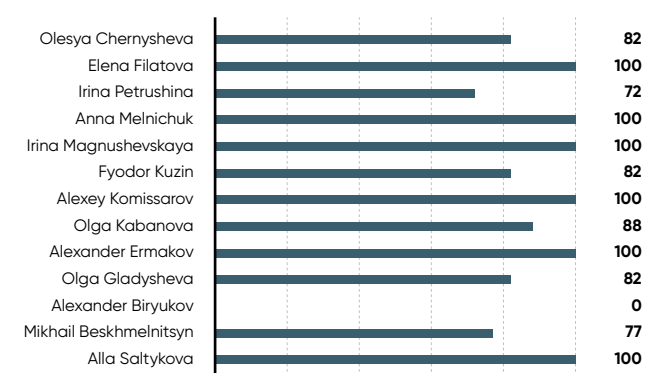
The Committee's plans for 2021

→	Review evaluation results of FPC's subsidiary management system
→	Review audit results and the action plan covering technical measures to remedy breaches identified by FPC's Audit Commission when auditing FPC's financial and business performance in 2020
→	Approve the potential candidate for the external auditor role and material terms of the relevant agreement, including the service fee
→	Review the report on the performance of the risk management system in 2020, including risk occurrence, financial risks, loans, and liquidity management
→	Review FPC's RAS accounting (financial) statements for 2020, the auditor's report on RAS accounting (financial) statements, and the auditor's recommendations
→	Preview FPC's Annual Report for 2020
→	Review the annual progress report on FPC's operational efficiency and cost optimisation programme
→	Review the report on the performance of the system to prevent and combat corruption and other malpractice by FPC employees and third parties in 2020 and the action plan for 2021
→	Review the report on the performance of the Audit and Risk Committee of FPC's Board of Directors in the 2020/2021 corporate year and its efficiency

Committee membership in 2020¹

January–June	August–November ²
Alla Saltykova , Independent Director, FPC; Chairwoman of the Committee	Alla Saltykova , Independent Director, FPC; Chairwoman of the Committee
Mikhail Beskhamelnitsyn , Head of the Control and Analytical Service of the CEO – Chairman of the Executive Board, Russian Railways; Deputy Chairman of the Committee	Olga Gladysheva , Head of the Centre for Risk Management Coordination and Internal Control System Development, Russian Railways
Alexander Biryukov , Head of Management Accounting and Reporting at the Economics Department, Russian Railways	Alexander Ermakov , Deputy Head of the Subsidiaries and Affiliates Management Department – Head of Unit, Russian Railways
Olga Gladysheva , Head of the Centre for Risk Management Coordination and Internal Control System Development, Russian Railways	Alexey Komissarov , Independent Director, FPC; Vice Rector at the Russian Presidential Academy of National Economy and Public Administration
Olga Kabanova , First Deputy Head of the Main Control Department of the City of Moscow	Fyodor Kuzin , Head of Unit at the Subsidiaries and Affiliates Management Department, Russian Railways
Fyodor Kuzin , Head of Unit at the Subsidiaries and Affiliates Management Department, Russian Railways	Irina Magnushevskaya , Deputy Head of the Economics Department, Russian Railways
Irina Petrushina , Head of Unit at Zheldoraudit Internal Audit Centre, a business unit of Russian Railways	Anna Melnichuk , Deputy Head at the Corporate Finance Department – Head of Unit, Russian Railways.
Elena Filatova , Advisor to the Deputy CEO – Chairman of the Executive Board, Russian Railways	Irina Petrushina , Deputy Head of Zheldoraudit Centre, a business unit of Russian Railways
Olesya Chernysheva , Head of the Accounting Department, Russian Railways	Olesya Chernysheva , Head of the Accounting Department, Russian Railways

Individual attendance at the Committee meetings in 2020, %



¹ Positions as at the date of election to the Committee.

² Pursuant to the Regulations on the Audit and Risk Committee of FPC's Board of Directors, if the powers of the Company's directors are terminated early, the powers of the Committee members shall terminate. Following the re-election of the Board of Directors on 30 November 2020, the powers of the listed Committee members were terminated early.

Report of the Human Resources, Remuneration and Corporate Governance Committee



The Human Resources, Remuneration and Corporate Governance Committee is a consultative and advisory body of the Board of Directors, whose resolutions are advisory. The Committee's primary goal is to assist the Board of Directors' efficient operation in developing corporate governance, efficient HR planning and effective and transparent remuneration practice at FPC. It is achieved through addressing the matters within the Committee's authority.

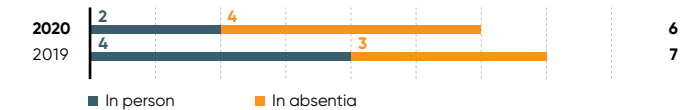
Sergey ZEMLYANSKY

The Committee's goals and objectives

Area	Competencies
Motivation and remuneration systems	<ul style="list-style-type: none"> → Develop and regularly review the Company's policy on remuneration of members of the Board of Directors, the Company's executive bodies and other key managers → Control the implementation of the Company's policy on remuneration and implementation of incentive programmes, evaluate the performance of the Company's executive bodies and other key managers, in particular, review the reports on their performance against KPIs → Preview the material terms of employment contracts with the Company's executive bodies and other key managers as well as bonuses for executive bodies and other key managers and make relevant recommendations to the Board of Directors → Pre-assess the Corporate Secretary's performance in the reporting year
HR and succession planning	<ul style="list-style-type: none"> → Assess members of the Company's Board of Directors in terms of their professional skills, experience, independence and involvement in the Board's work, review all nominees to the Board of Directors for professional qualifications and independence → Develop recommendations on evaluating the performance and improving the procedures of the Board of Directors and its Committees → Develop recommendations on designing an induction programme for newly elected members of the Board of Directors → Analyse the Company's current and anticipated needs regarding the professional qualifications of members of its executive bodies and other key managers → Plan succession, develop recommendations on nominees to positions in the Company's executive bodies and other key management positions
Corporate governance	<ul style="list-style-type: none"> → Monitor the Company's corporate governance practice → Analyse the alignment of the Company's corporate governance system with the Company's goals and objectives, the scale of operations and acceptable risks → Develop proposals to improve the corporate governance practice

Statistics on the Committee meetings

The Committee held 6 meetings in 2020 (2 in person and 4 in absentia) and discussed 33 matters.



Essential items discussed by the Committee

- Assessed nominees to FPC's Board of Directors against the independence criteria
- Reviewed FPC's Collective Bargaining Agreement for 2020–2022
- Reviewed the report on human capital development in FPC
- Reviewed the Board of Directors' performance evaluation and self-evaluation results for the 2019/2020 corporate year
- Reviewed the evaluation results of FPC's corporate governance practice in 2019
- Reviewed JSC FPC's Code of Ethics for Internal Auditors
- Reviewed the Regulations on the System of Key Performance Indicators of JSC FPC
- Approved candidates to the positions of FPC's Deputy General Director and a head of FPC's branch
- On a quarterly basis, reviewed reports on the Company's financial and business activities prepared by FPC's General Director
- Reviewed the Regulations on Incentives for the Person Acting as JSC FPC's Sole Executive Body
- Reviewed bonuses to FPC's General Director

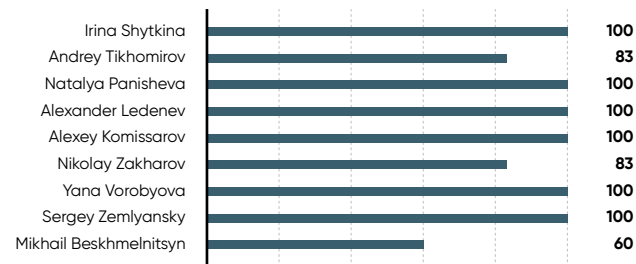
The Committee's plans for 2021

- Decide on FPC's nominees to the boards of directors and audit commissions of FPC subsidiaries
- Review progress reports on corporate KPIs
- Review the General Director's report on FPC's performance in 2020 and Q1 2021
- Review the report on the performance of the Human Resources, Remuneration and Corporate Governance Committee of FPC's Board of Directors in the 2020/2021 corporate year and its evaluation
- Review the performance evaluation results of FPC's Board of Directors, Board committees and Board members for the 2020/2021 corporate year
- Review actions to prepare for the Annual General Shareholders Meeting, including assessment of nominees to FPC's Board of Directors proposed by shareholders
- Reviewed bonuses to FPC's General Director

Committee membership in 2020¹

January–June	August–November ²
Mikhail Beskhamelnitsyn , Head of the Control and Analytical Service of the CEO – Chairman of the Executive Board, Russian Railways; Chairman of the Committee	Sergey Zemlyansky , Independent Director, FPC; Chairman of the Committee
Yana Vorobyova , Deputy Head of the Subsidiaries and Affiliates Management Department, Russian Railways	Yana Vorobyova , Deputy Head of the Subsidiaries and Affiliates Management Department, Russian Railways
Nikolay Zakharov , First Deputy Head of the Personnel Management Department, Russian Railways	Nikolay Zakharov , Senior Specialist of the Personnel Management Department, Russian Railways
Sergey Zemlyansky , Independent Director, FPC	Alexey Komissarov , Independent Director, FPC
Alexander Ledenev , Deputy Head of the Control and Analytical Service of the CEO – Chairman of the Executive Board, Russian Railways	Alexander Ledenev , Deputy Head of the Control and Analytical Service of the CEO – Chairman of the Executive Board, Russian Railways
Natalya Panisheva , Deputy Head of the Economics Department, Russian Railways	Natalya Panisheva , Deputy Head of the Economics Department, Russian Railways
Andrey Tikhomirov , First Deputy Head of the Employment, Remuneration and Motivation Department, Russian Railways	Andrey Tikhomirov , First Deputy Head of the Employment, Remuneration and Motivation Department, Russian Railways
Irina Shytkina , Independent Director, FPC	

Individual attendance at the Committee meetings in 2020, %



¹ 1 Positions as at the date of election to the Committee.

² Pursuant to the Regulations on the Human Resources, Remuneration and Corporate Governance Committee of FPC's Board of Directors, if the powers of the Company's directors are terminated early, the powers of the Committee members shall terminate. Following the re-election of the Board of Directors on 30 November 2020, the powers of the listed Committee members were terminated early.

Report of the Strategic Planning Committee



The Strategic Planning Committee is a consultative and advisory body of the Board of Directors, set up to enable the Board of Directors to improve the Company's long-term performance, whose resolutions are advisory.

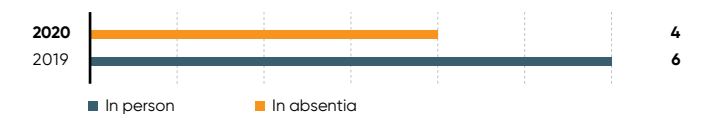
Dmitry PEGOV

The Committee's goals and objectives

- Determine strategic goals of FPC's activities; participate in the development of the Company's strategy and monitor its implementation; make recommendations to the Board of Directors on adjustments to the Company's existing strategy
- Determine the Company's business priorities
- Preview and make recommendations to the Board of Directors on:
 - the Company's dividend policy
 - the Company's investment policy, including the establishment of key principles for the development of the investment policy
 - the Company's membership in other entities (including direct or indirect acquisition and disposal of interests in the share capitals of such entities and imposing a charge on shares or interests)
 - approval of, and adjustments to, the Company's annual budget and investment programme, and approval of the relevant performance report
 - determining the amount of dividend on shares
 - approval of the Company's material transactions
 - significant matters in relation to subsidiaries and affiliates
- Determine the Company's KPIs, assess its long-term performance
- Review the Company's financial model and a model for the valuation of its business and business segments
- Consider reorganisation or liquidation of the Company and its controlled entities
- Consider changes to the organisational structure of the Company's administration
- Consider reorganisation of business processes in the Company and its controlled entities

Statistics on the Committee meetings

In 2020, the Committee held 4 meetings in absentia, reviewing 21 matters.



Essential items discussed by the Committee

→	Reviewed the report on the economic effect of the measures under JSC FPC's Innovative Development Programme for 2019–2025
→	Reviewed the results of the measures under the Passenger Service Improvement Programme for 2017–2019 in 2019
→	Reviewed FPC's KPI targets for 2020
→	Reviewed the Concept of Restructuring JSC FPC's Carriage Repair Processes
→	Reviewed the progress report on JSC FPC's IT Programme for 2019
→	On a quarterly basis, reviewed reports on the Company's financial and business activities prepared by FPC's General Director
→	Reviewed adjustments to FPC's budget for 2020 and Investment Programme for 2020–2022

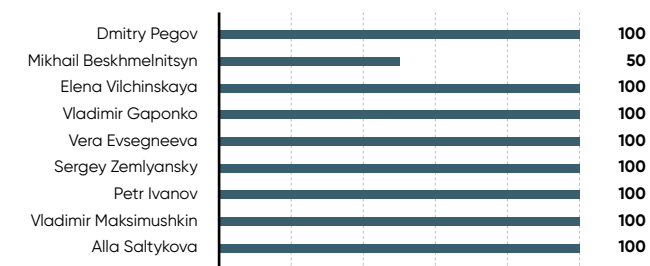
The Committee's plans for 2021

→	Review the roadmap to bring the Company's leverage in line with target levels under the Regulations on JSC FPC's Debt Policy based on 2020 performance, including meeting its debt obligations as per the Regulations
→	Review the General Director's report on FPC's performance in 2020 and Q1 2021
→	Prepare recommendations on the amount of dividend for 2020 and the payout procedure
→	Review the report on the performance of the Strategic Planning Committee of FPC's Board of Directors in the 2020/2021 corporate year and its evaluation
→	Review the interim progress report on JSC FPC's Strategy to 2025 in 2020

Committee's membership in 2020¹

January–June	August – November ²
Dmitry Pegov , Deputy to the CEO – Chairman of the Executive Board, Russian Railways; Chairman of the Committee	Dmitry Pegov , Deputy to the CEO – Chairman of the Executive Board, Russian Railways; Chairman of the Committee
Mikhail Beskhamelnitsyn , Head of the Control and Analytical Service of the CEO – Chairman of the Executive Board, Russian Railways	Elena Vilchinskaya , Head of Unit at the Central Directorate for Motorised Carriages, a branch of Russian Railways
Elena Vilchinskaya , Head of Unit at the Central Directorate for Motorised Carriages, a branch of Russian Railways	Vladimir Gaponko , Director of Operational Efficiency – Head of the Economics Department, Russian Railways
Vladimir Gaponko – Head of the Economics Department, Russian Railways	Vera Evsegneeva , Head of the Subsidiaries and Affiliates Management Department, Russian Railways
Vera Evsegneeva , Head of the Subsidiaries and Affiliates Management Department, Russian Railways	Sergey Zemlyansky , Independent Director, FPC
Petr Ivanov , General Director, FPC	Petr Ivanov , General Director, FPC
Vladimir Maksimushkin , First Deputy Head of the Economic Environment and Strategic Development Department, Russian Railways	Vladimir Maksimushkin , First Deputy Head of the Economic Environment and Strategic Development Department, Russian Railways
Alla Saltykova , Independent Director, FPC	Alla Saltykova , Independent Director, FPC

Individual attendance at the Committee meetings in 2020, %



¹ Positions as at the date of election.

² Pursuant to the Regulations on the Strategic Planning Committee of FPC's Board of Directors, if the powers of the Company's directors are terminated early, the powers of the Committee members shall terminate. Following the re-election of the Board of Directors on 30 November 2020, the powers of the listed Committee members were terminated early.

CORPORATE SECRETARY

FPC's Corporate Secretary is elected by a majority of all members of the Board of Directors for an indefinite term. The Board of Directors is entitled to re-elect the Corporate Secretary at any time.

FPC's Corporate Secretary acts as a secretary at the meetings of the Board of Directors, General Shareholders Meetings and the meetings of the committees of the Board of Directors.

The Corporate Secretary's activities are governed by the Regulations on the Corporate Secretary approved by FPC's Board of Directors in August 2017 (Minutes No. 2).



Andrey STEPOCHKIN

Corporate secretary

Year of birth: 1977

Nationality: Russian Federation

The tasks of the Corporate Secretary are to:

- provide administrative and information support to the General Shareholders Meeting
- provide administrative and information support to the Board of Directors and its committees
- coordinate collaboration between members of the Board of Directors, shareholders and FPC's executive bodies to ensure efficient performance of the Board of Directors.

On 12 October 2018, Andrey Stepochkin was elected FPC's Corporate Secretary by resolution of the Board of Directors.

Education

Lomonosov Moscow State University with a degree in Law

Experience

- **From April 2006**, he worked in the Legal Department at Russian Railways as the senior specialist of the Execution Unit, the Contracting and Legal Unit and the Legal Support Unit for International Transport Services.
- **From December 2014 to September 2015**, he served as Head of the Contract Register Unit of the Procurement Organisation Centre at Russian Railways.
- **From September 2015**, he worked as Deputy Head of the Legal Service – Head of the Contracting and Legal Unit at Moscow Metro.
- **Since October 2018**, he has served as Corporate Secretary at FPC.

GENERAL DIRECTOR AND HIS DEPUTIES

General Director



Vladimir PYASTOLOV

The management of FPC's day-to-day operations is delegated to the General Director as the sole executive body. The General Director acts as the Chairman of the Company's Science and Technology Board.

The General Director is accountable to FPC's shareholders and the Board of Directors and submits quarterly reports to the Board on the Company's performance (budget and contract work performance, HR and credit policy, social programmes, insurance coverage, implementation of the Board's resolutions).

The Board of Directors resolves on the election of the Company's General Director, termination of his/her powers, and approves the terms of his/her employment contract, including remuneration and termination.

The General Director is responsible for timely and quality budgeting and budget performance at the Company, preparing budget execution reports and organising activities at the Company's branches.

On 2 October 2020, Vladimir Pyastolov was elected FPC's General Director by resolution of the Board of Directors.

The General Director does not hold a stake in FPC's share capital and does not own the Company's ordinary shares.

During the reporting year, the General Director was not engaged in any transactions to acquire, or dispose of, FPC shares.

Deputy General Directors

In line with the main lines of business, FPC's governance structure comprises nine Deputy General Directors, the Corporate Secretary and several business units reporting directly to the General Director.

To ensure the balance of the top-level governance processes and to set up a single centre of responsibility for the organisation and provision of transport services and a single centre of responsibility for the development of financial and business operations, marketing operations, business and product portfolio, the following positions were included in FPC's structure:

→ First Deputy General Director for Operations, whom four Deputy General Directors report to: Deputy General Director for Transport Support, Deputy General Director for Business Development and Operations, Deputy General Director for Transport Management, and Deputy General Director for Maintenance Services

→ First Deputy General Director for Business Development and Economics, whom two Deputy General Directors report to: Deputy General Director for Economics and Finance and Deputy General Director for Marketing and Sales



**Valery
VEREMEEV**

First Deputy General Director for Business Development and Economics

Year of birth: 1976

Education

Moscow State University of Railway Engineering (MIIT) with a degree in Automated Systems and Information Technologies

Russian Presidential Academy of Public Administration with a degree in Public and Municipal Administration

PhD in Economics

Experience

- **From 2003 to 2005**, he was Deputy Head of the Economic Forecasting and Strategic Development Department at Russian Railways.
- **From 2005 to 2006**, he was First Deputy Head of the Economic Forecasting and Strategic Development Department at Russian Railways.
- **From 2006 to 2010** he was Head of the Corporate Structure and Reform Department at Russian Railways.
- **From 2010 to 2012**, he was Head of the Economic Environment and Strategic Development Department at Russian Railways.
- **From 2012 to 2015**, he was Advisor to the President of Russian Railways.
- **From 2015 to 2018**, he was Deputy General Director for Strategy and Development of Freight One.
- **Since September 2018**, he has held the position of FPC's First Deputy General Director.



**Alexey
ZHIGUNOV**

First Deputy General Director for Operations

Year of birth: 1979

Education

Moscow State University of Railway Engineering (MIIT) with a degree in Railway Operation and Logistics

Moscow State University of Railway Engineering, the Mini MBA IIM programme

Moscow State University of Railway Engineering with a degree in Corporate Management

Experience

- He started his career in railways **in 2001**.
- **From 2010 to 2012**, he served as Deputy Head of the Transport Management Department – Head of the Situation Centre at FPC.
- **From 2012 to 2014**, he served as Head of the Transport Management Department at FPC.
- **From 2014 to 2016**, he acted as Head of the Passenger Transport and Logistics Centre at FPC.
- **From 2016 to 2018**, he was Deputy General Director – Head of the Transport Management Department at FPC.
- **Since July 2018**, he has held the position of FPC's First Deputy General Director.



**Igor
BELOGUZOV**

Deputy General Director for Transport Management – Head of the Transport Management Department

Year of birth: 1971

Education

Moscow Institute of Railway Engineers with a degree in Railway Operation and Logistics

Experience

- He started his career in railways **in 1993**.
- **From 2009 to 2010**, he worked as Head of Moscow-Passazhirskaya Station of the Moscow Railway Station Work Organisation Centre of the Oktyabrskaya Directorate of Traffic Management at the Central Directorate of Traffic Management, a branch of Russian Railways.
- **From 2010 to 2011**, he served as Head of the Passenger Transport Management Unit of the Transport Management Department at FPC.
- **From 2011 to 2012**, he worked as Head of the Railway Station Management Unit of the Moscow-Kursk Railway Station Work Organisation Centre of the Moscow Directorate of Traffic Management at the Central Directorate of Traffic Management, a branch of Russian Railways.
- **From 2012 to 2015**, he served as Head of the Innovative Development Unit of the Technical Policy Service at the Central Directorate of Traffic Management, a branch of Russian Railways.
- **From 2015 to 2018**, he served as Head of the Moscow Railway Station Work Organisation Centre of the Oktyabrskaya Directorate of Traffic Management at the Central Directorate of Traffic Management, a branch of Russian Railways.
- **From December 2018 to October 2020**, he was Deputy to the General Director – Head of the Transport Management Department at FPC.



**Marina
ZHEGULINA**

**Deputy General Director for Marketing
and Sales**

Year of birth: 1984

Education

Moscow Aviation Institute (State Technical University) with a degree in Economics and Management at Enterprises

Institute of Business Studies under the Government of the Russian Federation with a degree in Company Management

Holds an EMBA from the Antwerp Management School (Antwerp, Belgium)

Experience

- She started her career **in 2005**.
- **From 2010 to 2017**, she was Marketing Director at the law firm Legal and Tax Advice on the CIS Countries Law VEGAS LEX.
- **From February to July 2017**, she was Advisor to FPC's General Director.
- **From July to December 2017**, she served as Head of the Customer Experience Centre at FPC.
- **Since December 2017**, she has held the post of FPC's Deputy General Director.



**Stanislav
ZOTIN**

**Deputy General Director for Maintenance
Services**

Year of birth: 1979

Education

Emperor Alexander I Saint Petersburg State Transport University with a degree in Water Supply and Drainage (in 2001) and in Railway Operation and Logistics (in 2006)

Stockholm School of Economics in Saint Petersburg, RZD Holding's Corporate Modular Educational Programme Executive MBA of the Stockholm School of Economics

Moscow State University of Railway Engineering (MIIT) with an MBA in Railway Operation and Logistics

Experience

- He started his career in railways **in 1998** as a train attendant.
- **From 2010 to 2011**, he was Head of the Saint Petersburg–Moskovsky carriage site of FPC's Northwest Branch.
- **From 2011 to 2013**, he was Deputy Head of FPC's Northwest Branch.
- **From 2013 to 2015**, he was First Deputy Head at FPC's Northwest Branch.
- **From 2015 to 2016**, he was Head of FPC's Northwest Branch.
- **Since 2016**, he has held the position of FPC's Deputy General Director.



**Alexander
MUSLOVETS**

**Deputy General Director for Economics
and Finance**

Year of birth: 1977

Education

Far Eastern State Transport University with a degree in Economics and Management at Railway Transport Enterprises

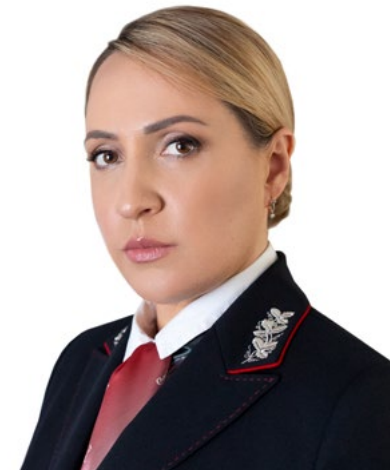
Financial Academy under the Government of the Russian Federation with an MBA in Finance

Holds an MBA from the University of Navarra (IESE business school)

PhD in Economics

Experience

- He started his career in railways **in 1999**.
- **From 2004 to 2005**, he headed the Finance Department at the Moscow–Ryazan Division of the Moscow Railway, a branch of Russian Railways.
- **From 2005 to 2009**, he was First Deputy Head of the Financial Service at the Moscow Railway, a branch of Russian Railways.
- **From 2009 to 2010**, he served as Deputy CEO of the Federal Passenger Directorate, a branch of Russian Railways.
- **Since 2010**, he has held the position of FPC's Deputy General Director.



**Ekaterina
SKOROKHODOVA**

**Deputy General Director for Human
Resources and Social Development**

Year of birth: 1974

Education

Irkutsk Institute of Railway Transport Engineers with a degree in Carriages

Has an MBA

Holds an MBA in Personnel Management from the Academy of National Economy under the Government of the Russian Federation

Experience

- She started her career in railways **in 1992**.
- **From 2008 to 2009**, she was Deputy Head of Human Resources and Social Development at the Krasnoyarsk Unit of the Krasnoyarsk Railway, a branch of Russian Railways.
- **From 2009 to 2011**, she was Deputy Head of the Personnel Management Department of the Krasnoyarsk Railway, a branch of Russian Railways.
- **From 2011 to 2012**, she was Deputy Head of Directorate – Head of the Personnel Management Department at the Krasnoyarsk Directorate for Infrastructure of the Krasnoyarsk Railway, a branch of Russian Railways.
- **From 2012 to 2015**, she was Deputy Head of the Human Resources and Social Development Department at the Central Directorate for Infrastructure, a branch of Russian Railways.
- **From 2015 to 2019**, she was Head of the Human Resources Department at the Central Directorate of Traffic Management, a branch of Russian Railways.
- **Since 2019**, she has held the position of FPC's Deputy General Director.



**Mikhail
POYARKOV**

**Deputy General Director for Business
Development and Operations**

Year of birth: 1979

Education

Emperor Alexander I Saint Petersburg State Transport University with a degree in Ground Transport Systems

Emperor Alexander I Saint Petersburg State Transport University with a degree Carriages

Experience

- He started his career in railways **in 2001** as a train attendant.
- **From 2011 to 2014**, he was Head of the Saint Petersburg–Moskovsky carriage site of FPC's Northwest Branch.
- **From 2014 to 2015**, he served as Deputy Head of FPC's Passenger Service Department – Head of Carriage Servicing and Preparation.
- **From 2015 to 2016**, he was First Deputy Head at FPC's Northwest Branch.
- **From 2016 to 2020**, he was Head of FPC's Northwest Branch.
- **Since 2020**, she has held the position of FPC's Deputy General Director.



**Boris
SUVOROV**

**Deputy General Director for Safety
and Security**

Year of birth: 1967

Education

Moscow Higher Combined-Arms Command School with a degree in Command and Tactics, Motorised Rifle Troops

Moscow Presidential Academy of Public and Municipal Administration with a degree in Public and Municipal Administration

Experience

- **From 2004 to 2009**, he was Assistant Director at the Federal Road Agency.
- **From 2009 to 2010**, he served as Head of the Transport Safety Department at the Federal Road Agency.
- **From 2010 to 2013**, he served as Advisor to the Chairman of the Management Board at the State Company Russian Highways.
- **From 2013 to 2016**, he served as Deputy Chairman At-Large of the Management Board at the State Company Russian Highways.
- **From 2016 to February 2021**, he held the position of FPC's Deputy General Director.



**Konstantin
TORUBAROV**

**Deputy General Director
for Transport Support**

Year of birth: 1962

Education

Moscow Institute of Railway Engineers with a degree in Carriage-Building and Rolling Stock

Experience

- He started his career in railways **in 1983**.
- **From 2006 to 2009**, he served as Deputy Head of the Moscow Regional Directorate for Customer Service at the Federal Passenger Directorate, a branch of Russian Railways.
- **From 2010 to 2015**, he was Head of FPC's Moscow Branch.
- **Since 2015**, he has held the position of FPC's Deputy General Director.

Remuneration and reimbursement for governance bodies (the executive body and other key managers)

The remuneration of the sole executive body and FPC's other key managers directly depends on the achievement of relevant key performance indicators.

The Regulations on Incentives for the Person Acting as JSC FPC's Sole Executive Body, approved by resolution of FPC's Board of Directors (Minutes No. 4 dated 28 August 2020), and the Regulations on Incentives for Key Managers of JSC FPC, approved by JSC FPC's Order No. 369 dated 11 December 2020, were developed in line with the following:

- Order of the Russian Government No. 1388-r Guidelines on the Application of Key Performance Indicators by Business Entities in Which the Share of the Russian Federation or Its Constituent Entity Exceeds 50%, and Performance Indicators of State Unitary Enterprises to Determine the Remuneration to Their Management, dated 27 June 2019
- Standard Regulations on Incentives for Managers of JSC RZD Subsidiaries, approved by JSC RZD's Order No. 2725/r On Approval of Standard Documents on Incentives for Managers of JSC RZD Subsidiaries Based on Key Performance Indicators, dated 4 December 2019
- JSC RZD's Order No. 1656r On Monitoring RZD Holding's Key Performance Indicators, dated 1 August 2019
- Regulations on the System of Key Performance Indicators of JSC FPC approved by resolution of FPC's Board of Directors (Minutes No. 24 dated 2 July 2020)

The Company's key performance indicators (KPIs) are used as KPIs for the CEO and are also corporate KPIs for FPC's key managers.

The above KPIs have served as a basis for corporate and functional key performance indicators of FPC's top managers, which underpin their motivation system.

The following tasks were completed when developing the motivation system:

- The Regulations on Incentives for the Person Acting as JSC FPC's Sole Executive Body and the Regulations on Incentives for Key Managers of JSC FPC were approved
- The KPIs were ranked through vertical cascading
- The weight (share) of corporate and functional key performance indicators was determined
- All functional performance indicators for managers were reviewed focusing on results instead of describing the process

CONTROL AND AUDIT

External auditor

LLC Ernst & Young LLC is the auditor of FPC's RAS and IFRS statements under Paid Services Agreement No.

FPK-20-115 dated 23 July 2020. The fee under the agreement is RUB 19,200,000.00, including 20% VAT of RUB 3,200,000.00.

Audit Commission

The Audit Commission is FPC's permanent internal control body responsible for regular control over financial and business activities of the Company, its branches and representative offices, officers of FPC's governance bodies and administrative units to ensure compliance with the laws of the Russian Federation, JSC FPC's Articles of Association and internal documents.

The Audit Commission acts in the best interests of FPC's shareholders and is accountable to the General Shareholders Meeting.

The Audit Commission is independent of officers of FPC's governance bodies and administrative units.

The Audit Commission is guided by applicable laws of the Russian Federation, JSC FPC's Articles of Association, the Regulations on the Audit Commission, and the Regulations on Remuneration and Reimbursement for Members of JSC FPC's Audit Commission.

The Audit Commission is composed of five members elected by the Board of Directors for a three-year term under the Articles of Association.

The Audit Commission as at the end of the reporting period was elected by resolution of FPC's Board of Directors in February 2020 (Minutes No. 12 dated 17 February 2020).

Composition of the Audit Commission

Name	Position ¹
Oksana Vinch	Deputy Head of a department at Zheldorkontrol Internal Control Centre, a business unit of Russian Railways
Virginia Kulikova	Chief Supervisor at Zheldorkontrol Internal Control Centre, a business unit of Russian Railways
Evgeniya Stepanyan	Acting Head of a department at Zheldorkontrol Internal Control Centre, a business unit of Russian Railways
Mark Terekhov	Head of the IFRS Consolidated Statements Department at Russian Railways
Yana Khlevetskaya	Deputy Head of Zheldorkontrol Internal Control Centre, a business unit of Russian Railways

¹ Positions as at the date of the election to JSC FPC's Audit Commission.

Yana Khlevetskaya was elected Chairwoman of the Audit Commission and Oksana Vinch was elected Secretary of the Audit Commission (Minutes No. 7 dated 22 September 2020).

Incentives for members of the Audit Commission are established by the Regulations on Remuneration and Reimbursement for Members of FPC's Audit Commission and imply the payment of remuneration for participation in every audit of the financial and business activities of the Company as well as additional remuneration.

The members of FPC's Audit Commission were paid RUB 200,145.00 for participation in the annual audit.

Internal audit

FPC's Internal Audit Unit is responsible for the internal audit. The key objective of FPC's internal audit is to provide the Board of Directors and General Director with unbiased and independent information on the financial and business activities and the reliability and efficiency of risk management systems, internal controls and corporate governance practice to maintain financial stability, improve the efficiency and effectiveness of business processes, boost performance and achieve FPC's goals.

FPC's internal audit structure is aligned with the International Standards for the Professional Practice of Internal Auditing, the Bank of Russia's Corporate Governance Code and other Russian regulations.

The resolution to pay additional remuneration to members of the Audit Commission is passed by FPC's Board of Directors in line with paragraph 15.1, subparagraph 24 of JSC FPC's Articles of Association.

According to resolution of the Board of Directors (Minutes No. 21 dated 26 May 2020), in 2020, members of the Audit Commission were paid additional remuneration totalling RUB 667,150.00.

The aggregate remuneration totalled RUB 867,295.00 in 2020.

In 2020, amid the pandemic, the Internal Audit department adapted its approaches to internal audit and revised the focus of audits, partially adjusting them to provide real-time assurance to governance bodies and thus enhance effective decision-making, as well as to look for cost optimisation opportunities.

A prompt response to external and internal changes made it possible to maintain the audit quality, improve competencies of the internal audit team and implement planned activities according to the Plan for Development of JSC FPC's Internal Audit Function.

In 2020, Elena Filatova was appointed Head of the Internal Audit Unit, bringing more than 10 years of experience in corporate finance and corporate governance at RZD Holding companies.

CONFLICT OF INTEREST RESOLUTION AND CORRUPTION PREVENTION

Conflict of interest resolution

The procedure for identifying and resolving conflicts of interest arising with the Company employees is set out in the Regulations on Conflict of Interest Resolution at JSC FPC approved by the Board of Directors.

The Company has in place a Commission for Resolving Conflicts of Interest. In 2020, the Commission identified one potential conflict of interest which was resolved by the Commission in due time.

As part of an effort to identify conflicts of interest, 21 potential conflicts of interest were proactively eliminated by employees before they were reviewed by the Commission.

Preventing and countering corruption

JSC FPC has adopted an Anti-Corruption Policy, which reflects the Company's commitment to conducting open and fair business activities, following best practices in corporate governance and maintaining a good business reputation.

The Security Department comprising the Corporate Relations Control and Anti-Corruption Unit is responsible for preventing corruption.

FPC also maintains an anti-corruption hotline.

The Company's website fpc.ru has the publicly available Anti-Corruption section.

FPC implements measures to prevent and combat corruption in line with its Anti-Corruption Plan for 2019–2020.

FPC also consistently interacts with law enforcement bodies to identify breaches of anti-corruption laws.



Anti-corruption

The global situation in 2020 was largely defined by the COVID-19 pandemic, which triggered a series of global socio-economic consequences: quarantine and self-isolation requirements, border closures, event cancellations and postponements, worldwide protests and a major global economic recession.

The events of 2020 driven by pandemic restrictions, and the sanctions imposed on Russia, resulting in lower energy demand and weaker rouble, have all negatively affected the entire Russian economy and social sphere.

Risk management system

Risk management at FPC is a continuous and systematic process embedded throughout the organisation, integrated with business processes and aimed at mitigating exposure and strengthening the assurance that FPC's objectives and goals will be achieved.

All Company units are involved in the risk management process within their scope of responsibility.

The Risk Management Unit is responsible for overall coordination and methodological support of the risk management process, as well as operational control of how it is run

Due to the decline in economic activity amid an economic recession, Russia's population mobility decreased significantly, which led to a significant drop in long-distance passenger traffic and passenger-kilometres.

In this situation, the Company took measures to improve its financial and economic position in 2020:

- A more rigorous, in-depth analysis of the performance of FPC's passenger trains was conducted, and proposals for optimising the Company's key performance indicators were developed and implemented
- Targeted marketing promotions and fares were developed and applied
- Passenger train schedules and train set options were adjusted for domestic services

by FPC's units and, according to the established procedure, by subsidiaries and affiliates, including the review of FPC units' progress on risk treatment plans, response to identified variances and gaps in the risk management and internal control system (RMICS), which have led or may lead to negative consequences, scheduled and unscheduled RMICS audits, and preparing and submitting reports to FPC's management.

The Internal Audit Unit is responsible for assessing the reliability and effectiveness of the RMICS.

Governance principles

The Risk Management and Internal Control Policy (the "Policy") developed in line with the Risk Management and Internal Control Policy of Russian Railways was approved by FPC's Board of Directors.

In accordance with the Policy, the main purpose of the RMICS is to provide reasonable assurance that the following will be achieved:

- Strategic objectives
- Operational objectives
- Objectives in ensuring compliance with applicable international regulations, regulations of the Russian Federation and internal regulations of the Company
- Objectives in ensuring the reliability, timeliness and quality of all types of reporting

According to the Policy, FPC's RMICS is set up and operated in accordance with the principles set out in GOST R ISO 31000:2010 Risk management. Principles and guidelines, namely:

- risk management creates and protects value
- risk management is an integral part of all organisational processes
- risk management is part of the decision-making process
- risk management is explicitly associated with uncertainty
- risk management is systematic, structured and timely
- risk management is based on the best available information
- risk management is adaptable
- risk management takes into account human and cultural factors

- risk management is transparent and takes into account the interests of stakeholders
- risk management is dynamic, iterative and responsive to changes
- risk management contributes to the continuous improvement of the organisation.

Key objectives of the RMICS:

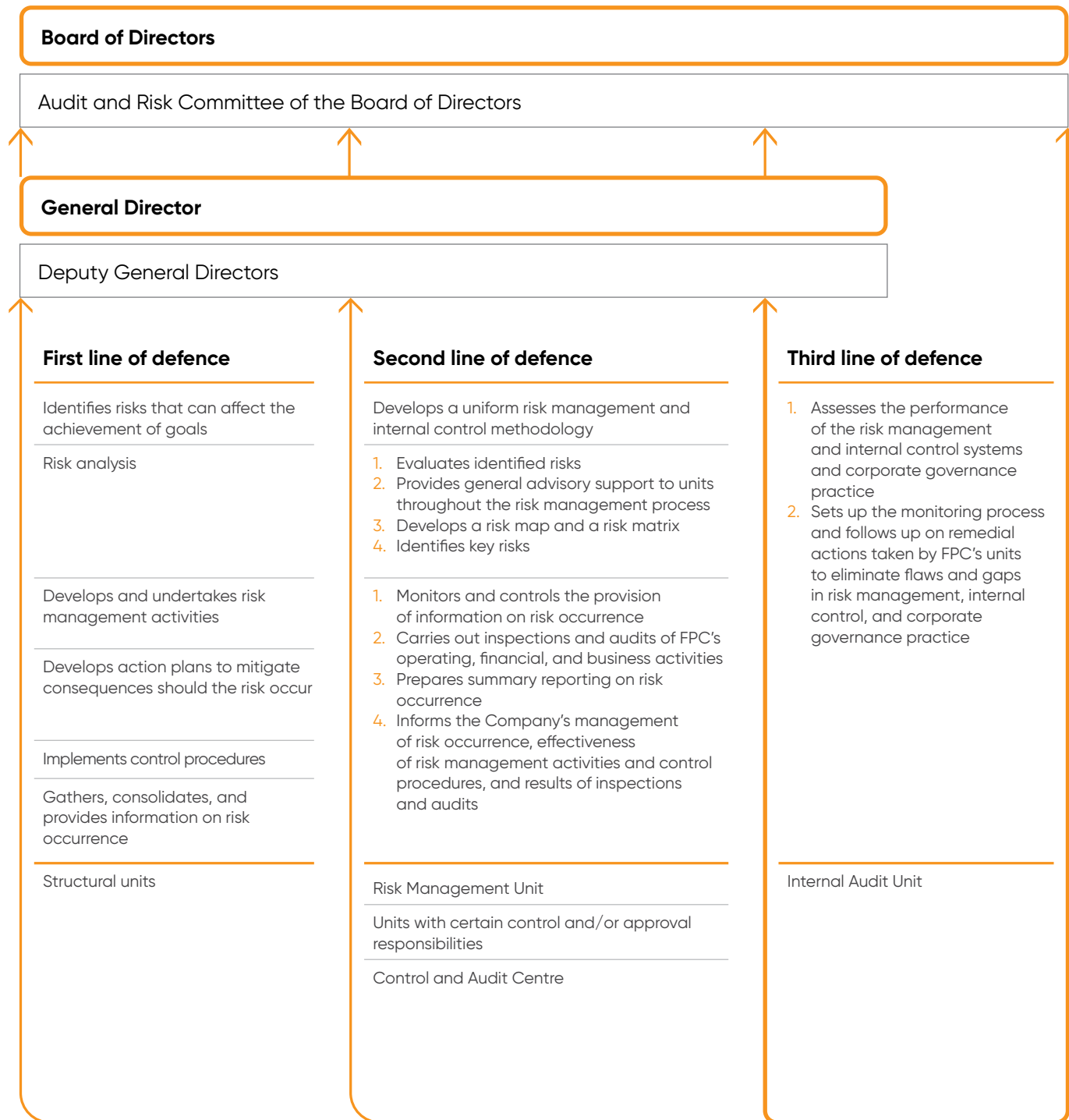
- Creation of infrastructure and a regulatory and methodological basis for the effective functioning of the risk management process
- Integration of risk management and internal control procedures into the strategic and operational activities of the Company, which will enable proactive responses to risks and negative changes in the external and internal environment (through planning and implementation of risk treatment activities)
- Raising risk awareness among RMICS participants and other stakeholders
- Reduction in the number of unforeseen events that could have a negative impact on the achievement of FPC's goals

Central decision-making bodies for risk management at FPC are its Board of Directors and the General Director.

The Company has the Audit and Risk Committee of the Board of Directors and the Risk Management Committee to prepare recommendations for management decision making.

Three lines of defence model

In its operations, FPC uses an approach driven by the three lines of defence model based on roles and responsibilities sharing. Each of the three lines increases the likelihood of FPC successfully achieving its objectives.



Improvement of the RMICS in 2020

In a period of uncertainty in 2020, the existing risk management system helped improve the adaptability of the Company, its core processes and systems, which enabled prompt review of business goals and preparation of scenario options for FPC's development until 2025. The risk management system was therefore geared to supporting the Company in achieving its goals.

During 2020, a number of measures were implemented to improve the RMICS' effectiveness.

The 2020 RMICS reliability and effectiveness assessment demonstrated that overall it is reliable and effective:

- Elements of FPC's RMICS are built in accordance with the principles of, and approaches to, its organisation approved by the Board of Directors, COSO documents and GOST ISO 31000
- The risk management process is designed to help achieve the Company's strategic goals
- Individual issues about the RMICS operation did not affect the achievement of the Company's goals

The Internal Audit Unit proposed ways to improve the RMICS effectiveness.

In 2020, FPC's regulatory and methodological framework was updated to bring it in line with Russian Railways' regulatory framework:

- A number of standards and guidelines were developed and approved:
 - Methodological Recommendations for Determining the Acceptable Amount of Risk (Risk Appetite)
 - Methodological Recommendations for Risk Management and Internal Control
 - Regulations on Interactions within the Risk Management and Reporting Process
- Approaches to FPC's risk identification, analysis and evaluation were improved

Plans for 2021 include further improvements to the RMICS at FPC and aligning it with a project to improve and further develop the integrated risk management framework at Russian Railways.

Key risk factors

Key risks factors associated with FPC's operations:

- Lower GDP growth
- Higher CPI growth
- Significant fluctuations in inventory and fuel and energy prices
- Increased competition (adjustments to pricing policy and dumping by FPC's competitors, expansion of air transport infrastructure)

- Lower or no price indexation
- Changes in the economic and political environment in Russia
- Deteriorating social and demographic situation in urban and rural areas
- Lower household purchasing power and real disposable income
- Exchange rate volatility
- Increased governmental support for air transport

Risk mitigation approaches

The following risk treatment methods are currently used at FPC:

- Risk avoidance – withdrawing from an activity or project associated with a particular (inherent) risk where other treatment strategies (risk mitigation, risk sharing, risk acceptance) are not economically viable or feasible. Given that any activity of the Company is associated with risks and complete withdrawal from any activity leads to its discontinuation, this strategy can be used to manage individual, specific risks (and/or new activities, projects).
- Risk mitigation – risk treatment involving activities to reduce the likelihood of a risk event and/or the potential impact of its occurrence to an acceptable level.
- Risk mitigation activities may include both the deployment and execution of control procedures and the implementation of other measures (e.g. creating provisions to cover losses caused by a risk event).

→ Risk acceptance – a risk treatment method where no active risk treatment is used, applied where: a) the level of risk is acceptable; and b) risk avoidance, mitigation or sharing are not economically viable or feasible (e.g. political or macroeconomic risks).

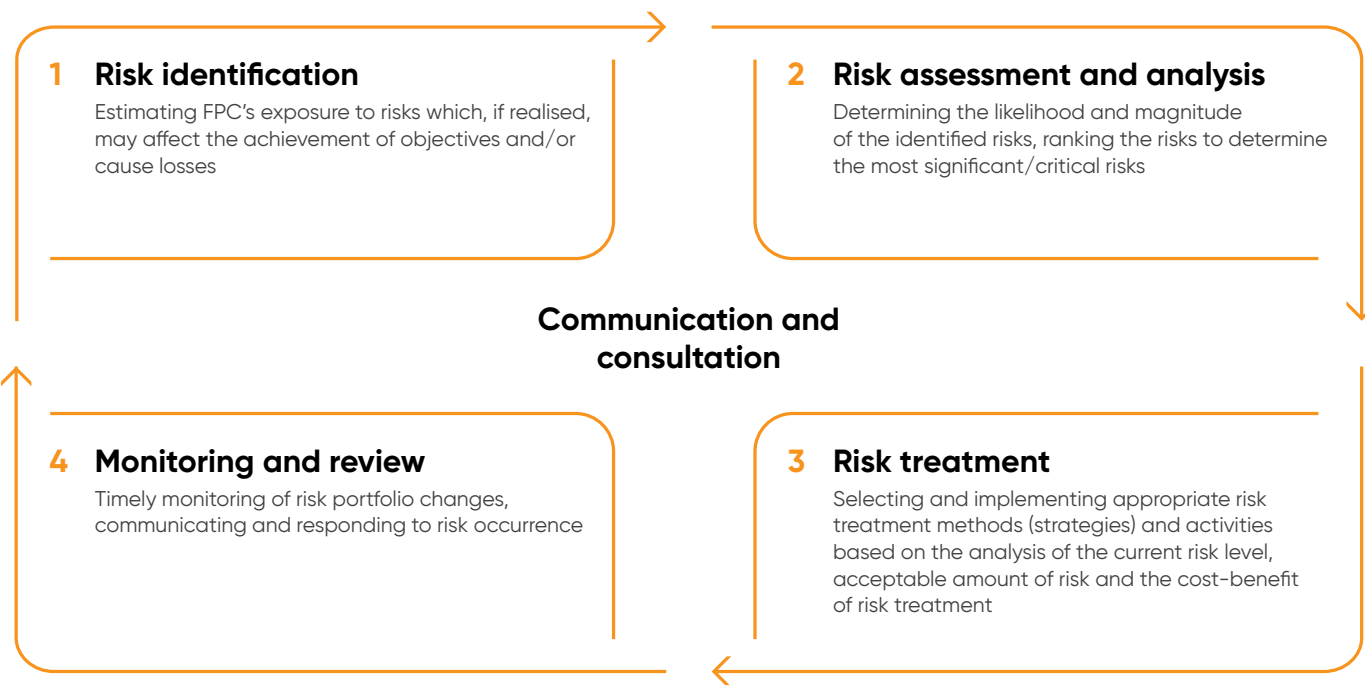
→ Risk sharing – transfer of a risk where the Company's risk mitigation is ineffective, while the level of risk is not acceptable (the risk cannot be accepted) and third-party services can be used for risk treatment. Risk sharing is mainly aimed at mitigating the consequences rather than the likelihood of risk occurrence.

Risk management process stages

In line with the Policy, the risk management process at FPC consists of five stages:

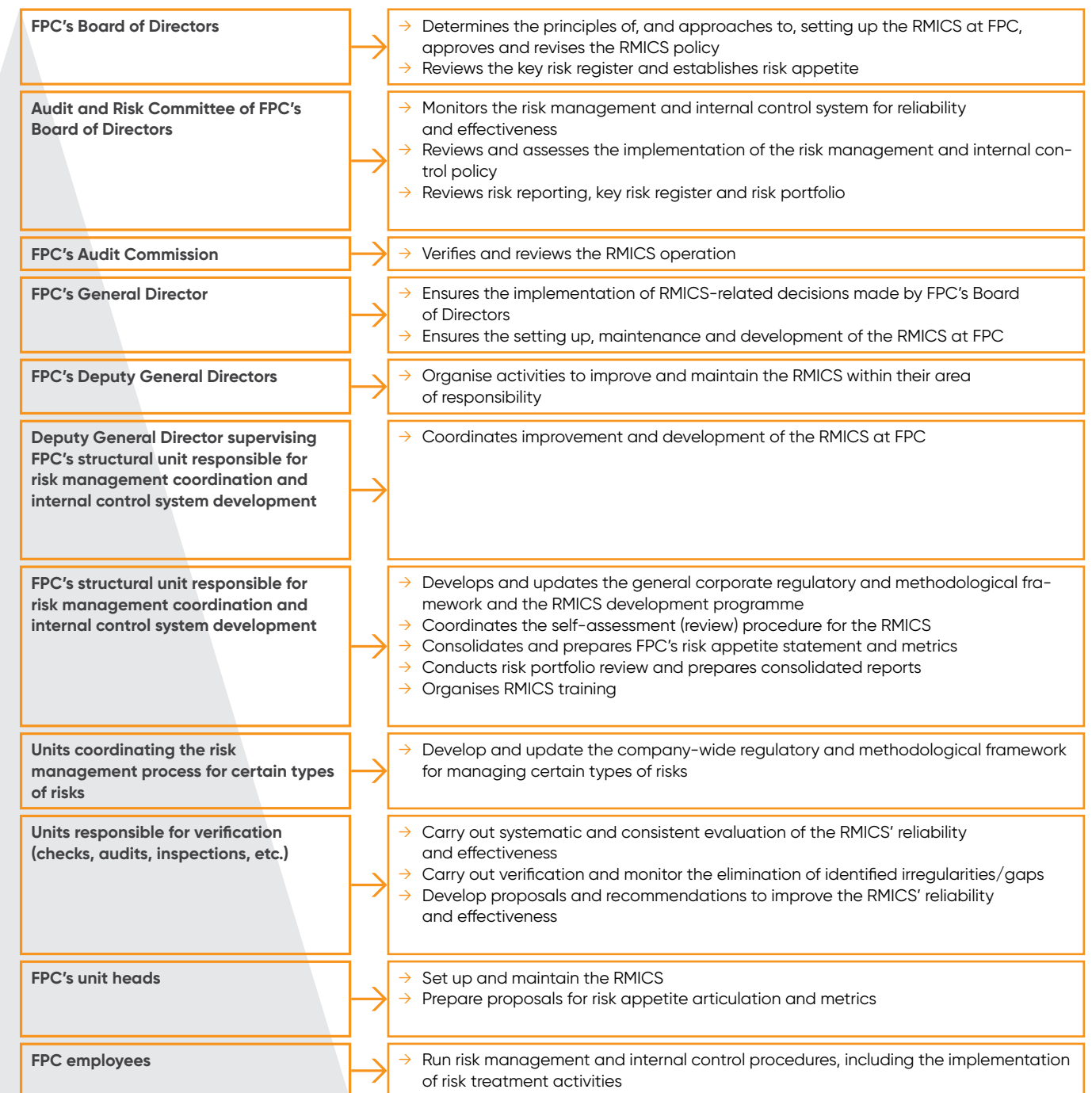
1. Risk identification
2. Risk analysis
3. Risk treatment
4. Monitoring and review
5. Communication and consultation

As part of these processes, risk reports are prepared to be submitted to the executive bodies, Audit and Risk Committee, the Company's Board of Directors and external stakeholders (if necessary), including information on risks, risk treatment measures and effectiveness of the RMICS.



FPC's risk management structure

The risk management structure showed is in line with FPC's Risk Management and Internal Control Policy.



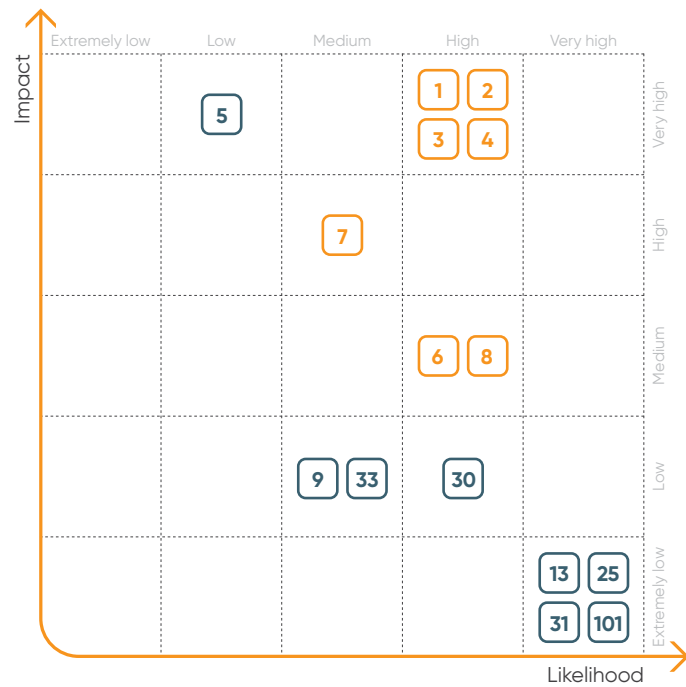
Key risks

According to the above methodology, eight risks were identified as key risks for FPC in 2020.

- Decline in passenger-kilometres
- Poor train capacity utilisation
- Decline in yields (deregulated segment)
- Decline in yields (regulated segment)

- Increase in passenger transportation cost
- Variance from targeted effects of the implementation of strategic initiatives
- Failure to deliver key investment projects
- Shortage of train crews

Risk map



In order to provide a visual representation of risks materiality, a risk map has been developed.

The Y-axis of the risk map displays the magnitude (degree) of the impact of identified risks on FPC's operations, while the X-axis shows the likelihood of their occurrence.

No.	Risk
1	Decline in passenger-kilometres
2	Poor train capacity utilisation
3	Decline in yields (deregulated segment)
4	Decline in yields (regulated segment)
5	Increase in passenger transportation cost
6	Variance from targeted effects of the implementation of strategic initiatives
7	Failure to deliver key investment projects
8	Shortage of train crews
9	Failure to meet the revenue targets for baggage and unaccompanied baggage transportation
13	Failure to meet covenant targets
25	Failure to complete, or poor quality of, the revamping of carriage-washing, and blasting and painting facilities
30	Damage to business reputation
31	Failure to recover losses from theft of inventories
33	Social tensions among staff
101	Occupational injuries

FPC's risk profile for 2021

Risk level	Overall score	FPC's risk profile for 2021:
■ High	12–25	7
■ Medium	5–10	8
■ Insignificant (low)	1–4	88

Key risks and the Company's strategy

FPC's operations are carried out in accordance with the Company's Development Strategy to 2030 (the "Strategy"), which incorporates the parameters contained in the following documents approved by the Government of the Russian Federation: Transport Strategy of the Russian Federation to 2030, Strategy of Railway Transport Development in the Russian Federation to 2030, and the Long-Term Development Programme of Russian Railways to 2025.

In addition, the Strategy identifies the following list of strategic benchmarks:

- Passengers carried
- Revenue
- EBITDA
- Net debt/EBITDA
- Carriage acquisition

Major factors that affected FPC's KPI performance in 2020:

- Changes in the macroeconomic environment taking place faster than anticipated
- Deterioration of the geopolitical situation (US dollar, euro, Swiss franc exchange rates, imposition of sanctions against Russia)
- Competition from alternative modes of transport (air, road)
- Shorter average distances travelled by passengers
- Increased fares in the regulated segment with no compensation from the government
- Aggressive pricing policy of air carriers, aircraft fleet renewals, expansion of air carrier route networks, increased choice of flights, increased subsidies to air carriers
- Growing competition in the domestic market for rail passenger services

- Changes in demand for passenger services (including shifts in passenger traffic from domestic to international travel, growth in the cost of accommodation and recreation in major cities of the Russian Federation and its tourist and recreation destinations)
- Decrease in the households' nominal income and inflation rising above forecast
- Epidemic outbreaks

The Strategy outlines a number of strategic projects that drive the achievement of the objectives set. Strategic projects are implemented by FPC taking into account the macroeconomic situation in the country, with appropriate adjustments to the pace and scale of implementation and the amount of resources required.

Since key risks may have a significant negative impact on FPC's operations, the achievement of strategic goals, and the implementation of the Strategy, the Company pays due attention to managing its key risks. Key risks are approved by the General Director based on a decision made by FPC's Board of Directors following a risk review and taking into account the opinion of the Audit and Risk Committee, with the Board of Directors following up on key risk treatment activities by FPC units.

Internal control

Internal control at FPC is carried out in accordance with the Risk Management and Internal Control Policy.

Internal control is an integral, indispensable part of the risk management system, while the risk management and internal control system is part of corporate governance.

Internal control serves as a key risk management tool, addressing the following tasks:

- Creation of a control environment enabling both the development and implementation of risk treatment control procedures and the operation of the risk management process across all stages
- Effective information sharing and communication both within the Company and with external stakeholders
- Ensuring proper monitoring of the set-up and operation of the risk management process across all stages

SHARE CAPITAL

As at 31 December 2020, FPC's share capital amounted to RUB 206,961,040,539, comprising 206,961,040,539 ordinary registered shares with a par value of RUB 1 each.

In 2020, the Company completed the procedure for the issuance of additional ordinary registered shares, 1-01-55465-E-005D for RUB 15 billion, and ordinary registered shares, 1-01-55465-E-006D for RUB 20 billion.

Ordinary share issues in 2020

State registration number of the additional issue	Date of the issue state registration	Number of shares issued	Registration date of the issue report
1-01-55465-E-005D	26 December 2019	15 billion	3 February 2020
1-01-55465-E-006D	15 October 2020	20 billion	19 November 2020

Voting shares by type (class) of shares as at 31 December 2020

Indicators	Registered ordinary shares	Additional registered ordinary shares
Form of issuance	Uncertified	Uncertified
Number of shares issued	186,961,040,539	20,000,000,000
State registration details	1-01-55465-E	1-01-55465-E-006D
Par value per share, RUB	1	1

Entities included in FPC's share register as at 31 December 2020

Security holder	Number of voting shares		Percentage of voting shares, %
	1-01-55465-E	1-01-55465E-006D	
Russian Railways	186,961,040,538	20,000,000,000	99.9999999995
JSC RZD Asset Management	1	0	0.0000000005
Total	186,961,040,539	20,000,000,000	100

Changes in the Company's share capital, RUB billion



The shares of the additional issues were placed through private subscription among a pre-determined circle of persons, namely the existing shareholder Russian Railways.

The proceeds were used to finance a contract with TVZ for the manufacture of rolling stock designed and built by TVZ for the needs of FPC in 2019–2025.

No shares are owned by the Company and its controlled entities.

FPC has no information on shareholdings exceeding 5% except for those already disclosed by the Company.

FPC's shareholders do not have any preferred shares or shares with different par value.

No shareholder agreements have been signed by FPC's shareholders.

DIVIDEND POLICY

In August 2020, the Board of Directors approved a new version of the Regulations on JSC FPC's Dividend Policy.

In accordance with the new version, the principle for determining the amount of dividend payment is that when making a recommendation to the General Shareholders Meeting on the dividend amount, the Board of Directors seeks to ensure that the minimum amount of annual dividends on the Company's shares should be at least 50% of FPC's net profit according to financial statements prepared in accordance with the Russian Accounting Standards (RAS).

In making a recommendation to the General Shareholders Meeting on the dividend amount, the Board of Directors is guided by Russian laws, the Company's Articles of Association and the Regulations on JSC FPC's Dividend Policy and may take into account:

- data from the Company's accounting statements, budgets (business plans), investment programmes and development programmes
- the Company's RAS free cash flow, the target (ceiling) level of the debt burden and the levels of credit covenants in accordance with the Regulations on JSC FPC's Debt Policy, as well as the terms of the loan agreements concluded by the Company and the terms of the Shareholders Agreement signed between FPC's shareholders.

For reference

General Shareholders Meeting held in 2010–2013 resolved not to pay out any dividends.

In 2014, RUB 4.1 billion were allocated to dividends and RUB 4.5 billion were contributed by Russian Railways to FPC's share capital to finance FPC's investment programme.

In 2015, FPC made a net profit of RUB 141.1 million. Dividends paid out amounted to RUB 70.5 million.

¹ As per the audited statements for 2020.

Free cash flow is cash flow from operations increased by interest receivable less payments under investment activities associated with the acquisition, creation, upgrade, overhaul and preparation for use of non-current assets, and increased by income from participation in other business entities.

FPC's Board of Directors decides on the recommended dividend amount, the timing, procedure and form of payment, and the dividend record date, to be submitted to the General Shareholders Meeting for consideration.

In accordance with section III (Conditions and grounds for dividend payment (declaration)) of the Regulations on JSC FPC's Dividend Policy, the conditions for dividend payment (declaration) to shareholders are as follows:

- Availability of net profit at the Company, calculated according to RAS accounting statements and not distributed earlier by resolution of the General Shareholders Meeting
- No restrictions on dividend payment (declaration) as established by the legislation of the Russian Federation

No dividends were paid out in 2020.

According to the 2020 financial statements, FPC's financial and business activities in 2020 resulted in a loss of RUB 33,605,419 thousand.

With the Company having no available cash, it is therefore advisable not to pay dividends.

In 2016, FPC made a net profit of RUB 5.3 billion. Dividends paid out amounted to RUB 4.9 billion.

For 2017, RUB 1.6 billion were distributed as dividends, and RUB 6.5 billion were contributed by Russian Railways to FPC's share capital to finance FPC's investment programme.

For 2018, FPC made a net profit of RUB 6.1 billion. No dividends were paid for 2018.

Net profit for 2019 amounted to RUB 8.5 billion. In accordance with the profit distribution resolutions adopted by the Annual General Shareholders Meeting, no dividends were paid for 2019.

OUR PRIORITY – RETENTION OF TALENTS

FPC's success and further profitable growth rely on our people.

Despite all the challenges posed by the COVID-19 pandemic, we have made every effort to keep our team of professionals, fully retain FPC's headcount of thousands of employees, timely pay wages, and implement all social programmes.

427,1 million RUB spent to purchase PPE in 2020

118% progress against training and upskilling targets



CORPORATE SOCIAL RESPONSIBILITY PRINCIPLES

FPC is a national rail passenger carrier enabling transport and geographical connectivity of territories both within Russia and with foreign nations.

The Company strives not only to progressively develop its business lines and achieve operational and financial targets but also to consistently follow best practices in sustainability. In line with these commitments, FPC consistently ensures train operation safety, high environmental performance and productive engagement with all stakeholders based on mutual trust, respect and fulfilment of obligations in good faith.

As regards its people, the Company focuses on the continuous development of, and social support for, its employees as a priority of FPC's HR policy.

Another priority is environmental safety, namely mitigating negative environmental impacts, care for the environment and human health. FPC uses investment, CAPEX, and operational resources and initiatives to achieve the above goals. Performance targets are achieved through high-quality upgrades of rolling stock and revamping of carriage washing and wastewater treatment facilities.

As a major systemically important company, FPC places considerable emphasis on charitable and volunteer activities. One of the most important volunteer initiatives in 2020 was its participation in the #AllInThisTogether federal project. This project gave added impetus to volunteer activities in FPC, and since September 2020, young employees of the Company actively helped people under lockdown by delivering food, working in healthcare facilities and providing remote assistance.

FPC also continued nurturing young talent. Corporate youth policy implementation in 2020 focused on young talent onboarding and retention as well as involving them in achieving the Company's strategic goals.

The Company is fully aware that improved sustainability disclosures will not only enhance business and information transparency but also help achieving corporate goals across all businesses. Therefore, FPC will continue its consistent efforts to include a broad range of non-financial indicators in its reporting.

Message from the Deputy General Director for Human Resources and Social Development

▮▮ Taking care of staff health has become one of our top priorities. Unprecedented measures have been taken to curb the spread of the novel coronavirus.

2020 called for adjustments to all Company operations, including the work of its HR function. Taking care of staff health has become one of our top priorities. Unprecedented measures have been taken to curb the spread of the novel coronavirus. Daily temperature checks, COVID-19 testing and the provision of personal protective equipment were just a small part of a wider package of measures implemented across FPC. We have set up flexible work arrangements by offering employees the opportunity to work from home. By May 2020, about 3,500 company managers and specialists had shifted to remote work, with all the benefits and guarantees set out under the Collective Bargaining Agreement preserved in full.

The Company has learned how to operate in the new normal, moving offline processes online. Remote learning was an organic supplement to existing in-person training programmes and created a vast environment for employee self-development. A total of 40,000 people were covered by the remote learning system. Training and upskilling targets were exceeded, hitting 118%.

Amid the overall uncertainty, communication with employees played a special role. Direct dialogue between top management and employees was used for the first time via conference calls, involving between 1,000 and 2,500 participants. Our key tasks are to raise awareness of the situation at the Company, the measures being taken and our priorities, as well as, of course, to respond to any concerns that may arise. A special focus was made to recognise our frontline employees – train crew and ticket office staff – who kept working even during the height of the COVID-19 pandemic. Management support ensured the stability of our workforce, but also helped maintain employee confidence in the Company.

The Company implemented projects to foster corporate volunteering, women's leadership and youth policy. In 2020, a project ran by the Women's Club of FPC won the Best Practices in Youth Engagement competition, organised by Russian Railways. For the first time, FPC's Youth Assembly and FPC.LAB, the new project competition, were held online. Employees successfully represented the Company in federal competitions such as Leaders of Russia and Masters of Hospitality, and for the first time in the history of FPC, two projects ranked among the winners of Russian Railways' New Link competition.

Kind regards,

Ekaterina SKOROKHODOVA



OUR PEOPLE

FPC manages its human capital in a way which helps achieve its strategic goals while creating favourable conditions for employees' personal development. The key priorities of FPC's social and HR policy are recruiting and retaining people, ensuring their continuous development, and providing them with social support.

Protecting jobs and maintaining stable operations during the COVID-19 Pandemic

In 2020, the world faced an unprecedented external challenge – a pandemic of a previously unknown coronavirus, which upended the lives of people across the globe.

As a socially responsible employer, FPC committed itself to protecting the health and safety of its employees. In March 2020, FPC set up a response centre for preventing the import and spread of the novel coronavirus, and eliminating its impacts to ensure the continuity of operations.

The Company developed and approved a range of measures to enhance the sanitary and epidemiological safety of its employees.

Amid the rapid spread of the novel coronavirus (COVID-19), the Company started moving its employees to remote work as early as in March 2020. By May 2020, about 75% of FPC managers and specialists had shifted to remote work. In December, this figure dropped to 50%.

Also, employees were granted unpaid leaves or permitted to work part time upon request. During periods of low passenger traffic and carriage repairs, employees in general positions were furloughed, retaining two thirds of their average wages.

Also, pursuant to the recommendations of the Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor), the Company reviewed its operating processes and reinforced disinfection protocols. During the pandemic, FPC suspended business travel, professional training and development courses, as well as any in-person training. All meetings were moved online to minimise personal contacts and prevent gatherings.

Employee temperatures have been checked daily and train crews have been doing polymerase chain reaction (PCR) tests since the pandemic began. Customer-facing employees have all necessary personal protective equipment (PPE). A total of RUB 427.1 million were spend to purchase PPE in 2020.

The Company took special care to protect employees with chronic illnesses as a high-risk group. These employees were granted paid unscheduled leaves upon request. Quarantined employees who had contacted confirmed COVID-19 cases received additional payments complementing their sick pay to bring the total pay to their average monthly wage level.

To maintain high staff morale, approaches to pay during the pandemic were explained to employees, along with passenger operations in the context of capacity underutilisation of certain sites.

Vaccination campaign

FPC launched a vaccination campaign against the novel coronavirus in line with the national vaccination calendar to develop herd immunity in train crews before the start of the summer travel season. Employees were provided with an opportunity to consult health professionals online, and a dedicated Coronavirus Vaccination course was made available on the Russian Railways remote learning platform. Given the specific nature of frontline employees' work, carriage attendants, train managers and ticket clerks will be the first to be vaccinated against the novel coronavirus (COVID-19) in 2021.

Staff profile

54,384

employees
work at the Company

33,500

employees,
or 62%, are directly involved in
providing services to passengers

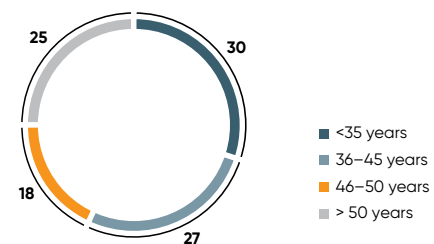
The Company maintains the right balance between young talent and more experienced employees. The average age of employees is 42 years. A 30% share of the personnel is represented by young employees aged under 35. At 65%, women constitute the majority of employees.

In 2020, employee turnover at FPC decreased by 0.7% year-on-year to 9.4% (10.1% in 2019). In 2020, the main causes of employee turnover included: non-controllable causes such as retirement due to age (27.8% of employees leaving their jobs) and controllable causes such as employee dissatisfaction (17.7%).

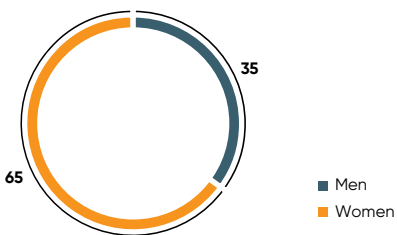
Staff recruitment

Various evaluation tools – ability testing, personality surveys, professional cases, and structured interviews – are used to ensure the quality of managerial decisions on selecting candidates for vacancies, creating talent pools and staff training. Over 13,000 employees underwent the corporate competency assessment during the year, with customer-facing employees accounting for 90% of the total. The Company quickly adapted to operation during the pandemic, with some of the mandatory evaluation procedures shifted online.

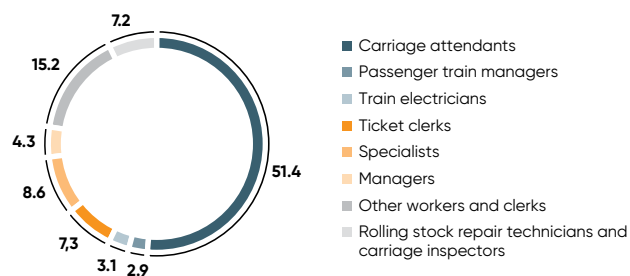
Personnel by age, %



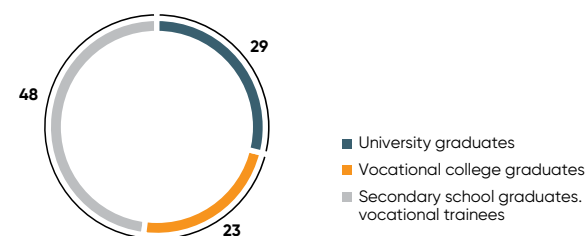
Personnel by gender, %



Personnel by position/trade, %



Personnel by educational background, %



Personnel training and development

In 2020, the Company changed its approaches to personnel training and development as the Ministry of Education and Science ordered a ban on in-person training. The use of remote learning technologies in cooperation with third-party providers and the active utilisation of the Russian Railways remote learning system helped to maintain the continuous development process.

14,300

employees,
or 26.3% of FPC's total headcount,
completed training in 2020

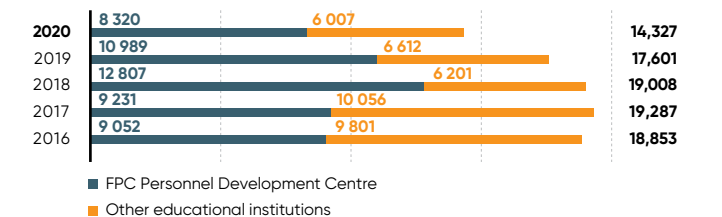
Training system performance

Indicators	2017	2018	2019	2020
Total employees trained	19,287	19,008	17,601	14,327
Share of employees trained at the FPC Personnel Development Centre, %	48	62.7	62.4	58
Budget, RUB million	96.3	118.2	196.636	112.8

A total 2,100 workers and clerks were trained for general positions, and over 12,000 people completed upskilling courses in 2020. The Personnel Development Centre is the main platform to provide training for general positions.

In 2020, the Personnel Development Centre began active implementation of remote learning technologies. Electronic content for 14 personnel training programmes and 15 open electronic courses was posted on the Remote Learning System. A total of 4,008 employees of the Company upgraded their skills using the Remote Learning System.

Staff training broken down by training centre, people



Since 2020, the Personnel Development Centre has been providing training under a licence for continuing professional education.

During the year, the Personnel Development Centre supported briefings delivered through the Remote Learning System (36,000 employees covered simultaneously, 20 examination tests developed), with a pilot project run at three branches of the Company for the rollout of technical training for train managers, carriage attendants and train electricians delivered through the Remote Learning System.

In 2020, the centre developed a professional competency model for train electricians. In line with this model, a targeted course programme was approved, with professional knowledge tests developed for cross-cutting and professional competencies. The programme and test piloting is scheduled for the first half of 2021.

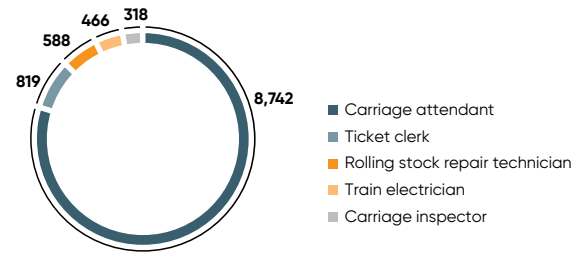
Personnel development under the corporate competency model promotes a positive image of the Company. In 2020, psychologists of structural units of FPC branches delivered over 2,500 on-the-job training workshops. Remote learning was an organic supplement to in-person training and created a vast environment for employee self-development. Training its employees in internal and external customer focus skills helps the Company to align with its mission and achieve its strategic goals. New methodological materials and programmes were developed for the Conflict Management and Basic Management Skills trainings in 2020.

Continuing professional and business education for managers and specialists

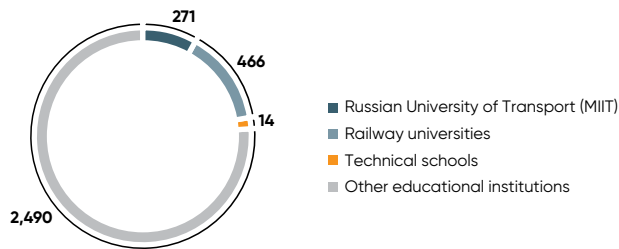
In order to develop managerial competencies and personal effectiveness of managers and enhance professional competencies of specialists, FPC engages third-party providers of continuing professional education in important aspects of managing operational, financial and economic activities, service quality improvement, and ensuring passenger safety.

A total of 2,436 managers and specialists of the Company took mandatory, technical and leadership training in 2020.

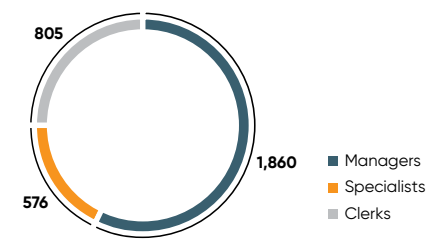
Employees trained for general positions, people



Personnel training in 2020 by educational institution, people



Personnel training in 2020 by position level, people



112,8 million RUB
talent development expenses and related payments



Leveraging in-house expertise for personnel training

The first comprehensive training programme to develop professional competencies of the HR Section managers and specialists was launched in 2020. The programme aims to develop personnel at the right time and in line with the Company's business objectives by engaging internal and external experts.

This training involves 441 employees of the HR Management and Social Development Section, including 18 in the expert instructor capacity. Employees of partner companies and relevant units are also involved in the training delivery. The programme comprises 11 modules.

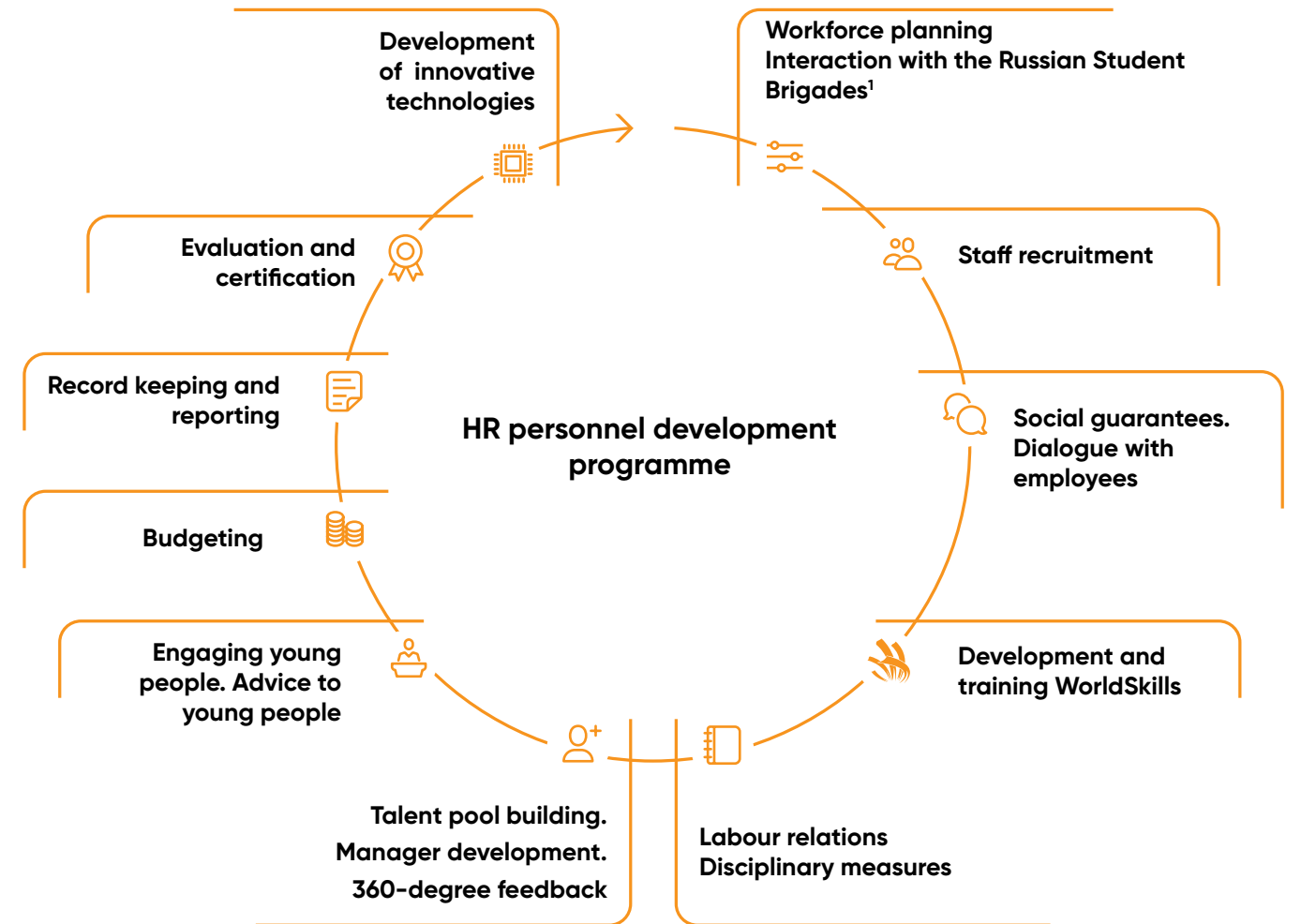
Targeted training

FPC cooperates with nine universities offering railway-related degrees. Over 100 students are on targeted training programmes in professional colleges and universities.

Furthermore, 22 employees are on bachelor's and master's degree programmes:

- Management
- HR management Strategic HR management
- Ground Transport Systems. Rail Passenger Services
- Economics. International Financial and Management Accounting

Leveraging in-house expertise for personnel training



¹ Youth All-Russian Public Organisation "Russian Student Brigades"

Youth policy

In 2020, young employees under 35 made up 29% of FPC's total headcount, and those under 30 accounted for 18%.

In 2020, the Company's talent management function, established to develop human capital and drive social mobility, was reorganised into the Youth Policy Implementation Sector.

Key projects by focus area



Communication

- Communication through social media (VKontakte, Telegram) and digital channels (mailing) with a total reach of over 9,100 employees.
- Encouraging young talent to engage in leadership competitions. 2020 highlights: New Link – three finalists and two superfinalists (Your Own Inspector and ECOnomics); Young Talents – five finalists; Leaders of Russia – six semifinalists, three finalists in the Science speciality and one superfinalist; Masters of Hospitality – six semifinalists and two winners in competency categories.



Young talent onboarding and retention in the Company

- The Personnel Development Centre holds regular (quarterly) meetings with youth councils, young activists and the Company's young professionals to discuss career development, youth policy implementation in all parts of FPC and other matters of current importance to young employees.
- An Onboarding Course for new employees of the Company's administration was developed in September 2020. The course has been successfully piloted, and plans for 2021 include tailoring onboarding courses for all branches of FPC.

In 2020, youth policy implementation focused on young talent informing, onboarding and retention in FPC as well as innovative activities and involving young employee in achieving the Company's strategic goals.

9,100

employees

receive updates through social media and digital channels



Innovative activities and engaging young talent on strategic goals

- The 11th Youth Assembly of FPC was held online in 2020 due to the COVID-19 situation. A total of 36 young employees of the Company took part in the event. One of the projects presented at the assembly was declared a winner and accepted for implementation (Top Four Real Ideas for FPC). Following the assembly, the FPC Youth targeted programme for 2021–2025 was finalised (Order No. FPK-47/r dated 22 January 2021), and FPC future talent pool was approved (Order No. FPK-118/r dated 9 February 2021).
- In 2020, the Company held its first project contest, FPC.LAB – a corporate Idea Factory. Participants submitted 54 projects across 44 cases. Three projects across three sections (product, economic and technical verticals) won the contest and were accepted for implementation. One project (Solving the Luggage Placement Problem in New Open Sleeping Carriages and Double-Deckers) was implemented during the contest and was approved by a Ministry of Transport of the Russian Federation order¹.

¹ Order No. 118, dated 13 April 2020, On Amending the Passenger, Baggage, and Unaccompanied Baggage Rail Transport Rules as Approved by Order of the Ministry of Transport of the Russian Federation No. 473 dated 19 December 2013.

FPC's volunteer movement

Active development of volunteer movement at FPC continued in 2020.

The #AllInThisTogether federal project was launched in Russia amid the first wave of the pandemic, with caring citizens helping home-bound people for several months. Russian Railways employees actively contributed to the campaign. Young employees of FPC also did their bit by working at healthcare facilities, delivering food or helping remotely (97 FPC employees, or 9% of total participants in the project from Russian Railways).

An official awards ceremony of the #AllInThisTogether campaign was held on 13 July in Yaroslavl. Ekaterina Stolnikova, Category I engineer of the Customer Service Department of FPC's Northern Branch was awarded a commemorative medal for her contribution to the #AllInThisTogether All-Russian mutual aid campaign.

Young employees of the FPC administration delivered two major initiatives:

- Fundraising to help employees of the Russian Railways hospital. Donations totalling RUB 66,000 bought 100 kg of vital materials that were delivered to the health workers.
- COVID-19 patrol was launched in the FPC administration office, resulting in most employees using personal protective equipment.

Female leadership

Since the launch of FPC Women's Club in 2019, the Company has been actively advancing its female leadership programme:

- A regional session on Improving Human Capital Efficiency was held from 2 to 4 March 2020
- The 2020 FPC Business Woman competition was held with a total of 54 entrants
- In order to provide safe working conditions and balanced mental and a more supportive and empowering environment for women, an Action Plan to Improve Work, Rest and Social Support Conditions for Women was approved (No. FPK-222, dated 10 June 2019). Out of the plan's 32 items 26 targets were delivered, with three targets not met due to the pandemic restrictions, two items no longer relevant and one target moved to the Passenger Carriage Attendant professional image improvement programme for 2019–2020

During the pandemic, FPC employees over 65 years of age (368 people) were moved to remote work, with each branch compiling a list of such employees for monitoring to provide aid through young employees of FPC as necessary.

In September 2020, FPC resumed volunteer help to employees over 65 as well as veterans of the Great Patriotic War (World War II), retired workers, etc. As at the end of December 2020, a total 211 people received volunteer aid, with 10 FPC branches actively contributing by providing food, medicines, household help, and information support.

Online meetings with FPC employee volunteers arranged by the Company's Personnel Development Centre have been held on a regular basis since 2020.

- In order to further improve work, rest and social support conditions for women, FPC approved a new plan for 2021 (No. FPK-551 dated 3 December 2020), which included actions in the following areas: women's health and family, women and operations, and female leadership
- In 2020, the FPC Women's Club project won the Best Practices in Youth Engagement competition organised by Russian Railways
- The second FPC Business Woman competition was launched in October 2020, with qualifying rounds completed in branches and units and preparation for the finals underway
- The Personnel Development Centre is also actively developing themed channels for internal communication through social media (Instagram and Telegram), with a total audience reach doubling in 2020 to more than 1,000

Student train attendant teams

Student train attendant teams have been the main source of reinforcement for train crew staff for peak traffic periods since 2010.

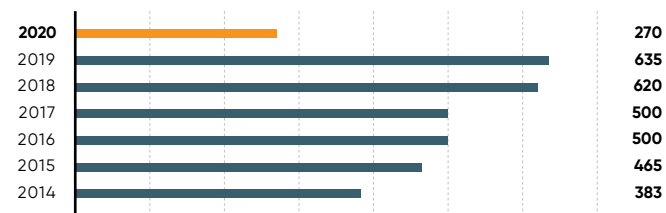
Over 10,000 students work in train crews every year thanks to long-standing close collaboration between FPC and universities offering railway-related degrees as well as the Youth All-Russian Public Organisation "Russian Student Brigades".

Student train attendant teams working for the Company totalled 635 people during the 2019/2020 winter travel season.

Student teams were not formed between May and September 2020 due to a steep drop in traffic and the need to protect students' health.

In December 2020, the Company resumed engaging student teams, taking on 270 members of the Russian Student Brigades.

Students hired during the winter period, people



Employee remuneration and motivation system

In 2020, FPC employees across all job functions earned RUB 45,881 per month, down 8.5% year-on-year due to an adverse impact on the Company's economic and financial position from the coronavirus pandemic and measures imposed in the Russian Federation to curb the spread of the infection: suspension of international travel, partial suspension of interregional services, halt of repairs programme, etc.

In line with FPC's Collective Bargaining Agreement for 2020–2022, wages were indexed by 2% from 1 March 2020 and by 1% from 1 October.

The Company also pays length-of-service bonuses (employee loyalty bonus) and incentive bonuses.

Length-of-service bonuses paid as loyalty bonuses totalled RUB 1,098.9 million over the year.

Bonuses for professional excellence:

- Personal salary: RUB 23,995 (439 passenger carriage attendants and train electricians)
- Wage surcharge for professional excellence: RUB 2,660 (4,165 people)
- Wage surcharge for professional titles: RUB 3,553 (5,425 people)

45,881

RUB

wage of FPC employees across all job functions based on the 2020 performance

1,098.9

million RUB

length-of-service bonuses paid as loyalty bonuses

SOCIAL POLICY

Collective Bargaining Agreement

FPC pursues its social policy in line with its Collective Bargaining Agreement. FPC's social benefits and guarantees are centred on sustaining, stimulating, and improving employee performance and maintaining social stability among staff.

FPC's Collective Bargaining Agreement for 2020–2022 was signed on 17 December 2019. The new version has retained all traditional benefits available to railway employees such as free travel, private pension plans, voluntary health insurance and maternity and child-related benefits.

48,600

RUB

social benefits per FPC employee

5,700

RUB

social benefits per retired employee

Housing policy

Under the Collective Bargaining Agreement, monthly subsidies are paid to 554 FPC employees to repay the interest accrued on their mortgage loans. In 2020, 18 employees were provided with subsidies for mortgage payments towards built or purchased housing.

50.6

million RUB

spent in total on FPC's housing policy in 2020

Employee health

Employee health

FPC's Employee Health Programme provides full recreation and treatment and is aimed at improving employee work efficiency.

In 2020, our employees, retirees and their family members purchased 2,107 tours, including:

- 820 tours to health centres and resorts of SC RZD-HEALTH
- 1,287 tours to local health centres.

The Company is committed to protecting and improving the health of its employees' children, preventing child illnesses, and providing activities and proper rest during the summer holidays.

Children health campaign in 2020 was cancelled due to the outbreak of the novel coronavirus (COVID-19).

Occupational health

Employee health has always been a priority for the Company and was a particular focus during the pandemic.

Psychologists of the structural units of FPC branches ensured full compliance of psychological support offices with measures imposed to prevent the spread of the novel coronavirus. The psychological support offices delivered over 2,500 sessions in 2020. Stress management training is also delivered to improve self-control skills, with 75% of cases reporting improvement in emotional condition and return to optimum performance.

Promoting fitness and mass sports

Amid the outbreak of the novel coronavirus, authorities in Russia banned all mass gatherings and sporting events in 2020. Nonetheless, FPC is committed to protecting its employees' health and promoting healthy lifestyle.

The Company adopted a Healthy Lifestyle Concept (Order No. 292r dated 1 April 2020) to encourage more employees to live a healthy lifestyle and do sports and exercise on a regular basis.

In order to promote physical activity and sports excellence, FPC approved the Regulations on the Implementation and Utilisation of the Ready for Labour and Defence All-Russian Health and Fitness System (Order No. 808r dated 17 September 2020).



Awards

In 2020, 591 FPC employees were recognised with various awards for dedication and performance at work:

- State awards of the Russian Federation – 5 people
- Awards of the Ministry of Transport of the Russian Federation – 68 people
- Russian Railways awards – 325 people
- FPC awards – 193 people

Social guarantees

Corporate pension system

Corporate pensions are included in FPC employees' social security packages.

Over 17,000 employees have pension plans with Blagosostoyanie, a private pension fund.

In its commitment to match funding of private pension plans, FPC pays monthly pension contributions until a corporate pension is assigned, and then additional pension contributions once a corporate pension is granted.

Social guarantees for FPC retirees

FPC provides its retirees with all possible support.

At present, FPC supports over 56,000 non-working retirees.

Special emphasis is placed on railway workers who took part in the Great Patriotic War (World War II), home front workers, and survivors of Nazi concentration camps.

Non-working retirees who have worked at FPC for over 20 years receive compensation for dentures and subsequent repairs, high-tech medical services at Russian Railways' healthcare facilities, free travel on suburban and long-distance trains, and resort healthcare services.

Dialogue with employees

FPC traditionally ensures that it has a continuing dialogue with its employees. Annual corporate surveys help to assess the morale across our workforce, identify potential for performance improvement and gather the information needed to support management decision making. In 2020, FPC conducted a company-wide employee engagement survey, gathering feedback from over 26,000 employees with about 60,000 comments and suggestions. Follow-up actions based on survey results proved to be effective as indicated by improved satisfaction scores given by employees for certain aspects of their work. For instance, FPC job satisfaction scores given by passenger carriage attendants grew 15% year-on-year to 61%.

A major communication campaign was designed and launched in 2020. Five events featuring direct dialogues between the Company's top managers and employees, including from HR teams, were held. Over 15,500 questions were received

400,5

million RUB

invested by the Company in private pension plans for its employees in 2020

319

million RUB

total social support for retirees in 2020

in the run-up to the events. Company managers answered the most important questions during the online meetings and also gave an update on FPC priorities and measures taken to protect jobs and maintain the Company's stable operations. About 6,000 people joined the online meetings. According to the feedback, 97% of participants found the events to be useful, were able to get first-hand information on important matters and were willing to participate in future online meetings. Also, a Carriage Attendant Navigator and notice board materials were prepared to provide information to, and accelerate the onboarding of, train crew members. Main topics: employee compensation policy, time collection, engagement with outsourced employees, etc.

Code of Ethics

In 2015, the Board of Directors approved a Code of Ethics (the "Code") to codify uniform corporate values, personnel behaviour norms and rules serving to make employees aware of their role in achieving the Company's mission, and improve the bottom line and business performance. The key ethical principles set forth in the Code are binding on all employees of the Company.

In order to ensure a systematic approach, including monitoring of compliance with the Code, an FPC Ethics Officer and Ethics Officers at branches were appointed, with business ethics commission set up at the corporate and branch administration levels. The Company is focused on ongoing monitoring of employee compliance with the FPC Code of Ethics standards and rules.

FPC's key ethical principles¹

1. People first

People are our key asset. Everything we do is for the comfort and benefit of a particular individual – a passenger, customer, employee

2. Conscientious work

It means diligent and accurate performance of one's job duties, being helpful and attentive to passengers and customers at all times, honouring one's business commitments, carrying plans through, have zero tolerance for any form of corruption, live up to the honour of being part of FPC

3. Taking pride in being part of the FPC team

Every FPC employee is proud and privileged to be part of a company with a unique history, rich traditions and ambitious plans. It is our duty to honour traditions, respect the industry veterans, maintain and improve FPC's reputation as a dynamic national passenger carrier

4. Being part of a whole

Being part of the team means being attentive to, and honest with, one's colleagues, seniors and juniors and placing the interests of the team and FPC above one's own. Our strength lies in mutual trust and coordinated team work

5. Building on excellence

It means fostering professionalism and professional excellence, sharing best practices with young employees, learning best practices from previous generations, and using the learnings creatively on one's job to improve passenger and customer satisfaction and achieve positive results

6. Focus on outcomes

In line with this principle, we keep in mind that our efforts should always yield specific results: higher revenue for FPC, delivery of new projects, passenger and customer satisfaction, and people's trust

7. Informed decision making

We are aware that our decisions may affect the interests of many citizens and organisations, so we carefully weigh every decision we make. All decisions that we make are guided by the principles of prioritising safety and risk mitigation as well as economic benefits for, and commercial interests, of FPC

8. Upholding FPC's commercial interests

We are fostering a culture of continuous improvement, making and saving money while meeting high legal and ethical standards and without compromising on quality and safety

9. Being a leader

In their efforts to maintain FPC's high reputation, our people should act as leaders: lead the way, embrace change, set an example for others within and outside FPC

10. Aspiring to innovate

We always seek perfection, find opportunities to do better, innovate, acquire new knowledge, and drive professional and personal self-development. Innovation is the foundation of future growth and prosperity of FPC

¹ The principles are set forth in FPC's Code of Ethics (approved by FPC's Board of Directors on 14 December 2015, Minutes No. 8) and are binding on the Board members and all FPC employees.

OCCUPATIONAL HEALTH AND SAFETY

In its activities the Company has always demonstrated commitment to continuous improvement in occupational health, and a focus on preventing work-related injuries.

The corporate standard Occupational Health Management System. General Provisions (STO FPK 1.15.001–2014) is the key document defining workplace safety at FPC. In its activities the Company has always demonstrated commitment to continuous improvement in occupational health, and a focus on preventing work-related injuries.

In 2020, 30 work-related injuries were registered, with no fatalities. All work-related injuries at FPC trigger preventive action to help avoid them in the future.

A total of RUB 512.6 million were spent on occupational health and safety activities in 2020, including RUB 3.7 million on the Safe Working Environment 2020 investment programme.

The terms of FPC's Collective Bargaining Agreement have been met, with RUB 322.4 million, or 0.8% of total operating expenses, spent on occupational health and safety measures (excluding expenses on protective clothing and footwear and other personal protective equipment), including:

- RUB 201.3 million for work-related injury prevention, staff removal from hazardous areas and new equipment deployment
- RUB 121.1 million for the improvement of working conditions.

512.6

million RUB

spent on occupational health and safety in 2020

including

3.7

million RUB

spent on the implementation of the Safe Working Environment 2020 investment programme in 2020

The units of FPC branches provide 25,565 workstations, including 1,958 workstations with harmful conditions, or 7.7% of total, with 4,706 employees using these workstations.

In 2020, 47 workstations with harmful conditions, used by 97 people, were made compliant with occupational health standards, with working conditions improved at another 950 workstations used by 1,815 employees.

MANAGING ENVIRONMENTAL IMPACT

Protecting the environment and minimising negative environmental impacts from the Company's operations are among FPC's highest priorities.

Regulatory and environmental aspects

Goals

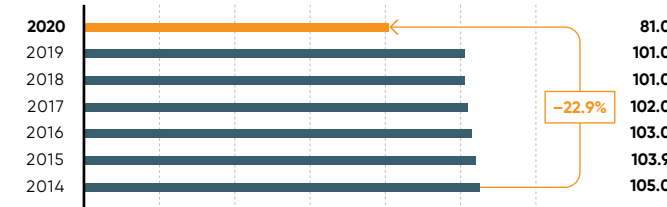
- Minimising negative environmental impacts from the Company's operations
- Caring for human health and the environment

Initiatives

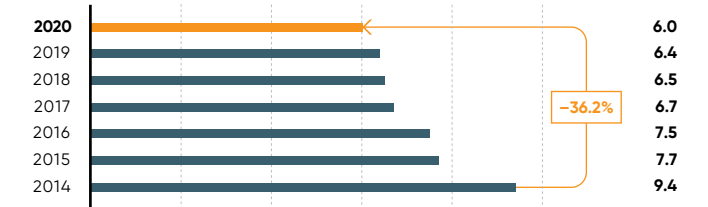
- Equipping carriages with environmentally friendly facilities
- Purchasing carriages with a central power supply
- Installing high-voltage heating points at the turnaround and originating stations
- Revamping treatment facilities
- Retrofitting water recirculation systems to carriage washing facilities
- Converting boilers from liquid fuel to gas
- Upgrading water and sewer networks



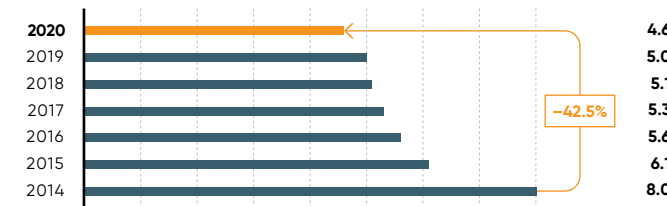
Waste generation, '000 tonnes



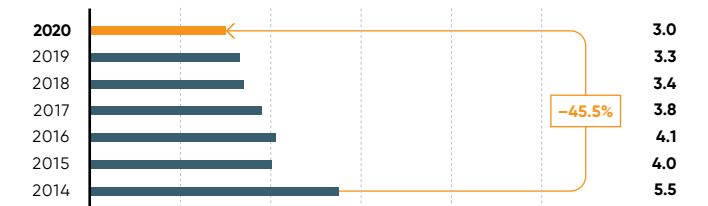
Water use, million m³



Air emissions, '000 tonnes



Used water discharge, million m³



Protecting the environment and minimising negative environmental impacts from the Company's operations are among FPC's highest priorities. In its environmental activities, FPC complies with Russian laws, the Environmental Strategies of Russian Railways, and the Company's standard 1.16.001-2016 FPC Environmental Management System.

FPC involves investment, CAPEX, and operational resources and initiatives in pursuit of its environmental safety goals.

Overall, since the start of its operations, FPC has consistently reduced its environmental impacts (due to lower figures amid the COVID-19 epidemic, 2020 data were rebased to 2019):

- Production and consumption waste generation decreased from 105,000 tonnes to 101,000 tonnes
- Total used water discharge was down from 5.5 million m³ to 3.3 million m³
- Water use by structural units decreased from 9.4 million m³ to 6.4 million m³
- Air pollutant emissions were reduced from 8,000 to 5,000 tonnes

These results were achieved by optimising operations and processes across the Company's branches, adopting new technology, and maintaining consistent supervision.

To reduce the anthropogenic impact of passenger services, FPC upgraded its rolling stock and facilities across its branches.

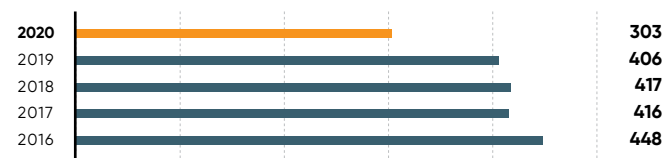
The Company keeps railway tracks from contamination while maintaining an adequate level of sanitation at rail infrastructure facilities by only acquiring carriages equipped with environmentally friendly toilet facilities. Also, existing carriages are retrofitted with environmentally friendly toilet facilities during overhauls.

In total, over 70% of carriages in total fleet were equipped with environmentally friendly toilet facilities by year-end 2020. At the current rate of replacement and upgrade, over 90% of rolling stock will be equipped with such facilities by 2025.

Air quality improvement

To reduce air pollution, FPC is converting boilers to environmentally friendly fuels and installing high-voltage heating points for its passenger carriages at turnaround and originating stations

Greenhouse gas emissions, '000 tonnes of CO₂



CO₂ emissions per passenger carried

Mode of transport	tonne	kg
Air	0.215 ¹ (60.7 million passengers, 13,106,618 tonnes of CO ₂)	215.0
Rail	0.005 (62.4 million passengers, 303,996 tonnes of CO ₂)	4.9

Purchasing carriages with a central power supply: 1,226 carriages.

Installation of high-voltage heating points at turnaround and originating stations for RUB 130.079 million (including high-voltage columns at the Adler and Murmansk stations, Dacha Dolgorukova MC (SD), Togliatti station (CI + C), Nikolayevka PCD (Krasnoselsky Rail Yard), Kislovodsk station (SD), Severobaikals station (SD); Yoshkar-Ola station (CI), Cheboksary-2 station (CI); construction of a high-voltage heating point at the Petrozavodsk

station; installation of charging points at the Nikolayevka station, upgrade of a high-voltage heating point at Moskva-Tovarnaya station (CI), electric grids with charging points at the stabling and servicing yard for M carriages (CI + C) in Bryansk).

Boiler conversion from liquid fuel to gas for RUB 16.821 million (including Saint Petersburg-Moskovsky CY (CI), Perm PCD (Phase 2, C).

¹ PJSC Aeroflot Annual Report 2019 (<https://ir.aeroflot.ru/reporting/annual-reports/>).

² Maintenance centre.

³ Survey and design.

⁴ Construction and installation.

⁵ Connection to Russian Railways grids.

⁶ Passenger carriage depot.

⁷ Carriage yard.

Sustainable water use

Total used water discharge, million m³

Indicators	2019	2020
Total	3.346	2.999
Wastewater meeting regulatory clean-up levels (surface runoff)	0.0599	0.0442
Contaminated runoff (manual carriage washing)	0.012	0.001
Sent for treatment (sewage)	3.275	2.954

In order to reduce discharge negatively affecting the environment and centralised water disposal systems, FPC implements annual programmes to upgrade its water treatment and carriage washing facilities (CWF), retrofitting them with water recirculation systems and on-site water treatment facilities:

→ CWF upgrades including retrofits of water recirculation systems.

→ Upgrades of water and sewer networks (construction of water supply network for the Samara Passenger Carriage Depot (construction, installation and network connection): RUB 27,952 million).



Production and consumption waste management

The total amount of waste generated by the Company's activities was 81,000 tonnes in 2020, with 79,000 tonnes sent to contractors, including: 20,200 tonnes for reuse/recycling; 3,100 tonnes for neutralisation; 55,700 tonnes for landfilling.

Total waste mass by hazard class, '000 tonnes

Indicators	2019	2020
Total	100.533	81.0
Hazard Class 1	0.021	0.020
Hazard Class 2	0.1	0.1
Hazard Class 3	2.03	2.0
Hazard Class 4	64.987	54.7
Hazard Class 5	33.395	24.18

Total waste mass by disposal method, '000 tonnes

Disposal method	2019	2020
Disposal at the Company's sites (Hazard Class 5)	0.333	0.031
Transferred to contractors, total	100.2	79.0
Includes:		
for neutralisation	2.6	3.1
for recycling	27.9	20.2
for landfilling	69.7	55.7

ENERGY EFFICIENCY

To improve energy efficiency and reduce the energy intensity of its operations, FPC works to reduce its fuel and energy consumption every year.

In 2020, despite COVID-19 restrictions, the Company continued improving energy efficiency and energy intensity by:

- purchasing new, advanced, and energy-efficient rolling stock
- using energy-saving technologies in the Company's depot and site lighting systems (LEDs and smart control systems)

- upgrading and converting boilers from liquid fuels to gas
- retrofitting FPC's buildings and structures with water consumption and discharge, electricity and heat meters
- installing high-voltage charging points at passenger train preparation sites.

Sustainable water use

Energy source	In physical terms				In monetary terms RUB million			
	2018	2019	2020	Change from 2019, %	2018	2019	2020	Change from 2019, %
Electricity, million kWh	129.3	127.4	107.7	84.6	644.3	678.3	605.4	-72.9
Diesel fuel, '000 tonnes	2.6	2.5	1.9	79.4	107.6	113.4	85.7	-27.7
Coal, '000 tonnes	109.6	102.2	77.0	75.3	324.3	350.7	277.0	-73.7
Fuel oil, '000 tonnes	15.1	14.5	10.1	70.0	228.0	228.0	107.8	-120.2
Natural gas, million m ³	23.2	22.3	19.3	86.5	132.8	133.4	114.2	-19.2
Gasoline, '000 tonnes	0.9	0.8	0.6	72.9	43.5	43.1	33.3	-9.8
Briquettes, '000 tonnes	3.4	3.6	2.4	67.2	23.9	31.3	20.1	-11.2
Pellets, '000 tonnes	1.2	0.9	0.5	61.9	8.8	6.6	4.0	-2.6
Firewood, '000 m ³	0.3	0.3	0.1	35.0	1.9	0.6	0.3	-0.3

PROCUREMENT

FPC's procurement activities are governed by the corporate Regulations on Procurement of Goods, Works and Services for the Needs of FPC, based on the following laws and regulations of the Russian Federation:

- Federal Law No. 223-FZ On Procurement of Goods, Works and Services by Certain Types of Legal Entities dated 18 July 2011
- Federal Law No. 135-FZ On the Protection of Competition dated 26 July 2006
- Resolutions and decrees of the Russian Government
- Other documents adopted pursuant to Federal Law No. 223-FZ

In accordance with Article 3 of Law No. 223-FZ, FPC is guided by the following principles:

- Procurement transparency
- Equality, fairness, non-discrimination, and no unreasonable anti-competitive practices towards bidders
- Targeted, cost-effective use of funds to procure goods, works and services (using life cycle costing for procurement as necessary), as well as focus on reducing customer spend
- Unrestricted access to bidding through the elimination of non-measurable bidder requirements

Pursuant to Resolution of the Russian Government No. 1352 On the Procurement of Goods, Works and Services by Certain Types of Legal Entities from Small and Medium-Sized Enterprises, dated 11 December 2014, FPC's Plan for the Procurement of Goods, Works and Services complies with the requirements for annual volumes of procurement exclusively from small and medium-sized enterprises (SMEs).

The Company works to:

- increase SMEs' share in procurement
- decrease the share of non-competitive procurement.

699.71

million RUB

the Company's savings in procurement in 2020

Single sourcing is only used when expressly allowed by the Regulations on Procurement of Goods, Works and Services for the Needs of FPC.

In 2020, FPC's procurement process resulted in 2,641 contracts for a total of RUB 29,361.87 million including VAT, of which:

- 1,304 contracts for a total of RUB 23,849.97 million (including VAT) were awarded through competitive bidding (it is worth noting that, despite lower economic activity in 2020, the value of the contracts awarded through competitive bidding in 2020 increased year-on-year, accounting for 81% of the total value of contracts awarded in 2020)
- 1,337 contracts were single-source contracts (down 10% year-on-year) for a total of RUB 5,511.90 million (including VAT), or 19% of the total value of contracts awarded in 2020.
- Pursuant to legal requirements for the procurement of goods, works and services from SMEs, FPC awarded 1,315 contracts to SMEs in 2020.

CHARITABLE ACTIVITIES

As a socially responsible company, FPC believes it is very important to engage in social and charitable activities and support projects in culture, education, healthcare, sports, and other social initiatives.

The Company's charitable activities include supporting children in need of expensive treatment and medicines, children in orphanages, providing social support to employees with children suffering from severe or chronic diseases or requiring costly treatment, helping large families, non-working retirees, veterans, disabled people and people in difficult life situations.

The Company's financial and business activities have been significantly affected by the challenges of 2020. At the same time, the Company has been making every effort to prevent the coronavirus pandemic's direct impact on its operating environment, prioritising the protection of its employees and passengers.

The Company promotes voluntary blood donation. FPC had held a charitable event, Donor Day, before coronavirus restrictions were imposed. The event has become a good tradition for FPC employees, and the number of donors grows every year. Funds collected through this event in 2020 were donated to the Podari Zhizn (Gift of Life) charity and used to finance treatment for 21-year-old Alina Zezyulina.

Starting from 2016, FPC has been delivering on its commitment to transport veterans of the Great Patriotic War (WWII), including disabled veterans, and their travelling companions to events celebrating the Victory in the Great Patriotic War (1941–1945).

Since 1 January 2020, the Company has granted free transport in deluxe, first and second-class sleeping carriages and carriages with seats to veterans of the Great Patriotic War, including disabled veterans, and their travelling companions, for a total of RUB 4.2 million.

The total amount of funds directed by the Company towards charitable causes in 2020 was RUB 14.9 million.



STAKEHOLDER ENGAGEMENT

FPC is aware of its high responsibility to all stakeholders and strives to maintain ongoing, constructive dialogue with them.

FPC is committed to meet all stakeholders' expectations for comprehensive, sustainable development of the Company

across economic, social and environmental dimensions, reflecting the current needs and future opportunities. All stakeholders are categorised into internal and external.

Stakeholder engagement mechanisms

Stakeholders	Engagement approaches and mechanisms
Internal stakeholders	
Our people	<ul style="list-style-type: none"> → Labour relations under the Collective Bargaining Agreement → Management functions → Social partnership → Personnel development → Employee surveys and social monitoring → Reporting to stakeholders → Dispute resolution procedures → Employee recognition
Governance and control bodies	<ul style="list-style-type: none"> → Description of governance and control bodies as well as interaction principles and governance procedures are set forth in JSC FPC's Articles of Association and other internal documents of the Company. → For more details, see page 2 of this Report in the Corporate Governance Model and Practice section
External stakeholders	
Shareholders	<ul style="list-style-type: none"> → Direct dialogue through General Shareholders Meetings → Reporting to stakeholders → Mandatory disclosures, including quarterly reports, RAS and IFRS financial statements, material fact notifications, and lists of affiliates → Voluntary disclosures, including performance indicators, etc. → Shareholder property rights and guarantees of freedom to dispose of their shares are ensured by the registrar Registry Society STATUS. → The Company's financial reporting is audited by a Big 4 company, selected every year through open bidding

Stakeholders	Engagement approaches and mechanisms
Government authorities and non-governmental organisations	<ul style="list-style-type: none"> → Agreements on cooperation in the transportation of passengers, baggage and unaccompanied baggage by long-distance trains → Joint participation in image-building ceremonies and business events at the federal and regional levels → Responding to requests from government authorities
Business partnerships	<ul style="list-style-type: none"> → Contractual relations → Cooperation agreements → Regular working meetings → Joint working groups with Russian and foreign project partners → Preparing and concluding cooperative agreements → Participation in conferences and forums
Consumers and customers	<ul style="list-style-type: none"> → Passenger services → Catering on board → Feedback channels: <ul style="list-style-type: none"> - Customer questionnaires - Single help desk - Mobile app - FPC's website → Passenger satisfaction surveys → Marketing campaigns → Information on the Company's activities
Media and NGOs	<ul style="list-style-type: none"> → Press releases and other materials with information on FPC's activities → Responding to requests for information from the media → Accompanying reporters shooting photos/videos of infrastructure
Educational institutions	<ul style="list-style-type: none"> → Targeted employment of students → Benefits for FPC employees' children → Joint research and cultural initiatives → FPC employees contributing to educational institution activities
Social partnership actors	<ul style="list-style-type: none"> → Engaging with trade unions in the social protection of employees and non-working retirees

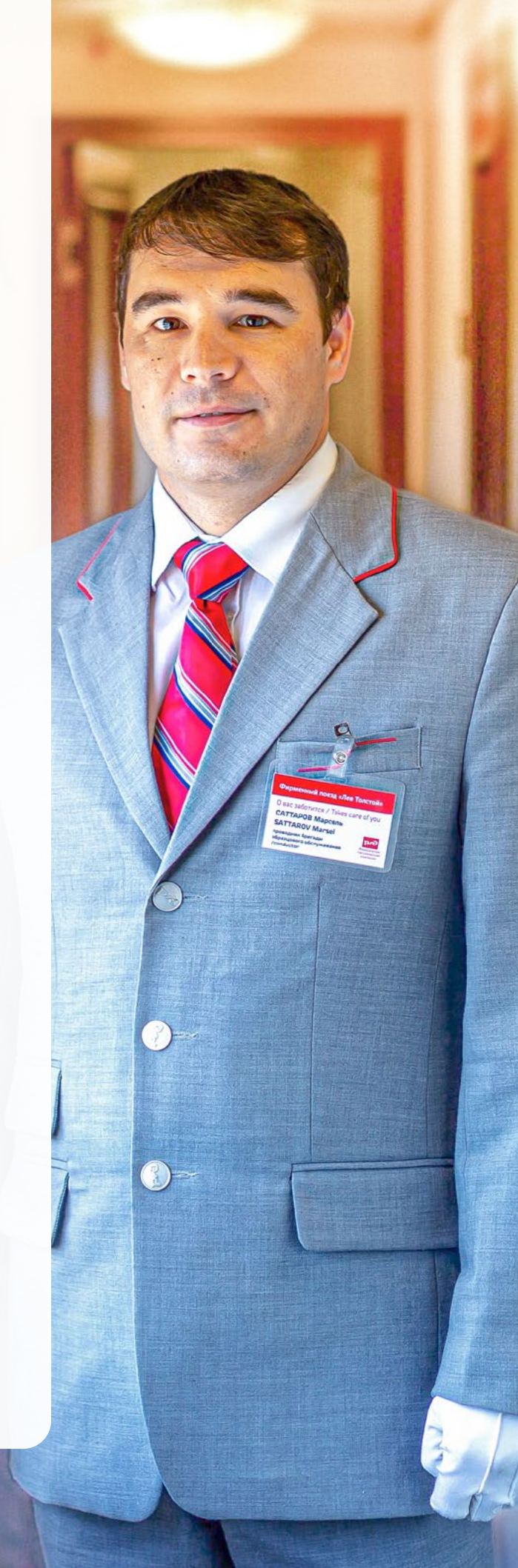
EQUALLY IMPORTANT – SERVICE QUALITY

Passenger satisfaction with service quality is monitored on a regular basis through online surveys on opros.fpc.ru. This channel provides the Company with recent feedback and customer reviews enabling prompt responses to passenger comments and suggestions.

In 2020, our Customer Satisfaction Index was 4.39 on a 5-point scale, up 1% from 2019. Our Net Promoter Score (NPS) was at 45, up 2 p.p. from 2019. Passengers are loyal to the Company, as the share of promoters is 45% larger than that of detractors.

242,141 passengers
took part in FPC's service
quality survey in 2020

1.4 times
growth of NPS over
the last three years



RAS FINANCIAL STATEMENTS AND AUDITOR'S REPORT

Balance Sheet, '000 RUB

Indicator	Line code	As at 31 December 2020 r.	As at 31 December 2019 r.	As at 31 December 2018 r.
ASSETS				
I. NON-CURRENT ASSETS				
Intangible assets	11100	536 282	637 140	735 316
including:				
intangible assets	11110	462 204	596 152	684 102
investments in progress in intangible assets	11120	64 103	4 300	50 711
advances issued	11199	9 975	36 688	503
Results of research and development	11200	9 973	1 250	8 310
including:				
research, development and engineering	11210	-	-	-
investments in progress in research, development and engineering	11220	9 973	1 250	8 310
advances issued	11299	-	-	-
Intangible exploration assets	11300	-	-	-
Tangible exploration assets	11400	-	-	-
Property, plant and equipment	11500	285 328 169	265 402 240	247 162 531
including:				
fixed assets	11510	277 294 924	257 916 402	243 693 428
including:				
buildings, machinery and equipment, vehicles	11511	273 524 068	254 179 378	239 697 292
structures and transmission equipment	11512	3 582 487	3 534 115	3 774 162
other fixed assets	11519	188 369	202 909	221 974
investments in progress in property, plant and equipment	11520	7 922 982	6 076 910	3 053 462
advances issued	11599	110 263	1 408 928	415 641
Income-bearing investments in tangible assets	11600	3 937	23 196	37 599
including:				
income-bearing investments in tangible assets	11610	3 937	23 196	37 599
investments in progress in income-bearing investments in tangible assets	11620	-	-	-

Indicator	Line code	As at 31 December 2020 r.	As at 31 December 2019 r.	As at 31 December 2018 r.
Financial investments	11700	1 420 482	1 572 137	1 247 137
including:				
contributions to equities (share capitals) of other entities	11710	1 247 137	1 247 137	1 247 137
loans issued and bank deposits	11720	173 345	325 000	–
other financial investments	11790	–	–	–
prepayments	11799	–	–	–
Deferred tax assets	11800	2 465 176	–	–
Other non-current assets	11900	1 536 681	293 389	321 511
Total for Section I	11000	291 300 700	267 929 352	249 512 404
II. CURRENT ASSETS				
Inventories	12100	4 473 644	3 780 514	3 857 294
including:				
supplies, materials and other similar valuables	12110	4 368 860	3 688 044	3 777 333
rears and fatteners	12120	–	–	–
work-in-progress costs	12130	23 155	23 092	21 988
finished products and goods for resale	12140	6 083	3 873	8 574
goods dispatched	12150	–	–	–
prepaid expenses	12160	75 546	65 505	49 399
other inventories and costs	12190	–	–	–
Value added tax on acquired valuables	12200	10 807	13 079	11 579
Receivables	12300	21 728 706	15 711 525	11 274 992
including:				
receivables due in more than 12 months from the reporting date	12310	9 273 519	29 888	30 316
including:				
trade receivables (excluding transport services)	12311	9 232 975	–	–
trade receivables for transport services	12312	–	–	–
advances issued	12313	36 704	26 562	26 562
other receivables	12319	3 840	3 326	3 754
receivables due within 12 months from the reporting date	12320	12 455 187	15 181 637	11 244 676
including:				
trade receivables (excluding transport services)	12321	2 088 589	590 420	485 492
trade receivables for transport services	12322	1 468 307	1 792 652	1 068 765
advances issued	12323	394 009	940 919	456 688
taxes and charges, social insurance and social security	12324	7 802 304	11 488 217	8 105 152
other receivables	12329	701 978	869 429	1 128 579
Financial investments (excluding cash equivalents)	12400	869 338	20 550 000	10 600 000
including:				
loans issued and bank deposits	12410	869 338	20 550 000	10 600 000
other financial investments	12490	–	–	–
Cash and cash equivalents	12500	3 856 564	2 361 512	6 504 346
including:				
cash on hand	12510	42 264	68 837	68 730

Indicator	Line code	As at 31 December 2020 r.	As at 31 December 2019 r.	As at 31 December 2018 r.
cash at bank	12520	3 457 389	1 224 937	1 275 783
cash in foreign currency accounts	12530	37 952	–	123 080
cash in designated accounts and in transit	12540	23 179	14 106	490
cash equivalents	12550	–	670 000	4 150 000
other cash and cash in transit	12590	295 780	383 632	886 263
Other current assets	12600	353 164	403 386	231 465
Total for Section II	12000	31 292 223	42 820 016	32 479 676
Total	16000	322 592 923	310 749 368	281 992 080
LIABILITIES				
III. EQUITY AND RESERVES				
Share capital	13100	206 961 041	171 961 041	171 961 041
Treasury shares	13200	–	–	–
Revaluation of non-current assets	13400	1 561 222	1 578 681	1 629 510
Additional paid-in capital (excluding revaluation)	13500	8 670 375	23 670 375	8 631 420
including:				
share premium	13510	–	–	–
contributions to share capital	13520	–	15 000 000	–
other equity	13590	8 670 375	8 670 375	8 631 420
Reserve capital	13600	1 316 698	1 316 698	1 012 477
including:				
statutory reserves	13610	1 316 698	1 316 698	1 012 477
reserves under constituent documents	13620	–	–	–
Retained earnings (accumulated deficit)	13700	(11 949 786)	21 773 580	13 544 555
Total for Section III	13000	206 559 550	220 300 375	196 779 003
IV. NON-CURRENT LIABILITIES				
Loans and borrowings	14100	48 500 000	49 213 530	38 677 054
including:				
loans maturing in more than 12 months from the reporting date	14110	–	713 530	3 677 054
borrowings maturing in more than 12 months from the reporting date	14120	48 500 000	48 500 000	35 000 000
Deferred tax liabilities	14200	–	7 261 709	8 782 354
Provisions	14300	–	–	–
Other liabilities	14500	1 158 151	–	–
of these:				
deferred income	14510	142 333	–	–
Total for Section IV	14000	49 658 151	56 475 239	47 459 408
V. CURRENT LIABILITIES				
Loans and borrowings	15100	15 888 354	1 304 813	7 369 288
including:				
loans maturing within 12 months from the reporting date	15110	15 283 524	713 524	1 841 301
borrowings maturing within 12 months from the reporting date	15120	604 830	591 289	5 527 987

Indicator	Line code	As at 31 December 2020 r.	As at 31 December 2019 r.	As at 31 December 2018 r.
Payables	15200	45 741 917	27 201 974	24 803 783
including:				
trade payables	15210	37 242 638	12 390 347	9 954 128
payroll	15220	1 135 983	1 587 090	1 481 839
taxes and charges, social insurance and social security	15230	1 260 830	1 250 630	1 873 333
advances received (excluding transport services)	15240	247 663	259 572	288 880
advances received for transport services	15250	4 214 644	9 307 005	8 703 859
dividends payable	15260			
other payables	15290	1 640 159	2 407 330	2 501 744
Future income	15300	13 040	243 592	333 701
Provisions	15400	4 301 086	5 222 190	5 244 673
Other current liabilities	15500	430 825	1 185	2 224
Total for Section V	15000	66 375 222	33 973 754	37 753 669
Total	17000	322 592 923	310 749 368	281 992 080

The annual report of FPC JSC has been prepared on the basis of the audited financial statements under RAS for 2020. According to the auditor's report, the accounting (financial) statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, as well as its financial results and cash flows for 2020 in accordance with the accounting rules established in the Russian Federation (financial) statements.

Statement of Financial Results, '000 RUB

Indicator	Line code	January - december 2020	January - december 2019
Revenue	21100	130 930 077	236 871 820
including:			
freight services	21101	–	–
long-distance passenger services	21102	114 646 913	213 427 544
commuter services	21103	–	–
infrastructure services	21104	–	–
locomotive services	21105	–	–
rolling stock repairs	21106	1 883 004	1 936 762
construction of infrastructure facilities	21107	–	–
research and development	21108	–	–
social services	21109	119 316	166 467
other types of activities	21110	14 280 844	21 341 047
Cost of sales	21200	(163 501 627)	(209 503 396)
including:			
freight services	21201	–	–
long-distance passenger services	21202	(152 669 491)	(195 301 221)
commuter services	21203	–	–
infrastructure services	21204	–	–
locomotive services	21205	–	–
rolling stock repairs	21206	(1 574 391)	(1 141 560)
construction of infrastructure facilities	21207	–	–
research and development	21208	–	–
social services	21209	(155 647)	(161 260)
other types of activities	21210	(9 102 098)	(12 899 355)
Gross profit (loss)	21000	(32 571 550)	27 368 424
Selling expenses	22100	(667)	(95)
Administrative expenses	22200	18 017 102	21 356 344
Profit (loss) from sales	22000	(50 588 719)	6 011 985
including:			
freight services	22001	–	–
long-distance passenger services	22002	(54 400 930)	(1 676 907)
commuter services	22003	–	–
infrastructure services	22004	–	–
locomotive services	22005	–	–
rolling stock repairs	22006	308 613	460 208
construction of infrastructure facilities	22007	–	–
research and development	22008	–	–
social services	22009	(36 331)	(27 820)
other types of activities	22010	3 539 929	7 256 503

Indicator	Line code	January - december 2020	January - december 2019
Income from participation in other entities	23100	780	30 792
Interest receivable	23200	304 425	1 003 884
Interest payable	23300	(4 155 151)	(3 984 703)
Other income	23400	24 080 607	22 563 233
Other expenses	23500	(13 019 072)	(16 561 316)
Profit (loss) before tax	23000	(43 377 130)	9 063 875
Current income tax	24100	9 726 885	(526 777)
including:			
current income tax	24110	-	(2 047 422)
deferred income tax	24120	9 726 885	(1 520 645)
Other	24600	44 826	(12 714)
including:			
income tax of previous years	24610	49 955	(11 665)
single tax on imputed income of previous years	24620	-	-
corporate income tax and net income tax of the Republic of Kazakhstan	24625	-	-
penalties related to taxes and charges, social insurance and social security	24630	(5 129)	(1 049)
written off deferred tax liabilities	24640	-	-
Net profit (loss)	24000	(33 605 419)	8 524 384
Gain/loss from revaluation of non-current assets, excluded from the net profit (loss) for the period	25100	-	-
Gain/loss from other operations, excluded from the net profit (loss) for the period	25200	67	(3 012)
Income tax on transactions that are not included in the net profit (loss) of the period	25300	-	-
Total financial result for the period	25000	(33 605 352)	8 521 372
FOR REFERENCE			
Basic earnings (loss) per share	29000	-	-
Diluted earnings (loss) per share	29100	-	-

IFRS FINANCIAL STATEMENTS AND AUDITOR'S REPORT

According to the auditor's report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group (joint stock company «Federal passenger company» and its subsidiaries) as at 31 December 2020, as well as its consolidated financial results and consolidated cash flows for the year then ended, in accordance with International financial reporting standards (IFRS).

MAJOR TRANSACTIONS

In 2020, there were no transactions recognized as large in accordance with Article 78 of Federal Law No. 208 of December 26, 1995 "On Joint-Stock Companies".

INTERESTED-PARTY TRANSACTIONS

There were no interested-party transactions in 2020.

DISPOSAL OF NON-CORE ASSETS AND CARRIAGES

Disposal of FPC's non-core assets (passenger carriages)

As of January 1, 2020, the company had 164 passenger cars recognized as non-core assets.

Criteria of non-profile: not used in the transportation process for more than 3 years and no prospects for use in the activities of FPC.

The general list included:

- 79 baggage carriages, after FPC terminated its baggage transportation activities

Disposal of FPC's non-core assets (real estate)

No.	Real estate assets, including parts of structures – facilities, land plots (owned by subsidiaries), and rolling stock disposed of together with real estate assets	Accounting inventory No.	Book value as at transaction date, '000 RUB	
			According to accounting records	According to tax records
1	The building of the luggage compartment, located at the address: Volgograd region, Volzhsky, Kirova Bld., 19a	2234_1100000000002/0000	381.87	0.00
2.1	Service and technical building located at the address: Moscow, per. Industrial, d. 9	10008	43 524.01	7 605.79
2.2	Metal arched hangar, located at the address: Moscow, per. Industrial'niy, 9, p. 10	82162	29 439.79	1 590.37
2.3	The brick switchbox (post No. 2), located at the address: Moscow, per. Industrial'niy, 9, p. 3	10006	125.28	0.00
2.4	The entrance booth located at the address: Moscow, per. Industrial'niy, 9, p. 5	10009	1 460.45	122.66
2.5	Cable and air networks located at the address: Moscow, Industrialny per. Apt. 9	30002	0.00	0.00
2.6	Drainage collector with a diameter of 1 m, located at the address: Moscow, Industrialny per., Apt. 9	30011	41.09	0.00
3	Apartment located at the address: Sverdlovsk region, Nizhny Tagil, per. Nevyansky, 3, Apt. 48	103103	792.56	84.36
4	Apartment located at the address: Zabaykalsky Krai, Chita, Central Administrative District, Bogomyagkova Bld., 55, Apt. 32	500511	2 281.67	1 927.10
5	PTO building located at the address: 26, Tazi Bld., Gizzata, Kazan, Republic of Tatarstan	0100053/9843	13 518.51	0.00

- 79 RIC carriages manufactured in 1980–1994 intended for passenger transportation on international routes not suitable for operation on domestic routes and not required on international routes due to lower demand, and failing to meet modern requirements
- 6 carriages of a non-standard design (dining carriages and generator cars) with centralised power supply, which cannot be used for transportation since other types of carriages of this design were retired as they reached the end of their service life.

In 2020, 22 carriages that reached the end of their life, including 9 baggage and 13 RIC carriages, were retired from the fleet. FPC plans to write off 17 carriages in 2021; carriages are selected and sold to Russian Railways entities upon their requests.

Measures for managing non-core assets were developed for 2021–2023.

Actual cash received (net of VAT), '000 RUB	Financial result, '000 RUB		Maintenance costs for the past 12 months, '000 RUB	Actual cost of sale vs book value, '000 RUB
	Profit/loss before tax	Net profit/loss		
268.33	-135.04	-188.71	8,80	-113,54
38 736.50	-5 051.25	-11 262.45	2 389.47	-4 787.51
27 628.89	-2 050.63	-7 248.62	1 947.63	-1 810.90
160.11	-6.48	-30.70	10.00	34.83
1 280.06	-226.25	-449.81	71.92	-180.39
35.11	-3.88	-3.88	0.00	35.11
74.95	-6.66	-10.02	0.08	33.86
1 368.00	108.33	-53.15	39.51	575.44
5 000.00	2 633.33	2 035.75	86.26	2 718.33
10 880.83	-491.51	-2 661.68	660.29	-2 637.68

No.	Real estate assets, including parts of structures – facilities, land plots (owned by subsidiaries), and rolling stock disposed of together with real estate assets	Accounting inventory No.	Book value as at transaction date, '000 RUB	
			According to accounting records	According to tax records
6.1	The luggage storage building located at the address: Kemerovo region, Novokuznetsk, Transportnaya Bld., 2	100770/9905	2 807.99	0.00
6.2	Apartment located at the address: Krasnoyarsk Krai, Krasnoyarsk, Svobodny Ave., 64 "Zh", Apt. 20	130000000057	8 191.87	0.00
6.3	Apartment located at the address: Vologda region, Vologda, Mayakovsky Bld., 26, Apt. 25	514188	2 140.33	1 618.39
6.4	Apartment, located at: Ans republic, Izhevsk, Nizhnaya. Lokomotivnaya, Vyatskaya. 31, Apt. 1	300000000002/9844	1 241.31	0.00
6.5	Apartment located at the address: Stavropol Territory, Mineralnye Vody, Anjievskogo Bld., 124, Apt. 37	303/010101-1/1	765.48	760.82
6.6	Apartment located at the address: Stavropol Territory, Mineralnye Vody, Druzhby Bld., 45, Apt. 21	303/300102/1	1 234.62	2 282.12
6.7	Apartment located at the address: Ulyanovsk region, Ulyanovsk, ul. Lokomotivnaya, 72, Apt. 25	51000743	1 825.60	1 162.46
6.8	Apartment located at the address: Moscow, Bolshaya Akademicheskaya Bld., 67, Apt. 144	300000000000/9819H	13 798.31	7 607.71
6.9	Apartment located at the address: Moscow, Bolshaya Akademicheskaya Bld., 67, Apt. 58	300000000005/9819H	8 348.22	7 416.61
6.10	Premises located at the address: Vladimir region, Vladimir, Vokzalnaya Bld., 4	010046-6/2236	3 321.04	378.73
6.11	Metal hangar (office, warehouse), located at the address: St. Petersburg, Nevsky Prospekt, 85, lit. BL	010055/9814	0.00	0.00
6.12	The building of the technical inspection point, located at the address: 14/1, MPS Bld., Biysk, Altai Krai	010084/9905	532.83	0.00
6.13	Non-residential premises No. 2P (luggage compartment), located at the address: Omsk region, Omsk, Lenin street, 1	100031/9905	19 384.78	0.00
6.14	The station building located at the address: Republic of Tatarstan, Tukaevsky district, s / s Kruglopolsky, stan. Round Field, Vokzalnaya Street	010000260/9886	6 559.48	596.95
6.15	Passenger platform located at the address: Republic of Tatarstan, Tukaevsky district, s / s Kruglopolsky, stan. Round Field	024000140/9886	2 437.90	132.79
6.16	Heating point located at the address: Republic of Khakassia, Abakan, 72 Stantsionnaya Bld., lit. B41	110000000022/0000/9918	727.48	0.00
6.17	Railway track No. 89, located at the address: Republic of Khakassia, Abakan, from the switch 425 to the stop east of the building on the street Station 72, letter B91	120000000013/0000/9918	290.44	0.00
6.18	Non-residential premises located at the address: Amur region, Blagoveshchensk, Stantsionnaya Bld., 47/1, 2	10005/9928	18 446.67	0.00
6.19	Garage located at the address: Amur region, Beglogorsk, ul. 1-ya Vokzalnaya, 16	10038/9928	1 898.10	0.00

Actual cash received (net of VAT), '000 RUB	Profit/loss before tax	Financial result, '000 RUB	Maintenance costs for the past 12 months, '000 RUB	Actual cost of sale vs book value, '000 RUB
		Net profit/loss		
7 047.24	4 209.25	2 805.80	134.33	4 239.25
9 772.27	1 550.40	-171.53	234.25	1 580.40
3 865.87	1 695.54	1 252.04	355.93	1 725.54
2 516.87	1 245.55	748.18	38.00	1 275.56
2 684.00	1 888.51	1 509.87	148.88	1 918.52
2 569.91	1 305.29	1 253.73	93.48	1 335.29
2 753.05	897.69	585.57	96.95	927.45
16 403.20	2 574.88	821.79	384.63	2 604.89
16 344.15	7 965.93	6 186.42	308.34	7 995.93
6 494.83	3 143.79	1 926.57	73.06	3 173.79
1 927.43	1 897.43	1 517.94	31.17	1 927.43
1 471.09	908.26	620.04	12.31	938.26
71 541.20	52 126.42	37 824.18	2 655.18	52 156.42
3 621.69	-2 967.78	-3 566.73	1 051.93	-2 937.79
3 829.07	1 361.17	627.91	135.24	1 391.17
1 413.05	655.57	378.96	15.55	685.57
3 564.65	3 244.21	2 537.28	38.02	3 274.21
29 897.23	11 420.56	5 447.11	1 813.39	11 450.56
2 275.69	347.59	-101.55	44.26	377.59

No.	Real estate assets, including parts of structures – facilities, land plots (owned by subsidiaries), and rolling stock disposed of together with real estate assets	Accounting inventory No.	Book value as at transaction date, '000 RUB	
			According to accounting records	According to tax records
6.20	Luggage compartment located at the address: Amur region, Magdagachinsky district, Tygda village, Stantsionnaya Bld., lit. A	10095/754G	765.25	0.00
6.21	Fuel storage hangar located at: 85 Nevsky Prospekt, lit. VB, Saint Petersburg	010141/9811/060	0.00	0.00
6.22	ABK, located at the address: Khabarovsk Krai, Kom-somolsk-on-Amur, Magistralnaya h. 2/2	024036/9934	35 098.84	1 210.39
7	The building of baggage storerooms of the Karasuk station, located at: Noosibirsk region, Karasuk district, Karasuk station	100231/9905	287.63	165.03
8.1	The building of mechanical workshops, located at the address: Saratov region, Saratov, Privokzalnaya Square, 1	9880_010073	924.50	0.00
8.2	The building of mechanical workshops, located at the address: Saratov region, Saratov, Privokzalnaya Square, 1	9880_010057	265.26	0.00
8.3	Non-residential premises located at the address: Saratov region, Saratov, Privokzalnaya Square, 1.	9880_215	1 785.07	60.49
8.4	Non-residential premises located at the address: Saratov region, Saratov, Privokzalnaya Square, 1.	9880_397	2 412.56	51.95
8.5	Non-residential premises located at the address: Saratov region, Saratov, Privokzalnaya Square, 1.	9880_212	1 785.90	16.68
8.6	The building located at the address: Saratov region, Saratov, Privokzalnaya Square, 1.	9880_213	4 148.57	225.54
8.7	The building located at the address: Saratov region, Saratov, Privokzalnaya Square, 1.	9880_214	3 718.84	20.82
9	Laundry building for laundry, located at the address: 27/1 Ugolnaya Bld., Biysk, Altai Krai, Russian Federation	010083/9911	2 613.05	0.00
10	Warehouse-1 for luggage, located at: Ivanovo region, Ivanovo, Vokzalnaya square, 3	010024	0.00	0.00
11.1	Fuel oil supply, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	10037/1	455.78	250.38
11.2	Boiler house located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	10036/2	13 056.31	2 249.36
11.3	Car depot building; Paint shop, ASSOC; Wheel and roller shop; Trolley shop; Storage room for oxygen, spare parts; Extension to the procurement shop, located at: Kostroma region, Sharya, Maloe Belozero Bld., 1	10033/1 10031/1 10060/1 10001/1 10025/1 10015/1	134 276.66	9 795.91
11.4	Garage located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	10043/1	0.00	0.00
11.5	The building of the sanitary building, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	10038/1	21 340.99	3 007.58

Actual cash received (net of VAT), '000 RUB	Profit/loss before tax	Financial result, '000 RUB	Maintenance costs for the past 12 months, '000 RUB	Actual cost of sale vs book value, '000 RUB
		Net profit/loss		
243.18	-552.07	-594.71	17.85	-522.07
4 167.00	4 137.00	3 308.88	0.00	4 167.00
1 210.39	3 467.58	-31 661.26	-32 106.70	0.00
165.03	360.00	72.37	111.36	6.76
0.00	0.00	-946.00	-946.00	21.85
0.00	0.00	-286.76	-286.76	6.27
60.49	0.00	-1 806.57	-1 806.57	41.35
51.95	0.00	-2 434.06	-2 434.06	55.88
0.00	-1 807.40	-1 807.40	41.51	-1 785.90
0.00	-4 170.07	-4 170.07	96.11	-4 148.57
0.00	-3 740.34	-3 740.34	86.34	-3 718.84
2 457.60	-185.46	-676.98	58.39	-155.45
2 824.80	2 768.80	2 215.04	0.00	2 824.80
27.50	-459.18	-459.18	20.08	-428.28
786.79	-12 300.43	-12 300.43	425.24	-12 269.52
8 096.10	-126 211.47	-126 211.47	4 554.19	-126 180.56
454.45	423.54	332.65	67.02	454.45
1 362.17	-20 009.73	-20 009.73	734.38	-19 978.82

No.	Real estate assets, including parts of structures – facilities, land plots (owned by subsidiaries), and rolling stock disposed of together with real estate assets	Accounting inventory No.	Book value as at transaction date, '000 RUB	
			According to accounting records	According to tax records
11.7	Building: sentry box, located at: Kostroma region, Sharya, Maloe Belozero Bld., 1	10009/1	120.07	0.00
11.8	Boiler depot located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	10002/1	2 140.12	164.51
11.9	Heating house, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	10048/1	0.00	0.00
11.10	Flototornaya, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	20039	0.00	0.00
11.11	Condensate pumping station, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	30008/1	0.00	0.00
11.12	External telephone line located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	30006/1	0.00	0.00
11.13	Power supply, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	30007/1	0.00	0.00
11.14	Fence, fence, metal, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	20002	1 942.80	120.30
11.15	Gravity sewage system, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	20004/1	0.00	0.00
11.16	Air pipeline depot, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	30001/1	0.00	0.00
11.17	Collector with pumping station, located at: Kostroma region, Sharya, Maloe Belozero Bld., 1	30003	374.25	461.16
11.18	Treatment facilities (oil catchers) located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	20005	0.00	0.00
11.19	Artesian well, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	20049	0.00	0.00
11.20	Highway of the depot territory, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	20001	0.00	0.00
11.21	Access asphalt roads located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	20048	1 061.05	0.00
11.22	Outdoor network tank, volume 200 cubic meters, located at: Kostroma region, Sharya, Maloe Belozero Bld., 1	20036/1	0.00	0.00
11.23	Outdoor network tank, volume 200 cubic meters, located at: Kostroma region, Sharya, Maloe Belozero Bld., 1	20036	0.00	0.00
11.24	Capacity, volume of 50 cubic meters, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	20033	0.00	0.00
11.25	The tank located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	20032	0.00	0.00

Actual cash received (net of VAT), '000 RUB	Financial result, '000 RUB		Maintenance costs for the past 12 months, '000 RUB	Actual cost of sale vs book value, '000 RUB
	Profit/loss before tax	Net profit/loss		
11.94	-139.03	-141.42	4.53	-108.13
130.56	-2 040.47	-2 040.47	71.93	-2 009.56
5.48	-25.43	-26.53	0.88	5.48
10.30	-20.61	-22.67	11.45	10.30
3.25	-27.66	-28.31	0.64	3.25
5.13	-25.78	-26.81	0.00	5.13
11.77	-19.14	-21.49	0.00	11.77
226.39	-1 747.32	-1 768.54	44.62	-1 716.41
75.59	44.68	29.56	0.00	75.59
23.69	-7.21	-11.95	0.00	23.69
99.22	-305.93	-305.93	8.51	-275.03
9.39	-21.52	-23.39	0.00	9.39
18.83	-12.08	-15.85	0.00	18.83
594.64	563.73	444.80	0.00	594.64
95.60	-996.35	-1 015.47	21.54	-965.45
133.33	102.42	75.76	0.00	133.33
133.33	102.42	75.76	0.00	133.33
53.33	22.42	11.76	0.00	53.33
53.33	22.42	11.76	0.00	53.33

No.	Real estate assets, including parts of structures – facilities, land plots (owned by subsidiaries), and rolling stock disposed of together with real estate assets	Accounting inventory No.	Book value as at transaction date, '000 RUB	
			According to accounting records	According to tax records
11.26	Capacity, volume of 400 cubic meters, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	20035	0.00	0.00
11.27	Outdoor network tank, volume 60 cubic meters, located at: Kostroma region, Sharya, Maloe Belozero Bld., 1	20036/3	483.22	0.00
11.28	Outdoor network tank, volume 60 cubic meters, located at: Kostroma region, Sharya, Maloe Belozero Bld., 1	20036/2	483.22	0.00
11.29	Oil reservoir, volume of 10 cubic meters, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	20042	0.00	0.00
11.30	Tank (tank), volume of 50 cubic meters, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	20016/1	0.00	0.00
11.31	Tank, volume of 50 cubic meters, located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	20050	322.59	0.00
11.32	Crane tracks of the gantry crane located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	20027	0.00	0.00
11.33	Internet network – cable lines located at the address: Kostroma region, Sharya, Maloe Belozero Bld., 1	30005/2	0.00	0.00

Actual cash received (net of VAT), '000 RUB	Financial result, '000 RUB		Maintenance costs for the past 12 months, '000 RUB	Actual cost of sale vs book value, '000 RUB
	Profit/loss before tax	Net profit/loss		
200.96	170.05	129.86	0.00	200.96
53.33	-460.80	-471.46	11.12	-429.89
53.33	-460.80	-471.46	11.12	-429.89
15.79	-15.12	-18.28	0.00	15.79
53.33	22.42	11.76	0.00	53.33
53.33	-300.17	-310.84	7.35	-269.26
18.58	-12.33	-16.04	0.00	18.58
0.49	-39.92	-40.01	0.00	0.49

REPORT ON COMPLIANCE WITH THE BANK OF RUSSIA'S CORPORATE GOVERNANCE CODE

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle
1.1	The company shall ensure equal and fair treatment of all shareholders in exercising their corporate governance right.	
1.1.1	The company ensures the most favourable conditions for its shareholders to participate in the general meeting, develop informed positions on agenda items of the general meeting, coordinate their actions, and voice their opinions on items considered.	<ol style="list-style-type: none"> The company's internal document approved by the general meeting of shareholders governing the procedures for holding general meetings of shareholders is publicly available. The company provides accessible means of communication with the company, such as a hotline, email, or online forum, to enable shareholders to express their opinions and send questions on the agenda in preparation for the general meeting. The company performed the above actions in advance of each general meeting held in the reporting period.
1.1.2	The procedure for giving notice of, and providing relevant materials for, the general meeting enables shareholders to properly prepare for attending the general meeting.	<ol style="list-style-type: none"> The notice of an upcoming general shareholders meeting is posted (published) online at least 30 days prior to the date of the general meeting. The notice of an upcoming meeting indicates the location of the meeting and the documents required for admission. Shareholders were given access to the information on who proposed the agenda items and nominees to the company's board of directors and the audit commission.
1.1.3	In preparation for the general meeting and during the general meeting, shareholders were enabled to receive information about, and all materials related to, the meeting, put questions to executive bodies and members of the board of directors, as well as communicate with each other, in an unobstructed and timely manner.	<ol style="list-style-type: none"> In the reporting period, shareholders were given an opportunity to put questions to members of executive bodies and members of the board of directors in advance of, and during the annual general meeting. The position of the board of directors (including dissenting opinions entered in the minutes) on each item on the agenda of general meetings held in the reporting period was included in the materials for the general meeting of shareholders. The company gave duly authorised shareholders access to the list of persons entitled to participate in the general meeting, as from the date when such list was received by the company, in all instances of general meetings held in the reporting period.
1.1.4	Shareholders did not encounter unjustified difficulties in exercising their right to request that a general meeting be convened, to nominate candidates to governing bodies, and to make proposals for the agenda of the general meeting.	<ol style="list-style-type: none"> In the reporting period, shareholders had an opportunity to make proposals for the agenda of the annual general meeting for at least 60 days after the end of the respective calendar year. In the reporting period, the company did not reject proposals for the agenda or candidates to governing bodies due to misprints or other insignificant flaws in the shareholder's proposal.
1.1.5	Each shareholder was enabled to freely exercise his/her voting right in the simplest and most convenient way.	<ol style="list-style-type: none"> The internal document (internal policy) contains provisions stipulating that every participant in the general meeting may, before the end of the respective meeting, request a copy of the ballot filled in by them and certified by the counting commission.

Compliance with corporate governance principle	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
Full	
Partial	The Regulations on Preparing and Holding the General Shareholders Meeting of JSC FPC stipulate that the notice of an upcoming General Shareholders Meeting is posted on the corporate website at www.fpc.ru and communicated to persons entitled to participate in the General Shareholders Meeting and entered in the Company's share register by registered mail or delivery against signature, or via email at the person's email address indicated in the Company's share register, at least 21 calendar days prior to such meeting, and the notice of an upcoming General Shareholders Meeting where the Company's reorganisation is on the agenda, at least 30 calendar days prior to such meeting. In cases stipulated by paragraphs 2 and 8, Article 53 of the Federal Law On Joint Stock Companies, the notice of an upcoming General Shareholders Meeting is issued at least 50 days prior to the date of the Meeting.
Full	
Full	
Full	

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle
1.1.6	The general meeting procedure established by the company equally enables all persons attending the meeting to voice their opinions and ask questions.	<ol style="list-style-type: none"> 1. During general shareholders meetings held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time was allocated for reports on, and discussion of the agenda items. . 2. Candidates to the company's governing and control bodies were available to answer shareholders' questions during the meeting at which their nominations were put to vote. 3. When passing resolutions on the preparation and holding of general meetings of shareholders, the board of directors considered the use of telecommunications means to provide shareholders with remote access to general meetings in the reporting period.
1.2	Shareholders have equal and fair rights to share profits of the company by receiving dividends.	
1.2.1	The company has developed and introduced a transparent and clear mechanism for determining the dividend amount and paying dividends	<ol style="list-style-type: none"> 1. The company's dividend policy is developed, approved by the board of directors and disclosed 2. If the company's dividend policy uses the company's reporting figures to determine the dividend amount, then the respective provisions of the dividend policy shall take into account the consolidated financial statements.
1.2.2	The company does not resolve to pay out dividends if such resolution, while formally remaining in line with statutory restrictions, is not economically feasible and may lead to a false representation of the company's performance	<ol style="list-style-type: none"> 1. To exclude any ways for its shareholders to receive profit (income) from the company other than dividends and liquidation value, the company's internal documents provide for controls to timely identify and approve transactions with affiliates (associates) of the company's substantial shareholders (persons entitled to use the votes attached to voting shares) in cases when the law does not formally recognise these transactions as interested party transactions.
1.2.3	The company does not allow the dividend rights of its existing shareholders to be impaired.	<ol style="list-style-type: none"> 1. To exclude any ways for its shareholders to receive profit (income) from the company other than dividends and liquidation value, the company's internal documents provide for controls to timely identify and approve transactions with affiliates (associates) of the company's substantial shareholders (persons entitled to use the votes attached to voting shares) in cases when the law does not formally recognise these transactions as interested party transactions.
1.2.4	The company strives to exclude any ways for its shareholders to receive profit (income) from the company other than dividends and liquidation value.	<ol style="list-style-type: none"> 1. To exclude any ways for its shareholders to receive profit (income) from the company other than dividends and liquidation value, the company's internal documents provide for controls to timely identify and approve transactions with affiliates (associates) of the company's substantial shareholders (persons entitled to use the votes attached to voting shares) in cases when the law does not formally recognise these transactions as interested party transactions.
1.3	Corporate governance system and practices ensure equal treatment for all shareholders owning the same type (class) of shares, including minority and non-resident shareholders, and their equal treatment by the company.	
1.3.1	The company has created conditions for fair treatment of each shareholder by the governing bodies and the company's controlling entities, including conditions ruling out abuse of minority shareholders by major shareholders.	<ol style="list-style-type: none"> 1. In the reporting period, the procedures for managing potential conflicts of interest among major shareholders were efficient, and the board of directors paid due attention to conflicts among shareholders, if such conflicts occurred
1.3.2	The Company does not take any actions that lead or may lead to an artificial redistribution of corporate control	<ol style="list-style-type: none"> 1. Quasi-Treasury shares are absent or did not participate in voting during the reporting period

Compliance with corporate governance principle	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
Partial	Russian Railways as a shareholder entitled to nominate candidates to the Company's governing bodies conducts all necessary interviews with candidates when preparing respective proposals.
Partial	The Company's Dividend Policy is developed and approved by the Board of Directors. JSC FPC's Dividend Policy uses the Company's reporting figures to determine the dividend amount, and the respective provisions of the Dividend Policy take into account the RAS financial statements.
Full	
Full	
None	JSC FPC's Articles of Association stipulate that the provisions of Article 11 of the Federal Law On Joint Stock Companies do not apply to transactions in which the Company's controlling entity is the interested party.
Full	
Full	

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle
1.4	Shareholders are provided with reliable and effective methods for recording their rights in shares, as well as are enabled to freely dispose of their shares without any hindrance.	
1.4	The quality and reliability of the securities register maintained by the company's registrar meet the requirements of the company and its shareholders.	1. The quality and reliability of the securities register maintained by the company's registrar meet the requirements of the company and its shareholders.
2.1	The board of directors carries out the strategic management of the company, establish the basic principles of, and approaches to, setting up a risk management and internal control system in the company, control the activities of the company's executive bodies, and perform other key functions.	
2.1.1	The board of directors is responsible for passing resolutions related to appointment and removal of executive bodies, including due to their inadequate performance. The board of directors also ensures that the company's executive bodies act in accordance with the approved growth strategy and along the company's core lines of business.	1. The board of directors has the authority stipulated in the articles of association to appoint and remove members of executive bodies and to set out the terms and conditions of their contracts. 2. The board of directors reviewed the report(s) by the sole executive body or members of the collective executive body on the implementation of the company's strategy.
2.1.2	The board of directors defines the main long-term targets of the company's operations, assesses and approves its key performance indicators and key business goals, as well as the strategy and business plans for the company's core lines of business.	1. In the reporting period, the board of directors reviewed at its meetings matters related to the progress in the implementation of the strategy and its updates, approval of the company's financial and business plan (budget), and consideration of the implementation criteria and performance (including interim criteria and performance) of the company's strategy and business plans.
2.1.3	The board of directors determines the principles of, and approaches to organizing a risk management and internal control system in the company.	1. The board of directors has determined the principles of, and approaches to organizing a risk management and internal control system in the company. 2. The board of directors assessed the company's risk management and internal control system in the reporting period.
2.1.4	The board of directors defines the company's policy on remuneration due to, and/or reimbursement (compensation) of costs incurred by members of the board of directors, executive bodies, and other key managers of the company.	1. The company has developed and put in place the policy on remuneration and/or reimbursement (compensation) of costs of the members of the board of directors, executive bodies, and other key managers, approved by the board of directors. 2. In the reporting period, the board of directors reviewed at its meetings matters related to the said policy (policies).
2.1.5	The board of directors plays a key role in preventing, identifying and settling internal conflicts between the company's bodies, shareholders and employees.	1. The board of directors plays a key role in preventing, identifying and settling internal conflicts. 2. The company has set up a system for identification of transactions involving a conflict of interest, and a set of measures to resolve such conflicts.
2.1.6	The board of directors plays a key role in ensuring the company's transparency, the timeliness and completeness of its information disclosures, and unhindered access to the company's documents for shareholders.	1. The board of directors has approved the regulations on the information policy. 2. The company has designated the persons responsible for the implementation of the information policy.
2.1.7	The board of directors controls the company's corporate governance practices and play a key role in its significant corporate events.	1. In the reporting period, the board of directors considered the matter of the company's corporate governance practices.
2.2	The board of directors is accountable to the company's shareholders.	
2.2.1	Performance of the board of directors is disclosed and made available to the shareholders.	2. The company's annual report for the reporting period includes the information on individual attendance at board of directors and committee meetings. 3. The annual report contains key results of assessment of the board of directors' performance in the reporting period.
2.2.2	The chairman of the board of directors is available to communicate with the company's shareholders.	1. The company has in place a transparent procedure enabling shareholders to forward questions to the chairman of the board of directors and express their respective positions.

Compliance with corporate governance principle	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
Full	
Full	
Full	
Full	
Full	
Partial	1. In relation to the key senior employees of FPC, the remuneration policy is determined by the General Director of FPC. 2. During the reporting period, the meetings of the Board of Directors of FPC did not address issues related to the remuneration policy of the Chief Executive Officer of FPC and key management personnel
Full	
Full	
Full	
Full	

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle
2.4.4	Independent directors play a key role in preventing internal conflicts in the company and in the performance by the latter of material corporate actions.	1. Independent directors (who do not have a conflict of interest) carry out a preliminary assessment of material corporate actions implying a possible conflict of interest, and the results of such assessment are presented to the board of directors.
2.5	The chairman of the board of directors facilitate the best performance of assigned duties by the board of directors.	
2.5.1	The board of directors is chaired by an independent director, or a senior independent director is chosen from among the elected independent directors to coordinate the activities of independent directors and enable the interaction with the chairman of the board of directors.	2. The board of directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors. 3. The role, rights and duties of the chairman of the board of directors (and, if applicable, of the senior independent director) are duly set out in the company's internal documents.
2.5.2	The chairman of the board of directors maintains a constructive environment at meetings, enables free discussions of agenda items, and supervises the execution of resolutions passed by the board of directors.	1. The performance of the chairman of the board of directors was assessed as part of the procedure for assessing the efficiency of the board of directors in the reporting period.
2.5.3	The chairman of the board of directors takes all steps necessary for the timely provision to directors of information required to pass resolutions on agenda items.	1. The company's internal documents set out the duty of the chairman of the board of directors to take all steps necessary for the timely provision to directors of materials regarding items on the agenda of the board meeting.
2.6	Directors act reasonably and in good faith in the best interests of the company and its shareholders, relying on sufficient information, exercising due care and prudence.	
2.6.1	Directors make decisions based on all information available, without conflict of interest, subject to equal treatment of the company's shareholders, and assuming normal business risks.	1. The company's internal documents provide that a director should notify the board of directors if he/she has a conflict of interest in respect of any item on the agenda of the board meeting or the board's committee meeting, prior to the discussion of the relevant agenda item. 2. The company's internal documents stipulate that a director should abstain from voting on any item in connection with which he/she has a conflict of interest. 3. The company has in place a procedure enabling the board of directors to get professional advice on matters within its remit at the expense of the company.
2.6.2	The rights and obligations of directors are clearly defined and set out in the company's internal documents.	1. The company has adopted and published an internal document clearly defining the rights and duties of directors.
2.6.3	Directors have sufficient time to perform their duties.	2. Individual attendance at board and committee meetings, as well as time devoted to preparation for attending meetings, was recorded as part of the procedure for assessing the board of directors in the reporting period. 3. In accordance with the company's internal documents, directors inform the board of their intentions to joint management bodies of other organisations (except for entities controlled by, or affiliated to, the company), or of the relevant appointment made.
2.6.4	All directors have equal access to the company's documents and information. Newly elected directors are furnished with sufficient information about the company and performance of the board of directors as soon as possible.	4. In accordance with the company's internal documents, directors are entitled to have access to documents and make queries regarding the company and entities under its control, and the company's executive bodies should provide relevant information and documents. 5. The company has in place a formalised induction program for newly elected directors.

Compliance with corporate governance principle	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
None	In the reporting period, the Board of Directors decided an additional issue of JSC FPC shares. These material corporate actions were not interested-party transactions.
Partial	1. The Chairman of FPC's Board of Directors is not an independent director. The candidate to become Chairman of FPC's Board of Directors is approved by the Board of Directors of Russian Railways. Independent directors do not require additional coordination; a senior independent director is not appointed. 2. The role, rights, and duties of the Chairman of the Board of Directors and the senior independent director are set out in the Regulations on the Board of Directors of JSC FPC
Full	
Full	
Full	
Full	
Full	
Partial	The Company's internal documents do not stipulate the requirement for Directors to provide information about their intentions to join management bodies of other organisations. The Regulations on the Board of Directors of JSC FPC stipulate the following responsibilities for Board members: → Communicate the intention to enter into transactions with the Company stakes and securities or shares (stakes) in FPC's subsidiaries, disclose information on such transactions in the prescribed form → Inform the Company on circumstances, under which they may be recognised as interested parties to FPC's transactions pursuant to Articles 81 and 82 of the Federal Law On Joint Stock Companies → Timely present to the Corporate Secretary information on all amendments to their data records (including data on their current positions on management bodies (executive bodies, boards of directors) of other business entities) in the prescribed form
Full	

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle
2.7	Meetings of the board of directors, preparation for such meetings and participation of directors ensure efficient performance by the board of directors.	
2.7.1	Meetings of the board of directors are held as needed, taking into account the scale of operations and goals of the company at a particular time.	1. The board of directors held at least six meetings in the reporting year.
2.7.2	The company's internal regulations formalise a procedure for arranging and holding meetings of the board of directors, enabling members of the board of directors to prepare for such meetings in a proper manner.	1. The company has an approved internal document that describes the procedure for arranging and holding meetings of the board of directors and sets out, in particular, that the notice of the meeting shall be given, as a rule, at least five days prior to such meeting.
2.7.3	The format of the meeting of the board of directors is determined taking into account the importance of items on the agenda. The most important matters shall be dealt with at meetings of the board of directors held in person.	1. The company's articles of association or internal document provides for the most important matters (as per the list set out in Recommendation 168 of the Code) to be passed at in-person meetings of the board of directors.
2.7.4	Resolutions on the most important matters related to the company's operations are passed at a meeting of the board of directors by a qualified majority or by a majority of all elected directors.	1. The company's articles of association provide for resolutions on the most important matters set out in Recommendation 170 of the Code to be passed at a meeting of the board of directors by a qualified majority of at least three quarters or by a majority of all elected directors.
2.8	The board of directors sets up committees to preview the most important matters related to the company's operations.	
2.8.1	To preview matters related to controlling the Company's financial and business activities, it is recommended to set up an audit committee comprised of independent directors.	<ol style="list-style-type: none"> The board of directors has set up an audit committee comprised solely of independent directors. The company's internal documents set out the tasks of the audit committee, including those listed in Recommendation 172 of the Code. At least one member of the audit committee represented by an independent director has experience and knowledge of preparing, analysing, assessing and auditing accounting (financial) statements. Meetings of the audit committee were held at least once a quarter during the reporting period.
2.8.2	To preview matters related to adopting an efficient and transparent remuneration scheme, a remuneration committee was set up, comprised of independent directors and headed by an independent director who is not the chairman of the board of directors.	<ol style="list-style-type: none"> The board of directors has set up a remuneration committee comprised solely of independent directors. The remuneration committee is headed by an independent director who is not the chairman of the board of directors. The company's internal documents set out the tasks of the remuneration committee, including those listed in Recommendation 180 of the Code.
2.8.3	To preview matters related to talent management (succession planning), professional composition and efficiency of the board of directors, a nomination (appointments, human resources) committee was set up, predominantly comprised of independent directors.	<ol style="list-style-type: none"> The board of directors has set up a nomination committee (or its tasks listed in Recommendation 186 of the Code are fulfilled by another committee) predominantly comprised of independent directors. The company's internal documents set out the tasks of the nomination committee (or the tasks of the committee with combined functions), including those listed in Recommendation 186 of the Code.

Compliance with corporate governance principle	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
Full	
Full	
Partial	The Regulations on the Board of Directors of JSC FPC contain a recommendation to the Board of Directors to deal with the most important matters at meetings held in person. The list of such matters is specified in paragraph 4.4 of the Regulations on the Board of Directors of JSC FPC
Partial	In accordance with paragraph 18.10 of JSC FPC's Articles of Association, resolutions of the Company's Board of Directors on including the persons nominated by shareholders or the Board of Directors in the list of members of the collegial executive body or the Company's Audit Commission, or on approving the auditor and electing the person acting as the sole executive body of each company created through reorganisation in the form of merger, division or spin-off, as well as in cases stipulated by the Federal Law On Joint Stock Companies, are passed by a majority of at least three quarters of the total number of Directors. In accordance with paragraph 18.11 of JSC FPC's Articles of Association, resolutions of the Board of Directors on matters listed in subparagraphs 1, 12, 21, 25, 27, 38, 43–45 and 47 of paragraph 15.1, Article 15 of the Articles of Association, as well as on approving the Company's dividend policy are passed by a majority of Directors
Partial	Members of the Board of Directors and employees of Russian Railways and JSC FPC are involved in the activities of the Audit and Risk Committee. The Audit and Risk Committee is headed by an independent director.
Partial	The HR, Remuneration and Corporate Governance Committee is attended by 2 independent members of the Company's Board of Directors, employees of Russian Railways. The Committee is headed by an independent director who is not the Chairman of the Board of Directors of FPC
Partial	JSC FPC has set up the Human Resources, Remuneration, and Corporate Governance Committee of the Board of Directors. The roles of the Committee are set out in the Regulations on the Human Resources, Remuneration, and Corporate Governance Committee of FPC's Board of Directors and comply with recommendations of the Corporate Governance Code concerning the remuneration committee and the nomination committee. Two independent directors were elected to the Committee

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle
2.8.4	Taking into account the company's scope of business and level of risks, the company's board of directors made sure that the composition of its committees is fully in line with the company's business goals. Additional committees were either set up or not deemed necessary (strategy committee, corporate governance committee, ethics committee, risk management committee, budget committee, health, safety and environment committee, etc.).	1. In the reporting period, the board of directors considered whether the composition of its committees was in line with the board's tasks and the company's business goals. Additional committees were either set up or not deemed necessary
2.8.5	Committees are composed so as to enable comprehensive discussions of matters under preview, taking into account the diversity of opinions.	2. Committees of the board of directors are headed by independent directors. 3. The company's internal documents (policies) include provisions stipulating that persons who are not members of the audit committee, the nomination committee and the remuneration committee may attend committee meetings only by invitation of the chairman of the respective committee.
2.8.6	Committee chairmen inform the board of directors and its chairman on the work of their committees on a regular basis.	1. During the reporting period, committee chairmen reported to the board of directors on the work of committees on a regular basis.
2.9	The board of directors ensures performance assessment of the board of directors, its committees and members of the board of directors.	
2.9.1	The board of directors ensures performance assessment of the board of directors, its committees and members of the board of directors.	2. Self-assessment or external assessment of the board of directors' performance carried out in the reporting period included performance assessment of committees, individual members of the board of directors and the board of directors in general. 3. Results of self-assessment or external assessment of the board of directors' performance carried out in the reporting period were reviewed at the in-person meeting of the board.
2.9.2	Performance of the board of directors, its committees and members shall be assessed regularly at least once a year. An external advisor is engaged at least once in three years to conduct an independent assessment of the board of directors' performance.	1. The company engaged an external advisor to conduct an independent assessment of the board of directors' performance at least once over the last three reporting periods.
3.1	The company's corporate secretary ensures efficient ongoing interaction with shareholders, coordinate the company's efforts to protect shareholder rights and interests, and supports the activities of the board of directors.	
3.1.1	The corporate secretary has the knowledge, experience and qualifications sufficient to perform his/her duties, as well as an impeccable reputation and the trust of shareholders.	2. The company has adopted and published an internal document – regulations on the corporate secretary. 3. The biographical data of the corporate secretary are published on the corporate website and in the company's annual report with the same level of detail as for members of the board of directors and the company's executives.
3.1.2	The corporate secretary is sufficiently independent of the company's executive bodies and have the powers and resources required to perform his/her tasks.	1. The board of directors approves the appointment, dismissal and additional remuneration of the corporate secretary.

Compliance with corporate governance principle	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
Full	
Partial	The Audit and Risk Committee and the HR, Remuneration and Corporate Governance Committee are headed by independent directors. The Strategic Planning Committee is headed by the Chairman of the Company's Board of Directors.
Full	
Partial	Self-assessment results of the Board of Directors were reviewed at a meeting in absentia.
None	The performance of the Board of Directors was not assessed in the reporting period.
Full	
Full	

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle
4.1	Remuneration payable by the company is sufficient to attract, motivate and retain people with competencies and qualifications required by the company. Remuneration payable to directors, executive bodies and other key managers of the company is in compliance with the approved remuneration policy of the company.	
4.1.1	The amount of remuneration paid by the company to directors, executive bodies and other key managers creates sufficient incentives for them to work efficiently while enabling the company to engage and retain competent and qualified specialists. At the same time, the company avoids unnecessarily high remuneration, as well as unjustifiably large gaps between remunerations of the above persons and the company's employees.	1. The company has in place an internal document (internal documents) – the policy (policies) on remuneration of directors, executive bodies and other key managers, which clearly defines (define) the approaches to remuneration of the above persons.
4.1.2	The company's remuneration policy is devised by the remuneration committee and approved by the board of directors. The board of directors, assisted by the remuneration committee, ensures control over the introduction and implementation of the company's remuneration policy, revising and amending it as required.	1. In reporting period, the remuneration committee considered the remuneration policy (policies) and the practical aspects of its (their) introduction and presented relevant recommendation to the board of directors as required.
4.1.3	The company's remuneration policy includes transparent mechanisms for determining the amount of remuneration due to directors, executive bodies and other key managers of the company, and regulate all types of expenses, benefits and privileges provided to such persons.	1. The company's remuneration policy (policies) includes (include) transparent mechanisms for determining the amount of remuneration due to directors, executive bodies and other key managers of the company, and regulates (regulate) all types of expenses, benefits and privileges provided to such persons.
4.1.4	The company defines a policy on reimbursement (compensation) of costs detailing a list of reimbursable expenses and specifying service levels that directors, executive bodies and other key managers of the company can claim. Such policy can make part of the company's remuneration policy.	1. The remuneration policy (policies) defines (define) the rules for reimbursement of costs incurred by directors, executive bodies and other key managers of the company.
4.2	Remuneration system for directors ensures alignment of financial interests of directors with long term financial interests of shareholders.	
4.2.1	The company pays fixed annual remuneration to directors. The company does not pay remuneration for attending particular meetings of the board of directors or its committees. The company does not apply any form of short-term motivation or additional financial incentive for directors.	1. Fixed annual remuneration was the only form of monetary remuneration payable to directors for their service on the board of directors during the reporting period.
4.2.2	Long-term ownership of the company's shares helps align the financial interests of directors with long-term interests of shareholders to the utmost. At the same time, the company does not link the right to dispose of shares to performance targets, and directors do not participate in stock option plans.	1. If the company's internal document(s) – the remuneration policy (policies) stipulates (stipulate) provision of the company's shares to directors, clear rules for share ownership by directors shall be defined and disclosed, aimed at stimulating long-term ownership of such shares.
4.2.3	The company does not provide for any extra payments or compensations in the event of early termination of directors' mandates resulting from the change of control or any other reasons.	1. The company does not provide for any extra payments or compensations in the event of early termination of directors' mandates resulting from the change of control or any other reasons.

Compliance with corporate governance principle	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
Full	
Partial	In 2020, the Human Resources, Remuneration, and Corporate Governance Committee of FPC's Board of Directors did not review matters related to the remuneration of the General Director and key managers of the Company.
Full	
Full	
Full	
Full	
None	Not applicable. The Regulations on Remuneration and Reimbursement for Members of FPC's Board of Directors do not stipulate provision of the Company's shares to directors.
Full	

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle
4.3	The company considers its performance and the personal contribution of each executive to the achievement of such performance, when determining the amount of a fee payable to members of executive bodies and other key managers of the company.	
4.3.1	Remuneration due to members of executive bodies and other key managers of the company is determined in a manner providing for reasonable and justified ratio of the fixed and variable parts of remuneration, depending on the company's results and the employee's personal contribution.	<ol style="list-style-type: none"> In the reporting period, annual performance results approved by the board of directors were used to determine the amount of the variable part of remuneration due to members of executive bodies and other key managers of the company. During the latest assessment of the system of remuneration for members of executive bodies and other key managers of the company, the board of directors (remuneration committee) made sure that the company applies efficient ratio of the fixed and variable parts of remuneration. The company has in place a procedure that guarantees return to the company of bonus payments illegally received by members of executive bodies and other key managers of the company.
4.3.2	The company has in place a long-term incentive program for members of executive bodies and other key managers of the company with the use of the company's shares (options and other derivative instruments where the company's shares are the underlying asset).	<ol style="list-style-type: none"> The company has in place a long-term incentive program for members of executive bodies and other key managers of the company with the use of the company's shares (financial instruments based on the company's shares). The long-term incentive program for members of executive bodies and other key managers of the company implies that the right to dispose of the shares and other financial instruments used in this program takes effect at least three years after such shares or other financial instruments are granted. The right to dispose of such shares or other financial instruments is linked to the company's performance targets.
4.3.3	The compensation (golden parachute) payable by the company in case of early termination of powers of members of executive bodies or key managers at the company's initiative, provided that there have been no actions in bad faith on their part, does not exceed the double amount of the fixed part of their annual remuneration.	<ol style="list-style-type: none"> In the reporting period, the compensation (golden parachute) payable by the company in case of early termination of the powers of executive bodies or key managers at the company's initiative, provided that there have been no actions in bad faith on their part, did not exceed the double amount of the fixed part of their annual remuneration.
5.1	The company has in place an effective risk management and internal control system providing reasonable assurance in the achievement of the company's goals.	
5.1.1	The company's board of directors determined the principles of, and approaches to organising a risk management and internal control system in the company.	<ol style="list-style-type: none"> Functions of different management bodies and units of the company in the risk management system and internal control are clearly defined in the company's internal documents/relevant policy approved by the board of directors.
5.1.2	The company's executive bodies ensure establishment and continuous operation of an efficient risk management and internal control system in the company.	<ol style="list-style-type: none"> The company's executive bodies ensured the distribution of functions and powers related to risk management and internal control between the heads (managers) of units and departments accountable to them.
5.1.3	The company's risk management and internal control system ensures an objective, fair and clear representation of the current state of the company and its future prospects, the integrity and transparency of the company's reporting, as well as reasonable and acceptable risk exposure.	<ol style="list-style-type: none"> The company has in place an approved anti-corruption policy. The company has arranged for accessible means of notifying the board of directors or the board's audit committee about violations of the law, the company's internal procedures and code of ethics.

Compliance with corporate governance principle	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
Partial	<ol style="list-style-type: none"> Annual targets set out in JSC FPC's budget approved by the Board of Directors were used to determine the amount of the variable part of remuneration due to members of executive bodies and other key managers of the Company. The remuneration system for key managers of the Company was not assessed. To return bonus payments illegally received by members of executive bodies and key managers to the Company, JSC FPC is governed by the Labour Code of the Russian Federation.
None	Not applicable.
Full	
Full	
Full	
Full	

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle
5.1.4	The company's board of directors takes necessary measures to make sure that the company's risk management and internal control system is consistent with the principles of, and approaches to its setting up determined by the board of directors, and that the system is functioning efficiently.	1. In the reporting period, the board of directors or the board's audit committee assessed the efficiency of the company's risk management and internal control system. The information on the key results of this assessment is included in the company's annual report.
5.2	The company performs internal audits for regular independent assessment of the reliability and effectiveness of the risk management and internal control system, as well as corporate governance practices	
5.2.1	The company has set up a separate business unit or engaged an independent external organisation to carry out internal audits. The functional and administrative reporting lines of the internal audit unit are delineated. The internal audit unit functionally reports to the board of directors.	1. To perform internal audits, the company has set up a separate internal audit business unit functionally reporting to the board of directors or the audit committee, or engaged an independent external organisation with the same line of reporting.
5.2.2	The internal audit unit assesses the performance of the internal control and risk management system, as well as the corporate governance system. The company applies generally accepted standards of internal audit	2. In the reporting period, the performance of the internal control and risk management system was assessed as part of the internal audit procedure. 3. The company applies generally accepted approaches to internal audit and risk management.
6.1	The company and its business are transparent for shareholders, investors and other stakeholders.	
6.1.1	The company has developed and adopted an information policy ensuring an efficient exchange of information between the company, its shareholders, investors and other stakeholders.	4. The company's board of directors approved an information policy developed in accordance with the Code's recommendations. 5. The board of directors (or one of its committees) considered matters related to the company's compliance with its information policy at least once in the reporting period.
6.1.2	The company discloses information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of this Code.	6. The company discloses information on its corporate governance system and general principles of corporate governance applied in the company, including disclosure on its website. 7. The company discloses information on the composition of executive bodies and the board of directors, independence of the board members and their membership in the board's committees (as defined in the Code). 8. If the company has a controlling entity, the company publishes a memorandum of the controlling entity setting out the latter's plans for the company's corporate governance.
6.2	The company makes timely disclosures of complete, updated and reliable information to allow shareholders and investors to make informed decisions.	
6.2.1	The company discloses information based on the principles of regularity, consistency and promptness, as well as availability, reliability, completeness and comparability of disclosed data.	9. The company's information policy defines the approaches to, and criteria of identification of information that can have a material impact on the company's evaluation and the price of its securities, as well as procedures ensuring timely disclosure of such information. 10. If the company's securities are traded on foreign regulated markets, the company ensures concerted and equivalent disclosure of material information in the Russian Federation and in the said markets in the reporting period. 11. If foreign shareholders hold a significant amount of the company's shares, during the reporting year, information was disclosed not only in the Russian language, but also in one of the most widespread foreign languages.

Compliance with corporate governance principle	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
Full	
Full	
Full	
Partial	JSC FPC's Information Policy was approved by the Board of Directors on 5 December 2018. Matters related to the Company's compliance with the Information Policy were not reviewed in the reporting period.
Partial	A memorandum is not available.
Partial	Paragraphs 2 and 3 are not applicable: JSC FPC does not have foreign shareholders, the Company's securities are not traded on foreign regulated markets.

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle
6.2.2	The company avoids a formalistic approach to information disclosure and discloses critical information about its operations even if such disclosure is not required by law.	<p>12. In the reporting period, the company disclosed annual and 6M financial statements prepared under the IFRS. The company's annual report for the reporting period contains annual financial statements prepared under the IFRS, along with the auditor's report.</p> <p>13. The company discloses complete information on its capital structure, as stated in Recommendation 290 of the Code, in its annual report and on the corporate website.</p>
6.2.3	The annual report, as one of the most important tools of information exchange with shareholders and other stakeholders, contains information enabling assessment of the company's performance in the reporting year.	<p>14. The company's annual report contains information on the key aspects of the company's operations and its financial results.</p> <p>15. The company's annual report contains information on the environmental and social aspects of the company's operations.</p>
6.3	The company provides information and documents as per the requests of shareholders in compliance with principles of fairness and ease of access.	
6.3.1	The company provides information and documents as per the requests of shareholders in compliance with principles of fairness and ease of access.	1. The company's information policy establishes the procedure for providing shareholders with easy access to information, including information on legal entities controlled by the company, as requested by shareholders.
6.3.2	When providing information to shareholders, the company ensures reasonable balance between the interests of particular shareholders and its own interests consisting in preserving the confidentiality of important commercial information which may materially affect its competitiveness.	<p>2. In the reporting period, the company did not refuse shareholders' requests for information, or such refusals were justified.</p> <p>3. In cases defined by the information policy, shareholders are warned of the confidential nature of the information and undertake to maintain its confidentiality.</p>
7.1	Actions that significantly impact or may significantly impact the share capital structure or financial condition of the company and, respectively, shareholders position (material corporate actions) are fairly executed providing observance of rights and interests of shareholders and other stakeholders.	
7.1.1	Material corporate actions include restructuring of the company, acquisition of 30% or more of the company's voting shares (takeover), execution by the company of significant transactions, increase or reduction of the company's authorised capital, listing or de-listing of the company's shares, as well as other actions which may lead to material changes in the rights of shareholders or violation of their interests. The company's articles of association define a list of transactions or other actions classified as material corporate actions pertaining to the competence of the company's board of directors.	<p>4. The company's articles of association define a list of transactions or other actions classified as material corporate actions, and criteria for their identification. Resolutions on material corporate actions are referred to the jurisdiction of the board of directors. When execution of such corporate actions is expressly referred by law to the jurisdiction of the general shareholders meeting, the board of directors presents relevant recommendations to shareholders.</p> <p>5. According to the company's articles of association, material corporate actions include at least: company reorganisation, acquisition of 30% or more of the company's voting shares (in case of takeover), execution by the company of material transactions, increase or reduction of the company's authorised capital, listing or delisting of the company's shares.</p>
7.1.2	The board of directors plays a key role in making decisions or working out recommendations regarding material corporate actions, relying on the opinions of the company's independent directors.	1. The company has in place a procedure enabling independent directors to express their opinions on material corporate actions prior to approval thereof.

Compliance with corporate governance principle	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
Full	
Full	
Full	
Full	
Partial	Partially inapplicable FPC is a non-public joint-stock company, and therefore there are no provisions on the listing and delisting of the Company's shares in the Charter of FPC. There are no treasury shares in FPC
None	Such a procedure is not provided for in the internal documents of FPC

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle
7.1.3	When taking material corporate actions affecting the rights and legitimate interests of shareholders, equal terms and conditions are ensured for all shareholders of the company, and, in case of insufficient statutory mechanisms for protecting shareholder rights, additional measures are taken to protect the rights and legitimate interests of the company's shareholders. In doing so, the company is guided by the corporate governance principles set forth in the Code, as well as by formal statutory requirements.	<ol style="list-style-type: none"> 2. Taking into account the specifics of the company's operations, the company's articles of association establish lower minimum criteria for the company's transactions to be deemed material corporate actions than those provided by law. 3. All material corporate actions in the reporting period were duly approved before they were taken.
7.2	The company performs material corporate actions in such a way as to ensure that shareholders timely receive complete information about such actions, allowing them to influence such actions and guaranteeing adequate protection of their rights when performing such actions.	
7.2.1	Information about material corporate actions is disclosed with explanations of the grounds, circumstances and consequences.	<ol style="list-style-type: none"> 1. In the reporting period, the company disclosed information about its material corporate actions in due time and in detail, including the grounds for, and timelines of, such actions.
7.2.2	Rules and procedures related to material corporate actions taken by the company shall be set out in the company's internal documents.	<ol style="list-style-type: none"> 2. The company's internal documents provide for the procedure for engaging an independent appraiser to determine the value of the property disposed of or acquired pursuant to a major transaction or an interested party transaction. 3. The company's internal documents set out the procedure for engaging an independent appraiser to assess the value of the company's shares at their repurchase or redemption. 4. The company's internal documents provide for an expanded list of grounds on which members of the company's board of directors as well as other persons as per the applicable law are deemed to be interested parties to the company's transactions.

Compliance with corporate governance principle	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
Full	
Full	
Partial	<p>The Company's internal documents do not set out a procedure for engaging an independent appraiser to estimate the value of assets either disposed of or acquired in a major transaction or an interested-party transaction.</p> <p>FPC's Articles of Association stipulate that the provisions of Article 11 of the Federal Law On Joint Stock Companies do not apply to transactions in which the Company's controlling entity is the interested party</p>

JSC FPC'S REGISTRAR DETAILS

Protection of the interests and rights of FPC's shareholders is ensured through a reliable method for recording their rights to shares – the share register is maintained by an independent entity, Company STATUS.

On 28 April 2014 (Minutes No. 15), FPC's Board of Directors approved Joint Stock Company Registry Society STATUS as FPC's registrar and approved the terms of the contract therewith.

Full name of the registrar:

Joint Stock Company Registry Society STATUS

Abbreviated name of the registrar:

Company STATUS

Location:

23 Novokhokhlovskaya St., Bld. 1, Moscow, 109052, Russia

INN 7707179242 / KPP 772201001

Tel.: +7 495 974 8350 (general inquiries)

Email: office@rostatus.ru, info@rostatus.ru

Website: <http://www.rostatus.ru>

LIST OF FPC'S BRANCHES AND THEIR STRUCTURAL UNITS CERTIFIED TO GOST R ISO 9001-2015

Nº	Branch	Structural units	QMS processes
1	Moscow	Orehovo-Zuyevo PCD Nikolayevka PCD Moscow-3 PCD Orel PCD Moscow-Kievskaya PCD Smolensk PCD Moscow-Yaroslavskaya CS Bryansk CS Moscow-Kalanchevskaya CS RWA	Passenger, baggage, and unaccompanied baggage transport Passenger assistance, customer service, and carriage servicing and maintenance on long-distance trains Issuance and sales of travel and carriage tickets and documents Carriage servicing before journey Carriage overhauls with service life extension (KVR) Depot repairs (DR) Stage one and two (KR-1 and KR-2) carriage overhauls Current repairs of coupled/uncoupled carriages Wheelset repairs Repairs of carriage components and assemblies Carriage maintenance and inspection (TO-1, TO-2, and TO-3)
2	Northwest	Saint Petersburg-Moskovsky PCD Saint Petersburg-Moskovsky CS Moscow PCD Kaliningrad PCD Pskov CS Petrozavodsk CS Vehicle Transport Centre RWA	Passenger, baggage, and unaccompanied baggage transport Passenger assistance, customer service, and carriage servicing and maintenance on long-distance trains Issuance and sales of travel and carriage tickets and documents Carriage servicing before journey Depot repairs (DR) Stage one (KR-1) carriage overhauls Current repairs of coupled/uncoupled carriages Wheelset repairs Repairs of carriage components and assemblies
3	North Caucasus	Mineralnye Vody PCD Novorossiysk PCD Adler CS Rostov CS Makhachkala CS Grozny CS RWA	Passenger, baggage, and unaccompanied baggage transport Passenger assistance, customer service, and carriage servicing and maintenance on long-distance trains Issuance and sales of travel and carriage tickets and documents Carriage servicing before journey Depot repairs (DR) Stage one (KR-1) carriage overhauls Current repairs of coupled/uncoupled carriages Wheelset repairs Repairs of carriage components and assemblies Carriage maintenance and inspection (TO-1, TO-2, and TO-3)

Nº	Branch	Structural units	QMS processes
4	West Siberian	Novosibirsk PCD Novosibirsk–Glavny CS Omsk PCD Barnaul CS Tomsk CS Novokuznetsk CS RWA	Passenger, baggage, and unaccompanied baggage transport Passenger assistance, customer service, and carriage servicing and maintenance on long-distance trains Issuance and sales of travel and carriage tickets and documents Carriage servicing before journey Depot repairs (DR) Stage one and two (KR-1 and KR-2) carriage overhauls Current repairs of coupled/uncoupled carriages Wheelset repairs Repairs of carriage components and assemblies Carriage maintenance and inspection (TO-1, TO-2, and TO-3)
5	Ural	Sverdlovsk PCD Yekaterinburg CS Perm CS Tyumen CS Chelyabinsk PCD Orenburg PCD Orsk CS RWA	Passenger, baggage, and unaccompanied baggage transport Passenger assistance, customer service, and carriage servicing and maintenance on long-distance trains Issuance and sales of travel and carriage tickets and documents Carriage servicing before journey Depot repairs (DR) Stage one (KR-1) carriage overhauls Current repairs of coupled/uncoupled carriages Wheelset repairs Repairs of carriage components and assemblies Carriage maintenance and inspection (TO-1, TO-2, and TO-3)
6	Northern	Kotlas PCD Kotlas CS Yaroslavl CS Vologda CS Syktyvkar CS Arkhangelsk CS RWA	Passenger, baggage, and unaccompanied baggage transport Passenger assistance, customer service, and carriage servicing and maintenance on long-distance trains Issuance and sales of travel and carriage tickets and documents Carriage servicing before journey Depot repairs (DR) Stage one (KR-1) carriage overhauls Current repairs of coupled/uncoupled carriages Wheelset repairs Repairs of carriage components and assemblies Carriage maintenance and inspection (TO-1, TO-2, and TO-3)
7	Volga	Saratov PCD Saratov–Passazhirsky CS Volgograd CS Voronezh PCD RWA	Passenger, baggage, and unaccompanied baggage transport Passenger assistance, customer service, and carriage servicing and maintenance on long-distance trains Issuance and sales of travel and carriage tickets and documents Carriage servicing before journey Depot repairs (DR) Stage one and two (KR-1 and KR-2) carriage overhauls Current repairs of coupled/uncoupled carriages Wheelset repairs Repairs of carriage components and assemblies Carriage maintenance and inspection (TO-1, TO-2, and TO-3)
8	Gorky	Gorky–Moskovsky PCD Kirov PCD Izhevsk CS Kazan CS RWA	Passenger, baggage, and unaccompanied baggage transport Passenger assistance, customer service, and carriage servicing and maintenance on long-distance trains Issuance and sales of travel and carriage tickets and documents Carriage servicing before journey Depot repairs (DR) Stage one and two (KR-1 and KR-2) carriage overhauls Current repairs of coupled/uncoupled carriages Wheelset repairs Repairs of carriage components and assemblies Carriage maintenance and inspection (TO-1, TO-2, and TO-3)

Nº	Branch	Structural units	QMS processes
9	Kuybyshev	Samara PCD Ufa CS Penza CS Ulyanovsk CS RWA	Passenger, baggage, and unaccompanied baggage transport Passenger assistance, customer service, and carriage servicing and maintenance on long-distance trains Issuance and sales of travel and carriage tickets and documents Carriage servicing before journey Depot repairs (DR) Stage one and two (KR-1 and KR-2) carriage overhauls Current repairs of coupled/uncoupled carriages Wheelset repairs Repairs of carriage components and assemblies Carriage maintenance and inspection (TO-1, TO-2, and TO-3)
10	Yenisey (Krasnoyarsk PCD)	Vladivostok PCD Khabarovsk CS Tynda CS RWA	Passenger, baggage, and unaccompanied baggage transport Passenger assistance, customer service, and carriage servicing and maintenance on long-distance trains Issuance and sales of travel and carriage tickets and documents Carriage servicing before journey Depot repairs (DR) Stage one and two (KR-1 and KR-2) carriage overhauls Current repairs of coupled/uncoupled carriages Wheelset repairs Repairs of carriage components and assemblies Carriage maintenance and inspection (TO-1, TO-2, and TO-3)
11	Yenisey Branch (Krasnoyarsk PCD)	Krasnoyarsk PCD	Passenger, baggage, and unaccompanied baggage transport Passenger assistance, customer service, and carriage servicing and maintenance on long-distance trains Issuance and sales of travel and carriage tickets and documents Carriage servicing before journey Depot repairs (DR) Stage one and two (KR-1 and KR-2) carriage overhauls Current repairs of coupled/uncoupled carriages Wheelset repairs Repairs of carriage components and assemblies Carriage maintenance and inspection (TO-1, TO-2, and TO-3)
12	East Siberian (Irkutsk PCD)	Irkutsk PCD	Passenger, baggage, and unaccompanied baggage transport Passenger assistance, customer service, and carriage servicing and maintenance on long-distance trains Issuance and sales of travel and carriage tickets and documents Carriage servicing before journey Depot repairs (DR) Stage one and two (KR-1 and KR-2) carriage overhauls Current repairs of coupled/uncoupled carriages Wheelset repairs Repairs of carriage components and assemblies Carriage maintenance and inspection (TO-1, TO-2, and TO-3)
13	Zabaikalie (Chita CS)	Chita CS	Passenger, baggage, and unaccompanied baggage transport Passenger assistance, customer service, and carriage servicing and maintenance on long-distance trains Issuance and sales of travel and carriage tickets and documents Carriage servicing before journey Current repairs of coupled/uncoupled carriages Repairs of carriage components and assemblies Carriage maintenance and inspection (TO-1, TO-2, and TO-3)

DISCLAIMER

This Annual Report of the Joint Stock Company Federal Passenger Company (hereinafter referred to as the Company) based on the results of work for 2020 (hereinafter referred to as the Annual Report) was prepared using information available to the Company at the time of its preparation.

This Annual Report contains information on the results of the Company's activities in 2019 and forecast data, statements regarding the intentions, opinions or current expectations of the Company regarding the results of its activities, financial position, liquidity, growth prospects, strategy, as well as the development of an industry in which Company works. By their nature, such forward-looking statements are characterized by risks and uncertainties, since they relate to events and depend on circumstances that may not occur in the future.

The Company does not give any direct or implied representations or warranties and does not bear any responsibility in case of losses that individuals or legal entities may incur as a result of using the forwardlooking statements of this Annual Report, for any reason, directly or indirectly. These individuals should not fully rely on the forwardlooking statements contained in this document, as they are not the only possible scenario. The sum of the parts of the whole is not always equal to the total due to the use of arithmetic rounding. Except as provided for by the laws of the Russian Federation, the Company does not undertake to revise or confirm expectations and estimates, as well as publish updates and changes to forecast statements presented in the Report in connection with subsequent events or the receipt of new information.

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Abbreviated name of the Company:

JSC FPC

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