

Federal
Passenger
Company

Destination: Stability



2021

Annual Report

ABOUT THE REPORT

Joint Stock Company Federal Passenger Company (hereinafter, referred to as JSC Federal Passenger Company, JSC FPC, the Company) is the national passenger railway carrier of the Russian Federation and an entity subject to antimonopoly regulation.

This Annual Report of JSC Federal Passenger Company for 2021 (hereinafter also referred to as the Annual Report, or the Report) contains information on the performance of JSC FPC.

The Report is based on an analysis of the Company's operating data and financial performance under RAS for the period from 1 January to 31 December 2021.

Based on the results of the audit of the financial and business activities of JSC FPC for 2021, the Auditing Commission confirmed the accuracy of the data contained in the annual accounting (financial) statements and the Company's Annual Report.

The Annual Report of JSC FPC was approved by the resolution of the Board of Directors of JSC FPC on 27 May 2022 (Minutes No. 22 dated 30 May 2022).

The text of the Annual Report may contain errors in the calculation of shares, percentages and amounts due to rounding. The figures in the Annual Report may differ slightly from the previously published preliminary figures of the operating and financial indicators.

This Annual Report has been prepared in accordance with the requirements of regulatory legal acts of the Russian Federation, taking into account the recommendations of the Corporate Governance Code recommended by the Central Bank of the Russian Federation (hereinafter, referred to as the Bank of Russia).

**YOU CAN READ THE FULL
TEXT OF THE COMPANY'S
ANNUAL REPORTS
FOR THE PAST FIVE
YEARS ON THE WEBSITES:**



[http://disclosure.skrin.ru/
disclosure/7708709686](http://disclosure.skrin.ru/disclosure/7708709686)



<http://fpc.ru/>

MESSAGE from the Shareholder Representative

Dear partners and colleagues,

JSC Federal Passenger Company is consistently implementing measures to maintain and improve transport connectivity, attract additional passenger traffic and stimulate demand for carriage of passengers.

For the Company, improving passenger comfort and extending the range of services available is an ongoing focus. The tourism segment has received a strong impetus and the regular train route network is being improved.

Marketing initiatives aimed at reducing fares were successfully implemented during the year, enabling passengers to purchase tickets at discounts of up to 50%. An analysis of the key customer loyalty and satisfaction indices of JSC FPC confirms the effectiveness of such measures. We are grateful to passengers for the positive assessment of our activities.

I would like to thank all the employees of JSC FPC for their work and express my confidence that together we will achieve our goals and effectively develop the system of passenger transportation for the benefit of our passengers, ensuring the social and economic stability of the state and increasing the reliability of the country's transport framework. I am convinced that working together in a coordinated and responsible manner is the key to success.

Shareholder Representative

In 2021, long-distance rail passenger services were on the path to sustainable recovery: the passenger traffic of JSC FPC increased by 37.6% year-on-year. Working in the context of a coronavirus pandemic has demonstrated the ability of JSC FPC team to quickly re-engineer business processes to cope with dynamic market changes.

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JSC FPC is the national passenger railway carrier of the Russian Federation.

Our Company provides transport and geographical connectivity of the country's territories.

We offer our passengers affordable, comfortable and safe travel in Russia and abroad.

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Improving transport accessibility, increasing passenger traffic

37.6%

year-to-year growth of FPC passenger traffic in 2021

15,800

carriages in FPC's rolling stock fleet

479

train pairs formed by FPC

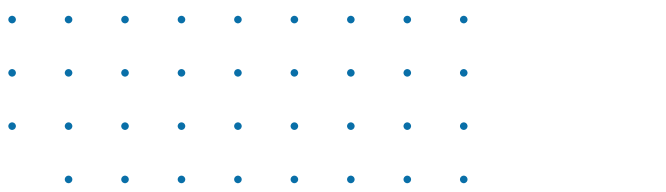
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regional branches across Russia



COMPANY PROFILE

Passenger-km travelled, billion



Our Company is the national passenger railway carrier of the Russian Federation. We operate passenger services in 77 regions (out of the country's 85), ensuring transport accessibility and geographical connectivity of the territories.

93.6	48.2	67.3
2019	2020	2021

FPC AT A GLANCE

JSC FPC ensures transport accessibility and connectivity between Russian regions.

Joint Stock Company Federal Passenger Company (JSC FPC), Primary State Registration Number (OGRN) 1097746772738, assigned on 3 December 2009 by Interdistrict Inspectorate of the Federal Tax Service No. 46 for Moscow; Taxpayer Identification Number (INN) 7708709686.

Location and postal address:
34 Mashi Poryvaevoy St., Moscow, 107078

RUSSIA’S LEADER IN PASSENGER MOBILITY

A SOCIALLY RESPONSIBLE COMPANY PROVIDING SUSTAINABLE DEVELOPMENT OF MOBILITY FOR ALL CUSTOMER SEGMENTS AND REGIONS OF RUSSIA

15,800
CARRIAGES
in FPC’s rolling stock fleet

479
TRAIN PAIRS

29.1 %
share of long-distance trains
in the domestic passenger traffic
26% of which covered by JSC FPC



MOVING INTO THE FUTURE

2018

- Passenger turnover and the number of passengers carried have shown the highest growth (by 6% and 8%, respectively) since the establishment of JSC FPC.
- A record-high number of passenger carriage replacements was achieved (724 new carriages purchased, a 70% increase as compared to 2017 level).
- Over 4 million customers registered with the Loyalty Programme.

2019

- JSC FPC’s Development Strategy until 2030 was approved.
- A long-term agreement was signed with for passenger carriage development, design, manufacture, testing, certification and delivery until 2025.
- New-design single-decker twin-unit carriages were put into operation.

2020

- Amid COVID-19 challenges, the Company maintained transport affordability, protected the health and safety of passengers and employees, continued upgrading the carriage fleet, and retained skilled staff.

2017

- Over 3 million customers registered with the Loyalty Programme.
- FPC conducted its first Net Promoter Score (NPS) survey, achieving an overall score of 4.1 on a five-point scale.

2016

- The Company reversed its declining passenger numbers, achieving a growth of 4%.
- A new international Strizh train was launched. Trains to resort destinations were accelerated.

2015

- The high-speed Strizh train made up of Talgo carriages was launched.
- A double-decker made up of seating carriages was launched.

2014

- Credit ratings were assigned to FPC by leading rating agencies.
- A pilot project on multimodal transport was implemented.
- Lastochka electric trains were launched.

2013

- The High-Speed Traffic Improvement Programme was implemented.

2012

- JSC FPC Development Strategy until 2030 was approved.
- FPC-Logistics, a logistics subsidiary focused on unaccompanied baggage and mail transport, was established.
- The Loyalty Programme was launched.

2011

- Expansion of JSC FPC’s presence in the tourism market: acquisition of a controlling stake in the authorised capital of a company providing railway tourism services.

2010

- FPC commenced independent operations.
- The Company was included in the Register of Natural Monopolies.

FROM CARRIAGE OPERATOR TO INTEGRATED MOBILITY PROVIDER

2021 HIGHLIGHTS

Key achievements

- JSC FPC's corporate quality management system successfully passed an inspection for compliance with the requirements of ISO 9001:2015 — Quality Management Systems. Requirements, and the current certificate was re-confirmed.
- Two significant property complexes were sold at an electronic public auction: the Moscow and St. Petersburg Railway Agencies — the Company generated revenues of RUB 1.7 billion, excluding VAT. These transactions are the largest in the entire period of the JSC FPC Non-Core Asset Disposal Programme.
- In order to develop women's leadership within the Company, the Women's Club of JSC FPC continues to operate. This project won the Parent Company's Best Practices in Working with Young People project competition and was accepted as the basis for scaling up in the main shareholder. For its results in 2021, the project was awarded a Certificate of Merit by the CEO — Chairman of the Executive Board of the Parent Company.
- Together with the primary trade union organisation — the Russian Trade Union of Railway Personnel and Transport Construction Workers of JSC FPC — the Company held its first Young Leader School to develop the level of corporate competencies and conscious trade union membership among young people.
- The Zhemchuzhina Kavkaza (Pearl of the Caucasus) tourist train won the Made in Russia competition in the category Across Russia with Love.

Public regulation and reforms

- With the entry into force of Government Decree No 875 dated 9 June 2021, it was established that in 2021 Russian families would receive a preferential fare for family travel in second-class sleeping carriages with four-berth compartments of long-distance trains of all categories. The fare was calculated as the difference between the current cost of a ticket and 50% of the third-class open sleeping carriages fare at a given route.
- On 1 September 2021, new Rules for the Provision of Railway Transportation Services of Passengers, Cargo, Luggage and Cargo-Luggage for Personal, Family, Household and Other Needs Not Related to Entrepreneurial Activities approved by Resolution No. 810 of the Government of the Russian Federation dated 27 May 2021 came into effect, regulating relations between carriers and individuals — passengers, consignors (forwarders) and consignees (destinees).
- Since July 2021, JSC FPC has been a member of the Association of Passenger Transportation, Service, Tourism, Railway Engineering and Technology Market Participants 'Zheldorrazvitie' and the Union of Transportation Companies of Russia. The main goals and tasks of these organisations include promoting effective implementation of state policy in the field of railway transport, achieving a balance of interests of all participants in the railway market and organising cooperation between the transport business and the state.
- Sales of travel documents for intermodal services organised by Autonomous Non-Profit Establishment Unified Transport Directorate were launched for the following routes:
 - From Mineralnye Vody railway station to the resorts of Elbrus (by road)
 - From Nevinnomyssk railway station to the settlements of Dombay and Romantic (by road)
 - Within the Kemerovo Region (by road)



2021 HIGHLIGHTS (CONTINUED)

Business development

- The Regulations on the System of Key Performance Indicators for the Purposes of Bonus Payment to JSC FPC Managers were approved — those Regulations are one of the mechanisms for implementing the goals of JSC FPC’s Development Strategy 2030.
- JSC FPC’s Development Strategy until 2025 was approved.
- Methodological Recommendations on Corruption Risk Management in JSC FPC were developed and approved.
- New tools for assessing the corporate competencies of personnel were introduced to provide conditions for employee self-development and improving the quality of management decisions at JSC FPC.
- In April 2021 a pilot project was launched in a test format to introduce a new catering concept for long-distance passengers in four trains: No. 23/24 Kazan – Moscow, No. 103/104 Moscow – Adler, No. 1/2 Volgograd – Moscow and No. 25/26 Moscow – Voronezh.
- JSC FPC introduced an intelligent system for handling passenger enquiries. The solution ensured the automation of the entire passenger handling cycle, including the routing of orders and documents to the employees in charge.
- On 30 April 2021, Lastochka electric trains (comprising 10 carriages formed by JSC FPC) No 717/718 and No 721/722 started running between Moscow and Minsk. It is a year-round day-to-day route with passengers boarding/alighting at Minsk and Orsha stations (in Belarus) and Smolensk and Vyazma (in the Russian Federation). In 2021, Lastochka high-speed trains carried 366,061 passengers at the direct connection: Moscow – Minsk – Moscow.
- In 2021, JSC FPC offered passengers exciting journeys around Russia by new tourist trains. Cruise trains and weekend trains on more than 20 routes were launched during the year.
- More than 30 marketing promotions using promo codes were launched, aimed at encouraging passengers to travel by rail, increasing the number of participants in the loyalty programme as well as expanding the customer base that left their consent to receive information and promotional mailings.
- By the end of the first 10 months of 2021, over 53,000 tickets worth RUB 93.8 million had been purchased using promo codes.
- Today, the Business Pass e-card can be purchased for the Moscow – Nizhny Novgorod Strizh trains, as well as for all trains running between Moscow and Cheboksary, Moscow and Petrozavodsk, and Moscow and Saint Petersburg (for all trains or for double-deckers only). In total, in 2021 more than one thousand Business Passe e-cards were purchased to cover 11,000 journeys worth RUB 17.5 million.
- New fare solutions are offered to passengers.
 - If a passenger has a birthday, he or she and up to three accompanying persons can get a ten per cent discount in all train types during the seven days before and after the birthday. As at 27 December, more than 1 million tickets worth RUB 2.1 billion were purchased.
 - The range of non-refundable fares was extended: in the last compartment on all domestic trains, there is a 25% discount to the fares in second-class sleeping carriages with four-berth compartments, provided there is no refundable fare. The promotion was valid until 23 December 2021. During the campaign period, 62,700 tickets were purchased for a total of RUB 180.7 million.
 - As at 23 April 2021, the Parent Company restored the perpetual right of participants and invalids of the Great Patriotic War and their accompanying persons to travel free of charge by long-distance trains.
- On 10 August 2021, passengers with group I disability who are members of the Loyalty Programme and their accompanying persons will be entitled to discounted tickets not only in first-class sleeping carriages with two-berth compartments but in second-class sleeping carriages with four-berth compartments as well.
- The e-ticketing website was integrated with the Federal Register of Disabled Persons, allowing e-tickets to be issued to disabled passengers for specialised seats.
- Booking e-tickets for citizens of privileged categories travelling by long-distance trains under electronic coupons issued by the Russian Social Insurance Fund and in line with the preferences granted by the Ministry of Social Development of the Moscow Region were made available on the website.
- Appropriate measures were taken to introduce a new fare plan for passengers with group I disability and their accompanying persons who are participants in the Loyalty Programme, and to implement programmed verification of the simultaneous issuance and return of travel documents issued under the new fare plan.
- Boarding on a train through submission of a passenger identification document was organised, thus eliminating the need to submit a ticket.
- 68 double-deckers of 2020 series with a children's compartment were delivered to JSC FPC. A special feature of the young passengers' compartment is the brightly coloured interior.



THE COMPANY'S MEASURES TO MAKE RAIL SERVICES MORE AFFORDABLE AND PROTECT THE HEALTH OF PASSENGERS DURING THE COVID-19 PANDEMIC

Protecting and preserving the health of staff and passengers

Monitoring the health status of staff was established in JSC FPC's units. Employees are thermometrically tested daily before they enter the workplace, and during the working day as well. Employees involved in passenger services are provided with personal protective equipment in accordance with approved standards. Influenza, SARS, COVID-19 and community-acquired pneumonia are monitored. **Distant operation of employees is utilised.**

The frequency of cleaning and disinfection of office premises was increased. In all passenger trains, the disinfection regime was strengthened through the use of virus-resistant disinfectants and magnified clean-up frequency. The storerooms of the units of JSC FPC's branches have a minimum supply level of the above disinfectants. The Company ensured that the ventilation and air coordination systems in the premises and rolling stock operate efficiently. On the way, the air disinfection units in carriages are working properly and control over the timely replacement of expired germicidal lamps is in place.

Staff was provided with relevant explanations, leaflets and announcements were posted showing the main symptoms of a new coronavirus infection and how to proceed, and courses were posted on the Parent Company's distance learning system. Staff was informed of the need to observe personal and public hygiene rules.

The procedure for laboratory diagnosis of the new coronavirus infection COVID-19 for JSC FPC employees was approved. All train crews as well as the staff in charge of on-the-way supervision on trains are PCR tested for new coronavirus infection at least once every 21 days. During winter, PCR tests are conducted at least once every 14 days and when carrying organised groups — at least once every 10 days. As at 31 December 2021, 210,683 tests were conducted at JSC FPC, of which 200,099 tests were organised by JSC FPC and 10,584 tests were organised by the Parent Company / region.

An vaccination campaign against COVID-19 was organised. As at 31 December 2021, JSC FPC's headcount including employees on maternity leave stood at 51,441, of whom 43,583 were vaccinated, representing 84.7% of the headcount (or 93% of employees to be vaccinated). Particular attention is paid to the vaccination of train crews. There are 29,844 train crew members, of whom 24,925 were vaccinated, representing 83.4% of the headcount (or 92.1% of the staff to be vaccinated). Statistics on the staff re-vaccination are monitored. As at 31 December 2021, 3,589 employees were re-vaccinated. A collective immunity rate of 96% was achieved among vaccinated staff and COVID-19 survivors.

The catering of passengers in dining carriages is supported by staff members who were vaccinated against COVID-19 or who had COVID-19 (at the latest six months before). If there is a contraindication for prophylactic vaccination against COVID-19, a dining carriage staff is admitted in line with the results of PCR testing at a frequency of once every 14 days.

The staff of dining carriages use personal protective equipment when dealing with dining carriages visitors / passengers in other carriages. Prophylactic disinfection of all contact surfaces (door handles, handrails, surfaces of tables, seats) in dining carriages is carried out on the way using disinfectants with virulicide effect every four hours.



IMPROVING THE QUALITY OF PASSENGER SERVICING AND CLIENT ORIENTED APPROACH OF THE COMPANY

It defines the procedure for interaction between employees of JSC FPC and the Unified Information and Service Centre for informing passengers in the event of cancellations, changes in the frequency of train services and withdrawal of carriages from long-distance trains. 24-hour phone: 8 (800) 250-15-20.

A remote refund service were implemented for passengers aged 65 and over as well as passengers who issued travel documents at ticket offices. Refund and ticket reissue conditions:

- If a train is cancelled, the full ticket price is refunded without deduction of fees and charges if such cancellation occurs after the official announcement

of the same. This procedure applies to both regular tickets and non-refundable tickets.

- Refunds can be settled up to six months after a train was cancelled. It does not matter whether a passenger holds a normal or non-refundable ticket: one can have a refund in either case.
- if the train is cancelled but a passenger plans to travel on his or her route on another train, it is possible to rebook the ticket for another train on the next date on the same route free of charge (subject to availability of seats) instead of a refund.

GEOGRAPHY OF ACTIVITY

JSC Federal Passenger Company is a national rail passenger carrier of the Russian Federation and an entity subject to antimonopoly regulation. The rail infrastructure of the Parent Company forms the basis of FPC's route network (over 85,600 km as at the end of 2021) — the world's third longest rail network.

Parent Company railway infrastructure



>85,600

KILOMETRES

the Company's route network — railway infrastructure

77

RUSSIAN REGIONS

covered by JSC FPC

15,800

CARRIAGES

the Company's fleet of rolling stock

51,000

EMPLOYEES

work at the Company

17

YEARS

average fleet age

JSC FPC branches

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

In November 2021, on the basis of decisions taken by JSC FPC's Board of Directors, the Company liquidated three branches: Northern, Yenisei and Trans-Baikal branches.

- JSC FPC operates passenger services in **77 regions (out of 85 regions of the Russian Federation)**, ensuring transport accessibility and geographical connectivity of the territories.
- Within Russia, the Company has a number of routes on which there is no alternative mode of transport, such as **Tynda – Komsomolsk, Petrozavodsk – Kostomuksha, Kamyshin – Moscow, Tomsk – Bely Yar, etc.**
- Internationally, JSC FPC carries passengers in direct and transit traffic to **15 countries on 25 international routes**, including trains between Russia and Abkhazia.
- FPC's organisational structure includes administration, 10 centres, 10 regional branches, and six subsidiaries and affiliates. The branches comprise 23 passenger carriage depots, 36 carriage sites, 10 railway agencies, and the Vehicle Transport Centre.
- The Company has an average headcount of **51,000 employees**. JSC FPC's rolling stock fleet consists of **15,800 carriages** running in **479 train pairs**. The average 'age' of the fleet is 17 years.

ASSETS OF THE COMPANY

ASSET MAP

as at 31 December 2021



1 Northwest Branch 🏠 294,400 m ² 🌳 16,800 m ² 📄 0.6 RUB billion 🚆 3,200 carriages	4 North Caucasus Branch 🏠 212,200 m ² 🌳 14,400 m ² 📄 0.5 RUB billion 🚆 1,900 carriages	7 Ural Branch 🏠 201,100 m ² 🌳 6,100 m ² 📄 0.4 RUB billion 🚆 1,600 carriages	9 East Siberian Branch 🏠 215,400 m ² 🌳 2,200 m ² 📄 0.3 RUB billion 🚆 1,400 carriages
2 Moscow Branch 🏠 396,000 m ² 🌳 6,200 m ² 📄 2.0 RUB billion 🚆 2,100 carriages	5 Volga Branch 🏠 245,900 m ² 🌳 100 m ² 📄 0.3 RUB billion 🚆 1,300 carriages	8 West Siberian Branch 🏠 181,200 m ² 🌳 11,700 m ² 📄 0.3 RUB billion 🚆 1,100 carriages	10 Far East Branch 🏠 61,700 m ² 📄 0.2 RUB billion 🚆 900 carriages
3 Gorky Branch 🏠 99,300 m ² 🌳 1,600 m ² 📄 0.2 RUB billion 🚆 1,300 carriages	6 Kuybyshev Branch 🏠 109,900 m ² 📄 0.2 RUB billion 🚆 1,200 carriages	🏠 Real estate 🌳 Land 📄 Other property 🚆 Carriage fleet	

STRUCTURE AND DYNAMICS OF ASSETS

Passenger rolling stock is FPC’s key asset, making up 89% of total assets. As at the end of 2021, the Company’s carriage inventory totalled 15,800 carriages.

Structure of the Company’s assets as at 31 December 2021 **RUB billion**

Asset	Book value
Passenger carriages	243.4
Real estate	24.0
Other movable property	5.1
Intangible assets	0.5
Land	0.1
Other	0.01
TOTAL	273.2

Changes in the carriage fleet structure **carriages**

Carriage type	Description	Fleet as at 31 December 2020	Acquired	Withdrawn	Fleet as at 31 December 2021
Deluxe	Compartment carriages, each compartment featuring a shower room, a washbasin and a toilet	114	–	–	114
First-class sleeping	Compartment carriages with double berth compartments	499	–	29	470
RIC	Compartment carriages, Euro standard size	267	–	1	266
MIXED	Compartment carriages with deluxe and first-class sleeping compartments	13	–	–	13
K	Second-class sleeping carriages (with four-berth compartments)	7,576	195	758	7,013
O	Third-class open-plan sleeping carriages	6,569	95	115	6,549
MO	Interregional carriages	637	–	38	599
B	Baggage carriages	166	–	54	112
R	Dining carriages	714	3	55	662
Other carriages	Power cars and ancillary vehicles	41	–	4	37
TOTAL		16,596	293	1,054	15,835

TYPES OF ACTIVITIES

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 with four-berth compartments
- 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 domestic routes

Baggage, unaccompanied baggage, and mail transportation

- 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
- Provision of value-added services on trains
- Leasing rolling stock
- Leasing real estate and equipment

Competitive advantages of long-distance trains



Traffic safety



Environmentally friendly mode of transport



Extensive route network



Over 98% train punctuality



Travelling in any weather



Comfortable travel



Provision for the carriage of impaired passengers



Growing share of new carriages in the fleet



Increased baggage allowance¹



Children up to five years old travelling free of charge



No long check-in procedure and proximity of train stations to city centres and other localities

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.

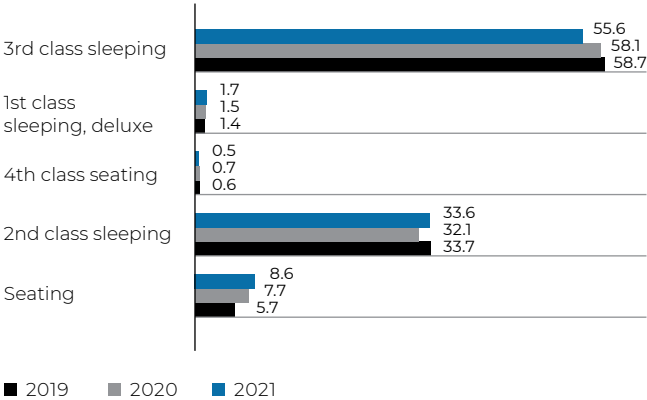
KEY METRICS

OPERATING INDICATORS

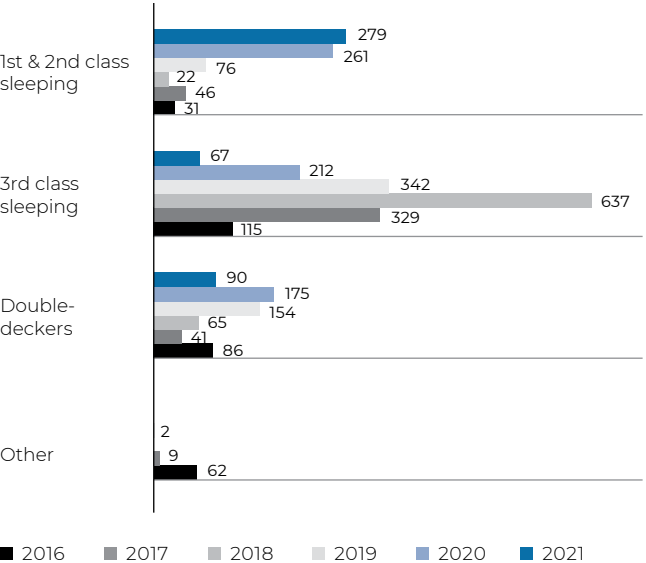
Operating Indicators

Indicators	2019	2020	2021	Change 2021/2020, %
Passenger-km travelled, billion	93.6	48.2	67.3	139.5
On JSC FPC trains	90.0	47.6	66.7	140.2
Deregulated segment	34.7	18.1	27.1	149.5
Domestic traffic	32.8	17.8	26.1	146.8
International traffic	1.9	0.3	1.0	293.6
Regulated segment	55.2	29.4	39.6	134.5
On trains of the CIS and Baltic states	3.6	0.6	0.6	90.8
Passengers carried, million	105.8	59.0	81.2	137.6
Deregulated segment	43.8	23.3	33.8	145.2
Regulated segment	62.0	35.7	47.4	132.7
Average train composition, carriages (TsO-33 format)	12.5	9.9	11.4	115.3

Passenger turnover by carriage type %



Dynamics of rolling stock acquisition carriages



FINANCIAL INDICATORS

Operating revenue RUB billion



The improvement in EBITDA margin to 2020 levels is due to higher revenues as a result of passenger traffic recovery in 2021.

EBITDA and EBITDA margin, including subsidies

Indicators	2019	2020	2021
EBITDA margin	12.1	-16.7	7.9
EBITDA	29.6	-22.9	15.7

Total debt and revenue to EBITDA ratio

Indicators	2019	2020	2021
Total debt / EBITDA	1.71	-2.81	4.15
Total debt / revenue	0.21	0.49	0.35

SUSTAINABILITY INDICATORS

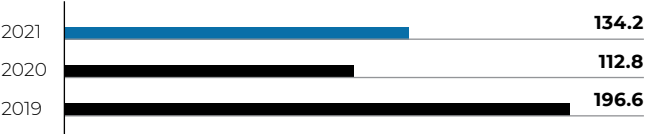
Personnel trained people



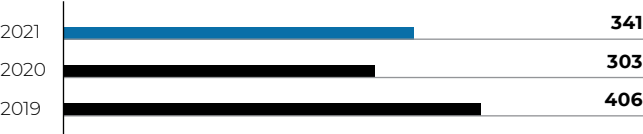
Expenditure on occupational health and safety measures RUB million



Training expenditure RUB million



Greenhouse gas emissions '000 tonnes CO₂



Amount of social security benefits per an employee RUB '000



Used water discharge million m³



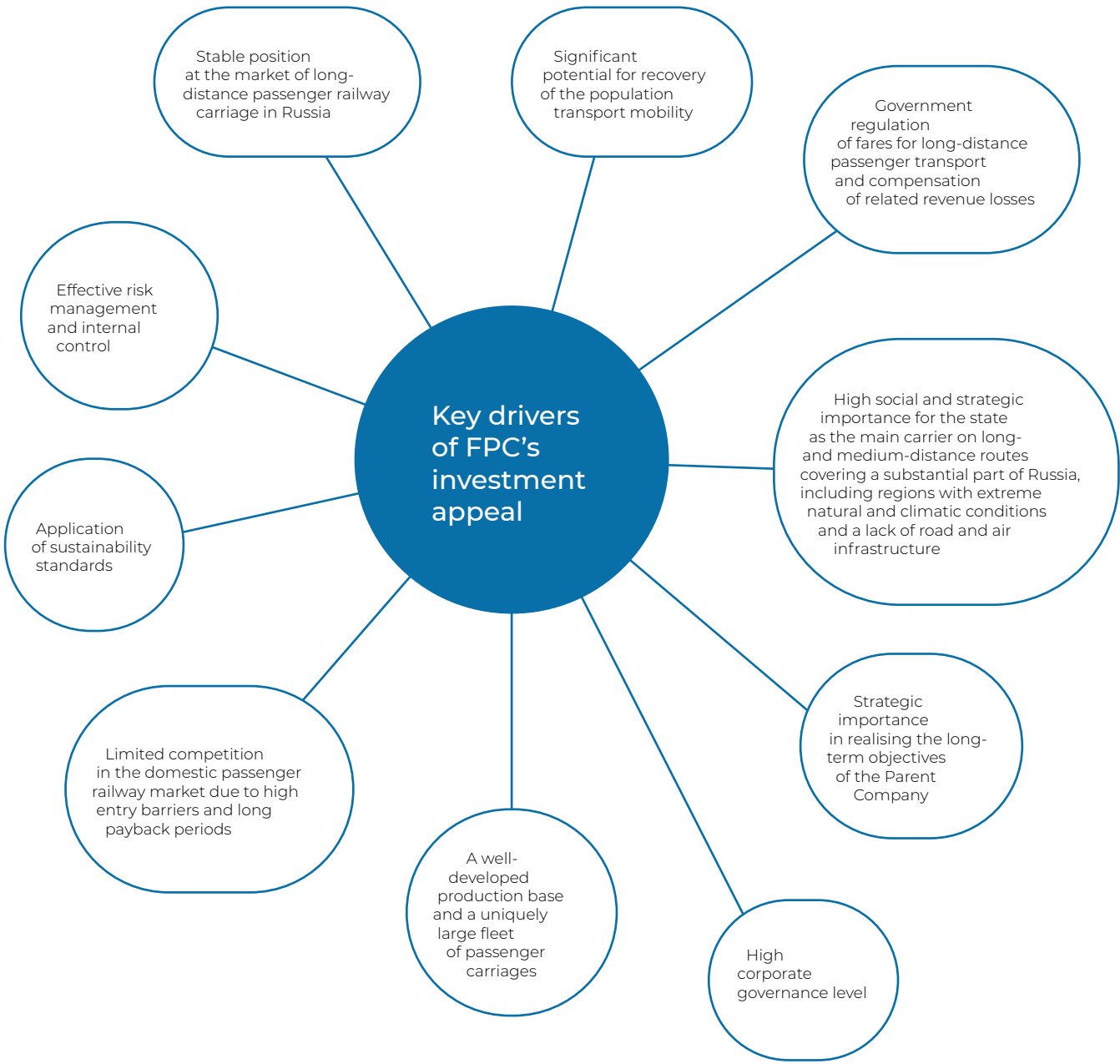
Amount of social security benefits per a non-working retiree RUB '000



Electric power million kWh



INVESTMENT APPEAL



CREDIT RATINGS

In July 2021, Moody's rating agency affirmed FPC's rating at Baa2, changing the outlook to stable, which is one notch higher than the sovereign rating.

In December 2021, Fitch Ratings affirmed FPC's rating at BBB with a stable outlook.

As at the end of December 2021, FPC had investment-grade credit ratings from two leading international rating agencies.

In December 2021, the Russian national rating agency ACRA affirmed its AA+(RU) high credit quality rating for FPC, with a stable outlook.

JSC FPC's credit ratings¹

MOODY'S

Baa2

Stable

FitchRatings

BBB

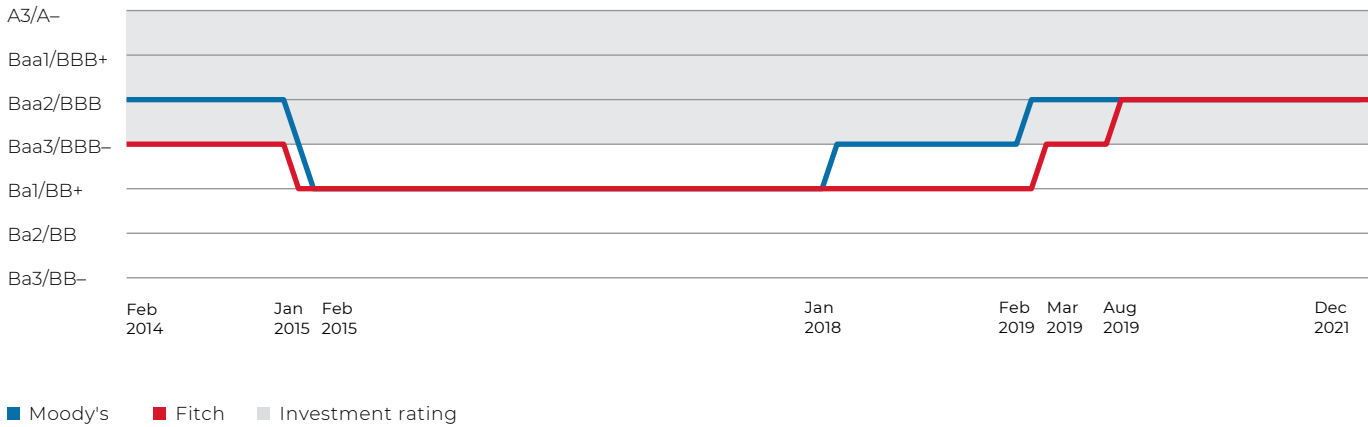
Stable

AKPA

AA+(RU)

Stable

Changes in JSC FPC's credit ratings



¹ As at the end of 2021

KEY EVENTS

Renewing rolling stock and launching new trains

In 2021, the Company continued to expand the geography of its new range of carriages — twin-carriage units. In May, the train No. 59/60 Volga running between Nizhny Novgorod and Saint Petersburg departed from Moskovsky Station in Nizhny Novgorod for its maiden voyage in a new composition. The train includes third-class open sleeping carriages and second-class sleeping carriages with four-berth compartments in the form of twin-carriage units, to travel between cities with more comfort.

Also in 2021, new double-deckers of 2020 series came into operation within the train No. 137/138 running at the route of Moscow – Samara – Orenburg. For the first time, children's compartments and showers appeared in every carriage of a regular train. Other advantages of the new carriage include increased space on the upper berth of the upper deck and a smoother ride.

New concept of carriage with capsules (enclosures) was presented at the Transport of Russia international forum

At Transport Week 2021, a concept for a herringbone arrangement with non-compartmented interior was announced. This is the third version in a series of projects involving the replacement of the traditional third-class open sleeping carriages. What they have in common is that they share a common arrangement principle, at the heart of which is individualisation of the space.

The 'herringbone' concept gets its name from the special arrangement of the berths: the enclosures are placed diagonally across the aisle. The model has two options of arrangement: an individual enclosure and an open-top compartment. An individual enclosure, which is separated by a wall and curtain from the common aisle, is aimed at passengers travelling alone. The second option is an open-top compartment designed for families with children or large groups.

About 83% of the surveyed visitors to the new carriage rated the layout positively, with 64% of them rated as 'I like it very much'. The design proposed by the developers was approved by 96% of respondents, comfort was approved by 86% and reliability — by 95%. More than 62% of those surveyed said they would be happy to travel in an open-top herringbone compartment, while 72% would choose to travel in a carriage with individual enclosures.

Subsidised discounted fares for families travelling in compartment carriages on long-distance trains

In 2021, the Government of the Russian Federation allocated subsidies to JSC FPC to provide Russian families with a preferential fare to travel in compartment carriages on long-distance trains. This made it possible for families with one or more children to travel profitably until the end of 2021. For them, the fare was calculated as the difference between the current cost of a ticket and 50% of the third-class open sleeping carriages fare at a given route.

A prerequisite for the discount was that a parent (parents) or legal guardian travelled together in Russia (including travel to Kaliningrad Region) with a child (children) under the age of 18.

About 400,000 passengers made good use of the discounted fare between the start of the promotion (August 2021) and December 2021. The most frequent family trips on trains formed by JSC FPC were to the Moscow Region, Rostov-on-Don, Adler, Anapa, Saint Petersburg, cities in southern Russia, the North Caucasus, etc.

Moscow and Minsk connected by Lastochka

On 30 April, the first Lastochka high-speed train between Moscow and Minsk started its maiden voyage with passengers. Two trains set off simultaneously from stations in the Russian and Belarusian capitals.

From 1 October 2021, this route will use the ten-carriage version of Lastochka enhanced comfort train, designed specifically for convenient travel on long routes. Lastochka trains are equipped with the latest technology: climate control with air disinfection, energy-saving LED lighting, an infotainment system, hand luggage racks and sanitary spaces.

JSC FPC launched more than 20 tourist trains

In 2021, JSC FPC offered passengers exciting journeys around Russia by new tourist trains. Cruise trains and weekend trains on more than 20 routes were launched during the year.

The train No. 930/929 Zhemchuzhina Kavkaza (Pearl of the Caucasus) was very popular for trips to the south of Russia, while the train No. 928/927 Baikalskaya Skazka (Baikal Fairy Tale) was chosen by passengers for trips to Baikal. For cruises to Karelia, the most popular train was route No. 928/927: Moscow – Petrozavodsk – Sortavala – Vyborg – Moscow, and for the tulip festival in Elista — train No. 928/927: Moscow – Rostov-on-Don – Elista – Moscow.

Passengers were also able to travel during the autumn-winter period. For example, the tourist train No. 924/923 Serebryany Marshrut (Silver Route) offered passengers a journey through old-established Russian towns and cities. The trains No. 921/922 Zimnyaya Skazka (Winter Tale) and No. 924/923 as well as the train No. 930/929 Velichiye Severa (Splendour of the North) enabled visiting Father Frost and Snegurochka in Veliky Ustyug and Kostroma. The train No. 926/925 Skazy Povolzhya (Tales of the Volga Region) took tourists on a circular train from Moscow to Yoshkar-Ola, Sviyazhsk, Nizhny Novgorod, etc.

In addition, the Bright Weekend in the Volga Region project continued to develop in 2021.



Awards and tourist segment prizes

At the end of the year, the Company's Dream Journey project won the Event of the Year category. Vladimir Piastolov received a special award from Ksenia Razuvayeva, the head of the Federal Agency for Youth Affairs. Organising a unique train journey virtually across whole Russia was part of the large-scale project Main Recess, which was implemented as part of the national project Education. In 2021, more than 2.5 million school and college students participated in the competition.

The Zhemchuzhina Kavkaza (Pearl of the Caucasus) tourist train was also voted the winner of the Made in Russia 2021 award in the Across Russia with Love category. The award was organised by Snob magazine, and the Federal Agency for Tourism (Rostourism) was a partner in nominating.

At the end of November, the Kuybyshev Branch of FPC together with regional tour operators and the Samara Regional Art Museum presented nine projects to the jury of the Itinerary of the Year award, and they all won. The Grand Prix of the competition was awarded in the category Best Museum Excursion, the first place in the category Best Weekend Itinerary, and second place in the categories Best Cultural and Informative Route and Best Railway Cruise.

Launch of five new double-deckers

In 2021, the route network of double-deckers was expanded. In particular, new double-deckers No. 72/71 Moscow – Cheboksary (from 8 May), No. 277/278 Saint Petersburg – Anapa (from 30 May, in summer period), No. 137/138 Orenburg – Samara – Moscow (from 3 December), No. 29/30 Saint Petersburg – Belgorod (from 12 December), No. 43/44 Saint Petersburg – Kostroma (from 15 December) were launched. JSC FPC now carries passengers by double-deckers on 19 routes.

Linking the regions

In the summer of 2021, direct rail connections between Kalmykia's capital city and the Black Sea coast were resumed. In order to connect the regions, the Company appointed a group of through carriages between Anapa and Elista, running on certain dates during the summer holidays.

Also on 28 December 2021, a through group of JSC FPC's carriages departed for the Yoshkar-Ola – Nizhny Novgorod – Saint Petersburg route for the first time. The carriages are equipped with air conditioning systems and environmentally friendly toilet facilities.

For the first time, double-decker No. 221/222 Moroz Express (Frost Express) connected our nation's capital with the north of Russia. The train ran from Moscow to Veliky Ustyug and took tourists to the Father Frost's estate. This is a joint project between the Parent Company of JSC FPC, and the Vologda Region government aimed at developing family travel during the New Year and Christmas holidays.

JSC FPC's branded trains celebrate their anniversary

On 10 June 2021, train No. 1/2 Krasnaya Strela (Red Arrow) marked the 90th anniversary of its launch. To celebrate the occasion, Leningradsky Railway Station in Moscow and Moskovsky Railway Station in Saint Petersburg hosted festive events.

In addition, on 26 November 2021, the train No. 29/30 Yantar (Amber) made its anniversary journey. This branded train connects the Amber Corner of Russia with its capital for 60 years. The Kaliningrad Passenger Carriage Depot also celebrated its 75th anniversary. To celebrate the occasion, a festive event was held at Kaliningrad-Yuzhny railway station. For the train's anniversary, JSC FPC upgraded six third-class open sleeping carriages, 23 second-class sleeping carriages with four-berth compartments and one administrative carriage, all of which underwent enhanced modernisation.

Looking after every passenger is the priority



Loyalty programme

>150

thousand passengers bought discounted tickets under promo codes in 2021

including →

>20

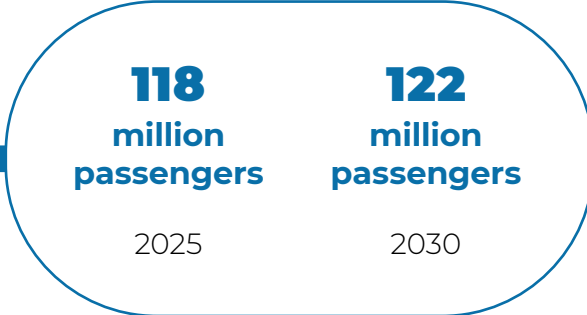
thousand medical professions fighting the spread of COVID-19 used the 50% discount promo codes from October 2020 to 31 March 2021



DEVELOPMENT STRATEGY

In 2021, JSC FPC continued to carry out a targeted messaging to promote special offers for various passenger segments. In total, the Company has launched more than 30 marketing promotions using discount promo codes to encourage passengers to travel by rail and increase the number of the Loyalty Programme participants.

Strategic target for passengers serviced



MESSAGE from the Chairman

Under the constraints of the ongoing coronavirus pandemic in 2021, JSC Federal Passenger Company systematically implemented a set of measures aimed at ensuring regional transport connectivity, developing the route network, upgrading rolling stock and improving mobility and passenger service quality.

Dear shareholders and colleagues,

The past year has been a time of great change, new challenges and opportunities. Today we can confidently state that Russia's rail passenger transport system has demonstrated its ability to work efficiently even in non-standard conditions.

Under the constraints of the ongoing coronavirus pandemic, Federal Passenger Company systematically implemented a set of measures aimed at ensuring regional transport connectivity, developing the route network, upgrading rolling stock and improving mobility and passenger service quality.

By the end of 2021, the investment programme of JSC FPC reached RUB 34.8 billion, more than 97% of which were allocated for the renovation and modernisation of the passenger rolling stock. As a result, the passenger carriage fleet grew to 346 single-deckers and 90 double-deckers, and 183 carriages underwent overhaul.

Expansion of the double-decker train service area remained an important task. Every year, transportation using this rolling stock shows a steady growth: in 2021, more than 8.5 million passengers were carried, which is 1.6 times higher than in 2020. Double-decker trains connecting Orenburg, Samara and Moscow, St. Petersburg and Belgorod started running.

At the same time, stronger focus was given to gaining better competitive edge for rail transport, improving the reliability and safety of rolling stock, and introducing new technologies and services that meet the highest international standards.

Domestic tourism has been boosted with a new drive. Many passengers chose rail transport for their trips, as it allows all categories of citizens, including families with small children,

the elderly and people with low mobility, to travel around the country comfortably and safely. Totally, more than 20 trains were made available last year, and around 100,000 people made use of them. Thanks to the interesting routes, passengers visited various regions of Russia and were able to get acquainted with the culture and national features of the peoples living on the territory of our country.

In cooperation with regional tour operators, new destinations and unique railway cruises have been developed, connecting the central part of Russia with the republics of the North Caucasus, cities of the Russian North, the majestic Lake Baikal, the Republic of Kalmykia and Siberian regions.

In general, the year 2021 was a landmark for further development of the tourist potential of Russia and the definition of the railway cruise concept formulation. On the basis of the experience gained, the Instruction on organising the tourist transportation was issued, which sets out general requirements for the quality and consumer characteristics of services provided to passengers on popular tourist destinations.

I am positive that in 2022, the Company will continue on the course it has set, thus ensuring the safety, reliability and comfort of passenger transport services, launching new tourist projects and completing the tasks of strategic importance.

Chairman of the Board of Directors, JSC FPC

89.1%

JSC FPC share in total services by domestic long-distance routes in 2021

+0.3 p.p. year-on-year

142.5%

international passenger traffic as compared to 2020

436

NEW CARRIAGES

purchased in 2021

135

RUB BILLION

investments in purchases of new rolling stock in 2022–2025

MARKET OVERVIEW

MACROECONOMIC ENVIRONMENT

Key economic growth indicators

% as compared to 2020

Indicators	2021
GDP ¹	104.6
Consumer Price Index	106.7
Investment in fixed assets ²	107.6
Unemployment (as at the end of December)	4.3
Retail sales	107.3
Sales of paid retail services	117.6

Source: Federal State Statistics Service Rosstat (<https://rosstat.gov.ru/>).

Since April 2021, the main macroeconomic indicators have been affected by the low baseline of the corresponding months of the previous year due to the restrictions aimed at combating the spread of coronavirus.

According to the estimate of the Ministry of Economic Development of the Russian Federation, the GDP for 12M 2021 rose by 4.6% compared to the same period of 2020.

In 2021, the Consumer Price Index was 106.7% (103.4% the year before), the retail trade turnover reached 107.3%, and the volume of paid services to the population was 117.6%.

In January–November 2021, the average monthly nominal pay rose by 9.5% as compared with the corresponding period in 2020 and as of November 2021 stood at RUB 55,639.

In December 2021, 4.3% of the labour force (excluding seasonal factor), or 3.2 million people, were classified as unemployed.

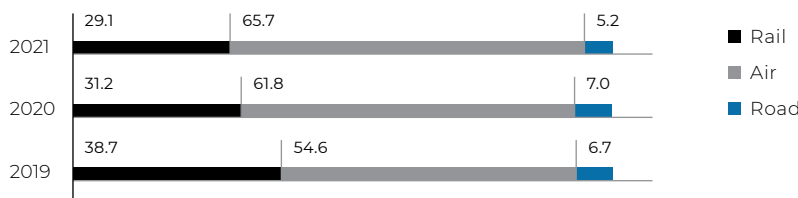
RUSSIAN TRANSPORT MARKET

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 2021, due to measures taken to combat the spread of the novel coronavirus, 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

%



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

%

Carrier	2019	2020	2021
JSC FPC	35.5	27.7	26.0
Directorate for Higher-Speed Services	1.8	1.8	1.7
CJSC TransClassService	0.4	0.3	0.0
Grand Service Express	0.1	1.0	1.2
Other	0.2	0.2	0.2
RAILWAY SEGMENT, TOTAL	38.68	31.24	29.14

Sources: Statistical Reporting Forms TsO-33 and TsO-32 for rail transport, Federal Agency for Air Transport (www.favt.ru) for air transport, expert estimates based on the Federal State Statistics Service Rosstat data — for road transport (www.gks.ru).

According to the Federal Agency for Air Transport (Rosaviatsiya), in 2021, air passenger-kilometres on domestic routes was 122.9% of the 2019 level.

The share of passenger rail traffic decreased from 31.2% in 12M 2020 to 29.1% in 12M 2021 (for comparison, the share of rail transport in 2019 was 38.7%), due to the outstripping absolute increase in domestic air traffic under the reorientation towards the domestic market.

Amid restrictions on international flights, domestic tourism has seen a significant reduction in flight prices, an increase in flight frequency and an expansion of the route network through the reallocation of flights from international to domestic routes (including the south of the country as destinations). In addition, the use of vouchers issued by airlines last year is one of the drivers of the rapid growth of air travel.

At the same time, the average distance in domestic traffic travelled by JSC FPC trains decreased by 6.3% in 12M 2021 compared to the same period in 2019 and amounted to 829 km, which resulted in the passenger turnover dynamics (74.6%) falling behind the dynamics of the number of passengers serviced (79.6%). The change in traffic volumes in 2021 was also influenced by the decrease in transport activity of the target

audience over 60 years of age (down to 71.7%) against 12M 2019, and transport of organised groups of children (down to 50.4%) against the same period of 2019 (as of 12 September 2021) since the beginning of the year.

Today, JSC FPC is the leader in the long-distance passenger rail services market, but there is an increase in domestic competition.

JSC FPC's share of long-distance domestic traffic among Russian railway carriers in 12M 2021 was 89.1%, up 0.3 p.p. year-on-year (–2.6 p.p. vs. 2019 baseline).

89.1%

JSC FPC share in services by domestic long-distance routes in 2021

up 0.3 p.p. year-on-year

¹ 12M estimate by the Ministry of Economic Development of the Russian Federation (<https://www.economy.gov.ru/>).
² 9M 2021 compared to 9M 2020.

INTERNATIONAL TRANSPORT MARKET

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

Before restrictions were imposed in 2020, 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.

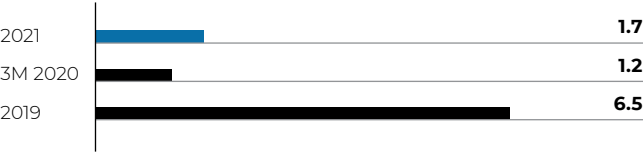
JSC FPC provided passenger transportation between the following countries in 2021:

- Russian Federation and the Republic of Belarus. The number of passengers serviced in 2021 was 1,427.5 thousand, up 387.9% year-on-year.
- Russian Federation and the Republic of Abkhazia. The number of passengers serviced in 2021 was 311.7 thousand, up 430.7% year-on-year.

- Russian Federation and the Republic of Uzbekistan. The number of passengers serviced (outbound one-time trips) in 2021 was 11.1 thousand, down 91% year-on-year.

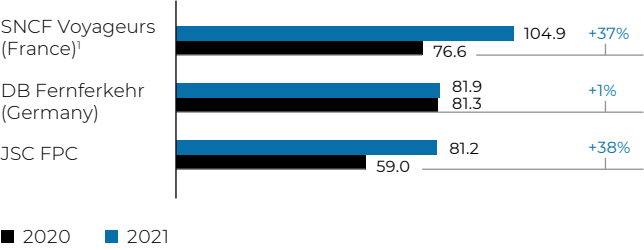
According to the results of 2021, the international traffic change was 142.5% compared to 2020: 141.3% in international traffic with CIS and Baltic countries and 430.7% in international traffic with Abkhazia. There were no trains running to/from far-abroad countries in 2021.

International passenger traffic million people

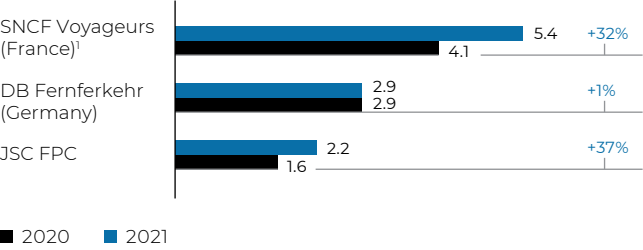


COMPARISON TO FPC’S PEERS

Passengers carried million people



Revenue EUR billion



FPC’S PEERS



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 Voyageurs, Business Unit — TGV-INTERCITÉS (France)

TGV-INTERCITÉS is the business unit of SNCF Voyageurs — the passenger carriage division of SNCF Holding. It specialises in long-distance passenger servicing in France and other European countries.

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

Federal Passenger Company

JSC FPC (Russia)

Unlike the cited 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 10 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 Data are provided for the TGV-INTERCITÉS transport company operating long-distance trains in France.

STRATEGY OF THE COMPANY

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

In 2019, JSC FPC developed and approved the Long-Term Development Strategy until 2030¹ and set up a framework for its implementation.

Also, the Company approved the Regulations on the System of Key Performance Indicators of JSC FPC² 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.



¹ Approved by the resolution of the Board of Directors of JSC FPC (extract from Minutes No. 11 dated 27 December 2019).
² Approved by the resolution of the Board of Directors of JSC FPC (Minutes No. 6 dated 18 October 2021).

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

planned to be serviced in 2025

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

135

RUB BILLION

investments in purchases of new rolling stock in 2022–2025 (cumulative)

Socially responsible company

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

54

BILLION PKM

passenger-kilometres in the regulated segment in 2025

Highly efficient, financially stable company

- Maximising financial results and ensuring self-sufficiency in operations

330

RUB BILLION

estimated earnings in 2025

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 the Parent Company.

FPC’s strategic goals

Passengers carried, million passengers

Revenue, RUB billion

EBITDA, RUB billion

Net debt / EBITDA, ratio

Carriage acquisition

2025

118

330

53

NOT MORE THAN 2

>3,700 CARRIAGES
(cumulative from 2022 to 2030)

2030

122

431

82

2021 STRATEGY DELIVERY SUMMARY

In 2021, JSC FPC adapted to the new realities caused by the new coronavirus pandemic: it responded more quickly to restrictions imposed in various regions of our country, timely implementing a range of measures aimed at increasing demand and optimising costs.

The Company maintained interregional ties and fulfilled all the requirements of Federal Service on Surveillance for Consumer Rights Protection and Human Well-Being (Rospotrebnadzor) related to increasing the availability of railway transportation and preserving the health of passengers.

In the context of the restrictive measures, JSC FPC continued to improve its services, develop new routes and renew its rolling stock.

As before, the Company continues to take care of its staff. Particular attention is paid to the general positions.

Comfortable working conditions for JSC FPC's employees are a guarantee of high quality passenger service. To create these conditions, funds are being allocated for the overhaul of recreation facilities for attendants: the premises are being repaired and equipped with modern furniture and sanitary amenities.

STRATEGIC AREAS OF DEVELOPMENT

Network

In 2021, the route network of double-decker trains was expanded. New double-decker trains No. 72/71 Moscow – Cheboksary, No. 277/278 Saint Petersburg – Anapa, No. 137/138 Orenburg – Samara – Moscow, No. 29/30 Saint Petersburg – Belgorod, No. 43/44 Saint Petersburg – Kostroma were launched.

Two pairs of high-speed daytime trains No. 717/718, No. 721/722 were also launched in 2021: they connect Moscow and Minsk by daily circulation of Lastochka trains.

Fleet

The carriages will be purchased under the Long-Term Contract signed with the suppliers for the period until 2025 and providing for the supply of rolling stock in four batches:

- Existing model range
- New models of single-decker carriages
- New models of double-decker carriages
- 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.

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 2021 the Company operated traffic on seven routes, including:
- existing three routes: Belgorod – Alekseyevka – Rossosh, Boksity – Serov – Yekaterinburg, Kostroma – Yaroslavl – St Petersburg;
 - two routes were recovered: Vologda – Yaroslavl – Moscow, Moscow – Arzamas – Diveyevo;
 - two new routes: Moscow – Sergach – Bolshoye Boldino, Sovetskaya Gavan – Khabarovsk – Ussuriysk – Andreyevka.

43.5 thousand passengers travelled on multimodal routes in 2021.

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 (mail, cargo, etc.).

Purchased in 2021

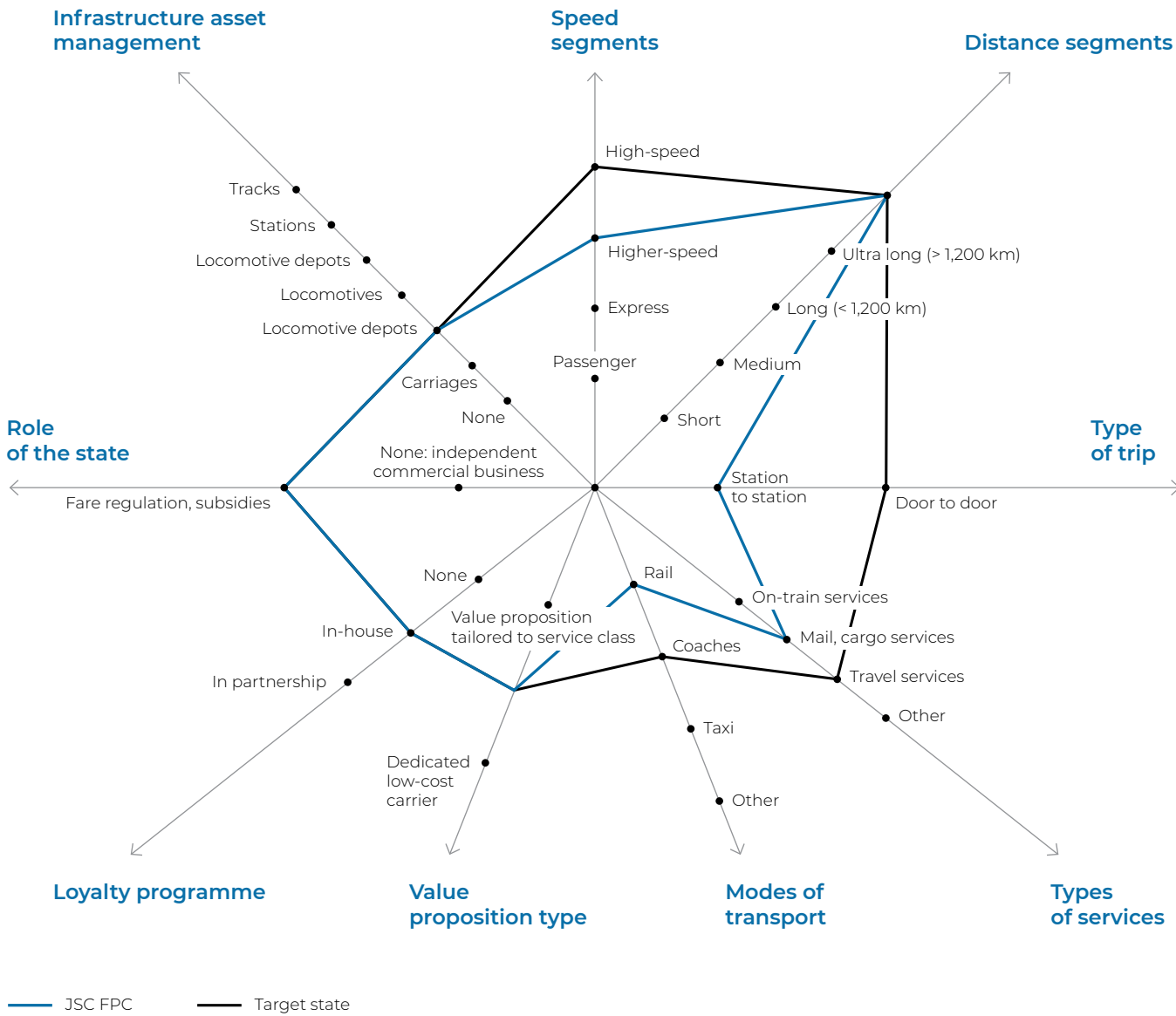
436 NEW CARRIAGES
(346 single-deckers and 90 double-deckers)

The following was accomplished in 2021:

- A cloud-based passenger identification and service system has been introduced
- An unaccompanied pet carriage service was made available
- Parcel transportation on trains has been increased
- April 2021 saw the launch of the national project Tourism and Hospitality Industry, which implies a doubling

of domestic tourist traffic by 2030. The Company has been actively involved in the development of railway tourism — about 81 thousand passengers were carried. Sochi, Zhemchuzhina Kavkaza (Pearl of the Caucasus) and Baikalskaya Skazka (Baikal Fairy Tale) are striking examples of tourist trains.

TARGET BUSINESS MODEL¹



¹ Draft target business model outlined for FPC in the Parent Company's Long-Term Development Programme 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 the Parent Company strategic goals.

The list of KPIs and the methodology for calculating the extent of KPI fulfilment are determined by the Regulations on the System of Key Performance Indicators for the Purposes of Bonus Payment to JSC FPC Managers¹ (hereinafter referred to as the Regulations).

JSC FPC's corporate KPIs as defined in the Regulations reflect the Company's performance in the reporting period and are based on the strategic goals and objectives set for the Company.

The total weight of corporate KPIs in the annual bonus system for the sole executive body is 100%; for key executives — 70%.

In accordance with the requirements of the Regulations, KPIs are to be assessed for a year.

The list of corporate KPIs of JSC FPC includes the following indicators:

- Passenger satisfaction index (long-distance trains)
- Fleet availability factor
- Traffic safety level
- Passenger departures
- Revenue from regular activities
- EBITDA margin
- Net debt / EBITDA
- Effective corporate governance practices

FPC'S KEY OBJECTIVES FOR 2022

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 2022:

- Expansion of the geography of double-decker trains
- Launch of new trains
- Improving the competitiveness of the existing product range and renewing 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 88.7 points

Improvement in the level of traffic safety

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

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

Undertaking the measures to minimise the adverse environmental impact

Developing the human capital of JSC FPC

¹ Approved by the resolution of the Board of Directors of JSC FPC (Minutes No. 6 dated 18 October 2021).

BUSINESS MODEL

STATE

- Regulation and subsidies. Interest in increasing transport mobility
- Control of service quality and safety levels to ensure they meet the approved standards
- Stronger investment appeal of the transport industry
- Higher budget efficiency of the transport industry

KEY PARTNERS

Parent Company and its branches

- Provider of locomotive and infrastructure services
- Supplier of equipment and materials

Commuter companies

- Ticket sales, multimodal passenger transport services

Market

Resource suppliers

- Carriage supplier
- Finance market
- Labour market
- Materials and equipment market
- Technology market
- Technical services and maintenance market

KPI

- Fleet availability factor
- Effective corporate governance practices

LINES OF BUSINESS



Regulated domestic long-distance passenger services



International long-distance passenger services



Deregulated domestic long-distance passenger services



Long-distance baggage, unaccompanied baggage, and mail transportation



Other lines of business

KEY RESOURCES

Staff (average headcount)

51,300
EMPLOYEES

Carriage kilometres

2,413 MILLION
CARRIAGE-KM

Loans and borrowings (as at 31 December 2021)

64.5 RUB BILLION

Carriage fleet

15,800
CARRIAGES

Technical services and maintenance

~400
CONTRACTORS

Equipment and materials

- 23 depots
- 36 carriage sites
- 10 railway agencies
- 1 Vehicle Transport Centre

DISTRIBUTION OF KEY FINANCIAL FLOWS

Investment activities

RUB billion



- Rolling stock acquisition
- Rolling stock modernisation
- Others

Operating activities

RUB billion



- Expenses for services and infrastructure
- Payroll expenses
- Expenses for locomotive lease
- Material expenses

Financial activities

Interest payable **5.0** RUB BILLION

KPI

- Passenger departures
- Net debt / EBITDA

JSC Federal Passenger Company

KPI

- Level of traffic safety
- Passenger satisfaction index (long distance trains)

PRODUCT RANGE

Transportation



Branded trains:

- deluxe, first- and second-class sleeping carriages, third-class open sleeping carriages, motorised and seating carriages



Standard trains:

- deluxe, first- and second-class sleeping carriages, third-class open sleeping carriages, motorised and seating carriages



International service:

- Deluxe, RIC and seating carriages



Tourist trains

Other

- Baggage, unaccompanied baggage, and mail transportation
- Repair and maintenance of rolling stock
- Value-added services on trains
- Other services

PROMOTION

- Advertising campaigns
- PR support in media and events
- Information and promotional materials in trains, ticket offices and on the internet
- Marketing promotions
- Loyalty programme

SALES CHANNELS

- JSC FPC (25.8%)
- Internet (69.0%)
- Agencies (5.2%)

KEY VALUES

For the passengers:

- Safe, affordable and comfortable travel
- Good travel experience
- Saving time

For the state:

- Driving population mobility while ensuring the effectiveness of budget expenditures

For corporate clients and other consumers:

- High quality work at a reasonable price in a reasonable time

CUSTOMERS



Passengers



Corporate clients



Other consumers



Government authorities and institutions

Cost breakdown

RUB billion



- Passenger services
- Other activities

203.6 RUB BILLION
expenses, total

For reference

Subsidies from the federal budget **11.1** RUB BILLION

KPI

- Revenue from regular activities
- EBITDA margin

Key risks¹

Net profit (loss)

-5.4 RUB BILLION

¹ In accordance with the Risk Management section.

ORGANISATIONAL STRUCTURE

FPC's organisational structure includes administration, 10 centres, 10 regional branches, and six subsidiaries and affiliates. The branches comprise 23 passenger carriage depots, 36 carriage sites, 10 railway agencies, and the Vehicle Transport Centre.

JSC FPC



FPC's subsidiaries and affiliates



FPC's administration

Units of the following sections:

- Transport Support
- Business Development and Operations
- Transport Management
- Premium Services
- Economics and Finance
- Marketing
- Human Resources and Social Management
- Safety and Security
- Corporate Governance

Other units supporting and supervising operations



FPC's structural units (10 centres)



FPC's branches (10)

Branch administrations

Branch structural units (70)

- 36 carriage sites (CSs)
- 23 passenger carriage depots
- 10 railway agencies (RWAs)
- 1 Vehicle Transport Centre

Expanding geography, extending the fleet



77%

recovery of traffic level against 2019

138%

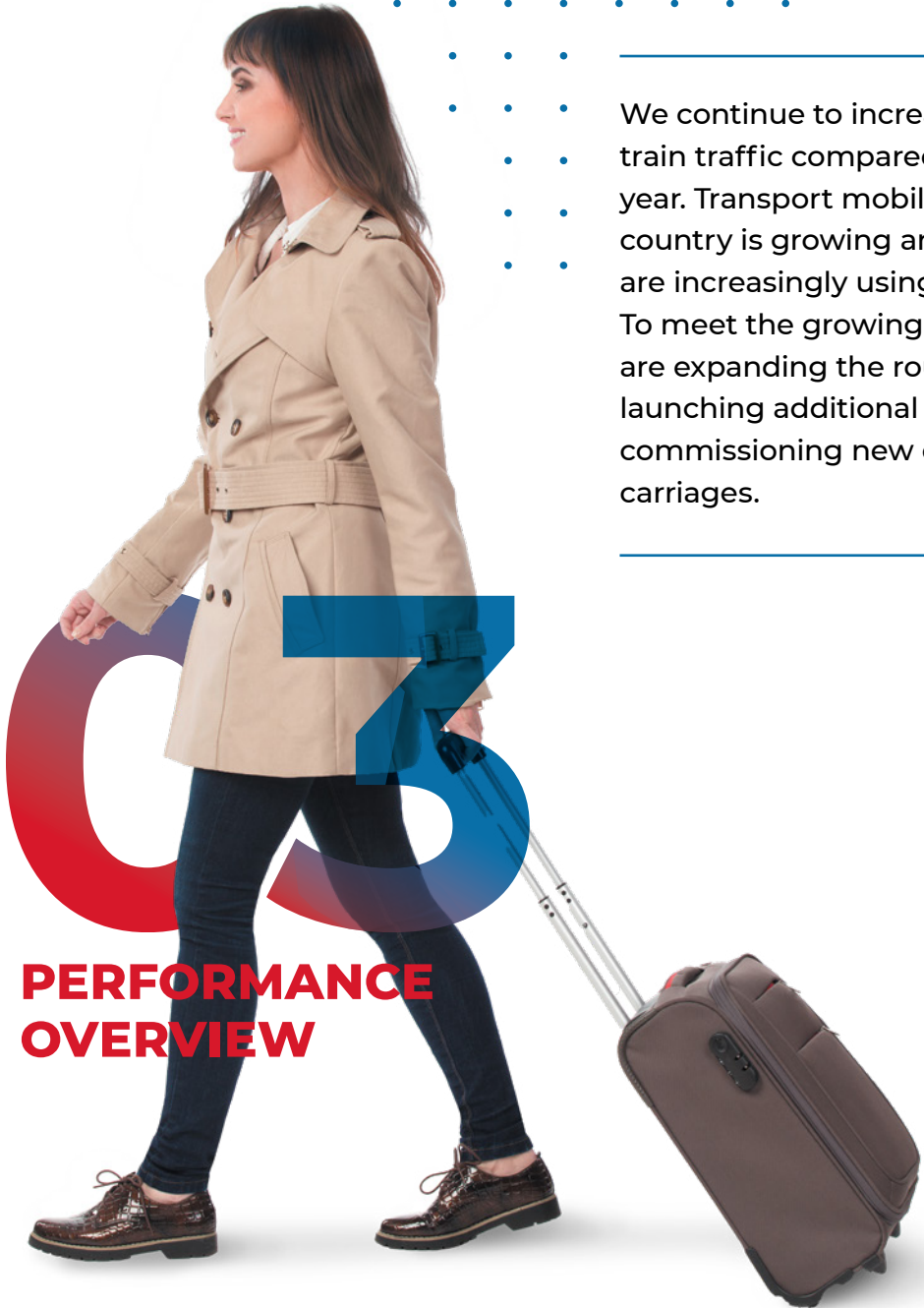
growth in the number of passengers serviced against 2020

60.8%

growth in the passenger traffic by double-deckers

90

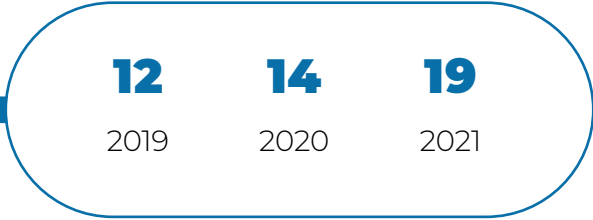
double-decker carriages commissioned in 2021



PERFORMANCE OVERVIEW

We continue to increase the volume of train traffic compared to the previous year. Transport mobility within the country is growing and passengers are increasingly using the railway. To meet the growing demand, we are expanding the route network, launching additional trains and commissioning new double-decker carriages.

Number of double-decker routes



MESSAGE from the General Director

Dear shareholders, partners and colleagues,

In 2021, the Federal Passenger Company continued to operate under pandemic conditions. However, the past year has brought challenges as well as positive results. For this I would like to thank, above all, the Company's many-thousand-strong team.

The main challenges are expanding the range of double-decker trains and applying new approaches to the development of tourist traffic and the route network.

By the end of 2021, double-decker trains carried more than 8.6 million passengers. There are plans to further expand the geography of such trains to cities in the Urals and Siberia. New routes are synchronised with market needs and are classified as the Company's priority projects.

Technologies for organising multi-unit trains are being improved: in 2021, their number reached 138. Such approaches fully preserve the population's transport mobility and achieve maximum economic effect by reducing operating costs.

The company has significantly renewed its rolling stock fleet. More than 400 new passenger carriages are included in the trains running the most popular routes. Out of those, 66 carriages are of the new 2020 model range with an increased size of the upper deck and a brightly designed children's compartment. Passengers were able to travel in such carriages on tourist trains to Baikal, Karelia, and on a regular train on the Orenburg – Samara – Moscow route.

During the year, the introduction of services continued, electronic ticket sales grew steadily, and special fares with discounts for various categories of passengers, including families with children, were widely applied. For example, in accordance with a Russian Government Decree aimed at developing domestic tourism, Russian

families with children were able to purchase travel documents in compartment carriages at a discount of up to 40% and use long-distance trains more frequently.

In 2021, the Company abandoned the use of paper ticket: when boarding a train, passengers need only show their passport or other document that was used as the basis for booking the ticket.

The test phase of the Catering Service Concept was launched; the possibility of introducing such a service on more routes is currently being considered. The service of food delivery to trains has been further developed.

Undoubtedly, effective results can be achieved when the entire Company team works well together and there is an open dialogue between managers and subordinates. In 2021, the Public Council of Employees was formed under the General Director of JSC FPC, which includes representatives of train crews and long-service employees of the railway industry. During the first meeting of the Public Council, more than 150 proposals from our employees were considered and many of them have already been implemented.

I am sure that the promising projects of the last year will be continued in the future. In today's difficult conditions, JSC FPC will do everything possible to increase its achievements, fulfil its obligations to its employees and passengers, and maintain transport accessibility, a well-developed train network and quality service.

8.6

MILLION PASSENGERS

carried by double-deckers in 2021

The number of multi-unit trains in 2021 reached

138

>400

NEW CARRIAGES

were included in the trains running on the most demanded routes

>150

PROPOSALS

from our employees were reviewed by the Public Council, many of those have already been implemented

“The main challenges we face today are expanding the range of double-decker trains and applying new approaches to the development of tourist traffic and the route network.”

MARKETING POLICY

The Company's Marketing Policy plays an important role in retaining existing customers and attracting new ones.

JSC FPC is a customer-focused company. In order to increase passenger satisfaction, attract passenger traffic to rail transport and improve the overall affordability of transportation, the Company actively uses incentives and marketing initiatives aimed at reducing the passenger fare burden.

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-plan 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.

From 1 January 2021, tariffs in this transportation segment are indexed by 3.7% to the level of 2020 (Order of the Federal Anti-Monopoly Service (FAS of Russia) No. 845/20 dated 16 September 2020).

Since 2003, tariff differentiation is allowed by applicable laws. To reduce seasonal fluctuations in demand, indexes differentiated by calendar periods are applied to base tariffs.

Since 2021, JSC FPC has been granted the right to establish calendar-period differentiated indices to the tariff rates with a maximum index of 1.2. The indices are calculated depending on demand changes at a level, which ensures that their average annual value does not exceed 1.0 (Order of the Federal Anti-Monopoly Service No. 845/20 dated 16 September 2020), and approved by the Company's internal regulatory documents.

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

We continued to run marketing campaigns to generate demand for tickets in third-class open-plan sleeping carriages and fourth-class seating carriages. Reduced fares for certain categories of seats and berths (depending on their location) has made passenger services more affordable for different passenger categories without exceeding the price limits set in Decree of FAS Russia No. 845/20 dated 16 September 2020.

A zero VAT rate for long-distance public rail passenger services was set as from 2017 under Federal Law No. 401-FZ dated 30 November 2016 On Amendments to Parts One and Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation.



Deregulated transportation segment

JSC 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 Charges.

JSC 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 dated 14 December 2010 On Changing State Regulation of Natural Monopolies in the Context of Domestic Public Rail Passenger Services, as well as Bed Linen Provision Service.

As a result, in the deregulated segment, JSC FPC provides passenger services in the second- and first-class sleeping carriages, deluxe carriages, and in all carriages of higher-speed trains.

In this segment, JSC 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.

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.

JSC FPC runs various marketing promotions to stimulate consumer demand in both the deregulated and regulated segments and to defend the Company's position in the passenger market.

MARKETING PROMOTIONS

The promotions run in 2021 had different objectives, depending on the external environment.

- **Improving the utilisation rate of individual train groups.** In 2021, **45 such promotions** were implemented (e.g. promotions to load trains coming from the Russian Black Sea coast in May and the first half of June, discounts on double-decker trains, discounts on higher-speed trains, promotions aimed at loading trains with lagging performance or occupancy reserves).
- **Network-wide travel incentives (41 promotions).** For example, promotions in the third-class open-plan sleeping carriages for certain categories of berths, discounts when purchasing tickets for all berths in a first-class or second-class sleeping compartment, as well as discounts when booking return journeys.
- **Targeted offers for groups of passengers (30 promotions).** These include birthday discounts, discounts for children and seniors. Promo codes are also sent out to passengers who have reduced the number of trips on their trains. Discount cards and Business Passes have been introduced to encourage frequent travelling.
- In addition, more than 160 spot marketing initiatives were implemented in 2021.

>116
MARKETING PROMOTIONS
has been run in 2021

in addition, 160 local marketing initiatives were implemented

~3 MILLION PASSENGERS
Additional attraction in 2021 was achieved due to the Company's flexible pricing policy

In 2021, the range of non-refundable fares has been extended: in a last compartment on all domestic trains, there is a 25% discount to the fares in second-class sleeping carriages with four-berth compartments, provided there is no refundable fare.

The Company continues to resume marketing promotions that have resonated most with passengers.

- To ensure a higher level of self-isolation and safer travel for passengers, a discount of up to 20% is offered if a passenger purchases tickets for all berths in a second-class sleeping compartment and up to 30% discount in case of a first-class sleeping compartment.
- During the summer period, a 20% discount for families with three or more children who are participants in the Loyalty Programme was offered.
- In order to improve transport mobility of the population in accordance with the Russian Government Resolution, a discount (benefit) of up to 40% was provided for families with children travelling in the second-class sleeping carriages of long-distance trains from 2 August until the end of 2021. The Company has not previously offered this discount.

- In addition to discounted tickets for third-class open-plan sleeping and fourth-class seating carriages and carriages with seats in the 800 series trains, for the academic year, school students are 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-plan sleeping carriages for the same travel distance.
- To stimulate journeys, serial campaigns Happy Tuesday were implemented on the Defender of the Fatherland Day and International Women's Day, with 30% discount for men and women, discount for children aged from 10 to 17 years, and discount for all passengers during single Happy Tuesday.

The range of marketing initiatives developed and implemented to increase the affordability of travel and transport mobility of the population has yielded results: according to estimates, in 2021 about 3 million additional people were able to travel on JSC FPC trains due to the Company's flexible pricing policy.



PROJECTS IMPLEMENTED IN 2021

Daytime trains

In 2021, daytime long-distance trains carried more than 16.3 million passengers, or 92% of the 2019 level, amid the COVID-19 pandemic. Daytime traffic accounted for 20.2% of JSC FPC's total annual passenger traffic.

In the 2020/2021 train schedule, 67 daytime train pairs ran on 40 routes, including Moscow – Tambov, Moscow – Lipetsk, Moscow – Yaroslavl, Moscow – Belgorod, Moscow – Smolensk, Moscow – Kursk, Moscow – Bryansk, Moscow – Saransk, Krasnodar – Adler, and Krasnodar – Imeretinsky Resort.

53.8%

increase in passenger traffic by daytime trains as compared to 2020

From 30 April 2021, new Lastochka daytime trains began to run in daily circulation for the following routes:

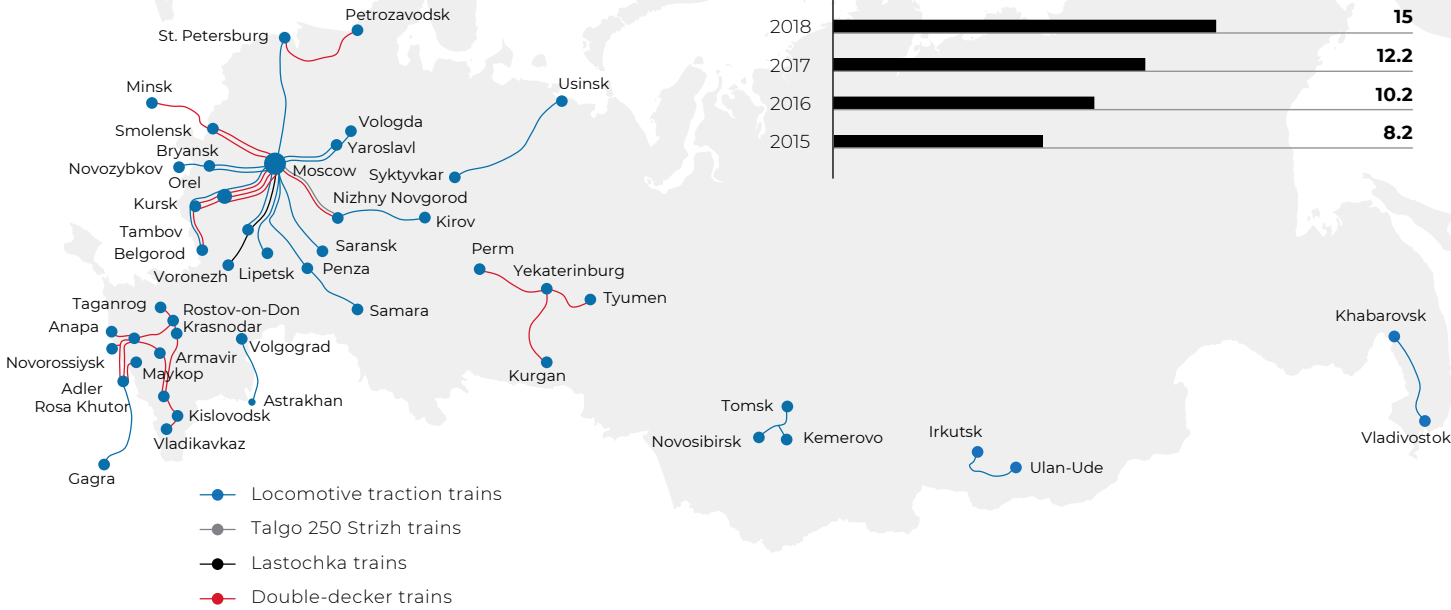
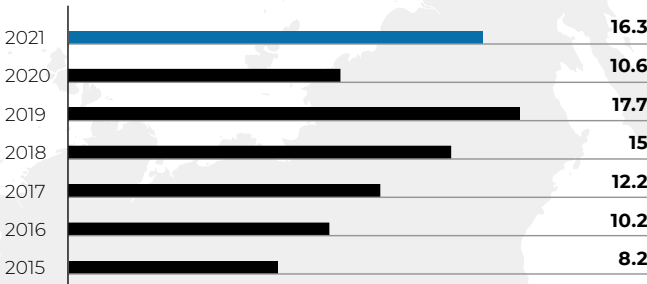
- No. 717/718 Moscow – Minsk
- No. 721/722 Moscow – Minsk

Passenger services by JSC FPC's daytime trains

Passengers carried thousand people



Passengers carried by high-speed trains since 2015 million people



40 ROUTES 67 TRAIN PAIRS

New daytime trains launched in 2021

No. 717/718, 721/722 Moscow – Minsk (from 30 April 2021)

Double-decker trains

At the end of 2021, double-decker trains carried more than 8.5 million passengers, 43.4% higher than in 2019. Double-decker traffic accounted for 10.6% of JSC FPC's total annual passenger traffic.

As part of the expansion of the double-decker service area, the following new trains were appointed in 2021: No. 72/71 Moscow – Cheboksary, No. 277/278 St. Petersburg – Anapa in the summer period, No. 137/138 Orenburg – Samara – Moscow, No. 29/30 St. Petersburg – Belgorod, No. 43/44 St. Petersburg – Kostroma.

The double-decker rolling stock was used on 19 routes: Moscow – Kislovodsk, Moscow – St. Petersburg,

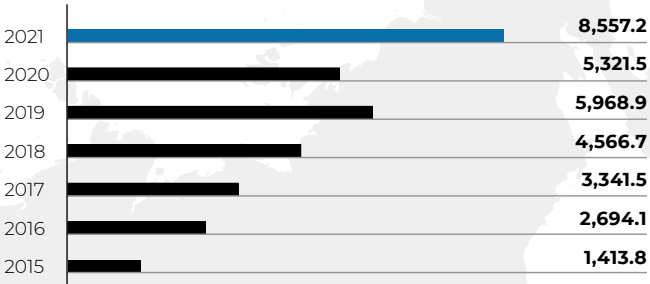
60.8%

increase in passenger traffic by double-decker trains as compared to 2020

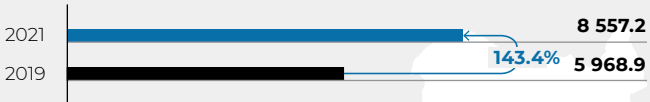
Moscow – Petrozavodsk, St. Petersburg – Murmansk, Moscow – Kazan, Moscow – Izhevsk, Moscow – Samara, Moscow – Penza, St. Petersburg – Adler, Moscow – Adler, Rostov – Adler, Moscow – Voronezh, Moscow – Smolensk, Moscow – Bryansk, St. Petersburg – Belgorod, Moscow – Cheboksary, Moscow – Orenburg, St. Petersburg – Kostroma, and St. Petersburg – Anapa.

Passenger services by JSC FPC's double-decker rolling stock

Passengers carried by high-speed trains since 2015 million people



Passengers carried thousand people



New double-decker trains launched in 2021

- No. 72/71 Moscow – Cheboksary (from 8 May 2021)
- No. 277/277 St.-Petersburg – Anapa (from 30 May 2021)
- No. 137/138 Orenburg-Moscow (from 3 December 2021)
- No. 29/30 St. Petersburg – Belgorod (from 12 December 2021)
- No. 43/44 St. Petersburg – Kostroma (from 15 December 2021)

19 ROUTES 26 TRAIN PAIRS

Higher-speed trains

In 2021, JSC FPC's higher-speed trains carried more than 9.4 million passengers, or 92.3% of the 2019 level, accounting for 11.7% of JSC FPC's total annual passenger traffic.

At the end of 2021, 30 pairs of high-speed JSC FPC trains were running on 10 routes (Moscow – Nizhny Novgorod, Moscow – Smolensk, Moscow – Voronezh, Moscow – Orel, Moscow – Kursk, Moscow – Bryansk, Moscow – Belgorod, Moscow – Minsk, Moscow – St. Petersburg, St. Petersburg – Samara).

Passenger services by JSC FPC's higher-speed trains

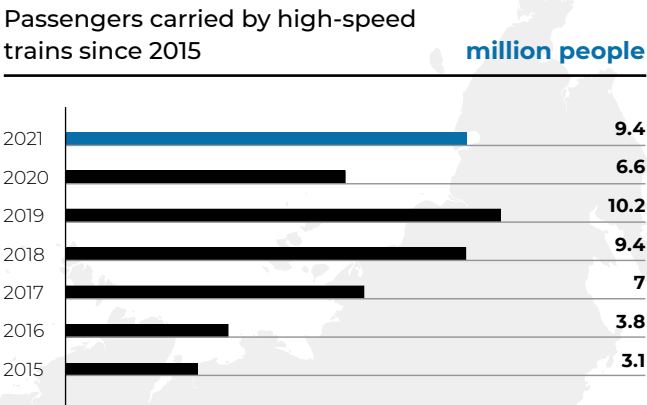


10 ROUTES

30 TRAIN PAIRS

42.4%

increase in passenger traffic by higher-speed trains as compared to 2020



Autorack cars

>6,900 VEHICLES

transported in autorack cars running as part of JSC FPC's trains

45.4% higher than in 2020

Fare products

In 2021, the Company has launched more than 30 marketing promotions using promo codes, aimed at encouraging passengers to travel by rail, increasing the number of participants in the Loyalty Programme as well as expanding the customer base that left their consent to receive information and promotional mailings.

The most popular promo code campaigns:

- Promo codes with a 50% discount to health care workers fighting the spread of COVID-19 (from October 2020 to 31 March 2021, more than 20,000 such promo codes were issued);
- Promocodes for passengers who did not travel in 2020–2021 but used JSC FPC trains in 2019 and earlier
- Promo codes for clients of JSC FPC's partners as part of the Loyalty Programme

By the end of 2021, more than 53,000 tickets were purchased using promo codes.

In 2021, the list of routes covered by Business Pass was expanded. Thus, Business Pass can be purchased for trains running between Moscow and Cheboksary, Moscow and Petrozavodsk, and Moscow and St. Petersburg (for all trains or separately for double-decker trains). In total, more than 1,000 Business Passes were purchased in 2021, providing for 11,000 journeys.

For reference: in 2018, the first pilot Business Pass e-card was launched on the Moscow – Nizhny Novgorod route.

In 2021, the Discount Card project was launched for the first time. With cards purchased in advance, passengers can book tickets in second-class sleeping carriages or carriages with seats with a permanent discount (from 10% to 20%, depending on the selected fare plan) during the validity period of the card. A total of 315 e-cards were purchased between July and December 2021.

EXPANDING PRESENCE IN THE INTERNATIONAL TRANSPORT MARKET

KEY PRINCIPLES OF JSC 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 Parent Company’s infrastructure.

TRAFFIC VOLUMES AND INTRODUCING NEW TRAINS

In order to organise the traffic of suburban trains MTsD-2 and MTsD-4 during the reconstruction of the Moscow railway hub, the traffic of long-distance passenger trains was altered.

So, from 15 January 2021, departure/arrival of eight pairs of passenger trains was transferred from Moscow-Passazhirskaya-Kurskaya station to Moscow-Passazhirskaya-Paveletskaya station (trains No. 55/56 Moscow – Baku, No. 143/144 Moscow – Kislovodsk, No. 517/518 Moscow – Anapa, No. 533/534 Moscow – Adler) and Moscow-Passazhirskaya-Kievskaya (trains No. 83/84 Moscow – Adler, No. 109/110 Moscow – Anapa, No. 231/232 Moscow – Yeisk, No. 563/564 Moscow – Anapa).

On May 29, 2021, the traffic flow schedule of passenger trains was changed and a new Vostochny railway station was put into service with 18 pairs of transit trains on the route Khovrino – Likhobory (change of direction) – Cherkizovo – Lefortovo, which caused an increase in travel time for trains going from North-West to South. In addition, eight pairs of trains between Moscow and Nizhny Novgorod were transferred to the Eastern Terminal of Cherkizovo station.

In the 2020/2021 standard train schedule, the overall traffic of JSC FPC passenger trains amounted to 479 train pairs, including 283 pairs of express trains, 168 pairs of passenger trains and 28 pairs of higher-speed trains.

A total of 138 splitting train pairs were included in the schedule to improve operating performance and rolling stock efficiency: 98 pairs of year-round trains, 34 pairs of summer trains and six pairs of winter trains.

To improve the passenger experience and attract more passengers to rail, the 2021/2022 schedule includes 37 new long-distance JSC FPC train pairs

37 PAIRS
OF NEW LONG-DISTANCE RAINS
are planned for the year 2021/2022

New long-distance trains:

- No 91/92 Moscow – Stary Oskol
- No. 99/100 Nizhny Novgorod – Kislovodsk
- No. 99/100 Yekaterinburg – Surgut
- No. 105/106 Orenburg/Samara – St. Petersburg
- No. 120/119 Perm – Novy Urengoy
- No. 133/134 Moscow – Derbent
- No. 143/144 Ussuriysk – Tikhookeanskaya (for Khabarovsk – Tikhookeanskaya carriages attached to the train No. 2/1 Moscow – Vladivostok)
- No. 287/288 Belgorod – Kislovodsk
- No. 362 Priobie – Yekaterinburg (for Priobie – Moscow carriages attached to the train No. 11 Novy Urengoy – Moscow)
- No. 361/362 Mineralnye Vody – Nalchik (for Moscow – Nalchik carriages attached to the train No. 33/34 Moscow – Vladikavkaz)
- No. 333/334 Mineralnye Vody – Vladikavkaz (for Moscow – Vladikavkaz carriages attached to the train No. 61/62 Moscow – Nalchik)
- No. 383 Nizhny Tagil – Priobie (for Moscow – Priobie carriages of the train No. 12 Moscow – Novy Urengoy)

- No. 397/398 Kirov – Kazan (for Kirov – Kislovodsk carriages attached to the train No. 445/446 Yekaterinburg – Kislovodsk)
- No. 616/615 Isakogorka – Severodvinsk (for Moscow – Severodvinsk carriages attached to the train No. 115/116 Moscow – Arkhangelsk)
- No. 643/644 Balashov – Rtischevo (non-transfer group Moscow –Rtischevo attached to the train No. 379/380 Moscow – Kamyshin).

Double-decker trains (four pairs):

- No. 29/30 St. Petersburg – Belgorod
- No. 43/44 St. Petersburg – Kostroma
- No. 277/278 St. Petersburg – Anapa
- No. 737/738 St. Petersburg – Moscow, due to cancellation of the Nevsky Express train No. 747/748

Lastochka (two pairs):

- No. 821/822 Tyumen – Omsk
- No. 833/834 Krasnodar – Vladikavkaz



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

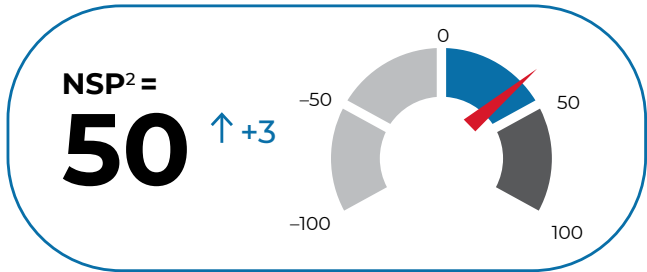
Passenger satisfaction with service quality is monitored on a regular basis through online surveys at opros.fpc.ru. This channel provides the Company with recent feedback and customer reviews enabling prompt responses to passenger comments and suggestions.

According to passenger evaluation of service quality in 2021, customer satisfaction score was 4.42 on a 5-point scale, up 0,03 point from the 2020 level.

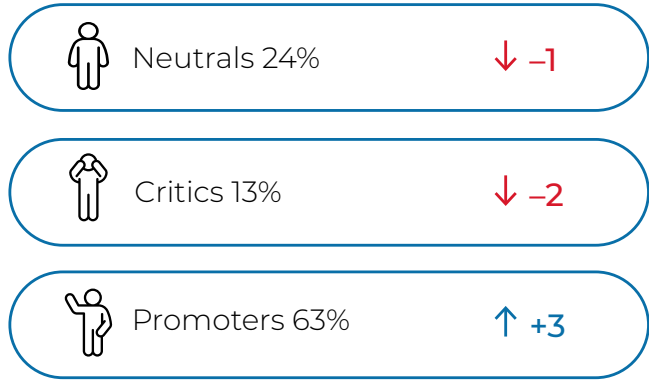
Service quality evaluation



Level of service loyalty



Passenger loyalty index by the end of 2021



Number of respondents —

342,209
PEOPLE

Research method:
ONLINE SURVEY

¹ Customer Satisfaction Index.
² Net Promoter Score.

Overall passenger satisfaction with JSC FPC services is based on passenger ratings of the following:

- Ticketing process (online, in a mobile app or booking offices)
- Fare pricing
- Customer service on-board (travel comfort, technical condition and cleanliness of carriages, attendants' performance, quality of bed linen and travel kit)
- Catering (prepaid meals, dining carriage services and merchandise)
- Loyalty programme

In order to develop service and improve the competitiveness of the Company, as well as to determine the level of passenger loyalty to the Company and willingness to recommend its services, the NPS¹ index is regularly monitored.

In 2021, the NPS index is recorded at 50. This index has increased by 5 p.p. compared to 2020. Passengers are loyal to the Company, as the share of promoters is 49% larger than that of detractors.

Key customer service quality metrics

Fare	4.11
Loyalty Programme	4.35
Bedding	4.47
Sanitary condition	4.38
Attendants' work	4.69
Ticket purchase	4.71
Travel with children	4.35
Travel kit	4.51
Security	4.51
Dining carriage services	4.08
Pre-paid meals on board	4.03
Comfort category	4.37
Technical state of carriages	4.48
Poputchik (Fellow Passenger) portal	3.61



CUSTOMER SERVICE INNOVATIONS

PASSPORT-BASED BOARDING OF PASSENGERS ON TRAINS

From 1 July 2021, JSC FPC will organise boarding of passengers on trains only on presentation of a personal identification document, without need to submit a travel document. For this purpose, all train attendants have been provided with electronic ticket legitimacy control devices featuring software makes to obtain information on all operations with travel documents.

The new technology of boarding a train is more convenient for passengers, increased their satisfaction with the journey and eliminated the cases of boarding rejection if a passenger has left or lost a ticket. It has also eliminated the need to collect and store paper tickets.



CARRIAGES WITH A CHILDREN'S COMPARTMENT

For the convenience of young travellers, from 2021, specialised compartment carriages for passengers with children began to run in trains formed by JSC FPC.

The feature of this compartment is a bright and interesting modern design with a novelised colour range of finishing materials.

The lower berths in compartments may be converted from a sleeping position to a folded position for daytime seating. Tables have chessboard design for leisure activities of young passengers. Compartments are equipped with wireless charging devices for mobile gadgets,

personal 220 V outlets, USB-ports, individual safes and air temperature regulators.

To provide additional safety the lower berths are equipped with playpen and upper berths may have safety net at passenger's request.

New carriages now run as part of the train No. 137/138 Orenburg – Samara – Moscow. The number of trains equipped with a specialised children's compartment will be expanded.



ENHANCING MEAL QUALITY

Food delivery to a carriage door

In 2019, a meal delivery service to the train car was developed and launched.

As of today, the service is provided both at departure and transit stations. Food delivery can be ordered when purchasing an e-ticket on the Parent Company's website or in the mobile app, as well as in through the Ordering Services to Tickets section (if a ticket is already booked), including after boarding a train (via a QR code link placed on information stickers in carriages).

76 CATERERS

at 51 stations participate in the meal delivery service

>5,200

PASSENGERS

have used the service since it was launched

JSC FPC co-operates with 76 caterers at 51 stations (Moscow, St. Petersburg, Samara, Yaroslavl, Novosibirsk, Krasnodar, Ulan-Ude, Irkutsk, Chita, Chelyabinsk, Khabarovsk, Saratov, Petrozavodsk, Ekaterinburg, Voronezh, Tyumen, Komsomolsk-on-Amur, Surgut, Vologda, Krasnoyarsk, Ivanovo, Vladivostok, Ufa, Mineralnye Vody, Nizhny Novgorod, Smolensk, Kazan, Adler, Penza, Cheboksary, Rostov-on-Don, Omsk, Anapa, Novorossiysk, Taganrog, Izhevsk, Mikun, Ussuriysk, Nakhodka, Artem, Taishet, Nizhneudinsk, Pskov, Sochi, Volgograd, Perm, Kirov, Kanash, Arzamas, Sergach, Agryz).

Catering concept

From 15 April 2021, JSC FPC started implementing the test phase of the Concept of Catering Services in Long-Distance Trains (hereinafter, the Concept). Currently, 11 bistro carriages are involved in the implementation of the test phase of the Concept, which run in trains on four routes:

- No. 01/02 Moscow – Volgograd
- No. 23/24 Moscow – Kazan
- No. 25/26 Moscow – Voronezh
- No. 103/104 Moscow – Adler

For bistro carriages, personnel were selected and trained according to a specially developed programme.

A new menu for bistro carriages has been developed, featuring dishes with a high degree of readiness, reflecting current trends in the catering segment and in accordance with passenger requests.

All meals are prepared at specialised facilities using fresh products. The entire process — from cooking to packaging — is supervised by highly qualified professionals. It should be noted that all salads are delivered only fresh.

The dishes ordered by the passenger from the standardised menu will be heated, further decorated and served. All actions will be prescribed in the individual flow charts to each dish. Ready-made meals, which are reheated during the journey, will only be used on some trains.

Table serving has been changed: branded table-mats and napkins are used, cutlery is served in individual envelopes. The new menu and bar list in bistro carriage has a modern design and creates a positive impression on passengers.

In the course of the test phase of the Concept, positive feedback was received from bistro carriage passengers regarding the improved quality of service, shorter waiting time for a ready order, high-quality design and serving of bistro carriage tables. In accordance with passenger requests, new dishes were added to the bistro carriage menu.

Currently, JSC FPC is preparing new routes to replicate the Concept.



CURRENT CONDITION OF THE PASSENGER CARRIAGE FLEET

- JSC FPC operates highly diverse rolling stock:
- Carriages of various type and age (average age is about 17 years)
 - Average wear is approximately 54%
 - Over 88% of carriages are equipped with air conditioning units
 - More than 79% of carriages have environmentally friendly toilets

The average carriage age, a key metric showing the technical condition of a carriage fleet, was 17.1 years as at 31 December

15,835 CARRIAGES
total passenger carriage fleet of JSC FPC as at 31 December 2021

2021. In recent years, the average age of the carriages has been decreasing and a significant amount of carriages are being written off due to their service life.



Changes in the carriage fleet structure

carriages

Carriage type	Description	Fleet as at 31 December 2020	Acquired	Withdrawn	Fleet as at 31 December 2021	Average age of carriages as at 31 December 2020, years	Average age of carriages as at 31 December 2021, years	Average wear, %
Deluxe	Compartment carriages (each featuring a shower room, a washbasin and a toilet)	114	0	0	114	13.2	14.2	49.5
First-class sleeping	Compartment carriages with double berth compartments	499	0	29	470	14.6	14.8	48.4
RIC	Compartment carriages, Euro standard size	267	0	1	266	11.9	12.8	39.7
MIXED	Compartment carriages with deluxe and first-class sleeping compartments	13	0	0	13	8	9	23.2
K	Second-class sleeping carriages (with four-berth compartments)	7,576	195	758	7013	18.9	18.4	60.5
O	Third-class open-plan sleeping carriages	6,569	95	115	6549	14.9	15.3	45.5
MO	Interregional carriages	637	0	38	599	15.1	15.4	51.5
B	Baggage carriages	166	0	54	112	21.9	22.6	75.8
R	Dining carriages	714	3	55	662	27	27	72.1
Other carriages	Power cars and ancillary vehicles	41	0	4	37	22.2	22.1	63.3
TOTAL		16,596	293	1,054	15,835	17.3	17.1	53.7

MODERN, HIGHER-PERFORMANCE ROLLING STOCK

To meet the demands of increasing passenger traffic as well as reduce travel times and ticket prices, JSC 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

683

DOUBLE-DECKERS

in the Company's fleet

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 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 seating carriage 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

RIC type sleeper car of 61-4476 model (WLABmz) is intended for international traffic within the International Union of Railways —

Union Internationale des Chemins de fer, UIC — (track gauge 1,435 mm) and in European part of the Russian Federation, CIS countries and Baltic states (track gauge 1,520 mm).

The carriage complies with mandatory standards of the Russian Federation (GOST, NB ZhT — Railway Transport Safety Regulations) and the European Community (Technical specifications for interoperability, TSI; European Norm, EN, and 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

200

CARRIAGES

of RIC type in the Company's fleet

using existing infrastructure facilities (gauge changing station at Brest).

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

Permits have been obtained in 16 European countries for the operation of new RIC (Regolamento internazionale per le Carrozze) gauge carriages.

TALGO TRAINS



140 CARRIAGES
of Talgo trains
in the Company's fleet



CARRIAGE-2019

The carriages are operated in trains of the Far East, East Siberian, Volga, Gorky, Moscow and Northwest Branches. In 2022, these carriages will be put into service in the West Siberian and Ural branches.

The Carriage-2019 model range was designed by a supplier. The model range includes model 61-4516 (third-class open-plan sleeping carriages), model 61-4517 (second-class sleeping carriages) and model 61-4529 (administrative 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 plus one carriage with no service compartment.

- The design features of the new model range carriages also include:
- Pressure-proof gangways
 - Full LED lighting

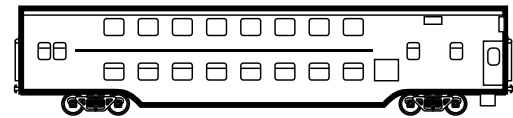
604 CARRIAGES
of Carriage-2019 model range
in the Company's fleet

- Power sockets (220 V) and USB ports at each berth
- Sensor taps, hand driers and baby changing tables in toilets
- Convertible tables and personal safes for each passenger in compartment carriages
- Automated sliding interior doors
- Renovated 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

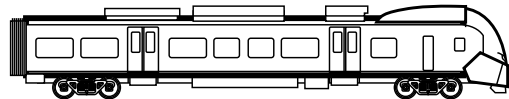
Average carriage life: at least 40 years



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

 **64 passengers**  **160 km/h**

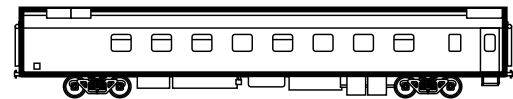
- Environmentally friendly toilet facility
- Air conditioner
- Water cooler
- Audio and video system



Lastochka higher-speed electric train (Desiro RUS)

 **443 passengers**  **160 km/h**

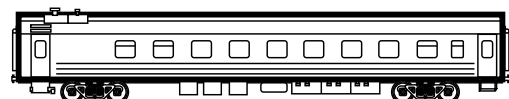
- Environmentally friendly toilet facility
- Air conditioner (an individual unit in each driving cab and each passenger compartment)
- Retractable steps for easy boarding from and alighting to low (220 mm) platforms
- Passive safety system for passengers
- Floor-mounted racks for large hand luggage



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

 **32 passengers**  **160–200 km/h**

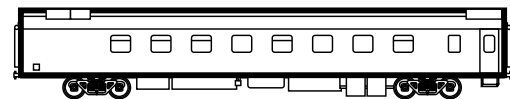
- Environmentally friendly toilet facility, including a shower
- Climate control (heating, ventilation, cooling)
- Water supply system
- Reading lights
- Power sockets to charge mobile phones or laptops
- Public address system with a volume control



Passenger seating carriage. Model 61-4458

 **60 passengers**  **160 km/h**

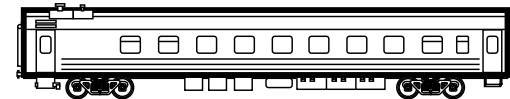
- Environmentally friendly toilet facility
- Air conditioner
- Water cooler
- Audio and video system
- Attendant call buttons



Compartment sleeping carriage for permanent composition train sets. Model 61-4462

 **38 (18) passengers**  **160 km/h**

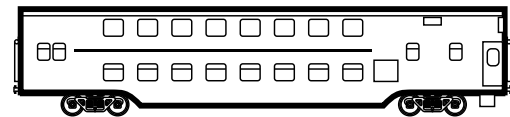
- Environmentally friendly toilet facility
- Air conditioner
- Water cooler
- Audio and video system



Open-plan sleeping carriage. Model 61-4447

 **54 passengers**  **160 km/h**

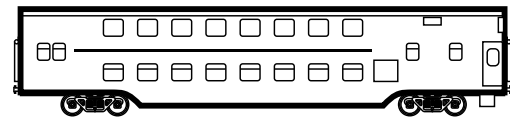
- Environmentally friendly toilet facility
- Air conditioner
- Fire-extinguishing system connected to the on-board water supply system



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

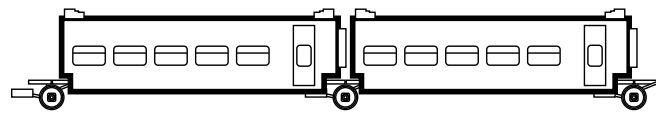


Double-decker carriage with seats. Model 61-4492

 **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 (Talga) higher-speed train

443 passengers **160 km/h**

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

For use on international routes

3 TRAINS WITH TRACK GAUGE SWITCHING (1,520/1,435)
216 PASSENGER SEATS

- 2 first-class carriages with seats
- 9 first- and second-class sleeping carriages
- 2 VIP class sleeping carriages with sanitary facilities and 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 TRAINS WITHOUT CHANGE OF RAIL GAUGE
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 – Nizhniy Novgorod)

7 TRAINS

made by Patentes Talga S.L.

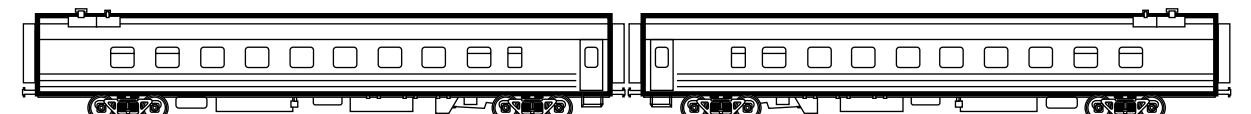
20 CARRIAGES

including:

1 buffet carriage

1 dining carriage

2 ancillary vehicles with diesel generator



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 (including 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

Carriage-2020

Carriage-2020 is a new design of double-deck carriages. The project features:

- 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 (or TO-1) increased to 10,000 km)
- Semi-automated customer service technologies with a single service compartment for two carriages (improving train crew productivity)

66 OF 683
DOUBLE-DECKER CARRIAGES
of Carriage-2020 model range

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

ROLLING STOCK IMPROVEMENT IN 2020–2025

JSC 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-PLAN SLEEPING CARRIAGE

The carriage concept development was commissioned by JSC 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 outer garments.

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

- 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.

The new concept includes a range of measures to ensure the following:

- 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).

Yet another R&D focus area is the Carriage–2023 model range, 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.

UPGRADING THE CARRIAGES



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

In 2019, a new concept for an open-plan carriage was introduced. The new concept was implemented in a pilot batch of carriages converted from traditional mass-produced carriages while undertaking 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-plan 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 2020–2021, JSC FPC continued to refresh its fleet of third-class open-plan sleeping carriages. 67 carriages of this type underwent overhaul reconditioning.

Based on the successful projects for overhaul reconditioning of third-class open-plan sleeping carriages with interior renewal, a refreshed interior design was developed

for second-class sleeping carriages 47K subjected for overhaul reconditioning. All innovations successfully used in the overhauled third-class open-plan sleeping carriages were also leveraged for second-class carriages.

In 2021, the overhaul reconditioning programme was completed for 148 second-class sleeping carriages featuring new interior design.

In 2020/2021, 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 Nikolayevsky 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.

The installation of environmentally friendly toilets is underway. In 2021, the share of carriages equipped with air conditioning units increased by 4.8%, and the share of carriages with environmentally friendly toilet facilities increased by 6% of the assigned fleet.

AVAILABILITY OF CARRIAGES EQUIPPED WITH AIR CONDITIONING UNITS AND ENVIRONMENTALLY FRIENDLY TOILET FACILITIES

The Company operates 12,939 carriages with power sockets for device charging, with the share of such carriages in the total fleet at 86.1%.

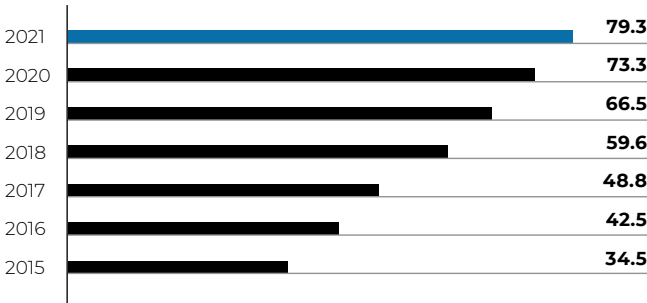
JSC FPC has completed a project to equip its branded trains with high-speed data lines, with a total of 6,850 carriages equipped with this connectivity solution. The data line is used to provide passengers with access to the Poputchik (Fellow Passenger) multimedia portal, as well as for technical purposes – 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.

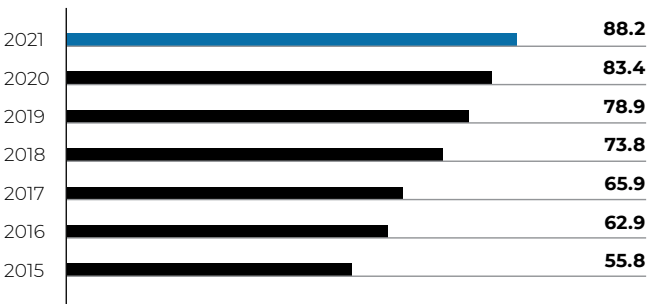
Water and air sanitisers are also being installed, with the share of carriages already equipped with these solutions already standing at 36.2% and 46.7%, respectively.

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

Share of the assigned fleet equipped with bio toilets



Share of the assigned fleet equipped with air conditioning



KEY OPERATIONAL HIGHLIGHTS

In 2021, the volume of JSC FPC's passenger traffic was significantly affected by the continued restrictive measures related to the sanitary and epidemiological situation in the regions of the Russian Federation, which led to a decrease in the number of departed passengers to 81.2 million in total, including 47.4 million in the regulated segment and 33.8 million in the deregulated segment. The number of passengers departed as a whole fell to 76.8% compared to 2019, while increasing to 137.6% compared to 2020.

In 2021, passenger traffic increased by 39.5% as compared to 2020 and amounted to 67.3 billion passenger-kilometres (a decrease of 28.1% as compared to 2019). In JSC FPC trains, traffic volume increased to 66.7 billion passenger-km (140.2% compared to 2020 and 74.1% compared to 2019), including 39.6 billion passenger-km in the regulated segment (134.5%

compared to 2020 and 71.6% compared to 2019) and 27.1 billion passenger-km in the deregulated segment (149.5% compared to 2020 and 78.1% compared to 2019).

In the reporting year, passenger-kilometres served by trains of the CIS and Baltic states totalled 0.6 billion passenger-km (90.8 % of the 2020 level, 15.9 % of the 2019 level).

An 84.1% year-on-year (compared to the 2019 level) decrease in international passengers was due to the suspension of foreign trains introduced in 2020 to curb the spread of the novel coronavirus infection. From 8 February 2021, a partial recovery of regular interstate passenger services with the Republic of Belarus began.

Volume-based indicators

Indicators	2019	2020	2021	Change 2021/2020, %
Passenger-km travelled, billion	93.6	48.2	67.3	139.5
On JSC FPC trains	90.0	47.6	66.7	140.2
Deregulated segment	34.7	18.1	27.1	149.5
Domestic traffic	32.8	17.8	26.1	146.8
Interstate traffic	1.9	0.3	1.0	293.6
Regulated segment	55.2	29.4	39.6	134.5
On trains of the CIS and Baltic states	3.6	0.6	0.6	90.8
Passengers carried, million	105.8	59.0	81.2	137.6
Deregulated segment	43.8	23.3	33.8	145.2
Regulated segment	62.0	35.7	47.4	132.7

With passenger-kilometres served by JSC FPC trains down to 66.7 billion passenger-km, or 74.1% of the 2019 level, the Company optimised its carriage-kilometre performance, rightsizing it to 2,392.8 million carriage-km,

or 82.6% of the 2019 level. Thus, the capacity utilisation rate was 64.2%, which is 7.6 p.p. lower than in 2019, but 7.0 p.p. higher than in 2020.

FINANCIAL STATEMENTS

Financial results

RUB billion

Indicators	2019	2020	2021	Change 2021/2020	
				+/-	%
Operating revenue	236.9	130.9	188.2	57.3	143.8
Passenger services	213.4	114.6	166.7	52.1	145.4
Other sales	23.4	16.3	21.5	5.2	132.0
Operating expenses	230.9	181.5	203.6	22.1	112.2
Passenger services	215.1	169.0	187.0	17.9	110.6
Other sales	15,800	12.5	16.6	4.1	133.2
Operating result	6.0	−50.6	−15.4	35.2	30.4
Passenger services	−1.7	−54.4	−20.3	34.1	37.2
Other sales	7.7	3.8	4.9	1.1	128.2
Other revenue	23.6	24.4	20.4	−4.0	83.7
Subsidies from the federal budget	7.7	6.6	11.1	4.5	167.9
Other expenses	20.5	17.2	12.0	−5.1	70.0
Other revenue and expenses	3.1	7.2	8.4	1.2	116.4
Profit (loss) before tax	9.1	−43.4	−7.0	36.4	16.1
EBITDA, including subsidies	29.6	−22.9	15.7	38.6	−68.5
EBITDA margin, including subsidies, %	12.1	−16.7	7.9	24.6	−47.3
Income tax and other similar liabilities	0.5	−9.8	−1.6	8.2	15.9
Net profit	8.5	−33.6	−5.4	28.2	16.1
Net profit margin, %	3.6	−25.7	−2.9	22.8	−

REVENUE

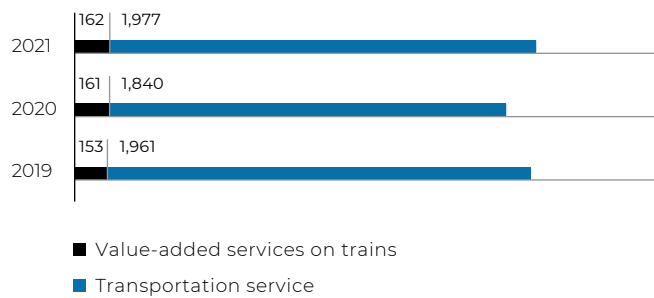
Revenue from passenger services

In 2021, revenue from passenger services amounted to RUB 166.7 billion, up 45.4% year-on-year.

The key factor behind the increase in revenue from passenger services in 2021 is the growth in the Company's overall transportation volume due to an increase in transportation mobility relative to 2020 and the annual indexation of the tariff. At the same time, revenue totals did not exceed 78.1% of the 2019 level.

Average revenue per passenger (including VAT)

RUB



Changes in operating revenue

RUB billion

Indicators	2019	2020	2021	Change 2021/2020, %
Operating revenue, total	236.9	130.9	188.2	143.8
Revenue from passenger services	213.4	114.6	166.7	145.4
Revenue from domestic passenger services	193.3	106.2	156.8	147.6
Deregulated segment	109.2	53.6	84.1	157.1
Domestic passenger servicing by the first- and second-class sleeping carriages	95.1	51.2	80.5	157.2
International services	14.0	2.3	3.6	156.7
Regulated segment	104.2	61.1	82.6	135.2
Domestic passenger servicing by the third-class sleeping carriages and fourth-class seating carriages	98.1	55.0	76.3	138.7
Baggage, unaccompanied baggage, and mail transportation	6.1	6.1	6.3	102.9
Revenue from other activities	23.4	16.3	21.5	132.0

The largest revenue growth trend is seen in the deregulated segment of passengers servicing by first-class and second-class sleeping carriages, with an increase in 2021 of over 157% compared to the 2020 level, and total revenue receipts amounting to RUB 80.5 billion.

The regulated segment of passengers servicing by third-class sleeping carriages and fourth-class seating carriages generated RUB 76.3 billion in 2021, which is 38.7% higher than in 2020.

At the same time, the recovery of revenue from passenger transportation in domestic services to 2019 levels in the deregulated segment is proceeding at a faster pace

than that in the regulated segment: 84.6% and 77.8% to 2019 levels, respectively.

Despite the positive growth dynamics relative to the previous year (156.7%), the volume of 2021 revenue from passenger servicing in international traffic amounting to RUB 3.6 billion, is not comparable with the figures achieved in 2019 (RUB 14.0 billion).

Revenues from baggage, unaccompanied baggage, and mail transportation increased by 2.9% compared to 2020 and amounted to RUB 6.3 billion.

166,7

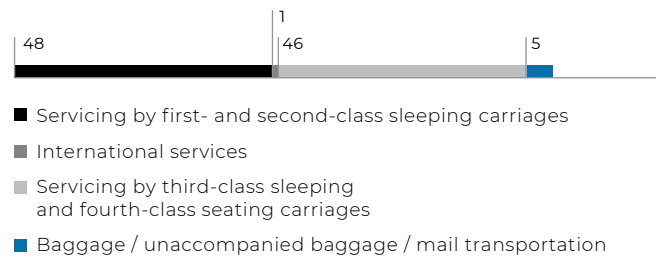
RUB BILLION

Revenue from passenger services in 2021

+45.4% as compared to 2020

Revenue from passenger services

%



Revenue from other activities

- JSC FPC's other activities include:
- Repair of clients' rolling stock
 - Value-added services on trains
 - Lease of movable and immovable property
 - Other services

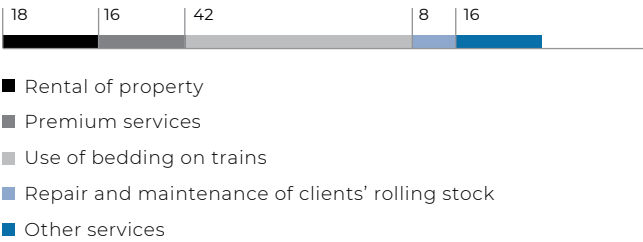
Breakdown of revenue from other activities RUB billion

Indicators	2019	2020	2021	Change 2021/2020, %
Revenue from other activities	23.4	16.3	21.5	132.0
Repair of clients' rolling stock	1.9	1.9	2.0	107.7
Value-added services on trains	13.5	7.9	10.9	138.2
Bed linen on trains	9.8	5.7	8.2	143.4
Premium services	3.7	2.2	2.8	124.8
Property lease	4.3	3.9	5.1	130.1
Other services	3.7	2.6	3.5	133.6

In 2021, revenue from other activities totalled RUB 21.5 billion, up 32% year-on-year.

The gain against the previous year was mainly in the provision of additional services in trains (by 38.2% higher than in 2020) due to an increase in the number of passengers serviced by JSC FPC trains formed by 37.1%, in the leasing of property (30.1%) due to the growth in the number of requests for the lease of passenger carriages, other services (33.6%) due to higher demand for goods sold in trains, raised sales of scrap metal due to an increase in the number of carriages sent for cutting, as well as an amplification in demand for voluntary passenger insurance policies.

Breakdown of revenue from other activities %



EXPENSES

Rail service expenses

Based on the 2021 results, the costs of transportation activities amounted to RUB 187.0 billion, or 110.6% compared to the 2020 level (86.9% compared to the 2019 level).

The cost of passenger services in 2021 totalled RUB 27.8 per 10 passenger-km, or 79.9% as compared to the 2020 level (120.9% as compared to the 2019 level).

Rail service expenses RUB billion

Indicators	2019	2020	2021	Change 2021/2020, %
TOTAL	215.1	169.0	187.0	110.6
Payroll costs	34.0	27.3	30.7	112.7
Benefits-related deduction	9.5	7.6	8.7	114.4
Material costs	26.4	21.6	21.0	97.2
Materials	6.5	5.3	5.4	100.9
Fuel	0.7	0.5	0.7	127.7
Electricity	0.5	0.4	0.5	110.4
Other	18.7	15.3	14.5	94.5
Other expenses	129.9	97.6	110.2	113.0
Infrastructure payments	72.7	54.1	60.5	112.0
Locomotive lease	46.7	35.1	38.9	110.7
Depreciation	15.3	15.0	16.3	108.9

Expenses on other activities

Expenses on other activities RUB billion

Indicators	2019	2020	2021	Change 2021/2020, %
Expenses on other activities	15,800	12.5	16.6	133.2
Repair of clients' rolling stock	1.5	1.6	1.7	107.7
Value-added services on trains	9.9	6.1	8.2	134.6
Bed linen on trains	7.0	4.2	6.1	145.1
Premium services	2.8	1.9	2.1	110.7
Property lease	1.9	2.6	4.0	152.7
Other services	2.6	2.2	2.7	123.9

In 2021, revenue from other activities totalled RUB 16.6 billion, up 33.2% year-on-year.

The gain against the 2020 level was mainly in the provision of additional services in trains (by 34.6% higher than in 2020) due to an increase in the number of passengers serviced by JSC FPC trains formed by 37.1%, in the leasing of property (52.7%) due to the growth in the number of requests for the lease of passenger carriages, other services (23.9%) due to higher demand for goods sold in trains, raised sales of scrap metal due to an increase in the number of carriages sent for cutting, as well as an amplification in demand

for voluntary passenger insurance policies, and elevating overheads allocated to other activities as well.

Overhauls programme

In 2021, actual expenses on overhauls of fixed assets were RUB 2.0 billion, or 36.2% of the 2020 level, including:

- RUB 1.7 billion for overhauls of passenger carriages (32.1% of the 2020 level)
- RUB 0.2 billion on overhauls of buildings and structures performed by third parties (383.3% of the 2020 level).

Changes in expenses on overhauls of fixed assets

RUB billion

Overhauls	2019	2020	2021	Change 2021/2020, %
Fixed assets, total	5.4	5.5	2.0	36.2
Carriages	5.2	5.4	1.7	32.1
Buildings and structures	0.2	0.1	0.2	383.3

Efficiency and Cost Optimisation Programme

JSC FPC developed the Operational Efficiency and Cost Optimisation Programme for 2021–2023 to enhance its performance. In 2021, the total impact of the programme was RUB 14.1 billion.

The Programme includes the following areas of activities:

- Assessment and optimisation of current expenses
- Enhancement of fixed assets management efficiency
- Optimisation of headcount

HEADCOUNT AND LABOUR PRODUCTIVITY

By 2020, productivity increased by 48.3%, which is caused by a low base in 2020 in view of the spread of coronavirus infection (with a significant reduction in traffic, the adjustment of personnel headcount to the volume

of traffic was suspended due to the implementation of government support measures).

Change in headcount and labour productivity

Indicators	2019	2020	2021	Change 2021/2020, %
JSC FPC's headcount, people	58,224	53,053	51,299	96.7
Including in rail services	53,861	48,516	45,876	94.6
Labour productivity, '000 passenger-km / employee	1,670	980	1,453	148.3

OTHER REVENUE AND EXPENSES

The financial result from other revenue and expenses in 2021 was RUB 8.4 billion, an increase of 16.7% compared to 2020.

Changes in other revenue and expenses

RUB billion

Indicators	2019	2020	2021	Change 2021/2020, %
Other revenue	23.6	24.4	20.4	83.7
Interest receivable	1.0	0.3	0.3	82.3
Proceeds from the disposal of fixed and other assets	10.1	9.0	2.8	30.5
Subsidies from the federal budget	7.7	6.6	11.1	167.9
Other	4.8	8.5	6.3	74.8
Other expenses	20.5	17.2	12.0	70.0
Interest payable	4.0	4.2	5.0	121.1
Expenses on the disposal of fixed and other assets	9.6	8.1	1.8	22.5
Cash management services	2.1	1.3	1.8	135.1
Other	4.8	3.6	3.4	95.2

Key revenues received as part of other JSC 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-plan sleeping and fourth-class seating carriages. In 2021, RUB 11.1 billion in subsidies were received from the federal budget (RUB 6.6 billion in 2020).

Interest expenses on loans accounted for the bulk of other expenses, amounting to RUB 5 billion in 2021 (RUB 4.2 billion in 2020).

DEBT POLICY

As at 31 December 2021, JSC FPC's debt amounted to RUB 64.5 billion (excluding RUB 0.7 billion worth of accrued interest payable in the following quarter), including RUB 16 billion of loan liabilities and RUB 48.5 billion of bond liabilities.

JSC FPC had no debt denominated in a foreign currency.

JSC FPC's debt as at 31 December 2021, by maturities

RUB billion

Indicators	2022	2023	2024	2025	2026	2027	2028
Debt maturity	16	13	10	10.5	5	0	10

Borrowed funds in 2021 were raised by JSC FPC without government support programmes for business in the context of the pandemic coronavirus infection.

In order to close the cash gap, RUB 16.5 billion were raised in 2021 with maturities of up to 12 months.

Long-term debt financing in 2021 was raised for up to five years.

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.

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

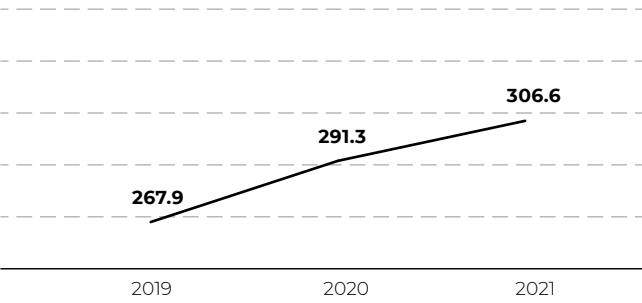
BALANCE SHEET TOTAL

In 2021, JSC FPC's balance sheet total increased by RUB 15 billion, or by 5%.

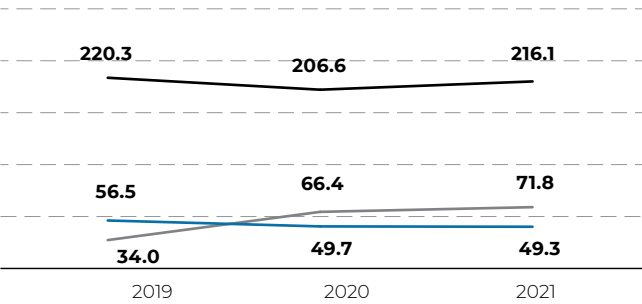
Key items of the balance sheet

Indicators	2019	2020	2021	Change 2021/2020, %
Non-current assets	267.9	291.3	306.6	105.2
Current assets	42.8	31.3	30.6	97.7
Assets	310.7	322.6	337.2	104.5
Equity and reserves	220.3	206.6	216.1	104.6
Non-current liabilities	56.5	49.7	49.3	99.2
Current liabilities	34.0	66.4	71.8	108.2
Liabilities	310.7	322.6	337.2	104.5

Non-current assets

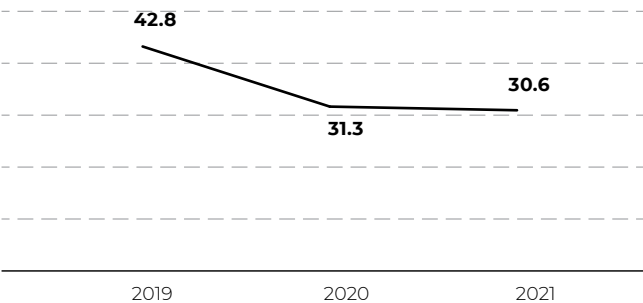


Changes in liabilities

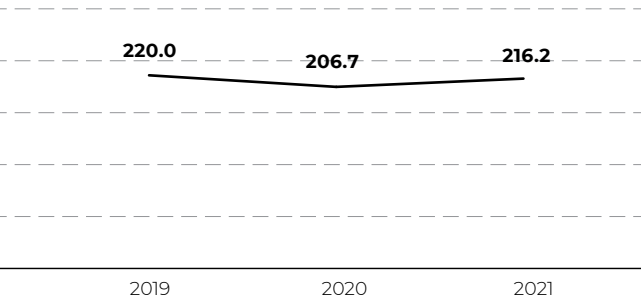


- Equity and reserves
- Non-current liabilities
- Current liabilities

Current assets



Net assets



As at 31 December 2021, JSC FPC's non-current liabilities totalled RUB 49.3 billion, including loans and borrowings in the amount of RUB 48.5 billion.

The size of JSC FPC's authorised capital was RUB 221,961,041,000 as at 31 December 2021.

Changes in JSC FPC's net assets

Indicators	2019	2020	2021	Change 2021/2020, %
Net assets	220.0	206.7	216.2	104.6

In the reporting year, the Company's net assets increased by 5% to RUB 216.2 billion.

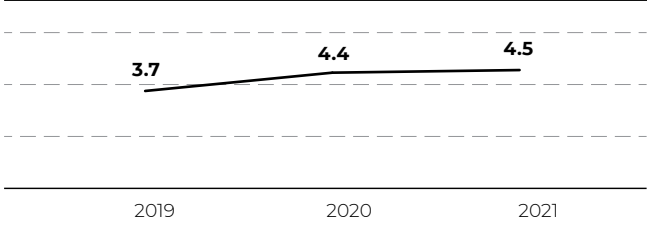
INVENTORIES

The actual value of inventories at JSC FPC as at 31 December 2021 amounted to RUB 4.531 billion (including fuel — RUB 0.143 billion) against the prescribed standard of RUB 4.522 billion (including fuel — RUB 0.236 billion). The excess of actual inventory over the standard amounted to RUB 0.009 billion, or 0.2%.

- The main reasons for exceeding the standard for inventories:
- Optimisation of JSC FPC's production programmes during 2021, caused by a reduction in domestic traffic
 - actual growth in prices for new materials and spare parts exceeding the official forecasts of the Russian Ministry of Economic Development for 2021, primarily for metal products, timber and construction materials.

The largest share of inventories is represented by passenger carriage spare parts at RUB 2.827 billion (62% of inventories

Inventories,



in total), consisting of new spare parts (RUB 1.302 billion) and reusable materials (RUB 1.525 billion), including passenger carriage wheelsets (RUB 0.991 billion).

RECEIVABLES AND PAYABLES

As at 31 December 2021, JSC FPC's receivables totalled RUB 22.15 billion.

Trade receivables (except for rail services) accounted for 46.9% of total receivables, or RUB 10.39 billion. The bulk of this debt, RUB 9.33 billion, was due to the application of the terms of settlements stipulated by a long-term contract.

Taxes and charges receivable accounted for 35.8%, or RUB 7.94 billion.

The largest share of trade receivables (except for rail services) was due for sale of property – 89.8%, or RUB 9.33 billion, and repairs of rolling stock – 2.8%, or RUB 0.3 billion.

Trade receivables due for passenger services amounted to 11.55%, or RUB 2.56 billion, in line with the terms of relevant contracts.

As at the end of December 2021, prepayments totalled 2.5%, or RUB 0.55 billion.

Receivables as at 31 December

RUB billion

Receivables	2019	2020	2021	Change 2021/2020, %
Trade receivables (excluding transport services)	0.59	11.32	10.39	91.8
Trade receivables (for rail services)	1.79	1.47	2.56	174.1
Prepayments	0.97	0.43	0.55	127.9
Taxes and charges	11.49	7.80	7.94	101.8
Other receivables	0.87	0.70	0.70	100.0
TOTAL	15.71	21.73	22.15	101.9

Payables as at the end of December 2021 were RUB 49.63 billion, up 8.49% year-on-year. The largest share of this amount falls on payables to suppliers and contractors — 76.7% or RUB 38.06 billion, including

restructured infrastructure related debt (RUB 13.5 billion) and advances received for transportation (14.17%, or RUB 7.03 billion).

Payables as at 31 December

RUB billion

Indicators	2019	2020	2021	Change 2021/2020, %
Trade payables	12.39	37.24	38.06	102.2
Payroll liabilities	1.59	1.14	1.43	125.4
Taxes and charges, social insurance	1.25	1.26	1.3	103.2
Prepayments received for other activities	0.26	0.25	0.35	140.0
Advances received for transport services	9.31	4.21	7.03	167.0
Other receivables	2.41	1.64	1.45	88.4
TOTAL	27.20	45.74	49.63	108.5

As payables are above receivables, the Company can use payables as an additional source of financing. Receivables to payables ratio is 0.45.

CASH FLOWS¹

Cash balance on accounts of JSC FPC (including short-term deposits) as at January 1, 2021 stood at RUB 3.9 billion.

Cash flows from operating activities

In 2021, the cash flow from operating activities totalled RUB 222.9 billion, including RUB 11.1 billion of subsidies from the federal budget. Most cash (77%) was received from passenger services, totalling RUB 172.5 billion excluding transit charges.

Operating expenses amounted to RUB 229.5 billion, including expenses for infrastructure services and locomotive lease totalling RUB 123.2 billion, or 54%.

Negative cash flow from operating activities was RUB 6.7 billion.

Cash flows from operating activities

RUB billion

Indicators	2019	2020	2021	Change 2021/2020, %
Net cash flow	−1.8	−37.1	−6.7	18.1
Cash received	275.7	149.7	222.9	148.9
Cash used	277.6	186.8	229.5	122.9

Cash flows from investing activities

Expenses for investment activities totalled RUB 261.0 billion.

Negative cash flow from investing activities amounted to RUB 32.6 billion.

In the reporting period, RUB 33.9 billion were allocated for passenger rolling stock replacement and upgrades:

- RUB 26.2 billion for the acquisition of new passenger carriages
- RUB 7.7 billion for passenger rolling stock upgrades

Cash flows from investing activities

RUB billion

Indicators	2019	2020	2021	Change 2021/2020, %
Cash flow	−47.8	−25.2	−32.6	129.4
Cash received	241.6	242.8	228.4	94.1
Cash used	289.3	268.0	261.0	97.4

Cash flows from financing activities

In 2021, cash received from financing activities totalled RUB 69.2 billion (of which 38% was attributed to borrowings).

Net cash flows from financing activities totalled RUB 38.4 billion.

Cash used in the amount of RUB 30.8 billion resulted from:

- Interest payments on loans and borrowings – RUB 5.0 billion
- Repayment of loans and borrowings – RUB 25.8 billion

Cash flows from financing activities

RUB billion

Indicators	2019	2020	2021	Change 2021/2020, %
Net cash flow	45.5	63.8	38.4	60.2
Cash received	68.5	79.7	69.2	86.8
Cash used	23.0	15.9	30.8	193.7

JSC FPC's total negative cash flow for the reporting year was RUB 0.9 billion.

The cash balance including short-term deposits on the accounts of JSC FPC as at 31 December 2021 amounted to RUB 3.0 billion.

¹ In accordance with the management accounting data.

FINANCIAL REVIEW

Indicators	2019	2020	2021
Liquidity			
Absolute liquidity ratio	0.67	0.07	0.04
Quick liquidity ratio	1.14	0.26	0.23
Current liquidity ratio	1.26	0.33	0.31
Leverage ratio	0.72	0.64	0.64
Margins, %			
Sales margin (including subsidies)	15.20	−20.38	3.66
Return on equity (ROE)	4.09	−15.76	−2.56
Return on assets, including subsidies (ROA):	5.46	−11.82	−0.52
Liabilities			
Liabilities in the balance sheet total	0.29	0.36	0.36
Financial leverage (interest-bearing borrowings / equity)	0.23	0.31	0.30
Total debt / EBITDA	1.71	−2.81	4.15
Total debt / revenue	0.21	0.49	0.35

Absolute liquidity ratio: 0.04

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 2021, the ratio decreased by 0.03 p.p. compared to the same period of the previous year (0.07 in 2020).

Quick liquidity ratio: 0.23

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 2021, the ratio decreased by 0.03 p.p. compared to the previous period (0.26 in 2020).

Current liquidity ratio: 0.31

The ratio shows how much short-term debt can be covered by the Company from 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 2021, the ratio decreased by 0.02 points year-on-year (0.33 in 2020).

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.

In 2021, the ratio is at the level of the previous period (0.64 in 2020).

Sales margin (including subsidies): 3.66

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 2021, the value of the indicator has improved by 24.04 p.p. as compared to the previous period (−20.38% in 2020).

Return on equity (ROE): −2.56

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

In 2021, the value of the indicator has improved by 13.18 p.p. as compared to the previous period (−15.75% in 2020).

Return on assets, including subsidies (ROA): −0.52

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 2021, the value of the indicator has improved by 11.30 p.p. compared to the previous period (−11.82% in 2020).

Liabilities in the balance sheet total: 0.36

The lower share of borrowings in the balance sheet total (0.36 in 2020) 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): 0.30

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 (0.31 in 2020).

Total debt / EBITDA: 4.15

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

In 2021, the value of the indicator has increased by 6.96 p. (−2.81 p.p. in 2020).

TOTAL DEBT /REVENUE: 0.35

This indicator shows the Company's debt burden vs its total revenue (0.49 in 2020).

Net asset position of JSC FPC

RUB million

INDICATORS		2019	2020	2021
1	Authorised capital	171,961.0	206,961.0	221,961.0
2	Net assets	220,047.0	206,714.9	216,161.9
2.1	1. Equity and reserves	220,300.4	206,559.5	216,051.5
	Authorised capital	171,961.0	206,961.0	221,961.0
	Add-on capital	25,249.1	10,231.6	10,112.8
	Retained earnings (accumulated deficit)	21,773.6 ¹	−11,949.8	−17,670.5
	Other	1,316.7	1,316.7	1,648.2
2.2	2. Deferred income	243.6	155.4	110.4
3	Deviations	48,086.0	−246.1	−5,799.2

Deterioration of retained earnings (accumulated deficit), as compared to the 2019 level, is due to unfavourable epidemiological situation resulting from the spread of the new Covid-19 coronavirus infection and a decrease in volumetric indicators of JSC FPC.

JSC FPC developed the Operational Efficiency and Cost Optimisation Programme for 2021–2023 to enhance its performance. In 2021, the total impact of the programme was RUB 14.1 billion.

- The Programme includes the following areas of activities:
- Assessment and optimisation of current expenses
 - Enhancement of fixed assets management efficiency
 - Optimisation of headcount

In order to bring the company's net asset value in line with its authorised capital, JSC FPC is working in 2022 to fully compensate for revenue losses arising from state regulation of tariffs and the provision of benefits to certain categories of citizens. The Board of Directors of JSC FPC also approved the Operational Efficiency and Cost Optimisation Programme of JSC FPC for 2022–2024.



¹ Due to the transition to RAS 18/02 (Corporate Income Tax Accounting) in 2020, retrospective changes were made to retained earnings for 2019.

INVESTMENT MANAGEMENT

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

The Investment Programme of JSC FPC for 2021-2023 was approved by the decision of the Board of Directors of JSC FPC (Minutes No. 21 dated 2 April 2021). Based on the Company's performance in H1 2021, the investment programme was adjusted and approved by the decision of the Board of Directors of JSC FPC (Minutes No. 10 dated 24 December 2021).

Given that for JSC FPC the rolling stock is the main means of production, its renewal is carried out annually to ensure uninterrupted production activities.

The bulk of JSC FPC's investments (92%) in 2022–2024 will, as before, be spent on passenger rolling stock renewal (RUB 51.9 billion — for the purchase of new passenger carriages and RUB 17.1 billion — for the upgrade of passenger rolling stock).

The Investment Programme of JSC FPC for 2022-2024 has been tentatively approved by the decision of the Company's Board of Directors (Minutes No. 11 dated 30 December 2021).

INVESTMENTS AND 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 STRUCTURE

The bulk of JSC FPC's investments (RUB 33.9 billion or 97.4%) in 2021 was aimed at renovating passenger rolling stock: the purchase of new passenger carriages (RUB 26.2 billion) and the upgrade of passenger rolling stock (RUB 7.7 billion).

The remaining investments totalling RUB 0.9 billion, or 2.6%, was used to support depot upgrades, IT projects, and other initiatives.

34.8 RUB BILLION
volume of the 2021 Investment Programme

Investment Programme structure				RUB billion
Indicators	2019	2020	2021	Change 2021/2020
Rolling stock acquisition	30.7	34.2	26.2	−8.0
Rolling stock upgrades	11.2	11.1	7.7	−3.4
Depot upgrades	1.1	0.6	0.6	−
IT projects	0.4	0.3	0.2	−0.1
Other projects	0.3	0.1	0.1	−
TOTAL	43.7	46.3	34.8	−11.5

Passenger rolling stock replacement

Investment expenditures in 2021 – RUB 26.2 billion:

- RUB 26.2 billion for acquisition of new passenger carriages including:
 - 346 single-decker carriages of the new 2019 model range
 - 66 double-decker carriages of the new 2020 model range
 - 24 double-deck carriages of the 2018 model range
- RUB 7.7 billion for passenger rolling stock upgrades

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. In 2021, 346 single-deck carriages will be purchased for this purpose (RUB 16.4 billion).

In addition, 90 double-deck carriages worth RUB 9.8 billion were purchased for promising destinations characterised by high passenger traffic demand, to organise train services on the Moscow – Samara/Orenburg, Moscow – Kazan, Moscow – Adler, Moscow – Cheboksary, Moscow – Yoshkar-Ola, Moscow – Ulyanovsk routes.

Passenger rolling stock upgrades

Investment expenditures in 2021 – RUB 7.7 billion

The main share of these investments (RUB 7.4 billion, or 96.1%) is allocated for capital repair and overhaul with the service life extension (183 carriages) and stage 2 overhaul (494 carriages).

Depot upgrades

Investment expenditures in 2021 – 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

Investment expenditures in 2021 – RUB 0.2 billion

The main areas of investment are:

- Development of a system that automates the process of collecting, processing, storing and analysing citizens' appeals
- Supply of networking, server and peripheral equipment

Other projects

Investment expenditures in 2021 – RUB 0.1 billion

Key areas of investment: acquisition of transport safety equipment, development of design documentation, etc.



PRIORITY INVESTMENT AREAS

Customer-focused investment

The Company spent RUB 30.8 billion in 2021 to improve the quality of its services, including:

- To reduce transit time and enhance both transport safety and passenger experience, 436 new, highly efficient passenger carriages featuring improved performance and passenger comfort were purchased — RUB 26.2 billion
- Overhaul and renovation of passenger carriages (183 carriages) — RUB 4.6 billion

Besides, RUB 0.2 billion were spent on the implementation of information technology innovations.

Investment in safety

RUB 0.4 billion were used in 2021 to enhance passenger safety and improve the quality service:

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

Upgraded of fixed assets

To maintain its existing carriage repair and maintenance facilities, JSC FPC invested RUB 0.4 billion in rehabilitation and upgrades of its fixed assets in 2021

SOURCES OF FINANCING

Sources of financing for the Investment Programme in 2021 included:

- equity (depreciation) – RUB 5.0 billion

- Borrowed funds — RUB 29.8 billion (including proceeds from the issue of shares — RUB 15.0 billion, bank loans — RUB 10.0 billion, changes in working capital — RUB 4.8 billion)



PASSENGER SAFETY

Safety and reliability are the passengers’ basic requirements. Since its foundation, JSC FPC has been annually meeting the key targets for traffic safety and improved reliability of technical equipment.

TRAIN OPERATION SAFETY

Taking into account the service providers that carry out maintenance of railway rolling stock, the 2021 target indicator of traffic safety for JSC FPC was achieved with a 70% improvement and amounted to 0.0012 adverse events per 1 million train-km with a target of no more than 0.0040.

The positive dynamics in traffic safety have been achieved as a result of systematic work on the management of the appropriate processes:

- Implementation of JSC 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 Consolidated Action Plan to improve the reliability of technical facilities and reduce the number of technological failures and their impact on the transportation process at JSC FPC
- Continued expansion of the annual scope of activities of structural units responsible for technical audits of operating processes and production examinations
- Adoption of digital capabilities and technologies in traffic safety
- Maintaining staff competencies through training, professional development and mentoring

FIRE SAFETY

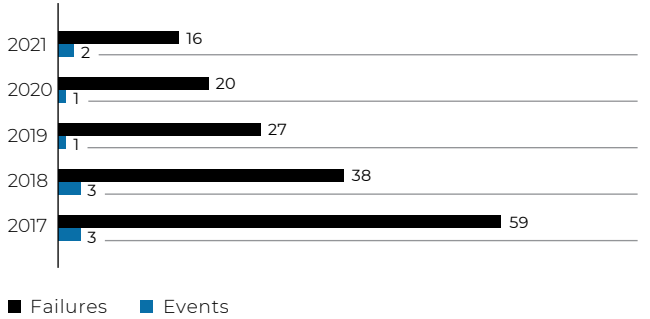
Two fires were registered at JSC FPC in 2021 (one fire was registered in 2020). The fires occurred:

- In a passenger carriage of the Nevsky Express train No. 747 between Moscow and St. Petersburg when it was under outfitting, due to a short circuit in the carriage control panel due to poor-quality cable products
- In the wheel-roller section of the Volgograd passenger car depot, a structural unit of the Volga Branch of JSC FPC, due to a short circuit in the electrical wiring of the power supply circuit of the washing machine vessel electric heaters

In 2021, the Company implemented the operational fire safety programme for a total exceeding

>116.9 RUB MILLION

Number of train operation safety breaches



In particular, the following measures were taken as part of the operational programme:

- Materials and fire protection equipment were purchased and delivered for a total amount of RUB 45.58 million, including fire extinguishers, personal respiratory and visual protection equipment, tools, etc.
- Measures to ensure compliance with statutory and mandatory fire safety requirements (total costs: over RUB 18.53 million), including:
 - fireproofing activities
 - tests of escape ladders and roof railings

- Assigning explosive and fire hazard classes to premises following the Electric Installation Guidelines, installing fireproof doors
- Over RUB 52.79 million were spent on daily fire prevention measures for JSC FPC's rolling stock and stationary facilities under the contract with FGP Security of Railway Transport

INDUSTRIAL SAFETY

In 2021, no accidents or incidents were reported at hazardous industrial facilities of JSC FPC.

The following activities were carried out as part of the Industrial Safety operational programme:

- Industrial safety expertise, examination and certification of technical devices, development of emergency localisation plans at hazardous production facilities for RUB 25.6 million (390 measures at 180 hazardous production facilities)
- Acquisition of removable load-carrying equipment, for an amount of RUB 0.56 million
- Maintenance of gas equipment and safety devices in the amount of RUB 2.2 million

In 2021, as part of its Renewal of Industrial Safety Facilities investment programme, JSC FPC replaced equipment

29.6 RUB BILLION expenses for Industrial Safety operating programme

at hazardous facilities that reached the end of its standard service life for RUB 16.7 million. A total of nine projects were implemented under the programme.

In line with Federal Law No. 225-FZ dated 27 July 2010 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, all JSC FPC's hazardous facilities are insured.



CORPORATE QUALITY MANAGEMENT SYSTEM

JSC FPC's corporate quality management system (JSC FPC's QMS) is built in line with the Parent Company's 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, JSC 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, JSC 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

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

CERTIFICATION OF JSC FPC'S QMS AND COMPLIANCE WITH ISO 9001:2015 QUALITY MANAGEMENT SYSTEMS — REQUIREMENTS

In 2021, JSC 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
- Repair of carriages to the extent of overall reconditioning
- Repair of carriages to the extent of depot repairs

- Repair of carriages to the extent of stage 1 and 2 overhaul
- 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 JSC 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
- JSC FPC’s higher score in bids (tenders) for the provision of auxiliary services held by Parent Company and other customers

LEAN PRODUCTION

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

JSC 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
- Prevention of wasted expenses
- Transparency
- Error proofing
- Excellence

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

- The approach to the 5S 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 distance learning system, a training course on the 5S system at workplaces, workspaces and offices was delivered. Over 3,000 employees of JSC FPC successfully completed this training;

- The Road Map for Lean Production System in JSC FPC for 2021–2023 was developed and approved. 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 5S system at operational workplaces and offices
- Training on the requirements of the 5S 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 JSC 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



RUSSIAN FEDERATION GOVERNMENT RELATIONS

In 2021, JSC FPC interacted with state authorities in two main areas:

- Ensuring an epidemiologically safe passenger servicing process and organising the work of the Company’s personnel
- Obtaining state support as stipulated by Russian law and developing additional measures in this area

As part of the decisions taken by state supervisory authorities to contain the spread of COVID-19, the Company strictly adhered to the decisions of Federal Service on Surveillance for Consumer Rights Protection and Human Well-Being (Rospotrebnadzor) and the Government of the Russian Federation, including when organising interstate transportation.

Based on the results of the work with the ministries and departments involved, in April 2021 the Russian Government allocated an additional RUB 5.58 billion from the Reserve Fund of the Russian Federation to compensate for revenue losses arising from state regulation of tariffs for long-distance passenger carriage in third-class open-plan sleeping carriages and fourth-class seating carriages in 2021.

However, during the formation of the federal budget for 2022 and the planning period 2023-2024 the proposals of JSC FPC on compensation for shortfall in income from state regulation of tariffs were not supported in full. The total three-year subsidy shortfall makes RUB 11.9 billion. Work in this area will continue in spring 2022 as part of the federal budget adjustment procedure.

5.58 RUB BILLION

of additional funds allocated from the Reserve Fund of the Russian Federation to compensate for losses due to state tariff regulation in 2021

In May 2021, the work was completed on the Rules of Provision of Services for Rail Transportation of Passengers, Cargo, Baggage and Unaccompanied Baggage for Personal, Family, Household and Other Needs Not Related to Business Activities, which were approved by the Russian Federation Government Decree No. 810 dated 27 May 2021.

As regards interaction with the Federal Anti-Monopoly Service on tariff setting issues, work was carried out to index state-regulated tariffs for long-distance passenger servicing and to change the model of price regulation for long-distance passenger servicing by railways. Based on the results of the actions taken, tariff indexation for 2022 will be 4.3%.

In July 2021, in order to improve legislative activities and raise public awareness of the Company’s activities, JSC FPC joined industry-specific organisations: the Union of Transportation Companies of Russia and the Association of Passenger Transportation, Service, Tourism, Railway Engineering and Technology Market Participants ‘Zheldorrazvitie’.

INTERNATIONAL ACTIVITIES

INTERNATIONAL SERVICES

The national epidemiological security measures introduced in 2020 by the governments of the Russian Federation and foreign countries in connection with the spread of COVID-19 continued in 2021.

For reference: On 27 March 2020, the Government of the Russian Federation temporarily suspended all international passenger railway traffic (Order No. 763-r dated 27 March 2020).

The work related to the resumption of international and interstate train services was carried out by the Operational Headquarters for the Prevention of the Introduction and Spread of New Coronavirus Infection in the Russian Federation (hereinafter referred to as the Headquarters), chaired by Deputy Prime Minister of the Russian Federation T. Golikova, together with the Parent Company. On 8 February 2021, on the basis of the Headquarters' submission, a phased restoration of railway communication with the Republic of Belarus began.

The project to organise high-speed links between Moscow and Minsk using Lastochka electric trains is of particular note. The train started running in April 2021 in a five-car version, and from autumn of the same year the number of carriages was increased to ten.

1.75

MILLION PASSENGERS

served on international routes in 2021

+42.5% as compared to 2020

This project is a landmark for interstate transportation and successful in terms of competitiveness with alternative modes of transport. The Lastochka trains between Moscow and Minsk are in active demand, despite the current anti-pandemic measures.

From 2020, passenger rail service between the Russian Federation and the Republic of Abkhazia has been opened, and the practice of appointing trains formed by JSC Uzbekistan Temir Yullari to take citizens of the Republic of Uzbekistan out of the territory of the Russian Federation has continued.

At the end of 2021, 1,750,325 people were carried in interstate traffic, which amounted to 142.5% of the 2020 traffic volume.

COOPERATION WITHIN INTERNATIONAL ORGANISATIONS

JSC FPC cooperation with foreign partners in 2021 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.

This work was backed up by international professional and supranational organisations that collected and analysed data from railway administrations and carriers. These efforts resulted in recommendations on passenger safety and restoring international rail passenger services.

Importantly, the measures taken by JSC 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.

Regarding the restoration of international rail services, JSC FPC plans to gradually assign international trains taking into account demand, cost-effectiveness and optimal use of infrastructure capacity.

In 2021, ongoing projects in international passenger service regulation continued as planned using videoconferencing channels.



Improving the Company's governance process

Two General Meetings of JSC FPC's Shareholders were held in 2021: one annual and one extraordinary

The General Meeting of Shareholders elects the Company's Board of Directors, consisting of **9 members**

In 2021, the Company held **26 meetings** of the Board of Directors and reviewed **152 issues**

CORPORATE GOVERNANCE



JSC 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. Relationships between JSC 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.

The General Meeting of Shareholders is the highest governance body of the Company

The Board of Directors determines the Company's priority areas of activity

The General Director manages the day-to-day operations of the Company

CORPORATE GOVERNANCE SYSTEM

CORPORATE GOVERNANCE PRINCIPLES

Protecting shareholder interests and rights

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

Protection of the interests and rights of the Company's shareholders is ensured through a reliable method for recording their rights to shares — the share register is maintained by an independent entity.

During preparation for the General Meeting, shareholders are provided with details in addition to those required by law.

Equal treatment of all shareholders

Shareholders have equal and fair rights to share JSC 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 Meetings of Shareholders and have equal access to all required information at the Company's office.

Timely disclosure of information

The Company ensures timely disclosure of information on its website and in the news feed of the information agency, which is authorised to disclose information about securities and other financial instruments.

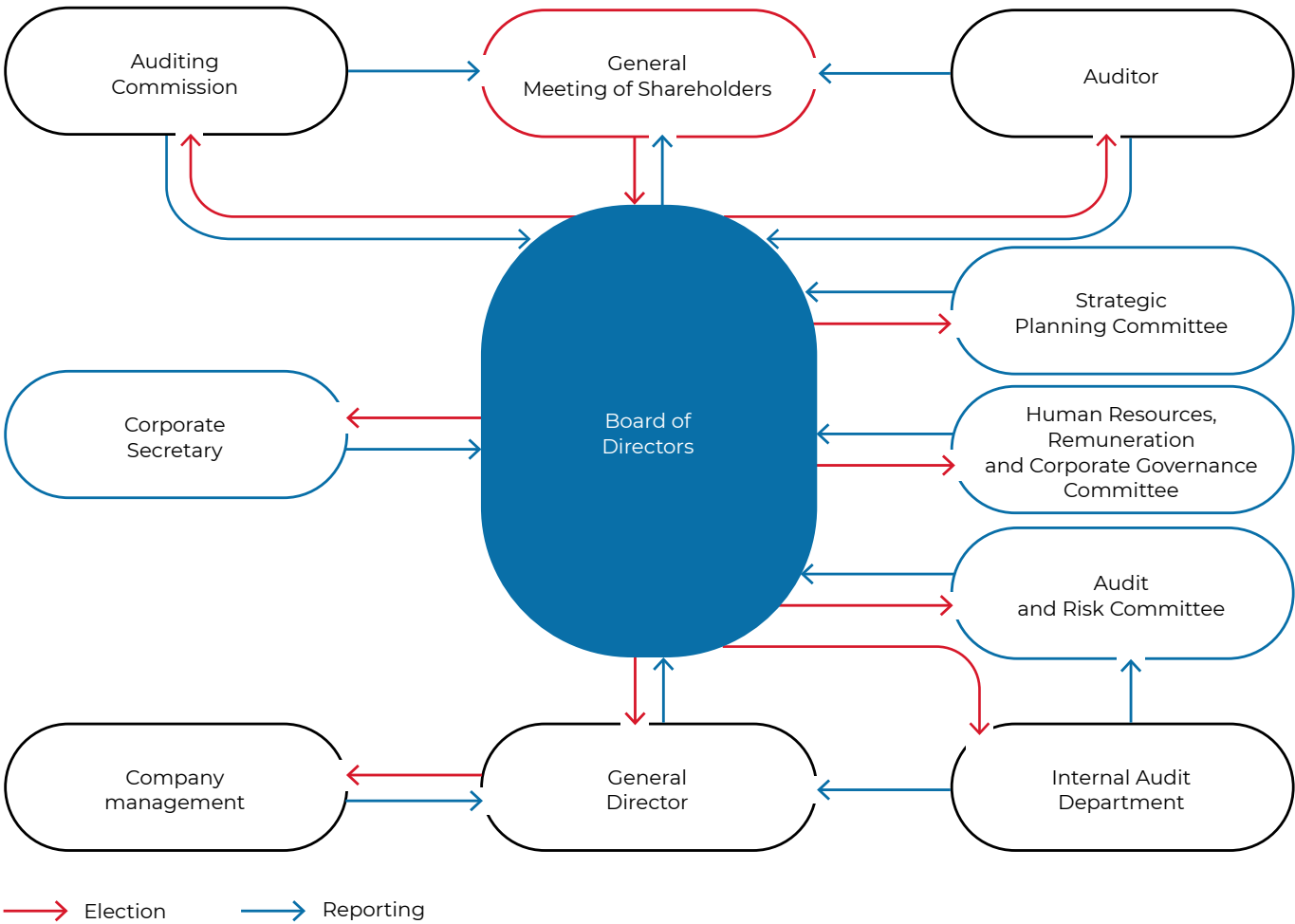
Mutual trust and respect for all stakeholders

Relationships between the Company's shareholders, members of the Board of Directors, 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

JSC 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



The Company's highest governance body is the General Meeting of Shareholders, 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 is delegated to the General Director.

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

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

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

Matters reserved to the General Meeting of Shareholders 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 the 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 attached to such shares
- Resolutions 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 payment (declaration) of dividends, except for the payment (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
- Payment (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 members of the Board
- 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 the Company's bodies
- Resolution on the payment of remuneration and/or compensation to the members of the Board of Directors
- Resolution on filing an application to the Bank of Russia requesting 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 JSC FPC's corporate governance system. Its activities are governed by the Regulations on the Board of Directors of JSC FPC approved by the General Meeting of Shareholders. 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: elaborate 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 the Company'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 Meeting of Shareholders and the Board of Directors

- Elect members of the Auditing Commission and approve early termination of their powers
- Approve the Company's Auditor and determine the relevant fee
- Approve the Annual Reports
- Convene Annual and Extraordinary General Meetings of Shareholders; approve the agenda of General Meetings of Shareholders; determine the record date; and address other matters relating to the preparation and holding of General Meetings of Shareholders
- Approve the activity plan of the internal audit function and relevant annual performance reports; appoint and remove the head of Internal Audit Department
- Determine the Company'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 assessment of the Board of Directors and its members and committees, as well as that of the Company's sole executive body
- Determine the key performance indicators (KPIs) for the Company 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 IC/RMS at the Company
- Establish acceptable risk levels (risk appetite, preferred risks) for the Company



The Company adopted the Regulations on Preparing and Holding the General Meeting of Shareholders of JSC FPC
<https://fpc.ru/ru/7022/page/103290?id=10945#main-header>



Regulations on JSC FPC Board of Directors
<https://fpc.ru/ru/7022/page/103290?id=10945#main-header>

For the full list of powers of the Board of Directors, please 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 were set up to preview the most important matters referred to the Board of Directors of JSC FPC:

- 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 JSC FPC's Board of Directors.

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

JSC FPC has its internal audit function — the Internal Audit Department. The Regulations on JSC FPC's Internal Audit Organisation, Regulations on JSC FPC's Internal Audit Department, and the Department's Activity Plan are approved by the Board of Directors. The Internal Audit Department is accountable to the Board of Directors.



Articles of Association and internal documents of JSC FPC
<https://fpc.ru/ru/7022/page/103290?id=10945#main-header>

ASSESSMENT OF CORPORATE GOVERNANCE QUALITY

Internal assessment of corporate governance quality

In 2021, the Internal Audit Department of JSC FPC assessed corporate governance practices for the corporate year 2020/2021, confirming its compliance with the established regulatory requirements to major extent, including the recommendations of the Corporate Governance Code of the Bank of Russia. A positive trend in improving the quality of corporate governance was noted.

Based on the audit results, the action plan was developed and approved by the General Director to eliminate the deficiencies identified by the internal audit (as identified in Assessment of Corporate Governance Practices at JSC FPC for 2021) and to implement the proposals aimed at improving the corporate governance.

Report on the progress in compliance with the Bank of Russia’s Corporate Governance Code

In 2021, the Company continued to improve its corporate governance system.

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

- The Company prepared and approved the following documents:
- A new version of the Regulations on Corporate Secretary
 - New Regulations on Preparation and Submission of Materials and Information to the Board of Directors of JSC FPC and Committees of the Board of Directors of JSC FPC, Organisation of Control over Execution of Decisions of the Board of Directors of JSC FPC and Recommendations of the Committees of the Board of Directors of JSC FPC
 - Internal Audits Quality Assurance and Improvement Programme

- Methodological Recommendations on Corruption Risk Management in JSC FPC, as well as a new version of the Procedure for Notifying the Employer of Inducing An Employee of JSC FPC to Commit a Corruption Offence
- A new version of the Regulations on the System of Key Performance Indicators for the Purpose of Awarding Bonuses to the Executives of JSC FPC
- A new version of the Regulations on JSC FPC Executives Remuneration System

The Company continued to follow the recommendations of the Bank of Russia’s Corporate Governance Code (hereinafter, referred to as the Code):

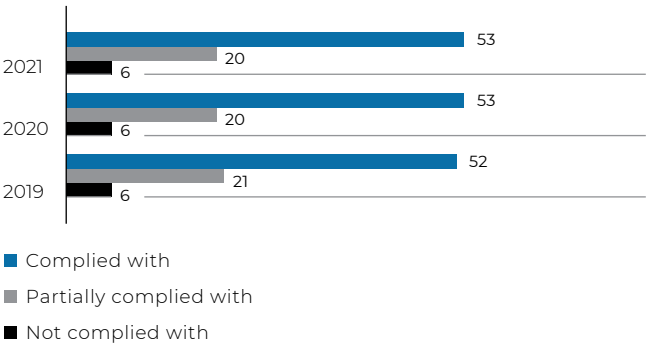
- JSC FPC’s Human Resources, Remuneration and Corporate Governance Committee assessed nominees to the Board of Directors for required experience, expertise, business reputation, and absence of conflicts of interest
- JSC FPC’s Human Resources, Remuneration and Corporate Governance Committee assessed nominees to the Board of Directors against the independence criteria set by the Code
- JSC FPC’s Board of Directors conducted a self-assessment of own 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 results were reviewed by the Board of Directors
- The main results of the Board of Directors’ performance assessment were included in the Company’s Annual Report
- The annual financial statements prepared under the IFRS, along with the auditor’s report, were included in the Company’s Annual Report

Detailed information on compliance with the provisions of the Code is provided in the Appendix to this Report — Report on Compliance with the Bank of Russia Corporate Governance Code.

Compliance with the principles and recommendations of the Corporate Governance Code¹

Sections	Corporate governance principles recommended by the Code	Compliance								
		Full			Partial			None		
		2019	2020	2021	2019	2020	2021	2019	2020	2021
Shareholder Rights	13	9	9	10	3	3	3	1	1	–
Board of Directors	36	23	24	26	11	10	8	2	2	2
Corporate Secretary	2	2	2	1	–	–	–	–	–	1
Remuneration System	10	6	6	6	2	2	2	2	2	2
Risk management system	6	6	6	6	–	–	–	–	–	–
Information Disclosure	7	4	4	1	3	3	6	–	–	–
Material Corporate Actions	5	2	2	3	2	2	1	1	1	1
TOTAL	79	52	53	53	21	20	20	6	6	6

Compliance with the Corporate Governance Code



In 2021, in order to develop corporate governance, the Board of Directors approved the Action Plan for Improvement of Corporate Governance of the Company for 2022.

- According to the approved plan, the development of corporate governance in JSC FPC will be guided by the improvement of the Company’s regulatory framework, which will make it possible to:
- Eliminate legal conflicts identified in the course of work
 - Improve compliance of documents with the recommendations of the Corporate Governance Code of the Bank of Russia
 - Bring the regulatory framework in line with changes in legislation
 - Establish a more efficient operating model

The plan also includes measures to establish the Management Board of JSC FPC, transform the Strategic Planning Committee of the Board of Directors into the Strategic Planning, Digitalisation and Information Technology Committee of the Board of Directors; review and update the website of JSC FPC in accordance with the recommendations of the Corporate Governance Code of the Bank of Russia.

¹ In accordance with the Bank of Russia’s letter dated 27 December 2021 On disclosure of a report on compliance with the principles and recommendations of the Corporate Governance Code in the annual report of a public joint stock company.

MEETING OF SHAREHOLDERS

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

Two General Meetings of JSC FPC's Shareholders were held in 2021: one annual and one extraordinary meeting.

The functions of the counting commission at the General Meetings of Shareholders of JSC FPC were performed by the Registrar. Voting results were announced at the meetings.

General Meetings of Shareholders held in the reporting year

Annual General Meeting of Shareholders		30 June 2021
Extraordinary General Meeting of Shareholders	19 February 2021	
Number of items reviewed	2	5

Resolutions passed by the Extraordinary General Meeting of Shareholders

Date	Resolutions
19 February 2021	Decision on determining the number, par value, class (type) of the authorised shares of JSC FPC and the rights granted by such shares — passed.
	Decision on amendments to the Articles of Association of JSC FPC related to introduction of the provisions on authorised shares — passed.

Resolutions taken at the Annual General Meeting of Shareholders

Date	Resolutions
30 June 2021	Company's annual accounting (financial) statements for 2020 — approved
	Decision not to distribute net profit for 2020 due to the Company's incurring a loss — passed
	Decision not to pay any dividend for 2020 — passed
	Decision to pay remuneration to the members of JSC FPC's Board of Directors in accordance with the Regulations on Remuneration and Compensation Payable to Members of JSC FPC's Board of Directors — passed
	The new membership of the Board of Directors — elected

BOARD OF DIRECTORS

REPORT OF THE BOARD OF DIRECTORS

In accordance with the Company's Articles of Association, the Board of Directors is elected by the General Meeting of Shareholders of JSC FPC; the Board of Directors is to comprise of nine members.

The efficiency of the Board of Directors of JSC FPC is achieved through a balanced composition, including the qualifications of its members, their experience, knowledge and business qualities, age and gender.

The Board of Directors includes two women and seven men representing different age groups, which enables

members of the Board of Directors to consider agenda items comprehensively.

The Board of Directors is comprised of highly qualified professionals who enjoy the confidence of shareholders. The Human Resources, Remuneration and Corporate Governance Committee of the Board of Directors of JSC FPC analysed the competencies and professional qualifications of all candidates nominated to the Company's Board of Directors.

Competencies	Members of the Board of Directors								
	1	2	3	4	5	6	7	8	9
Competence in cooperation with governmental bodies	•	•	•	•			•		
Competence in information technologies and telecommunications			•						•
Competence in corporate governance				•	•	•		•	•
Competence in corporate finance and investor relations						•			•
Competence in macroeconomic and sectoral analysis	•	•							
Competence in strategic planning and development	•	•	•	•	•	•	•	•	•
Competence in strategic management	•			•	•	•	•		•
Competence in finance and audit			•		•			•	
Internal audit and internal control								•	
Risk management								•	
Human resources management and social responsibility					•				

Role of independent directors in the Company’s activities

Independent directors play an important role on the Board of Directors: they ensure an objective and comprehensive perception of issues based on their knowledge, experience and qualifications. Unbiased judgement and constructive criticism by independent directors at meetings of the Board of Directors and relevant committees help to make well-informed decisions.

The Company complies with the recommendation of the Corporate Governance Code and has one third of independent directors on the Board of Directors.

The Audit and Risk Committee and the Human Resources, Remuneration and Corporate Governance Committee are headed by independent directors. All independent directors participate in the work of the Strategic Planning Committee.

The Human Resources, Remuneration and Corporate Governance Committee of the Board of Directors of JSC FPC assesses the compliance of candidates to the Board of Directors of JSC FPC with the independence criteria established by the Corporate Governance Code of the Bank of Russia.

Induction and training programme

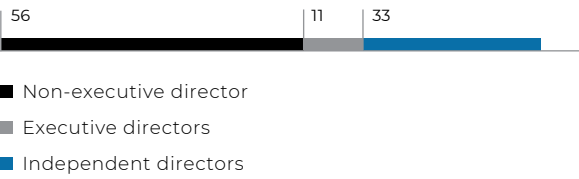
In order to familiarise newly elected members of the Board of Directors with the operational, financial and economic activities of JSC FPC as quickly and efficiently as possible, an induction course is held. This activity is governed by the Induction Programme for newly elected members of the Board of Directors of JSC FPC, which is approved by the decision of the Board of Directors.

As part of the induction course, meetings with the CEO and key employees of the Company are held at the Company's office, key documents and presentation materials on the Company's activities are presented, and visits to the Company's production facilities are organised.

In 2021, an induction course for a newly elected independent director was held. As part of the induction course, meetings with the General Director and Deputy General Directors of JSC FPC were held at the Company's office, and visits to the Situation Centre were organised.

JSC FPC established the practice of familiarisation visits by independent directors to the Company's production facilities.

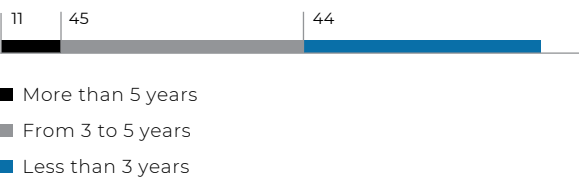
Balance of directors’ independence %



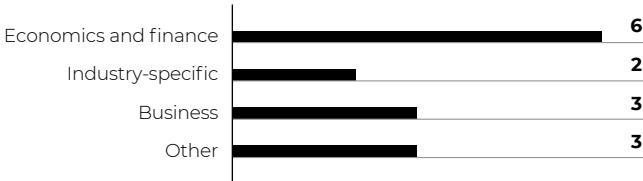
Gender balance %



Incumbency %



Education of members of the Board of Directors



For example, in October 2021, an introductory meeting was organised for independent members of JSC FPC Board of Directors at the Moscow Passenger Carriage Depot PCD-1. A full train preparation cycle, train body washing and rolling stock repair processes were demonstrated, and the buildings involved in the above processes were inspected.

In October 2021, a meeting was organised for independent members of the JSC FPC Board of Directors at the Company's office with the heads and experts of the JSC FPC Marketing Unit. During the meeting, members of the Board of Directors were briefed on the results of marketing initiatives implemented in 2021, as well as plans for the Company's marketing policy.

In December 2021, the Company's management organised a meeting with the heads and members of the boards of directors of subsidiaries and affiliates of JSC FPC for independent members of the JSC FPC Board of Directors. As part of the meeting, members of the Board of Directors were provided with detailed information on the activities of subsidiaries and affiliates and a discussion of the strategic areas of activities of subsidiaries and affiliates of JSC FPC was held.

In order to develop the professional competencies of members of the Board of Directors, the Company organises invitations to Board members to participate in forums, strategic sessions, conferences and other events dedicated to the specific activities of JSC FPC.

In November 2021, members of the JSC FPC Board of Directors participated in plenary sessions, working meetings and discussions with representatives of the transport industry and the expert community at the XV International Forum and Exhibition Transport of Russia.

Additional information about members of the Board of Directors

Members of the Board of Directors do not hold any shares in the authorised capital of JSC FPC, do not own the Company's ordinary shares and have not entered into any transactions to acquire shares of JSC FPC or dispose of them during the reporting year.

No claims were filed against the members of the Board of Directors in connection with the performance of their duties as members of the Board of Directors.

The Company did not issue loans (credits) to members of the Board of Directors.

No notices on conflicts of interest were received by the Board of Directors.

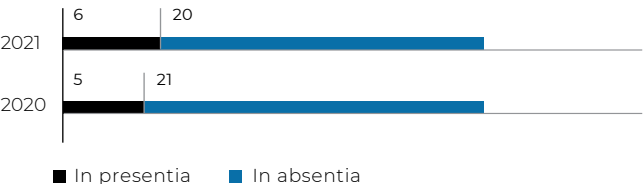
Non-executive and independent directors are not provided with pension contributions, insurance programs, investment programs and other benefits and privileges.

Meetings of the Board of Directors

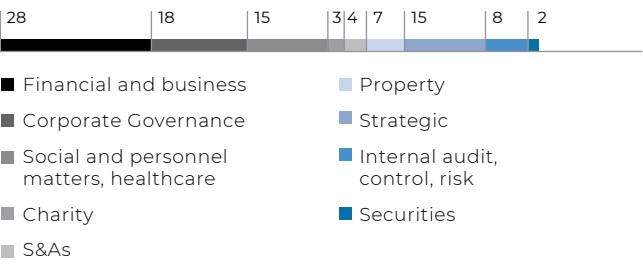
Meetings of the Board of Directors are held regularly and in sufficient number, based on an approved work plan. In 2021, in a pandemic environment, the frequency of face-to-face meetings was maintained at 2020 level. Face-to-face meetings were predominantly held via video-conferencing. The intensity of the meetings was also maintained at the same level as in the previous year. Board members actively participated in the work of the Board of Directors, with an attendance rate of 95%.

JSC FPC's Board of Directors held 26 meetings in 2021, including 20 meetings in absentia and 6 meetings in presentia. The Board of Directors considered 152 issues in 2021. The duration of meetings in presentia averaged 1.75 hours.

Statistics of meetings of the Board of Directors



Matters reviewed by the Board of Directors in 2021 %



Key resolutions of the Board of Directors in 2021

Group of matters	Resolutions
Strategic	Review of the report on the implementation of the IT Development Programme for 2020 and approval of JSC FPC IT Development Programme for 2021
	Review of the budget for 2022–2024
	Approval of target values of key performance indicators of JSC FPC for 2021
	Approval of JSC FPC Investment Programme for 2022–2024
	Consideration of altering the organisational structure of JSC FPC (liquidation of branches)
Securities	Resolution to increase JSC FPC’s authorised capital by placing additional shares and approval of the document containing the terms and conditions of placing JSC FPC securities
Corporate Governance	Resolution to convene the Annual and Extraordinary General Meetings of Shareholders of JSC FPC and make relevant preparations
	Resolutions to organise the work of the committees of the Board of Directors, including approval of the Committees’ work plans for the corporate year 2021/2022. Review of the reports of the Committees for the corporate year 2020/2021
	Review of the results of performance assessment of JSC FPC’s Board of Directors and its Committees
	Review of the Action Plan for Improvement of Corporate Governance for Corporate Year 2021/2022
	Review of the report on corporate governance practice at business entities in which JSC FPC directly or indirectly holds an interest
Internal audit, internal control, and risk management	Review of the reports on the performance of the Internal Audit Department in 2020
	Approval of the programme for internal audit quality assurance and improvement
	Approval of Methodological Recommendations on Corruption Risk Management in JSC FPC
	Review of the procedure for planning, considering and supervising the implementation of measures to improve the reliability of technical facilities and reduce process failures at JSC FPC
Human Resources	Approval of candidates to the positions of JSC FPC’s Deputy General Director and heads of JSC FPC’s branches
	Adoption of a new incentive system for the Company’s executives and management

Assessment of JSC FPC’s Board of Directors performance

JSC FPC formalised the Board of Directors’ performance assessment procedure in the Regulations on Performance Assessment of the Board of Directors, Board Members, and Committees of the Board of Directors of JSC FPC, which were approved by JSC FPC’s Board of Directors in October 2015.

In the reporting period, JSC FPC’s Board of Directors carried out a self-assessment through questionnaires filled in by Board members to assess the overall performance of the Board of Directors and its Committees as well as individual performance of each Board member.

The analysis included the review 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 the self-assessment results at its meeting in September 2021.

The weighted average performance score was 4.3 out of 5 for the Board of Directors and 4.5 out of 5 for individual Board members. The assessment showed that most of the assessed parameters comply with best-practice standards.

Key results of performance assessment

<ul style="list-style-type: none">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.	<ul style="list-style-type: none">The Chairman of the Board of Directors duly exercises his formalised and non-formalised responsibilities.
<ul style="list-style-type: none">The Board of Directors duly monitors the Company’s financial position and the work of JSC FPC’s executive bodies.	<ul style="list-style-type: none">The Board of Directors effectively manages and prevents material risks
<ul style="list-style-type: none">The Board of Directors’ committees are highly effective; their activities are well organised. The committees support the Board of Directors’ efficient performance.	<ul style="list-style-type: none">The Board members effectively interact with each other as well as with shareholders, stakeholders and executives.

Based on self-assessment results, the Board developed and approved a Corporate Governance Improvement Plan in 2022.

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The principles for motivating members of JSC 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 JSC FPC’s Board of Directors approved by JSC FPC’s Annual General Meeting of Shareholders in June 2018¹.

The Regulations include transparent mechanisms to determine the remuneration for the members of the Board of Directors 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 the members of the Board of Directors. The Company does not apply any form of short-term motivation or additional financial incentive for the members of the Board of 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, the Company 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.

¹ Minutes of the Annual General Meeting of Shareholders No. 38 dated 3 July 2018.

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
Chairman of a Committee under the Board of Directors	25% of the fixed part of remuneration
Deputy Chairman of a Committee under the Board of Directors	25% of the fixed part of remuneration for the meetings where the director acted as Chairman of a Committee of the Board of Directors
Member of a Committee under the Board of Directors	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.

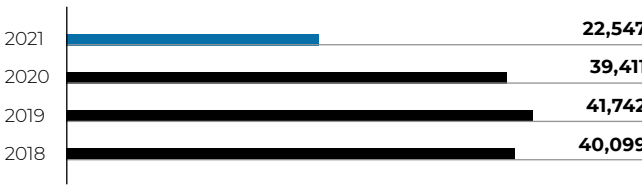
The remuneration for serving on the Board of Directors is only paid if a director attends at least 50% of meetings (from his/her election till the termination of powers).

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

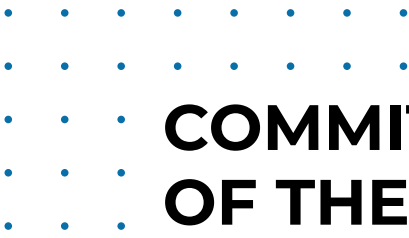
Members of JSC FPC's Board of Directors are reimbursed for expenses incurred when attending the Board meetings (committee meetings) in the amount of actual and documented expenses, in particular:

- 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 an airport or railway station to a hotel
- Accommodation expenses for a single room in a hotel
- Other expenses incurred when attending the Board (Board's committee) meeting

Total remuneration paid to members of the Board of Directors¹ **RUB '000**



¹ These amounts do not include personal income tax or payments related to the performance of the functions of the General Director of JSC FPC by the sole executive body. Five members of the Board of Directors waived their remuneration in 2021.



COMMITTEES OF THE BOARD OF DIRECTORS

REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is a consultative and advisory body of the Board of Directors. The Committee's decisions are of an advisory nature. 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.

The Committee's goals and objectives

Area	Competencies
Accounting (financial) statements	<ul style="list-style-type: none">• Monitoring the completeness, accuracy and integrity of JSC FPC's accounting (financial) statements; reviewing the material aspects of the Company's accounting policy; participating in reviewing material matters and judgements related to JSC FPC's accounting (financial) statements• Reviewing external audit results• Reviewing the rationale behind, and acceptability of, the current accounting methods, accounting (financial) reporting principles, as well as management accounting methods and management reporting principles• Reviewing 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">• Monitoring the RM/IC system reliability and effectiveness• Reviewing the effectiveness of risk management and internal control procedures; preparing proposals for their improvement• Reviewing and assessing the implementation of the RM/IC Policy• Reviewing and assessing the implementation of the Conflict of Interest Management Policy• Preparing recommendations on acceptable risk levels (risk appetite, preferred risks)
Internal and external audit	<ul style="list-style-type: none">• Ensuring independent and unbiased approach of the internal audit function and reviewing its effectiveness; reviewing the Company's Internal Audit Policy and internal audit plan; considering matters related to the appointment (dismissal) of the head of internal audit unit and the amount of his/her remuneration• Assessing nominees to the Company's external auditor for independence, objectivity and absence of conflicts of interest, in particular, assessing potential candidates for the Company's auditor role, making proposals on the external auditor's appointment, re-appointment and dismissal as well as remuneration and terms of engagement, overseeing external audits and assessing audit quality and auditors' reports• Ensuring effective interaction between the internal audit function and the Company's external auditor
Combating malpractice by the Company's employees or third parties	<ul style="list-style-type: none">• Monitoring the performance of the system of alerting on potential fraud being committed by the Company's employees or third parties• Overseeing special investigations of potential fraud and misuse of insider or confidential information• Monitoring the implementation of measures adopted by the Company in response to reports of suspected fraud or other violations

Statistics on the Committee meetings

A total of 17 meetings of the Committee were held during 2021, of which 14 were in presentia and 3 in absentia. During 2021, the Audit and Risk Committee worked on 117 issues.



Essential issues discussed by the Committee

<ul style="list-style-type: none">Review of the audit results of JSC FPC's RAS accounting (financial) statements for 2020	<ul style="list-style-type: none">On a quarterly basis, review of the reports on the Company's financial and business activities prepared by JSC FPC's General Director
<ul style="list-style-type: none">Review of JSC FPC's Annual Report and accounting (financial) statements for 2020	<ul style="list-style-type: none">Consideration of the organisational matters related to the Internal Audit Department: Report on the Performance of JSC FPC's Internal Audit Department in 2020, self-assessment results of the Internal Audit Department in 2020, and JSC FPC's Code of Ethics for Internal Auditors
<ul style="list-style-type: none">Consideration of changes in legislation affecting the formation of accounting policies, other changes in accounting policies and material facts of business activities in 2021	<ul style="list-style-type: none">Review of the report on the results of audits of subsidiaries and affiliates by auditing commissions and the auditor for 2020
<ul style="list-style-type: none">Review of JSC FPC's budget for 2022–2024	<ul style="list-style-type: none">Consideration of the insurance coverage programme of JSC FPC for 2022
<ul style="list-style-type: none">Review of the report on JSC FPC's anti-corruption and corruption prevention efforts in 2020 and JSC FPC's anti-corruption and corruption prevention action plan for 2021	<ul style="list-style-type: none">Review of JSC FPC's key risk register, results of RM/IC assessment in 2020, as well as the compliance system and compliance related risk management system

The Committee's plans for 2022

<ul style="list-style-type: none">Consideration of the 2022–2024 Operational Efficiency and Cost Optimisation Programme of JSC FPC	<ul style="list-style-type: none">Preview of JSC FPC's Annual Report for 2021
<ul style="list-style-type: none">Review of the report on the Internal Audit Department performance for Q4 2021 and for 2021	<ul style="list-style-type: none">Review of the annual progress report on JSC FPC's Operational Efficiency and Cost Optimisation Programme
<ul style="list-style-type: none">Approval of the potential candidate for the external auditor role and material terms of the relevant agreement, including the service fee	<ul style="list-style-type: none">Review of the report on the performance of the system to prevent and combat corruption and other malpractice by employees and third parties in 2021 and the action plan for 2022
<ul style="list-style-type: none">Review of the report on the performance of the risk management system in 2021, including risk occurrence, financial risks, loans, and liquidity management	<ul style="list-style-type: none">Review of the report on the performance of the Audit and Risk Committee of JSC FPC's Board of Directors in the 2021/2022 corporate year and its efficiency
<ul style="list-style-type: none">Review of JSC FPC's RAS accounting (financial) statements for 2021, the auditor's opinion on accounting (financial) statements, and the Auditor's recommendations	

REPORT OF THE HUMAN RESOURCES, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE

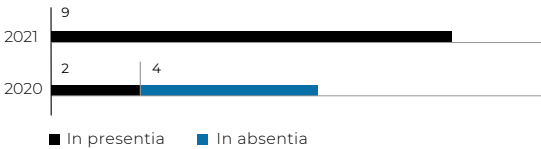
The Human Resources, Remuneration and Corporate Governance Committee is a consultative and advisory body of the Board of Directors. The Committee's decisions are of an advisory nature. The main purpose of the Committee is to assist the Board of Directors in efficiently performing its functions with regard to the development of corporate governance, effective workforce planning and establishing transparent compensation practices in the Company. It is achieved through addressing the matters within the Committee's authority.

The Committee's goals and objectives

Area	Competencies
Incentive and remuneration systems	<ul style="list-style-type: none">Development and periodic reviews of the Company's policy for remuneration of the members of the Board of Directors, executive bodies and other key executives of the CompanyMonitoring the introduction and implementation of the Company's remuneration policy and incentive programmes, performance assessment of the executive bodies of the Company and other key executives of the Company, including review of the reports on the achievement of key performance indicatorsPreliminary review and development of recommendations to the Board of Directors regarding material terms of employment contracts to be entered into with the Company's executive bodies and key executives, as well as bonuses for executive bodies and key executivesPreliminary assessment of the work of the Company's Corporate Secretary by year-end results.
Human resources policy and succession planning	<ul style="list-style-type: none">Assessment of the Company's Board of Directors in terms of professional expertise, experience, independence and involvement of the Board members; review of the professional qualifications and independence of all Board nomineesDeveloping recommendations on the performance assessment system and improving procedures for the same in respect of the Board of Directors and its committeesDeveloping recommendations for the induction programme for newly elected members of the Board of Directors;Analysis of current and anticipated needs of the Company with regard to the professional qualifications of the members of the executive bodies and other key executivesSuccession planning, developing recommendations for candidates for the Company's executive bodies and other key executives
Corporate governance	<ul style="list-style-type: none">Supervising corporate governance practicesAnalysis of the compatibility of corporate governance with the Company's goals and objectives, as well as with the scale of its operations and the risks the Company undertakesDeveloping proposals on improvement of corporate governance practices

Statistics on the Committee meetings

Nine meetings were held in 2021, all meetings were conducted in presentia, using video-conferencing. Within the reporting period, the Committee reviewed 54 agenda items.



Essential issues discussed by the Committee

<ul style="list-style-type: none">Assessment of the compliance of candidates nominated to the Board of Directors of JSC FPC, as well as assessment of the compliance of candidates to the Board of Directors of JSC FPC with the independence criteria	<ul style="list-style-type: none">Approval of candidates to the position of JSC FPC's Deputy General Director and heads of JSC FPC's branches
<ul style="list-style-type: none">Consideration of the results of the self-assessment of the JSC FPC Board of Directors and the committees performance for the corporate year 2020/2021	<ul style="list-style-type: none">On a quarterly basis, review of the reports on the Company's social support and human resources activities prepared by JSC FPC's General Director
<ul style="list-style-type: none">Consideration of the results of the internal audit of the corporate governance practices of JSC FPC in 2020	<ul style="list-style-type: none">Review of the Regulations on the Corporate Secretary of JSC FPC
<ul style="list-style-type: none">Review of the Regulations on Awarding Bonuses to the Corporate Secretary of JSC FPC	<ul style="list-style-type: none">Review of the Regulations on Motivation of the General Director of JSC FPC

The Committee's plans for 2022

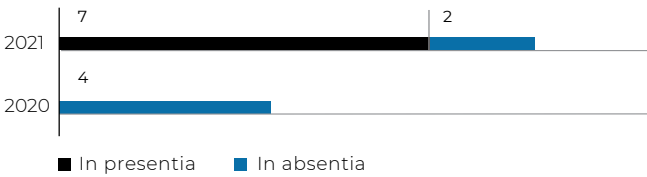
<ul style="list-style-type: none">Preparation of recommendations to the Board of Directors on nominees for election to the Boards of Directors and auditing commissions of subsidiaries and affiliates of JSC FPC	<ul style="list-style-type: none">Consideration of the issue of measures to prepare for the Annual General Meeting of Shareholders of JSC FPC, including the assessment of candidates nominated by shareholders for election to the Board of Directors of JSC FPC
<ul style="list-style-type: none">Consideration of the report of the General Director of JSC FPC on the results of JSC FPC social support and human resources policy in 2021 and the first quarter of 2022	<ul style="list-style-type: none">Review of the report on implementing the action plan for improvement of corporate governance of JSC FPC for corporate year 2021/22
<ul style="list-style-type: none">Review of the report on the performance of the Human Resources, Remuneration and Corporate Governance Committee of JSC FPC's Board of Directors in the 2020/2021 corporate year and its efficiency assessment	<ul style="list-style-type: none">Consideration of the results of the corporate governance assessment for 2021
<ul style="list-style-type: none">Consideration of the results of the self-assessment of JSC FPC's Board of Directors, Committees of the Board of Directors and members of the Board of Directors for the corporate year 2020/2021	

REPORT OF THE STRATEGIC PLANNING COMMITTEE¹

The Strategic Planning Committee is an advisory and consultative body of the Board of Directors formed to improve the Company's performance in the long term. The Committee's decisions are of an advisory nature.

Statistics on the Committee meetings

Nine meetings were held in 2021, of which seven were in presentia and two in absentia. 36 issues were considered.



¹ On 5 March 2022, the Committee was renamed the Strategic Planning, Digitalisation and IT Committee.

The Committee's goals and objectives

<ul style="list-style-type: none">Setting strategic goals for the Company, participating in the development of the Company's strategy, controlling its implementation and making recommendations to the Board of Directors on adjustments to the existing Strategy	<ul style="list-style-type: none">Identification of the Company's key performance indicators, assessment of the Company's performance in the long term
<ul style="list-style-type: none">Preliminary review and making recommendations to the Board of Directors on the following issues:<ul style="list-style-type: none">The Dividend Policy of the CompanyThe Investment Policy of the Company, including development of the basic principles for the sameIssues related to the Company's participation in other entities (including issues related to the direct and indirect acquisition and disposal of shares in the authorised capital of organisations, encumbrance of shares, and stakes)Approval and adjustment of the annual budget and Investment Programme of the Company and approval of the report on their implementationDetermining the amount of dividends on the Company's sharesApproval of material transactions of the Company;Consideration of material issues of the subsidiaries and affiliates	<ul style="list-style-type: none">Consideration of the reorganisation and liquidation of the Company and its controlled entitiesConsideration of issues related to changes in the organisational and staff structure of the Company's management.Elaboration of the Company's priority areas of activitiesConsideration of re-engineering of the business processes of the Company and its controlled legal entitiesReviewing the financial and valuation model for the Company's business and its business segments

Essential issues discussed by the Committee

<ul style="list-style-type: none">Consideration of the IT Development Programme of JSC FPC for 2021	<ul style="list-style-type: none">Consideration of the issue of JSC FPC's IT Strategy for 2020-2025
<ul style="list-style-type: none">The Interim (2020) Report on the implementation of the JSC FPC's Development Strategy until 2030 were reviewed.	<ul style="list-style-type: none">On a quarterly basis, review of the reports on the Company's financial and business activities prepared by JSC FPC's General Director
<ul style="list-style-type: none">Consideration of the Regulations on the System of Key Performance Indicators for the Purpose of Awarding Bonuses to the Executives of JSC FPC	<ul style="list-style-type: none">Consideration of the JSC FPC Budget for 2022–2024 and Investment Programme for 2022–2024
<ul style="list-style-type: none">Review of the Regulations on Improving Investment and Operating Efficiency and Cost Reduction of JSC FPC	

The Committee's plans for 2022

<ul style="list-style-type: none">Consideration of the report on IT Strategy implementation	<ul style="list-style-type: none">Consideration of the consolidation of JSC FPC' branches
<ul style="list-style-type: none">Consideration of the issue on the structure of JSC FPC Group of companies, including the plans of JSC FPC to develop the business of JSC FPC subsidiaries and affiliates	<ul style="list-style-type: none">Consideration of the issue of developing recommendations on the amount of dividends on shares and the procedure for their payment according to the results of 2020
<ul style="list-style-type: none">Consideration of the JSC FPC General Director's report on the results of JSC FPC's operations in 2021 (in terms of the Company's production activities)	<ul style="list-style-type: none">Review of the report on the performance of the Strategic Planning Committee of JSC FPC's Board of Directors in the 2020/2021 corporate year and assessment of its efficiency

CORPORATE SECRETARY

JSC 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 Meetings of Shareholders 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 JSC FPC's Board of Directors in December 2021¹.

The tasks of the Corporate Secretary are as follows:

- Organisational and information support for the work of the General Meeting of Shareholders, the Board of Directors, and committees of the Company's Board of Directors

- Coordinating collaboration between members of the Board of Directors, shareholders and Company's executive bodies to ensure efficient performance of the Board of Directors
- Ensuring compliance by the management bodies and employees of the Company with the requirements of the legislation of the Russian Federation, the Company Articles of Association and internal documents of the Company aimed at exercise of rights and legitimate interests of shareholders
- Developing the Company's corporate governance practices

The Corporate Secretary holds no ordinary shares in the Company and has not entered into any transactions to acquire or dispose of shares in JSC FPC during 2021. No loans (credits) to the Corporate Secretary were issued by the Company. No notices of conflict of interest were received.

GENERAL DIRECTOR

Vladimir Pyastolov

The management of JSC 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 JSC 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.

In October 2020, V. Pyastolov was elected as Director General of JSC FPC by the decision of the Board of Directors¹.

The General Director does not hold a stake in JSC FPC's authorised 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, JSC FPC shares. No notices of conflict of interest were received.

¹ Minutes No. 10 dated 27 December 2021.

¹ Minutes No. 8 dated 2 October 2020.

REMUNERATION AND REIMBURSEMENT FOR GOVERNANCE BODIES (THE EXECUTIVE BODY AND OTHER KEY MANAGERS)

The remuneration of the sole executive body and JSC FPC’s other key managers directly depends on the achievement of relevant key performance indicators.

The Regulations on JSC FPC Executives Remuneration System approved by the Board of Directors of JSC FPC (Minutes No. 4 dated 15 September 2021) and the Regulations on the System of KPI for the Purpose of Awarding Bonuses to the Executives of JSC FPC approved by the Board of Directors of JSC FPC (Minutes No. 6 dated 18 October 2021) were developed in compliance with the following regulations:

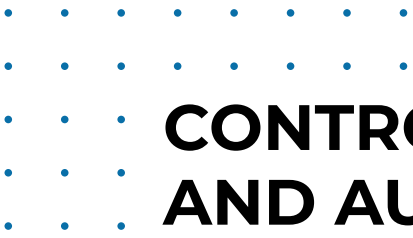
- Order of the Russian Government No. 1388-r dated 27 June 2019 — Guidelines on the Application of Key Performance Indicators by Business Entities in Which the Share of the Russian Federation or Its Constituent Entity Exceeds 50%, and Performance Indicators of State Unitary Enterprises to Determine the Remuneration to Their Management
- Order of the Russian Government No. 3579-r dated 28 December 2020 — Guidelines on the Elaboration and Application of Key Performance Indicators for Joint-stock Companies the Shares of Which Are Owned by the Russian Federation and Certain Non-profit Entities in Order to Determine the Remuneration to Their Management
- Standard Regulations on Bonus Payment to the Management of a Subsidiary Company approved by the Parent Company’s Order No. 1542/r dated 16 July 2021 On Approval of Standard Documents Relating to Motivation of Managers of Controlled Companies on the Basis of Key Performance Indicators

The Company’s key performance indicators (KPIs) are used as KPIs for the General Director and are also corporate KPIs for the Company’s key managers.

The above KPIs served as a basis for corporate and functional key performance indicators of JSC FPC’s top managers, which underpin their motivation system.

The following tasks were completed when developing the motivation system:

- The Regulations on JSC FPC Executives Remuneration System agreed upon by the Board of Directors of JSC FPC and the Regulations on the System of KPI for the Purpose of Awarding Bonuses to the Executives of JSC FPC were approved
- The Company’s 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

The external auditor of JSC FPC is selected through an open tender. The criteria for assessing the participants in an open tender are approved by the Parent Company. No additional procedures are used to ensure the auditor’s independence and objectivity when conducting an open tender.

The Board of Directors of JSC FPC approved the sole participant of the open tender as the Company’s auditor to verify and confirm the Company’s RAS and IFRS financial

statements for 2021. The Auditor’s remuneration amounts to RUB 21.6 million (including VAT). Contract No. FPK-21-187 dated 7 July 2021. No non-audit services were provided.

The Audit and Risk Committee of JSC FPC did not assess the efficiency of the external audit process in 2021.

AUDITING COMMISSION

The Auditing Commission is JSC 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 JSC 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 Auditing Commission acts in the best interests of JSC FPC’s shareholders and is accountable to the General Meeting of Shareholders.

The Auditing Commission is independent of officers of JSC FPC’s governance bodies and administrative units.

The Auditing Commission is guided by applicable laws of the Russian Federation, JSC FPC’s Articles of Association, the Regulations on the Auditing Commission, and the Regulations on Remuneration and Compensation for the Members of JSC FPC’s Auditing Commission.

The Auditing Commission is composed of five members elected by the Board of Directors for a three-year term under JSC FPC’s Articles of Association.

The Auditing Commission, which was functioning at the end of the reporting period, was elected by the resolution

of JSC FPC’s Board of Directors in December 2021 (Minutes No. 10 dated 27 December 2021).

Report on work with the Auditing Commission in 2021

Pursuant to clause 3 of Article 85 of Federal Law No. 208-FZ dated 26 December 1995 On Joint Stock Companies, the Auditing Commission of JSC FPC carried out two audits in JSC FPC during 2021:

- Financial and economic activities of JSC FPC and its branches in 2020
- Certain issues related to the financial and business activities of JSC FPC for the nine months of 2021

Incentives for the members of the Auditing Commission are established by the Regulations on Remuneration and Compensation for the Members of JSC FPC’s Auditing 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 JSC FPC’s Auditing Commission were paid RUB 211,068.00 for participation in the annual audit.

The resolution to pay additional remuneration to members of the Auditing Commission is passed by JSC FPC's Board of Directors in line with paragraph 15.1, subparagraph 24 of JSC FPC's Articles of Association.

By decision of the Board of Directors of JSC FPC (Minutes No. 25 dated 27 May 2021) it was decided not to pay additional remuneration to the members of the Auditing Commission for the audit of the financial and business operations of JSC FPC in 2020.

The total amount of payments in 2021 was RUB 211,068.00.

Internal audit

The key objective of JSC 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 RM/IC process and corporate governance practice to maintain financial stability, improve the efficiency and productivity of business processes, boost performance and achieve JSC FPC's goals.

JSC FPC's Internal Audit Department is responsible for the internal audit. The Internal Audit Department operates in accordance with the requirements of the laws and regulations of the Russian Federation, regulations of the Parent Company and JSC FPC, the conceptual framework of professional practice of the Institute of Internal Auditors and other documents.

JSC 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.

- Internal audit activities in JSC FPC are regulated by the following key documents:
- Regulations on the Organisation of Internal Audit in JSC FPC approved by the decision of the Board of Directors of JSC FPC¹
 - Regulations on the Internal Audit Department of JSC FPC, approved by the decision of the Board of Directors of JSC FPC²

- Internal Corporate Audit Standards approved by the Parent Company's Order No. 2327r dated 16 November 2016 and adopted by the Board of Directors of JSC FPC³
- The Code of Ethics for Internal Auditors of JSC FPC, approved by the decision of the Board of Directors of JSC FPC⁴
- Internal Audit Quality Assurance and Improvement Programme approved by the Board of Directors of JSC FPC⁵

During the year, the Internal Audit Department conducted internal audits of individual business processes, assessed corporate governance, reliability and efficiency of RM/IC processes. The Internal Audit Department also monitors the implementation of measures to eliminate irregularities and shortcomings in JSC FPC's activities identified during internal audits.

Implementation of the Internal Audit Quality Assurance and Improvement Programme continued in 2021. As part of its implementation, an internal quality assessment (self-assessment) of internal audit activities for 2021 was carried out by employees and the Head of Department, Company management and members of the Audit and Risk Committee.

The report on the results of the internal assessment of the Internal Audit Department for 2021 was reviewed by JSC FPC's Audit and Risk Committee⁶.

Based on the results of the self-assessment of the internal audit performance, the internal audit function was found to be compliant with the established requirements and stakeholder expectations. In order to further improve the performance level, areas of improvement of the internal audit function were elaborated (The Internal Audit Quality Assurance and Improvement Plan for 2022 was approved).



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.	five potential conflicts of interest which were resolved by the Commission in due time.
The Company has in place a Commission for Resolving Conflicts of Interest. In 2021, the Commission identified	As part of an effort to identify conflicts of interest, 43 potential conflicts of interest were proactively eliminated by employees before they were reviewed by the Commission.

PREVENTING AND COMBATING CORRUPTION

JSC FPC adopted the 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 anti-corruption section of JSC FPC's official website, fpc.ru, is publicly available.
The unit responsible for the prevention of corruption offences is the Corporate Security Centre, a structural unit of JSC FPC, which has a Corporate Communications Control and Anti-Corruption Department.	JSC FPC implements measures to prevent and combat corruption in line with its Anti-Corruption Plan for 2021–2024.
JSC FPC also maintains an anti-corruption hotline.	JSC FPC also consistently interacts with law enforcement bodies to identify breaches of anti-corruption laws.

¹ Minutes No. 7 dated 25 October 2018.
² Minutes No. 7 dated 25 October 2018.
³ Minutes No. 13 dated 28 December 2016.
⁴ Minutes No. 23 dated 11 June 2020.
⁵ Minutes No. 15 dated 5 February 2021.
⁶ Protocol No. 12 dated 2 March 2022.

RISK MANAGEMENT

The global situation in 2021 was largely defined by the COVID-19 pandemic, which triggered a series of global socioeconomic consequences: quarantine and self-isolation requirements, border closures, event cancellations and postponements, worldwide protests and a major global economic recession.

The events of 2021 driven by pandemic restrictions, and the sanctions imposed on Russia, resulting in lower energy demand and weaker rouble, negatively affected the entire Russian economy and social sphere.

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.

RISK MANAGEMENT SYSTEM

Risk management at JSC 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 JSC 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 Department is responsible for overall coordination and methodological support of the risk management process, as well as operational control of how it is run by JSC FPC's units and, according to the established procedure, by subsidiaries and affiliates, including the review of JSC FPC units' progress on risk treatment plans, response to identified variances and gaps in the risk management and internal control (RM/IC) system, which have led or may lead to negative consequences, scheduled and unscheduled RM/IC audits, and preparing and submitting reports to JSC FPC's management.

In this situation, the Company took measures to improve its financial and economic position in 2021:

- A more rigorous, in-depth analysis of the performance of JSC 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

All risks in JSC FPC are managed on the basis of the following:

- JSC FPC Risk Management Policy approved by the decision of the Company's Board of Directors¹
- Methodological recommendations on determining the acceptable value of risks (risk appetite), approved by the decision of the Board of Directors of JSC FPC²
- Methodological Recommendations on Risk Management and Internal Control approved by the decision of the Director General of JSC FPC³
- Regulations on Interaction in the Risk Management and Reporting Process, approved by the order of the Director General of JSC FPC⁴

The Internal Audit Department is responsible for assessing the RM/IC system reliability and effectiveness.

GOVERNANCE PRINCIPLES

The Risk Management and Internal Control Policy (the Policy) developed in line with the Risk Management and Internal Control Policy of the Parent Company was approved by JSC FPC's Board of Directors.

In accordance with the Policy, the main purpose of the RM/IC system 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

The Risk Management and Internal Control Policy stipulates that RM/IC system organisation and functioning in JSC FPC is to be carried out 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.

Main objectives of the RM/IC system:

- Creation of infrastructure and a regulatory and methodological basis for the effective functioning of the risk management process
- Integration RM/IC 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 RM/IC participants and other stakeholders
- Reduction in the number of unforeseen events that could have a negative impact on the achievement of JSC FPC's goals

Central decision-making bodies for risk management at JSC 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.

Improvement of RM/IC system in 2021

In a period of uncertainty in 2021, 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 JSC FPC's development until 2025. The risk management system was therefore geared to supporting the Company in achieving its goals.

During 2021, a number of measures were implemented to improve the RM/IC system effectiveness.

¹ Minutes No. 11 dated 27 December 2019.

² Minutes No. 24 dated 02 July 2020.

³ JSC FPC Directive No. 258r dated 20 March 2020.

⁴ JSC FPC Directive No. 258r dated 20 March 2020.

The results of the assessment of the reliability and efficiency of RM/IC system in 2021 demonstrate that, in general, the RM/IC system is reliable and efficient:

- The elements of JSC FPC's RM/IC system are established 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
- Certain observations in the functioning of the RM/IC system did not affect the achievement of the Company's objectives.

The Internal Audit Department proposed ways to improve the RM/IC system effectiveness.

In 2021, the regulatory and methodological framework of JSC FPC was updated to improve approaches to the identification, analysis and assessment of the Company's risks, as well as the approach to identifying key risks and setting risk appetite for them.

The Internal Audit Department assessed the reliability and effectiveness of the RM/IC process in 2021. Based

on the assessment results, a conclusion was made that the elements of the RM/IC process in JSC FPC are built in accordance with the principles and approaches to its organisation approved by the Board of Directors of JSC FPC, COSO documents and GOST R ISO 31000-2019. In order to further improve the efficiency of the RM/IC process, a number of relevant recommendations were prepared.

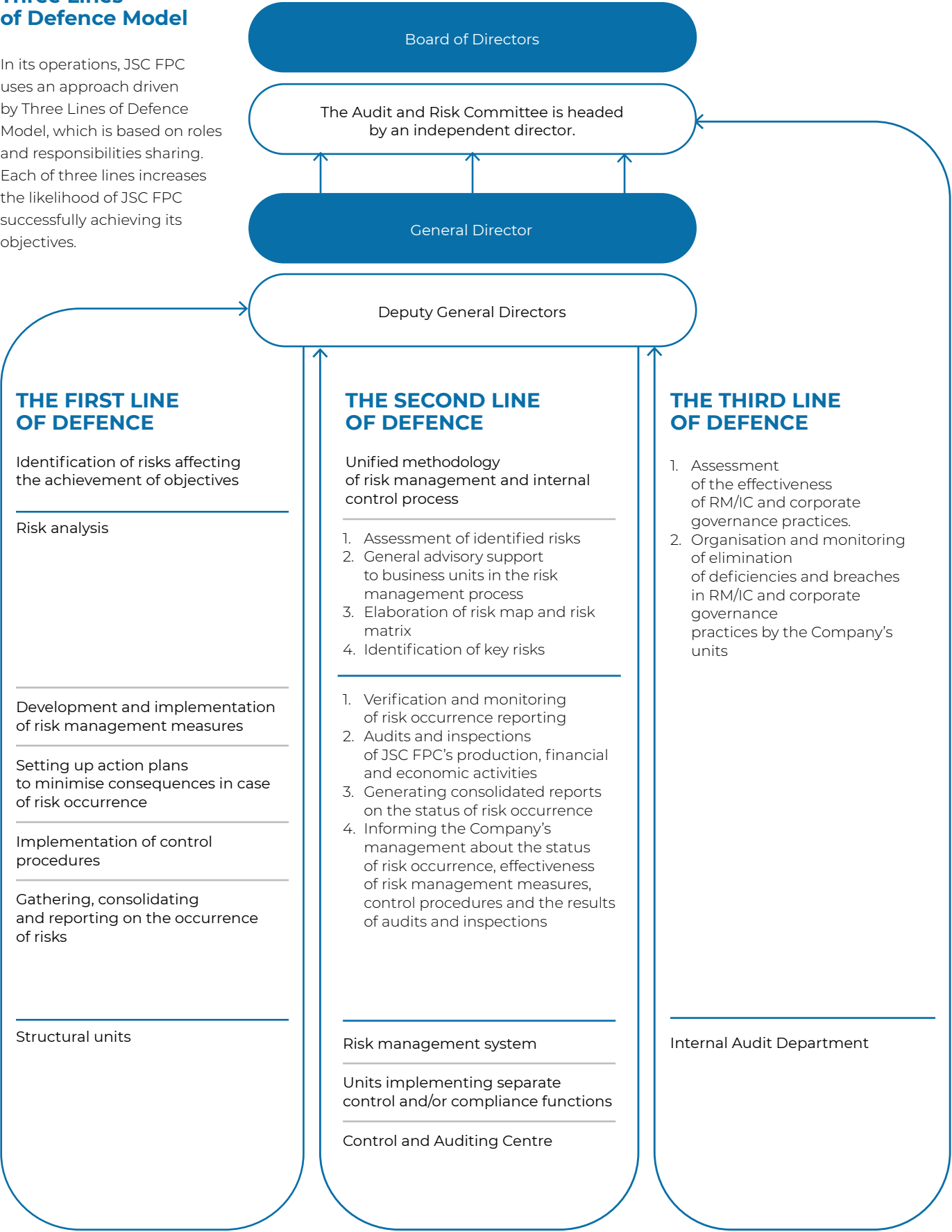
In 2022, it is planned to continue further improvement of JSC FPC's RM/IC, taking into account the implementation of a project to improve and develop an integrated risk management model elaborated by the Parent Company.

In 2022, as part of the approval of the 2021 Annual Report of the Internal Audit Department, the issue of assessment of reliability and efficiency of the RM/IC system in 2020 will be considered.

The H1 Report, which will be submitted for approval in August 2022, will include the issue of assessment of reliability and efficiency of the RM/IC system in 2021.

Three Lines of Defence Model

In its operations, JSC FPC uses an approach driven by Three Lines of Defence Model, which is based on roles and responsibilities sharing. Each of three lines increases the likelihood of JSC FPC successfully achieving its objectives.



KEY RISK FACTORS

Key risks factors associated with JSC FPC's operations:

- Lower GDP growth
- Higher CPI growth
- Significant fluctuations in inventory and fuel/energy prices
- Increased competition (adjustments to price policy and dumping by JSC 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

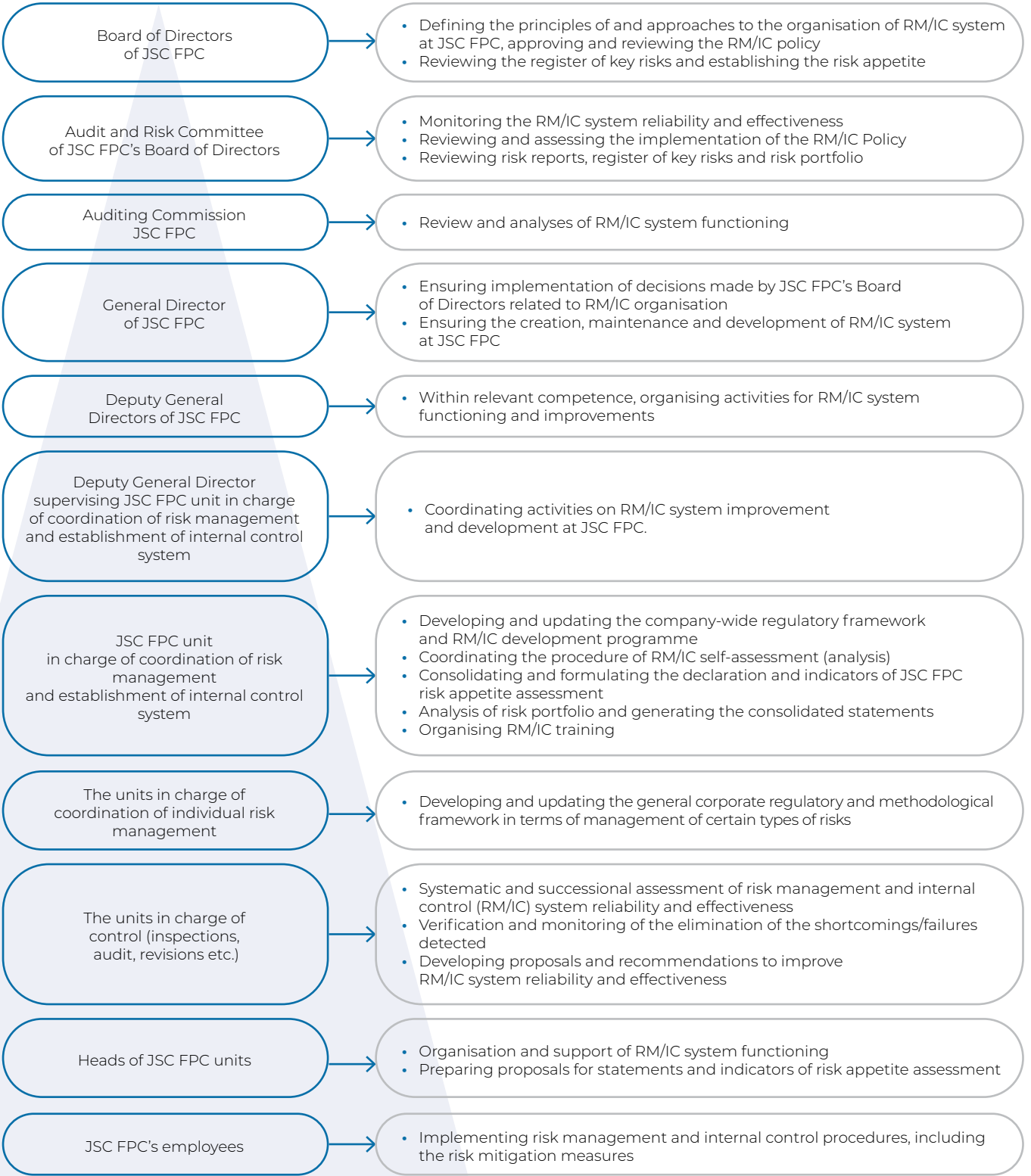
RISK TREATMENT METHODS APPLIED

The following risk treatment methods are currently used at JSC 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 or 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 occurrence).
- **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.

JSC FPC'S RISK MANAGEMENT STRUCTURE

The risk management structure represented is in line with JSC FPC's Risk Management and Internal Control Policy.



RISK MANAGEMENT PROCESS STAGES

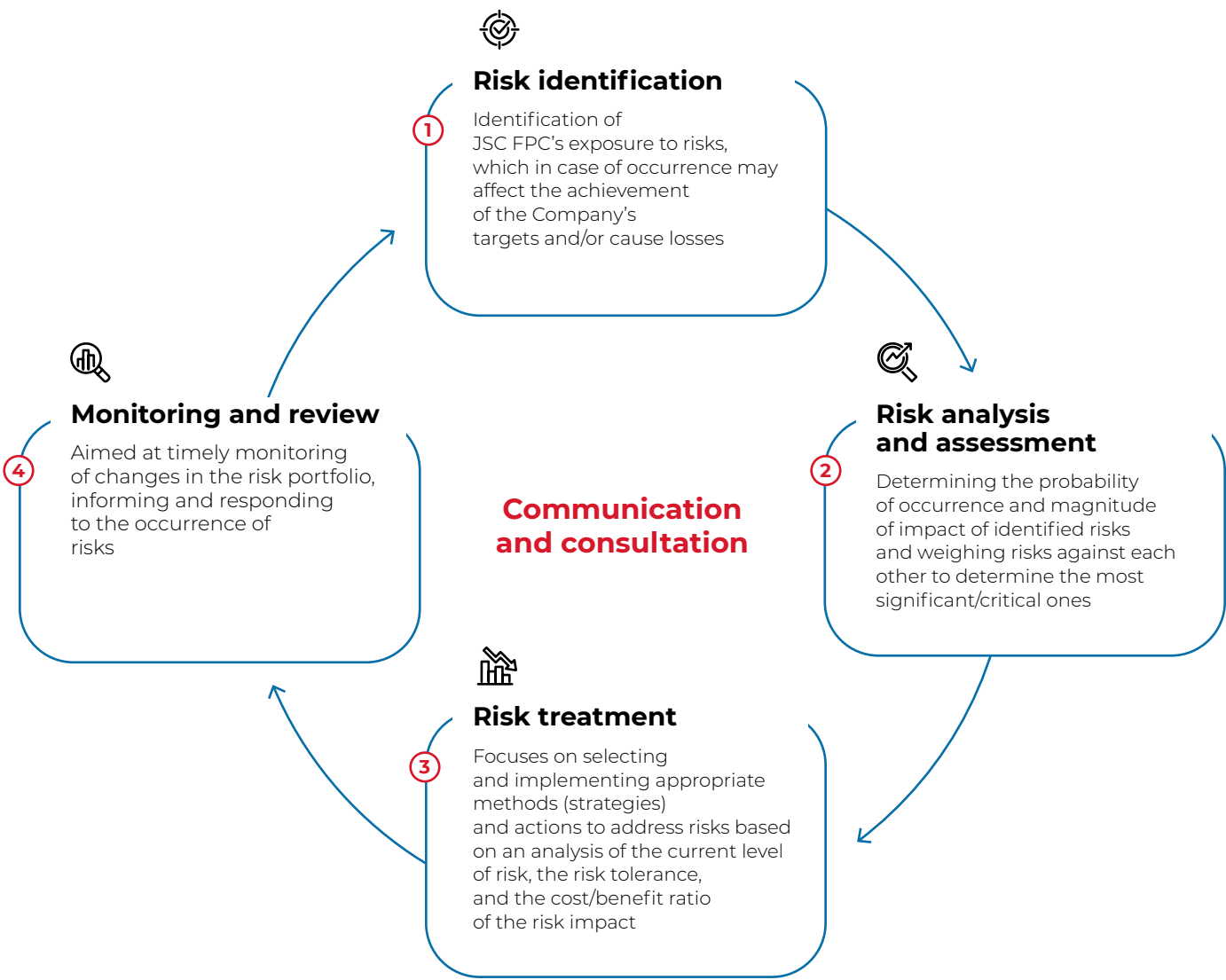
In line with the Policy, the risk management process at JSC FPC consists of the following stages:

- 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 RM/IC system.

Risk register of JSC FPC

- A total of 103 risks were identified for JSC FPC in 2021:
- 2 high level risks
 - 3 medium level risks
 - 98 low level risks



KEY RISKS

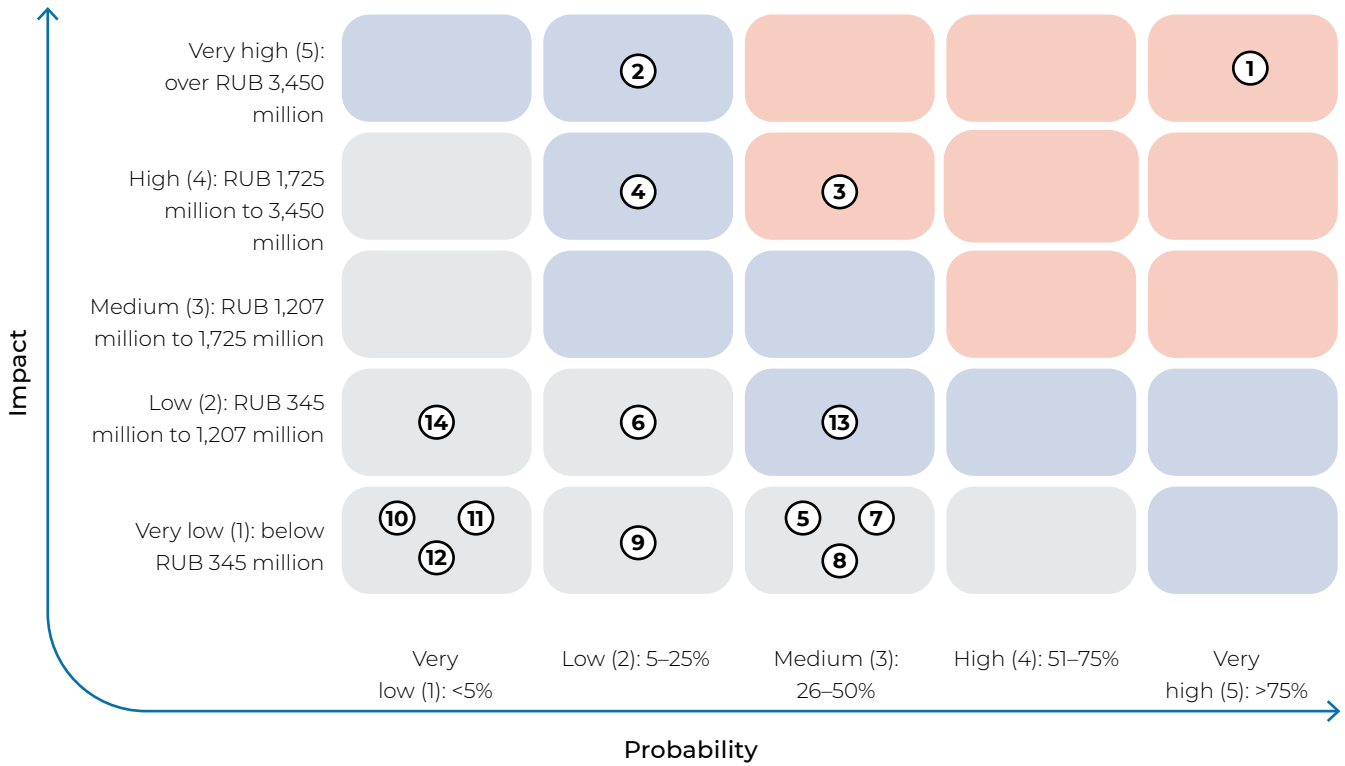
According to the above methodology, 14 risks were identified as key risks for JSC FPC in 2021.

- Decline in passenger-kilometres
- Increase in passenger transportation cost
- Failure to deliver key investment projects
- Decrease of labour productivity to target values
- Restriction of the Company's operations, bringing JSC FPC to liability
- Risk of net profit falling below target
- Significant garbling of accounting statements
- Corruption risks
- Fire at stationary facilities
- Violations of safety rules for passenger trains
- violation of industrial safety requirements;
- Failure to comply with the JSC FPC Procurement Plan
- Loss (disclosure) of documents and leakage of personal, proprietary, confidential and insider information
- Risk of underfunding of JSC FPC's obligations under the Collective Bargaining Agreement

RISK MAP

In order to provide a visual representation of risks materiality, a risk map has been plotted.

The Y-axis of the risk map displays the magnitude (degree) of the impact of identified risks on JSC FPC’s operations, while the X-axis shows the likelihood of their occurrence.



High (12–25)	1. Decline in passenger-kilometres 3. Failure to deliver key investment projects
Medium (5–10)	2. Increase in passenger transportation cost 4. Decrease of labour productivity to target values 13. Risk of loss (disclosure) of documents and leakage of personal, proprietary, confidential and insider information
Minor (low) (1-4)	5. Restriction of the Company’s operations, bringing JSC FPC to liability 6. Risk of net profit falling below target 7. Significant garbling of accounting statements 8. Corruption risks 9. Risk of fire at stationary facilities 10. Violations of safety rules for passenger trains 11. Risk of violation of industrial safety requirements 12. Failure to comply with the JSC FPC Procurement Plan 14. Underfunding of JSC FPC’s obligations under the Collective Bargaining Agreement

RELATIONS OF KEY RISKS AND THE COMPANY’S STRATEGY

JSC FPC’s operations are carried out in accordance with the Company’s Development Strategy until 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 until 2030, Strategy of Railway Transport Development in the Russian Federation until 2030, and the Long-Term Development Programme of the Parent Company until 2025.

In addition, the Strategy identifies the following list of strategic benchmarks:

- Number of passengers carried
- Revenue
- EBITDA
- net debt / EBITDA
- Carriage acquisition

Major factors that affected JSC FPC’s KPI performance in 2021:

- 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 JSC 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 JSC 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 in line with the decision of the Board of Directors of JSC FPC based on the results of their review and taking into account the opinion of the Audit and Risk Committee. In the future, the Board of Directors supervises the implementation of measures to treat such risks by JSC FPC’s divisions.

In addition, JSC FPC identified the risk of deviation from the achievement of the planned effects of the implementation of strategic initiatives of JSC FPC for the period up to 2030 — within the framework of this risk, the Company monitors the deviation from the planned effects for all strategic initiatives.

SUSTAINABILITY RISKS

JSC FPC also identified sustainability risks, possible consequences for the Company in case of their occurrence and developed measures to treat the same.

Sustainability risks register

Item	Risk	Possible consequences	Risk treatment measures
1	Violations of safety rules for passenger trains	Increase in the number of events related to violation of the safety rules for railway traffic and operation, which may lead to the death of passengers and the Company's employees	<ul style="list-style-type: none">Scheduled modernisation of passenger carriages.Organisation of claim activities in the event of poor performance of contractual obligations on the part of service providers and contractors.Organisation and implementation of JSC 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 SafetyControl over the availability of the design documentation for the design enhancement activities when accepting the carriages for repair
2	The emergence of dissatisfaction with the activities of JSC FPC in the Company	Poor or complete dissatisfaction of passengers with the activities of JSC FPC. Population switching to road and air transport	<ul style="list-style-type: none">Instruction to the Company's employees about validity of the following regulatory documents:<ul style="list-style-type: none">Order On the system of information response to emergency situationsInstructions to the heads of JSC FPC units — Procedure for Responding to Standard Information Threats in JSC FPC
3	Violation of environmental legislation	Violation of legislation in terms of environmental protection provisions due to environmental pollution (administrative responsibility, administrative penalties in the form of fines)	<ul style="list-style-type: none">Elaboration of the operational programme for environmental protection activities of JSC FPC and control over its implementation.Industrial environmental controlPlanning and implementation of investment projects of environmental significance (wastewater treatment facilities, carriage washing facilities, storm sewers).Training of managers and specialists responsible for environmental protection.
4	Risk of violation of industrial safety requirements	Violation of industrial safety requirements resulting in injuries, loss of life, losses and damage from accidents and incidents (administrative penalties and fines imposed on the organisation and officials, administrative suspension of activities)	<ul style="list-style-type: none">Elaboration of the Industrial Safety Operating Programme,conducting the industrial safety review.Replacement of technical devices that reached the end of their standard service life, as part of the JSC FPC Investment Programme.Training and certification of responsible managers and specialists.Implementation of production control
5	Shortage of rolling stock	<ul style="list-style-type: none">Failure to meet passenger traffic targetsFailure to meet capacity utilisation targetsIncrease in rolling stock rental costs.Increase in expenses for repairs of the passenger carriage fleet	<ul style="list-style-type: none">Planning, organising and monitoring the implementation of programmes for depot repairs, overhauls and modernisation of passenger carriages, including repairs of third-party carriages.Developing and organising the implementation of measures to minimise the use of freight series locomotives in passenger traffic.Support for the lease contracts for locomotives with crew, including the introduction of necessary alternations/additions and reconciliation of the services provided.The use of carriages held in reserve

Item	Risk	Possible consequences	Risk treatment measures
6	Failure of a contractor of JSC FPC to perform contractual obligations to supply goods, work and services	Non-fulfilment of contractual obligations to JSC FPC by a subcontractor may result in failure of investment and (or) strategic projects, additional expenditures for JSC FPC, failure to repair and maintain rolling stock due to a breach of the delivery schedule of inventory and, in general, has a negative impact on the financial and business activities of JSC FPC.	<ul style="list-style-type: none">Checking a contractor prior to entering into a contract.Drafting contracts that provide for liability for the contractor's failure to fulfil its obligations.Acceptance of bank guarantees or cash from a contractor as security for the contract.Stage-by-stage monitoring of the contractor's performance of its obligations, by the unit, which initiated the contract
7	Shortage of train crews	Shortage of train crew staff to service passenger trains during the period of mass passenger traffic and the appointment of occasional additional passenger trains, leading to revenue shortfalls and passenger dissatisfaction	<ul style="list-style-type: none">Hiring temporary staff (students of educational institutions) to service passenger trains during the period of mass passenger traffic.Formation of train crews in accordance with the requirements of regulatory documents
8	Occupational injuries	Occurrence of occupational injuries	<ul style="list-style-type: none">Development of local regulations in the field of occupational safety.Investigation of occupational injuries followed by development of corrective measures.
9	Dissatisfaction of passengers with the quality of services	Decrease in passenger loyalty due to unsatisfactory service provided by booking offices and train crews	<ul style="list-style-type: none">Analysis of assessment of quality of JSC FPC's services.Analysis of complaints about unsatisfactory fare conditions and the actions of train crews.Analysis of labour discipline in the units of JSC FPC's branches.Periodic scheduled training for train crews and ticket cashiers
10	Leakage of personal data of Loyalty Programme participants	Unauthorised deletion/transfer/ copying of personal data on registered participants of the Loyalty Program, resulting in violation of applicable law of the Russian Federation and reputational and financial risks for JSC FPC	<ul style="list-style-type: none">Monitoring of requests from the Loyalty Programme participants in terms of compliance with Federal Law No. 152-FZ On Personal Data.Transmission of participants' personal data on banking products (co-branded cards) through an encrypted channel.Monitoring of vulnerabilities of automated workstations.Control over prevention of breach of rules relating to personal data of Loyalty Programme participants

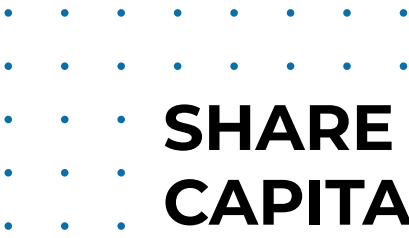
INTERNAL CONTROL

Internal control at JSC 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 RM/IC 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 2021, JSC FPC's authorised capital amounted to RUB 221,961,040,539. The authorised capital comprises 221,961,040,539 ordinary shares with a par value of RUB 1 each.

In April 2021 the Company completed the procedure of additional issue of ordinary shares of additional issue 1–01–55465-E-007D for RUB 15 billion.

The shares of the additional issues were placed through private subscription among a pre-determined circle of persons, namely the key shareholder of the Company.

Ordinary share issues in 2021

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-007D	22 March 2021	15 billion	15 April 2021

Voting shares by type (class) of shares as at 31 December 2021

Indicators	Ordinary shares
Number of shares issued	221,961,040,539
State registration details	1–01–55465-E
Par value per share, RUB	1

No shares are owned by the Company and its controlled entities.

JSC FPC's shareholders do not have any preferred shares or shares with different par value.

No shareholder agreements were signed by JSC FPC's shareholders.

Changes in the authorised capital of the Company RUB billion



DIVIDEND POLICY

The Company has the Regulations on Dividend Policy of JSC FPC approved by the Board of Directors.

In accordance with the Regulations, the principle for determining the amount of dividend payment is that when making a recommendation to the General Meeting of Shareholders 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 JSC FPC's net profit according to financial statements prepared in accordance with the Russian Accounting Standards (RAS).

In making a recommendation to the General Meeting of Shareholders on the dividend amount, the Board of Directors is guided by Russian laws, JSC FPC'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 JSC FPC's shareholders.

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.

JSC 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 Meeting of Shareholders for consideration.

According to the Regulations on the Dividend Policy of JSC FPC¹, the conditions for payment (declaration) of dividends 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 Meeting of Shareholders
- No restrictions on dividend payment (declaration) as established by the legislation of the Russian Federation

According to the approved internal documents of JSC FPC, net profit is to be distributed as follows:

- 5% are to be allocated to the reserve fund
- Shortfall in cash flow required to finance the Investment Programme
- The remainder is the dividend to be paid

According to the decision made by the Board of Directors of JSC FPC, no more than 2% of net profit for a year may be allocated to charitable aid, including donations.

No dividends were paid out in 2021.

According to the financial statements of JSC FPC for 2021, a loss of RUB 5,417,978 thousand was incurred.

It is advisable not to pay dividends.

FOR REFERENCE

For 2018, JSC FPC made a net profit of RUB 6.1 billion. No dividends were paid for 2018.

For 2019, JSC FPC made a net profit of RUB 8.5 billion. No dividends were paid for 2019.

A loss of RUB 33.6 billion was incurred in 2020. No dividends were paid for 2020.

¹ Section "Terms and Grounds for Payment (declaration) of Dividends".

Enhancing
quality,
improving
service



SUSTAINABLE
DEVELOPMENT

In order to significantly increase traffic volumes, we are striving to improve travel comfort and enhance services on our trains. For that, we are renewing the carriage fleet, increasing accessibility for impaired passengers, launching new services for pet owners, offering flexible fares and expanding online booking.

38
'000
unaccompanied
pets carried

81
'000 passengers
travelled on 26 tour
trains

1,070
carriages
are equipped for
impaired passengers¹

69 %
of all sales are
e-tickets¹

Pet transport
service

1

Compartments for impaired
passengers

2

Tourist
routes

3

¹ Data from JSC FPC website.

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.

The primary goal of JSC FPC's social and human resources policy is to develop the Company's human capital through a set of measures aimed at attracting human resources, continuous training and development of personnel, improving motivation policies, maintaining personnel health and social stability, and creating a favourable working environment in the work collectives. The competitiveness and quality of services provided depend directly on the job satisfaction and social security of JSC FPC's employees. With this in mind, the Company conducts staff surveys and studies on an annual basis, in which thousands of employees participate.

JSC FPC makes every effort to ensure decent conditions for its personnel, including the payment of competitive salaries, an extended social support package, and the provision of equal employment and career development opportunities.

Another priority is environmental safety, namely mitigating negative environmental impacts, care for the environment and human health. The Company 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.

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.

In order to determine the target of the Company's social and HR policy in 2021, JSC FPC's Human Resources Development Programme until 2025 was approved. The Programme provides for the following:

- Working in five main domains (provision of personnel, improvement of personnel efficiency, personnel motivation, corporate culture and corporate environment,

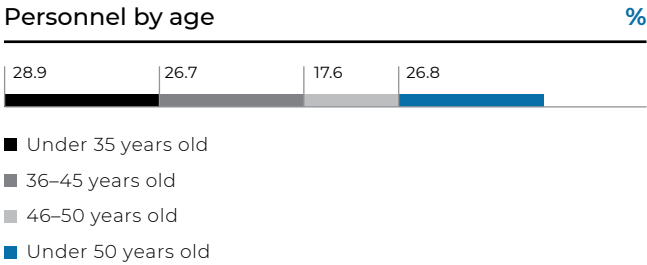
implementation of personnel management support functions);

- Completion of the priority objectives in each domain
- Achievement of key performance indicators
- Development of action plans and regulatory documents for the above domains.

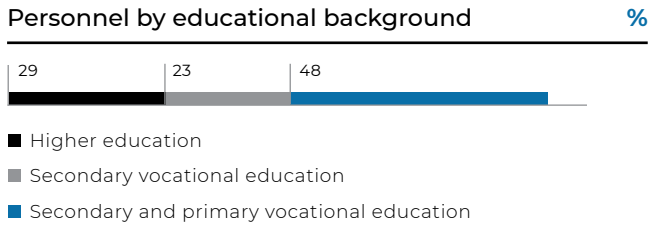
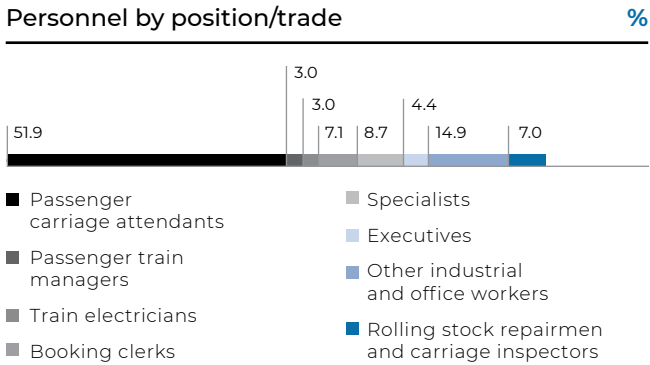
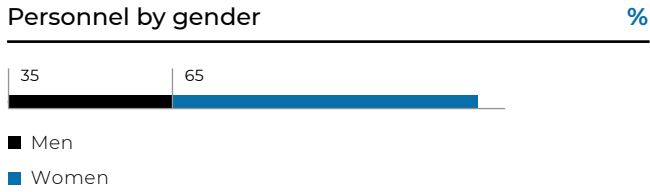
STAFF PROFILE

51,295 EMPLOYEES
work at the Company

31,800 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 28.9% share of the personnel is represented by young employees aged under 35. At 65%, women constitute the majority of employees.



STAFF RECRUITMENT

Various evaluation tools – ability testing, personality surveys, and competence-related structured interviews – are used to ensure the quality of managerial decisions on selecting candidates for vacancies, creating talent pools, staff rotation and training. Over 15,000 employees underwent the corporate competency assessment during the year, with customer-facing employees accounting for 90% of the total.

In order to improve the quality of managerial decisions and the accuracy of predictions of candidates’ achievements, the Company has introduced new personnel assessment and development tests and questionnaires, which are based on innovative psychometric solutions. To create an environment for employee self-development, the new assessment report includes a list of practical actions to develop corporate competencies and a list of recommended literature as well.

PERSONNEL TRAINING AND DEVELOPMENT

Training system performance

Indicators	2017	2018	2019	2020	2021
Total employees trained	19,287	19,008	17,601	14,327	16,651
Share of employees trained at the FPC Personnel Development Centre, %	48.0	62.7	62.4	58.0	61.0
Budget, RUB million	96.3	118.2	196.6	112.8	134.2

A total 3,200 workers and clerks were trained for general positions, and over 13,000 people completed upskilling courses in 2021. The Personnel Development Centre is the main platform to provide training for general positions.

Work continues on staff training using distance technologies. In 2021, electronic content for 20 personnel training programmes and 20 open electronic courses was posted on the Remote Learning System A total of 5,838 employees of the Company upgraded their skills using the Distance Learning System

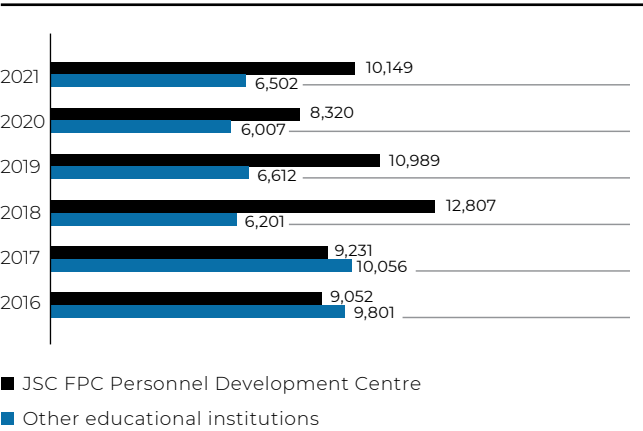
Since 2020, the Personnel Development Centre has been providing training under a licence for continuing professional education.

In the reporting year, the Personnel Development Centre provided support in conducting briefings in the Distance Learning System (36,000 employees were involved, with 28 quizzes created). As part of technical training, 168 verification tests were created and placed for passenger train managers, attendants and train electricians.

>16,000
EMPLOYEES,

or 31.3% of the total workforce
trained in 2021

Staff training broken down
by training centres



In 2020, the professional competency model for train electricians was developed. In line with this model, a targeted course programme was approved, with professional knowledge tests to be used for cross-cutting and professional competencies.

In 2021, the professional competence programme and tests were piloted.

The model of train electrician professional competencies approved by Order No. 44r dated 24 January 2022.

Personnel development under the corporate competency model promotes a positive image of the Company. In 2021, psychologists of structural units of JSC FPC branches delivered over 3,000 on-the-job training workshops. The use of distance learning has made it possible to achieve maximum coverage of employees: distance learning has seamlessly complemented face-to-face training sessions.

In 2021, new methodological materials and training programmes aimed at developing internal customer focus, teamwork skills and self-management were developed.

In order to create conditions for self-development and increase the involvement of employees in the process of personal growth, the Corporate Competencies Development Handbook of JSC FPC was developed. The Handbook contains recommendations on the development of corporate competencies in the workplace, a list of e-learning courses to take in the distance learning system, and a list of business literature, which makes it possible to form an individual development plan based on employee's strengths and growth areas.

Continuing professional and business education for managers and specialists

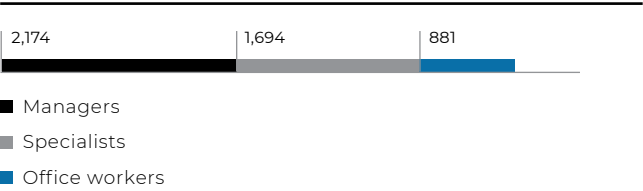
In order to develop managerial competencies and personal effectiveness of managers and enhance professional competencies of specialists, FPC engages third-party providers of continuing professional education in important aspects of managing operational, financial and economic activities, service quality improvement, and ensuring passenger safety.

Vocational training for employees
of general positions



Advanced training for managers, specialists, and employees

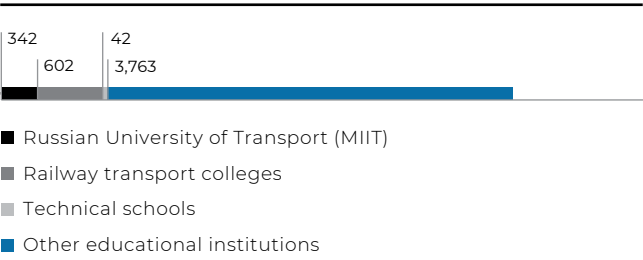
Personnel training in 2021
by position level



A total of 3,868 managers and specialists of the Company took mandatory, technical and leadership training in 2021.

134.2
MILLION RUB
talent development expenses
and related payments

Personnel training in 2021 by educational
institutions



Leveraging in-house expertise for personnel training

In 2021, the Personnel Development Centre provided training under the HR Competence Development Programme for employees of the HR Management Unit.

The programme included 11 training modules developed on the basis of internal assessment of the Unit's employees on the basic HR processes. The training modules experts were the employees of the HR and Social Development Department and HR units of branches and the heads of the Company's related subdivisions as well. Representatives of the All-Russian Youth Public Organisation — Russian Student Teams, the Corporate University of the Parent Company, higher education institutions of railway transport and other partner companies were invited as external experts.

During the implementation of the HR Competence Development Programme, 18 training webinars were held. In order to assess the final result of the programme, participants were tested via the Distance Learning System.

Upon training, the employees who successfully completed the testing were issued with certificates of professional development of the standard format. Within the framework of the Programme, 314 employees of the HR Management Unit have upgraded their qualifications.

In addition, in November 2021, training under the Programme of External Communications as a Means of Communication with the Passenger was introduced. The Programme was developed and implemented jointly with the internal experts of the Strategic Communications Centre. Within the framework of the Programme, the officers conducted three training webinars (Use of Corporate Identity in Printed and Souvenir Products, Organisation of Press Relations Service Work — Channels of information, Organisation of Events, Including for Mass Media) followed by completing homework tasks by participants and checking of the same. In order to assess the results of the Programme, a final test was conducted.

In order to develop the internal customer focus of HR units and establish uniform working standards for higher level



of satisfaction of internal clients with the quality of services, an NPS HR project was implemented in four key areas:

- Unified corporate operational standards
- Management development and implementation of alternations
- Intangible motivation system
- Monitoring and assessment of alternations

The K-COMANDA marathon was held to create a favourable social and psychological climate in teams, develop teamwork skills and improve the level of employee cohesion in JSC FPC's management.

The winners and runners-up of the marathon were awarded at the end of the year in a ceremony attended by the Deputy General Director of JSC FPC.

Targeted training

The Company cooperates with nine universities offering railway-related degrees. Over 150 students are on targeted training programmes in professional colleges and universities.

In addition, in order to improve the level of education of JSC FPC's personnel, training was organised for 14 employees in Bachelor's and Master's degree programmes, including the following training profiles:

- 11 employees — Management
- 3 employees — Ground Transport Infrastructure Systems. Rail Passenger Services

In 2021, 19 employees completed training under Bachelor's and Master's programs, including the following training profiles:

- 1 person — HR Management. Strategic HR Management
- 11 employees — Management
- 6 employees — Ground Transport Infrastructure Systems. Rail Passenger Services
- 1 person — Economics. International Financial and Management Accounting

YOUTH POLICY

Approximately 15,000 employees, or 29% of the Company's total headcount, are under the age of 35.

The share of young managers in the Company's total managerial staff is 19%.

In 2021, JSC FPC's Youth Target Programme (2021–2025) was approved, defining the main tasks and directions of development of the Company's Youth Policy.

The key objectives of the Programme are as follows:

- Adaptation and retention of young people in the Company
- Stimulation of scientific and technical creativity, innovation and scientific activity of young people
- Improvement of motivation mechanisms for young managers and employees
- Assisting in the personal and professional development of young employees with knowledge and skills adapted to the conditions of JSC FPC, as well as the career growth of young people

- Forming a set of positive values, maintaining the continuity of generations, and strengthening the prestige of the workplace among young people

The set of measures implemented as part of JSC FPC's Youth Target Programme (2021–2025) covers more than 80% of the Company's young employees.

In order to introduce a unified approach to organising the work of Youth Councils in the Company, the Regulations on the Model of JSC FPC Youth Council were approved. The Regulations define the organisational principles and procedures for functioning of the Youth Council of JSC FPC and the rights and obligations of the participants of the Youth Council of the Company.

Work with young people is systematic and covers six areas of activity.



Key projects of JSC FPC's Youth Target Programme

>11,000
EMPLOYEES

receive updates through social media and digital channels



Developing a system for adapting and retaining young people in the Company. Increasing the level of involvement

- Working meetings with youth councils, active young people and young specialists of the Company are held on a regular quarterly basis to discuss career development, implementation of the Youth Policy in JSC FPC and other topics relevant to the Company's youth.
- In order to speed up the adaptation process and reduce the turnover rate of newly hired personnel, an adaptation chatbot was put into commercial operation in 2021. The IT solution is aimed at providing new employees with information about the Company, helping them to quickly adapt at the workplace and providing constructive feedback during the adaptation period.
- An additional effect in accelerating the adaptation process is provided by 13 adaptation courses for employees of JSC FPC's branches, with content tailored to the specific features of a particular branch.



Involvement of young people in resolving corporate (strategic) tasks (including innovative and scientific activities)

- In 2021, the XII Youth Gathering of JSC FPC was held with the support of the Railway Trade Union as part of the Young Leader School. This is a unique youth event that allowed young employees not only to develop their competencies, but also to prove themselves and propose new approaches to solving urgent production tasks.
- The remote format of the event enabled more than 400 proactive, assertive and talented young employees from across the country to take part in the event.
- The ideas for solving production tasks, which were proposed by the winning teams, will be considered in detail by the functional customers, and the best of them will be adopted for implementation.



Maintaining conditions for the continuous and all-round development of young people

- Every year, employees of JSC FPC take part in the competitions at the level of Holding and at the federal level, and represent the Company in the business community with due dignity. At the end of 2021, among the employees of JSC FPC, there were six semi-finalists and two finalists in the New Link project competition, 36 semi-finalists and five finalists in the Young Talents project, and five semi-finalists, two finalists and one winner in the Masters of Hospitality competition.
- Provision of information via social networks (VKontakte, Telegram) and digital channels (e-mailing) covers more than 11,000 employees and aims to increase staff awareness of key events in the life of the Company and motivate young people to participate in the Holding-level and federal competitions for professional and personal development.



Development of corporate volunteering, promotion of healthy lifestyle and sports

- Corporate volunteering continued to develop at JSC FPC in 2021.
- The Regulation on Corporate Volunteering at JSC FPC, which defines the features and key principles of corporate volunteering in the Company, was approved and the official logo of the Company's volunteer movement was approved.
 - 21 projects were submitted by employees of JSC FPC to the Good Deed Attendants contest of volunteer (social) projects. The competition is aimed at supporting initiatives of students, employees and non-working pensioners of railway transport aimed at implementing socially important programmes and supporting people of advanced age. One of the projects submitted by the Company received a grant for implementation.
 - JSC FPC was awarded the first place among 34 organisations participating in the Save a Tree 2021 environmental campaign: 1.5 tonnes of waste paper were collected.
 - 35 projects were submitted to the #YouMeVolunteerFPC volunteering project competition. In 2021, the contest was held for the first time and demonstrated a significant engagement of JSC FPC employees: over 200 people were involved, including students from the Youth All-Russian Public Organisation — Russian Student Brigades. The competition was held in the following domains: social volunteering, environmental volunteering, pet volunteering, art (cultural) volunteering, education and mentoring.
 - The Clean Baikal Belt project presented by The Heart of Baikal team from the East Siberian Branch for the Environmental Volunteering domain was recognised as the winner of the contest. As part of the project, to raise awareness of Baikal's ecology, the team members organised educational activities and a number of public events, including collection and sorting of rubbish on the shore of Baikal port together with participants of the Big Recess project.



Development of intra-holding, inter-industry and international youth cooperation

Creating strong horizontal ties among young employees is the key to effective communication within the Company. In 2021, JSC FPC employees took part in the following:

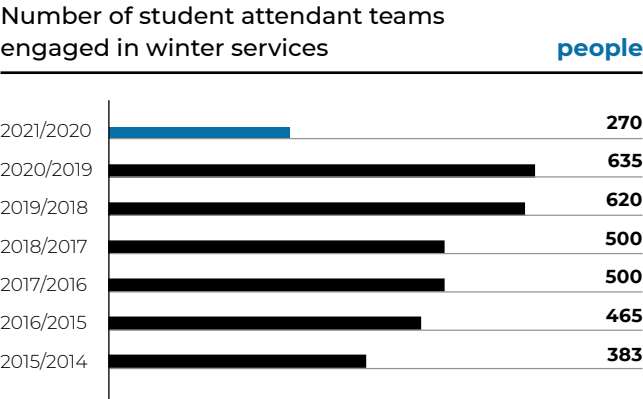
- The Young Talents project
- The Annual Youth Gathering hosted by the Parent Company — from 22 to 26 November 2021 it took place in an online format

Student train attendant teams

Since 2010, student train attendant teams have been the main source of reinforcement for train crew staff for peak traffic periods.

Thanks to long-standing close collaboration between JSC FPC and universities offering railway-related degrees as well as the Youth All-Russian Public Organisation — Russian Student Brigades, thousands of students get employment as attendants every year.

Student train attendant teams working for the Company totalled 270 people during the 2020/2021 winter travel season.



In May-September 2021, 5,933 participants of student attendant teams were employed in the units of JSC FPC's branches.

At the same time, more than 1,600 students from higher and secondary vocational education institutions were engaged to work as attendants of passenger carriages as part of practical training.

In August 2021, a sociological survey of student satisfaction with employment at JSC FPC was conducted. More than 3,400 students (61% of the actual number) shared their opinions. According to the survey, 70% of students are satisfied with their jobs at JSC FPC, which is 7% higher than in 2019. There has been an increase in student satisfaction with the main factors of working life.

EMPLOYEE REMUNERATION AND MOTIVATION SYSTEM

Based on the results of work in 2021, the salary of employees of all types of JSC FPC's activities amounted to RUB 52,503. Salaries rose by 14.4% against the 2020 level, with a 5.2% indexation right.

According to the Collective Bargaining Agreement of JSC FPC for 2020–2022, salaries of employees were indexed by 1.3% from 1 March 2021, by 2.4% from 1 August and by 1.4% from 1 October.

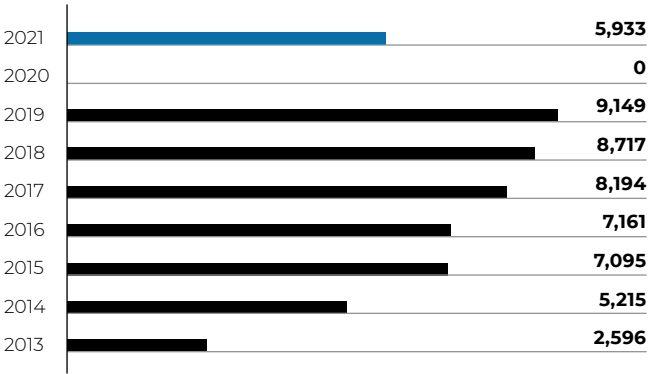
The Company also pays length-of-service bonuses (employee loyalty bonus) and incentive bonuses.

The continuing employment benefits in the form of bonuses for loyalty to the Company amounted to RUB 1,013.5 million.

- Bonuses for professional excellence:
- personal fixed salary of RUB 38,051 (497 passenger carriage attendants and train electricians)
 - professional skills bonus of RUB 2,489 (5,543 employees)
 - professional grade bonus of RUB 3,447 (6,796 employees).

Number of student attendant teams engaged in summer services

people



52,503 RUB

wage of JSC FPC employees across all job functions in 2021

+14.4% as compared to 2020

1,013.5 RUB MILLION

continuing employment benefits in the form of bonuses for loyalty to the Company

SOCIAL POLICY

SOCIAL SECURITY OF EMPLOYEES

As a socially responsible company, JSC FPC offers a comprehensive programme of social support for employees, which is a guarantee of the Company's fair treatment of its employees under the Collective Bargaining Agreement of JSC FPC. The social benefits and guarantees are centred on sustaining, stimulating, and improving employee performance and maintaining social stability among staff.

In 2021, the individual social package per employee of JSC FPC amounted to RUB 46,000, the social package for a non-working pensioner of JSC FPC amounted to RUB 5,300.

Despite the difficult economic situation in the country and the world, the Company fulfilled its obligations under the Collective Bargaining Agreement in full in 2021. Not a single collective labour dispute was allowed. JSC FPC retained its status as a socially responsible employer.

HOUSING POLICY

Under the Collective Bargaining Agreement, monthly subsidies are paid to 484 employees of JSC FPC to repay the interest accrued on their mortgage loans. In 2021, 17 employees were provided with subsidies for mortgage payments towards purchased or newly built housing. A total of RUB 51.3 million was spent on housing policy implementation during the reporting period.

46,000 RUB
social benefits per an employee of JSC FPC

5,300 RUB
social benefits per a retired employee of JSC FPC

51,3 RUB MILLION
spent in total on FPC's housing policy in 2021

EMPLOYEE HEALTH

FPC's Employee Health Programme provides full recreation and treatment and is aimed at improving employee work efficiency.

In 2021, our employees, retirees and their family members purchased 1,746 tours, including:

- 1,088 tours — under centralised contracts, primarily to the Parent Company's health resorts
- 658 tours — under contracts with branches, to local and other health resorts.

In H2 2021, in order to prevent the development of morbidity and reduce the growth of disease incidence among train crew personnel, a pilot health improvement project was implemented under short-term preventive healthcare programmes in the North Caucasian, Ural, West Siberian and Far Eastern branches. As part of the pilot project, employees over the age of 35 in need of preventive healthcare (based on the results of medical examinations) recuperated. Based on the results of the pilot project, 214 employees recuperated: 183 attendants, 21 train managers and 10 train electricians. Starting from 2022, it was

1,746

recreational vouchers sold in 2021

decided to introduce comprehensive preventive healthcare programmes on a permanent basis in all branches of JSC FPC.

The Company pays great attention to preserving and strengthening the health of employees' children, preventing childhood illnesses, and creating conditions for full-scale recreation and engagement for children during the summer period. In 2021, 1,252 vouchers for children of employees were allocated, including:

- 926 vouchers — to children's recreational facilities under the Social Security Directorates;
- 326 vouchers — to other recreational institutions for children.

FIGHTING THE SPREAD OF COVID-19

In 2021, JSC FPC, like other companies in Russia and around the world, continued to fight COVID-19. We have done a great deal of work to adapt to the new realities and today we can confidently state that in the face of the pandemic, JSC FPC has taken all necessary measures to support our employees.

43,425 employees (or 85.6% of the headcount) including 24,771 employees (84.5% of the headcount) of train crews and 3,027 ticket cashiers (88.3% of the headcount) were vaccinated against new coronavirus infection in 2021. At the same time, JSC FPC has organised a campaign to re-vaccinate employees against COVID-19. To date, more than 4,000 employees have been re-vaccinated.

43,425 EMPLOYEES
(85.6%) COVID-19 vaccinated in 2021

The Company is fully assisting and supporting its staff in the face of the pandemic and is taking measures to combat the spread of infection:

- Monitoring the health status of staff was established in JSC FPC's units
- Employees are thermometrically tested daily before they enter the workplace, and during the working day as well

- A video system for mass body temperature monitoring and 38 air disinfection units have been installed in the office of JSC FPC's headquarters
- 140 air disinfection units have been installed in JSC FPC's branches
- Employees involved in passenger services are provided with personal protective equipment in accordance with approved standards
- Influenza, SARS, COVID-19 and community-acquired pneumonia are monitored
- The frequency of cleaning and disinfection of office premises has been increased
- In all passenger trains, the disinfection regime has been strengthened through the use of virus-resistant disinfectants and magnified clean-up frequency.
- The storerooms of the units of JSC FPC's branches have a minimum supply level of the above disinfectants
- The Company has ensured that the ventilation and air coordination systems in the premises and rolling stock operate efficiently
- On the way, the air disinfection units in carriages are working properly and control over the timely replacement of expired germicidal lamps is in place
- Remote mode of operation is applied in the Company

OCCUPATIONAL HEALTH

Personnel 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.

In order to prevent the spread of the new coronavirus infection COVID-19, to encourage employees of JSC FPC to be vaccinated against COVID-19 and to form collective immunity, the Company approved an order On Providing Certain Categories of Employees of JSC FPC Who Have Undergone a Full Course of Vaccination against the New Coronavirus Infection COVID-19 with an Additional Paid Day of Leave.

The Company's employees are familiarised with recommendations on preventing coronavirus infection. Awareness-raising activities include conducting outreach to personnel, posting leaflets and announcements indicating the main symptoms of a new coronavirus infection and procedures, and posting courses in the Parent Company's distance learning system. Staff has been informed of the need to observe personal and public hygiene rules.

In 2021, more than 2,000 sessions were held in psychological recovery rooms. In addition, stress management sessions are held to develop self-regulation skills.

AWARDS

In 2021, 1,954 employees of JSC FPC were recognised with various awards for dedication and performance at work:

- State awards of the Russian Federation — 1 employee
- Awards of the Ministry of Transport of the Russian Federation – 154 employees

- Awards of the parent company – 749 employees
- Awards of JSC FPC – 1,050 employees

CORPORATE PENSION SYSTEM

Corporate pensions are included in the Company's employees' social security packages.

Over 17,000 employees have pension plans with Private Pension Fund Blagosostoyaniye.

In its commitment to match funding of private pension plans, JSC FPC pays monthly pension contributions until a corporate pension is assigned, and then additional pension contributions once a corporate pension is granted.

293,3 RUB MILLION
expenditures on non-state pension benefits for JSC FPC employees in 2021

JSC FPC'S SUPPORT FOR NON-WORKING PENSIONERS

The Company provides its retirees with all possible support. In 2021, Regulations On the Rooms of Labour Valour and Military Glory and Regulations On Approval of the List of Significant Events in the History of Branches and Their Units were adopted. In order to support non-working pensioners, the monthly payment to the guardians of rooms of labour valour and military glory was increased to the common Holding-wise rate.

At present, the Company's register includes over 56,000 non-working retirees.

Special attention is paid to the railway workers who took part in the Great Patriotic War (World War II), home front workers, and survivors of Nazi concentration camps.

287,6 RUB MILLION
the Company's expenditures for support of non-working pensioners in 2021

Non-working retirees who have worked at FPC for over 20 years receive compensation for dentures and subsequent repairs, high-tech medical services at the Parent Company's healthcare facilities, free travel on suburban and long-distance trains, and resort healthcare services.

RENOVATION OF THE ROOM OF LABOUR VALOUR AND MILITARY GLORY AT THE CHELYABINSK PASSENGER CARRIAGE DEPOT OF THE URAL BRANCH

For the purpose of preservation of historical heritage of JSC FPC passenger facilities, moral education of rising generation of railway workers in the spirit of respect for the traditions of JSC FPC, major maintenance of the room of labour valour and military glory in the Passenger Carriage Depot Chelyabinsk of the Ural Branch was carried out under extremely tight schedule. On 24 December 2021, the opening ceremony took place with the participation of V. Piastolov, JSC FPC General Director.

DIALOGUE WITH EMPLOYEES

JSC 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.

A unified personnel engagement survey was conducted with over 15,000 employees of all job categories sharing their opinions. 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 (average of 5%). Thus, the Company's employees are most satisfied with the provision of information (91%), interaction with their direct supervisor (88%) and compliance with ethical standards (86%).

In 2021, as part of the communication campaign, the Direct Line of JSC FPC General Director with attendants was held. In preparation for the event, more than 3,800 questions were received, the most relevant of which were answered during the online meeting. In addition, in order to raise the awareness of train crew personnel, direct lines were held between the heads of JSC FPC's branches and employees.

CODE OF ETHICS

In 2015, the Board of Directors approved JSC FPC 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.

The key ethical principles of JSC FPC

People first

1

People are our key asset. Everything we do is for the comfort and benefit of a particular individual — a passenger, customer, employee

Being part of a whole

4

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 JSC FPC above one's own. Our strength lies in mutual trust and coordinated team work

Conscientious work

2

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 JSC FPC.

Building on excellence

5

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

Taking pride in being part of JSC FPC team

3

Every JSC FPC employee is proud and privileged to be part of a company featuring a unique history, rich traditions and ambitious plans. It is our duty to honour traditions, respect the industry veterans, maintain and improve JSC FPC's reputation as a dynamic national passenger carrier

Focus on results

6

In line with this principle, we keep in mind that our efforts should always yield specific results: higher revenue for JSC FPC, delivery of new projects, passenger and customer satisfaction, and people's trust.



OCCUPATIONAL HEALTH AND SAFETY

The Company reaffirms its commitment to the principle of continuous improvement in occupational safety and strives to prevent injuries at work.

The corporate standard Occupational Health Management System. General Provisions (STO FPK 1.15.001—2014) is the key document defining workplace safety at JSC FPC.

Within M12 2021, 34 accidents were recorded and investigation results demonstrated the combined employer/employee responsibility, of which five accidents occurred in the years preceding the reporting year (2015 to 2020). Also, 14 cases of injuries to employees were recorded where the employer's fault was not established, based on the results of the investigation.

It is worth noting that in 2021 no fatal injuries to employees at work were registered in JSC FPC. The positive trend of zero fatal injuries in the Company has been maintained since 2020.

All work-related injuries at the Company trigger preventive action to help avoid them in the future.

RUB 550.4 million were spent on occupational safety measures at JSC FPC in 2021, representing 1.2% of total operating costs.

The terms of JSC FPC's Collective Bargaining Agreement have been met, with RUB 374.6 million, or 0.8% of total operating expenses, spent on occupational health and safety

550,4 RUB MILLION

spent on occupational health and safety measures in 2021

measures (excluding expenses on protective clothing and footwear and other personal protective equipment), including:

- RUB 211.16 million for work-related injury prevention, staff removal from hazardous areas and new equipment deployment
- RUB 163.4 million for the improvement of working conditions.

The units of JSC FPC branches provide 224,575 work places, including 1,549 work places with harmful conditions, or 7.06% of total, with 3,605 employees appointed to such work places.

In 2021, work was carried out to improve labour conditions at 897 work places employing 1,652 people.

Informed decision making

7

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 and commercial interests of JSC FPC.

Being a leader

9

In their efforts to maintain JSC FPC's high reputation, our people should act in proactive manner: lead the way, embrace change, set an example for others within and outside JSC FPC

Upholding JSC FPC's commercial interests

8

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

Aspiring to innovate

10

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 JSC FPC

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 Code of Ethics standards and rules. In order to improve the implementation of ethical standards and rules in day-to-day operations, the regulatory framework related to the Code was updated in 2021.

JSC FPC'S INITIATIVES IN CORPORATE AND SOCIAL RESPONSIBILITY

Федеральная
пассажирская
компания



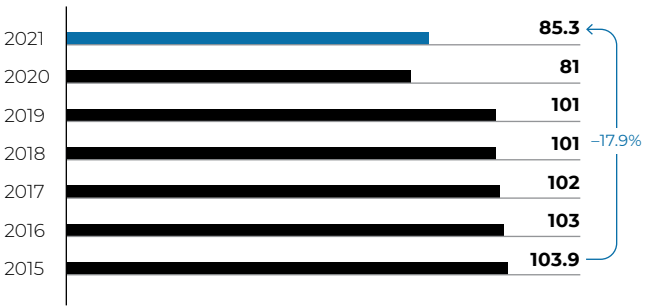
MANAGING ENVIRONMENTAL IMPACT

Protecting the environment and minimising negative environmental impacts from the Company's operations are among FPC's highest priorities.

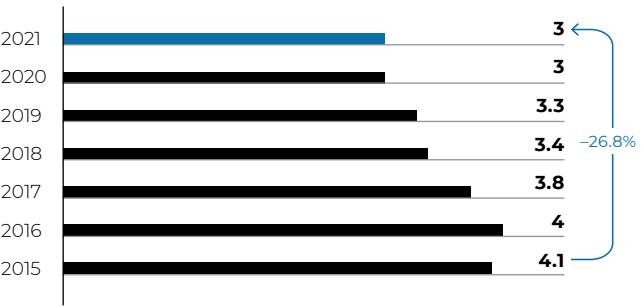
REGULATORY AND ENVIRONMENTAL ASPECTS

Goals	Initiatives
Minimising negative environmental impacts from the Company's operations	Equipping carriages with environmentally friendly facilities
	Purchasing carriages with a central power supply
	Installing high-voltage heating points at the turnaround and originating stations
Caring for human health and the environment	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



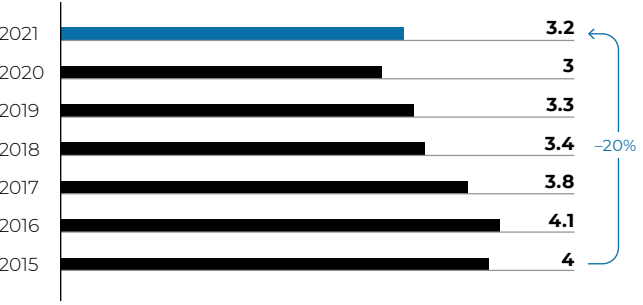
Air pollutant emissions '000 tonnes



Water use million m³



Used water discharge million m³



In its environmental activities, FPC complies with Russian environmental laws, the Environmental Strategies of the Parent Company, and the Company's standard 1.16.001–2016 FPC Environmental Management System.

FPC involves investment, CAPEX, and operational initiatives in pursuit of its environmental safety goals.

Overall, since the start of its operations, FPC has consistently reduced its environmental impacts:

- Production and consumption waste generation decreased from 105,000 tonnes to 85,300 tonnes
- Total used water discharge was down from 5.5 million m³ to 3 million m³
- Water use by structural units decreased from 9.4 million m³ to 5.7 million m³
- Air pollutant emissions were reduced from 4,000 tonnes to 3,000 tonnes

These results were achieved by optimising operations and processes across the Company's branches, adopting new technology, and maintaining consistent supervision.

AIR QUALITY IMPROVEMENT

To reduce pollutant emissions into the air, the Company took the following measures:

- Converting boiler to heating with environment friendly fuel, construction of high-voltage points for heating of passenger carriages at the turnaround and originating stations
- Purchasing carriages with a central power supply (totally, 1,372 carriages feature this option)
- Installing high-voltage heating points at the turnaround and originating stations (the costs made up RUB 130.079 million), including the high-voltage points at Imeretinsky Resort station, Anapa (construction and installation), Yoshkar-Ola, Cheboksary stations (grid connection and commissioning).

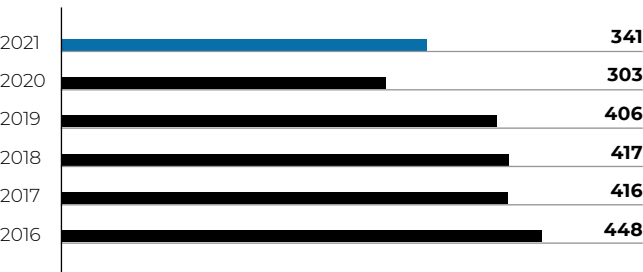
In 2021, a slight increase in waste generation is attributable to an increase in passenger traffic following an improvement in the epidemiological situation.

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 80% of fleet carriages were equipped with environmentally friendly toilet facilities by the end of 2021. At the current rate of replacement and upgrade, over 95% of rolling stock will be equipped with environmentally friendly toilet facilities by 2025.

Greenhouse gas emissions '000 tonnes CO₂



SUSTAINABLE WATER USE

Used water discharge			million m³
Indicators	2020	2021	
Total	2.999	3.212	
Wastewater meeting regulatory clean-up levels (surface runoff)	0.191	0.211	
Contaminated runoff (manual carriage washing)	0.041	0.045	
Sent for treatment (sewage)	2.954	2.956	

In order to reduce discharge negatively affecting the environment and centralised water disposal systems, the Company implements annual programmes to upgrade its water treatment and carriage washing facilities through furnishing them with water recirculation systems and on-site water treatment facilities:

In particular, the following works are carried out:

- Retrofitting carriage washing facilities featuring water recirculation systems
- Upgrading water supply and sewer networks

PRODUCTION AND CONSUMPTION WASTE MANAGEMENT

A total of 85,300 tonnes of waste was generated by the Company's operations in 2021. This entire volume was transferred to other organisations under respective contracts, including:

- 23,700 tonnes — for recycling/utilisation
- 2,900 tonnes — for neutralisation
- 58,700 tonnes — for landfills

Total waste mass by hazard class			'000 tonnes
Indicators	2020	2021	
TOTAL	81.0	85.3	
Hazard Class 1	0.02	0.02	
Hazard Class 2	0.1	0.1	
Hazard Class 3	2.0	2.1	
Hazard Class 4	54.7	56.3	
Hazard Class 5	24.18	26.8	

Total waste mass by disposal method			'000 tonnes
Indicators	2020	2021	
Disposal at the Company's sites (Hazard Class 5)	0.031	0.025	
Transferred to contractors	79.0	85.3	
Including:			
for neutralisation	3.1	2.9	
for recycling	20.2	23.7	
for landfilling	55.7	58.7	

ENERGY EFFICIENCY

To improve energy efficiency and reduce the energy intensity of its operations, JSC FPC works to reduce its fuel and energy consumption every year.

Despite limitations related to the coronavirus pandemic, improvement of energy efficiency and reduction of energy intensity of the Company's production operations, continued in 2021 through implementation of the following measures:

- 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 the Company'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 consumption	In physical terms				In monetary terms, RUB million			
	2019	2020	2021	Change 2021/2020, %	2019	2020	2021	Change 2021/2020, %
Electric energy, million kWh	127.363	107.738	111.942	4	678.3	605.4	689.2	14
Diesel fuel, '000 tonnes	2.451	1.947	3.139	61	113.4	85.7	150.2	75
Coal, '000 tonnes	102.215	76.982	79.198	3	350.7	277.0	279.0	1
Fuel oil, '000 tonnes	14.474	10.126	10.797	7	228.0	107.8	213.2	98
Natural gas, million m³	22.323	19.312	22.917	19	133.4	114.2	141.4	24
Petroleum, '000 tonnes	0.837	0.610	0.603	−1	43.1	33.3	32.8	−1
Briquettes, '000 tonnes	3.587	2.409	2.725	13	31.3	20.1	22.4	12
Pellets, '000 tonnes	0.861	0.534	0.452	−15	6.6	4.0	3.3	−17
Firewood, '000 m³	0.263	0.092	0.074	−19	0.6	0.3	0.2	−20

PROCUREMENT

JSC FPC's procurement activities are governed by the corporate Regulations on Procurement of Goods, Works and Services for the Needs of JSC FPC, based on the following laws and regulations of the Russian Federation:

- Federal Law No. 223-FZ dated 18 July 2011 On Procurement of Goods, Works and Services by Certain Types of Legal Entities (hereinafter referred to as Federal Law No. 223-FZ)
- 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, JSC FPC is guided by the following principles of procurement:

- Procurement transparency
- Equality, fairness, non-discrimination, and no unreasonable anti-competitive practices towards bidders
- Targeted and 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 expenses born by customers
- Unrestricted access to bidding through the elimination of non-measurable bidder requirements

Single sourcing is only used when expressly allowed by the Regulations on Procurement of Goods, Works and Services for the Needs of JSC FPC.

In 2021, JSC FPC signed 4,152 contracts for a total of RUB 31,324 million, including VAT, based on the results of procurement procedures for goods, works and services carried out:

- 2,132 contracts concluded as a result of competitive and contestable procurement procedures, for a total of RUB 15,989 million (including VAT);

543.2 RUB MILLION

saved by the Company as a result of procurements in 2021

- 1,587 contracts concluded with a sole supplier (contractor), for a total of RUB 7,597 million (including VAT);
- 433 contracts with related parties of JSC FPC, for a total of RUB 7,738 million (including VAT).

In 2021, in accordance with the requirements of Russian Government Decree No. 1352 dated 11 December 2014 On the Specifics of Participation of Small and Medium Businesses in the Procurement of Goods, Works and Services by Certain Types of Legal Entities and in order to support and develop small and medium businesses in the Russian Federation, 2,054 contracts were concluded with small and medium businesses for a total amount of RUB 16.98 billion. This number of contracts exceeds the results of 2019 (1,979 contracts) and 2020 (1,361 contracts).

CHARITABLE ACTIVITIES

An important component of JSC FPC's activities is social and charitable events, supporting projects in the field of cultural development, education, healthcare, sports and other socially-oriented programmes.

On a long-term basis, the Company supports a number of important social initiatives, including the following:

- Continuous servicing of the participants of the Great Patriotic War, including disabled participants, and persons accompanying them
- Aid to specialised schools and boarding schools
- Cultural and sports projects
- Reconstruction and construction of cultural monuments and temples
- Volunteer activities

During the coronavirus pandemic, the Company, like other organisations, had to actively adapt and restructure its charity policy and make decisions to eliminate the direct

impact of the pandemic on the Company's operating conditions, prioritising the protection of the health of its employees and passengers.

Despite all the difficulties, the Company managed to continue implementing its social initiatives and commitments. In 2021, RUB 15.2 million were allocated to charitable activities, of which RUB 7.8 million were used for the provision of continuous free-of-charge servicing of the participants of the Great Patriotic War, including disabled participants, and persons accompanying them, in deluxe, first- and second-class sleeping carriages and seating carriages on long-distance trains.

STAKEHOLDER ENGAGEMENT

JSC FPC is aware of its high responsibility to all stakeholders and strives to maintain ongoing, constructive dialogue with them.

JSC 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	Key communication channels
Internal stakeholders		
Our people	<ul style="list-style-type: none">• Labour relations under the Collective Bargaining Agreement• Management functions• Social partnership• Personnel development• Corporate surveys• Reporting to a stakeholder• Dispute resolution procedures• Employee recognition	<ul style="list-style-type: none">• Addresses from top management• E-mail• Corporate publications• Corporate website• Internal regulations
Governance and control bodies	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. More details can be found on page XXX of the Report, Corporate Governance Model and Practice section.	Management reporting and financial statements Ongoing interaction in business processes
External stakeholders		
Shareholders	<ul style="list-style-type: none">• Direct dialogue through General Shareholders Meetings• Reporting to a stakeholder• Shareholder property rights and guarantees of freedom to dispose of their shares are ensured by the Registrar.	<ul style="list-style-type: none">• Mandatory disclosures, including quarterly issuer's reports, RAS and IFRS financial statements, material fact notifications, and submitting the lists of affiliates• Voluntary disclosure of additional information on the Company's website• Corporate publications
Government authorities and non-governmental organisations	<ul style="list-style-type: none">• Implementation of 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	<ul style="list-style-type: none">• Submission of financial, statistical and environmental reports to regulatory authorities• Publication of reports on Company operations

Stakeholders	Engagement approaches and mechanisms	Key communication channels
Business partnerships	<ul style="list-style-type: none">• Contractual relations• Preparing and concluding the Agreements on Cooperation• Regular working meetings• Joint working groups with Russian and foreign project partners• Participation in conferences and forums	<ul style="list-style-type: none">• Publication of information on Company operations on the corporate website and dedicated procurement sites• Mass media
Customers and consumers	<ul style="list-style-type: none">• Passenger services• Catering on board• Passenger satisfaction surveys• Marketing campaigns• Information on the Company's activities• Charity actions• Conducting volunteer events	<ul style="list-style-type: none">• Feedback channels:<ul style="list-style-type: none">– Customer questionnaires– Single help desk– Addressing the Company via a mobile application– Company's website• Public reporting by the Company
Media and NGOs	<ul style="list-style-type: none">• Press releases and other materials with information on JSC FPC's activities• Responding to requests for information from the media• Accompanying reporters shooting photos/ videos of infrastructure	<ul style="list-style-type: none">• Company's website• Mass media• Industry-specific media• Social networks, Telegram channels• Events for external audiences
Educational institutions	<ul style="list-style-type: none">• Targeted employment of students• Vocational guidance events• Benefits for JSC FPC employees' children• Joint research and cultural initiatives• JSC FPC employees contributing to educational institution activities	<ul style="list-style-type: none">• Company's website• Mass media• Social networks of the Company and educational institutions
Social partnership actors	<ul style="list-style-type: none">• Engaging with trade unions in the social protection of employees and non-working retirees	<ul style="list-style-type: none">• Meetings• Corporate events• E-mail

06

APPENDICES



RAS FINANCIAL STATEMENTS AND AUDITOR'S REPORT

BALANCE SHEET, '000 RUB

Indicator	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Asset				
I. Non-current assets				
Intangible assets	11100	488,039	536,282	637,140
Including:				
• intangible assets	11110	478,885	462,204	596,152
• investments in progress in intangible assets	11120	8,663	64,103	4,300
• advances issued	11199	491	9,975	36,688
Results of research and development	11200	33,850	9,973	1,250
Including:				
• research, development and engineering	11210	–	–	–
• investments in progress in research, development and engineering	11220	33,850	9,973	1,250
• advances issued	11299	–	–	–
Intangible exploration assets	11300	–	–	–
Tangible exploration assets	11400	–	–	–
Property, plant and equipment	11500	290,015,418	285,328,168	265,402,240
Including:				
• fixed assets	11510	272,663,782	277,294,924	257,916,402
including:				
• buildings, machinery and equipment, vehicles	11511	269,280,604	273,524,069	254,179,378
• structures and transmission equipment	11512	3,223,809	3,582,487	3,534,115
• other fixed assets	11519	159,369	188,369	202,910
• investments in progress in property, plant and equipment	11520	17,125,209	7,922,982	6,076,910
• advances issued	11599	226,427	110,263	1,408,928
Income-bearing investments in tangible assets	11600	9,588,825	3,937	23,196
Including:				
• income-bearing investments in tangible assets	11610	9,588,825	3,937	23,196
• investments in progress in income-bearing investments in tangible assets	11620	–	–	–
Financial investments	11700	1,298,274	1,420,482	1,572,137

Indicator	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
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	51,137	173,346	325,000
• other financial investments	11790	–	–	–
• prepayments	11799	–	–	–
Deferred tax assets	11800	4,040,266	2,465,176	
Other non-current assets	11900	1,110,401	1,536,681	293,389
TOTAL FOR SECTION I	11000	306,575,073	291,300,700	267,929,352
II. Current assets				
Inventories	12100	4,654,462	4,473,644	3,780,514
Including:				
• supplies, materials and other similar valuables	12110	4,531,323	4,368,860	3,688,044
• rearers and fatteners	12120	–	–	–
• work-in-progress costs	12130	42,987	23,156	23,092
• finished products and goods for resale	12140	11,757	6,083	3,873
• goods dispatched	12150	–	–	–
• prepaid expenses	12160	68,395	75,546	65,505
• other inventories and costs	12190	–	–	–
Value added tax on acquired valuables	12200	12,739	10,807	13,079
Receivables	12300	22,151,080	21,728,706	15,214,604
Including:				
• receivables due in more than 12 months from the reporting date	12310	8,645,558	9,273,519	29,888
including:				
• trade receivables (excluding transport services)	12311	8,611,634	9,232,975	
• trade receivables for transport services	12312	–	–	–
• advances issued	12313	27,743	36,704	26,562
• other receivables	12319	6,181	3,840	3,326
• receivables due within 12 months from the reporting date	12320	13,505,522	12,455,187	15,681,637
including:				
• trade receivables (excluding transport services)	12321	1,781,707	2,088,589	590,420
• trade receivables for transport services	12322	2,559,250	1,468,307	1,792,652
• advances issued	12323	524,473	394,009	940,919
• taxes and charges, social insurance and social security	12324	7,937,874	7,802,304	11,488,217
• other receivables	12329	702,218	701,978	869,429
Financial investments (excluding cash equivalents)	12400	–	869,338	20,550,000
Including:				
• loans issued and bank deposits	12410	–	869,338	20,550,000

Indicator	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
• other financial investments	12490	–	–	–
Cash and cash equivalents	12500	2,963,909	3,856,564	2,361,512
Including:				
• cash on hand	12510	35,433	42,264	68,837
• cash at bank	12520	788,132	3,457,389	1,224,937
• cash in foreign currency accounts	12530	11,997	37,952	–
• cash in designated accounts and in transit	12540	28,010	23,179	14,106
• cash equivalents	12550	1,600,000	–	670,000
• other cash and cash in transit	12590	500,337	295,779	383,632
Other current assets	12600	799,606	353,164	403,386
TOTAL FOR SECTION II	12000	30,581,796	31,292,223	42,820,016
Balance	16000	337,156,869	322,592,923	310,749,368
Liabilities				
III. Equity and reserves				
Authorised capital	13100	221,961,041	206,961,041	171,961,041
Treasury shares	13200	–	–	–
Revaluation of non-current assets	13400	1,442,415	1,561,223	1,578,681
Additional paid-in capital (excluding revaluation)	13500	8,670,375	8,670,375	23,670,375
Including:				
• share premium	13510	–	–	–
• contributions to share capital	13520	–	–	15,000,000
• other equity	13590	8,670,375	8,670,375	8,670,375
Reserve capital	13600	1,648,168	1,316,698	1,316,698
Including:				
• statutory reserves	13610	1,648,168	1,316,698	1,316,698
• reserves under constituent documents	13620	–	–	–
Retained earnings (accumulated deficit)	13700	(17,670,496)	(11,949,786)	21,773,580
TOTAL FOR SECTION III	13000	216,051,503	206,559,550	220,300,375
IV. Non-current liabilities				
Loans and borrowings	14100	48,500,000	48,500,000	49,213,530
Including:				
• loans maturing in more than 12 months from the reporting date	14110	10,000,000	–	713,530
• borrowings maturing in more than 12 months from the reporting date	14120	38,500,000	48,500,000	48,500,000
Deferred tax liabilities	14200	–	–	7,261,709
Provisions	14300	–	–	–
Other liabilities	14500	779,097	1,158,151	–
of these: deferred income	14510	96,498	142,333	–
TOTAL FOR SECTION IV	14000	49,279,097	49,658,151	56,475,239
V. Current liabilities				
Loans and borrowings	15100	16,657,339	15,888,354	1,304,813

Indicator	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Including:				
• loans maturing within 12 months from the reporting date	15110	6,006,762	15,283,525	713,524
• borrowings maturing within 12 months from the reporting date	15120	10,650,577	604,830	591,289
Payables	15200	49,627,569	45,741,917	27,201,976
Including:				
• trade payables	15210	38,063,383	37,242,638	12,390,347
• payroll	15220	1,428,095	1,135,983	1,587,090
• taxes and charges, social insurance and social security	15230	1,301,498	1,260,830	1,250,630
• advances received (excluding transport services)	15240	347,063	247,663	259,572
• advances received for transport services	15250	7,032,599	4,214,644	9,307,005
• dividends payable	15260	–	–	–
• other receivables	15290	1,454,930	1,640,158	2,407,332
Deferred income	15300	13,870	13,040	243,592
Provisions	15400	4,976,675	4,301,086	5,222,190
Other current liabilities	15500	550,817	430,825	1,185
TOTAL FOR SECTION V	15000	71,826,269	66,375,222	33,973,754
Balance	17000	337,156,869	322,592,923	310,749,368

The annual report of FPC JSC has been prepared on the basis of the audited financial statements under RAS for 2021. 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 2021, as well as its financial results and cash flows for 2021 in accordance with the accounting rules established in the Russian Federation (financial) statements.



You can read the Annual Accounting Statements and the Auditor’s Report for 2021 on JSC FPC’s website fpc.ru — Company’s Reporting section.

STATEMENT OF FINANCIAL RESULTS, ‘000 RUB

Indicator	Line code	January — December 2021	January — December 2020
Revenue	21100	188,228,443	130,930,077
Cost of sales	21200	(194,492,677)	(173,463,371)
Gross profit (loss)	21000	(6,264,234)	(42,533,294)
Selling expenses	22100	(130)	(67)
Administrative expenses	22200	(9,100,520)	(8,055,358)
Profit (loss) from sales	22000	(15,364,884)	(50,588,719)
Income from participation in other entities	23100	36,700	780
Interest receivable	23200	250,513	304,425
Interest payable	23300	(5,048,536)	(4,155,151)
Other revenue	23400	20,135,279	24,080,607
Other expenses	23500	(6,981,333)	(13,019,073)
Profit (loss) before tax	23000	(6,972,261)	(43,377,130)
Income tax	24100	1,575,090	9,726,885
Including:			
• current income tax	24110	–	–
• deferred income tax	24120	1,575,090	9,726,885
Other	24600	(20,807)	44,826
Net profit (loss)	24000	(5,417,978)	(33,605,419)
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
Income tax on transactions that are not included in the net profit (loss) of the period	25300	–	–
Total financial result for the period	25000	(5,417,978)	(33,605,352)
For reference			
Basic earnings (loss) per share	29000	–	–
Diluted earnings (loss) per share	29100	–	–



REPORT ON NET PROFIT USE

Upon the results of financial and business operations in 2020, a loss of RUB 33.6 billion was incurred.

The Annual General Meeting of Shareholders held on 30 June 2021 (Minutes No. 47 dated 2 July 2021) decided not to distribute net profit for 2020 due to the loss of RUB 33,605,419 thousand incurred by JSC FPC in 2020.

Upon the results of financial and business operations in 2021, JSC FPC suffered a loss of RUB 5,417,978 thousand.

Based on the results of a financial year, the Annual General Meeting of Shareholders is to approve the distribution of net profit of the Company as recommended by the members of the Board of Directors of JSC FPC.

According to the approved internal policy of JSC FPC, net profit is to be distributed as follows:

- 5% are to be allocated to the reserve fund
- Shortfall in cash flow required to finance the Investment Programme
- The remainder is the dividend to be paid

According to the decision made by the Board of Directors of JSC FPC, no more than 2% of net profit for a year may be allocated to charitable aid, including donations.

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 2021, as well as its consolidated financial results and consolidated cash flows for the year then ended, in accordance with International financial reporting standards (IFRS).



You can read the Consolidated Financial Statements and the Auditor's Report for 2021 on JSC FPC's website fpc.ru — Company's Reporting section.

MAJOR TRANSACTIONS

In 2021, there were no transactions recognised as large in accordance with Article 78 of Federal Law No. 208 dated 26 December 1995 On Joint Stock Companies.

INTERESTED-PARTY TRANSACTIONS

There were no interested-party transactions in 2021.

DISPOSAL OF NON-CORE ASSETS

DISPOSAL OF FPC’S NON-CORE ASSETS (PASSENGER CARRIAGES)

As of 1 January 2021, the Company had 168 passenger cars recognised 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:

- 89 baggage carriages, after FPC terminated its baggage transportation activities
- 70 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

- 9 carriages of other types not required in transportation in view of design features





According to the plans for disposal of non-core assets for 2021–2023, FPC was supposed to write off 31 carriages in 2021. Actually, the Company has disposed of 53 carriages: 21 carriages were written off while 32 carriages were sold.



DISPOSAL OF FPC’S NON-CORE ASSETS (REAL ESTATE)








Item	Real estate assets, including parts of structures – facilities, land plots (owned by subsidiaries), and movable estate disposed of together with real estate assets	Accounting inventory No.	Book value as at transaction date, '000 RUB		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	Reasons for the deviation of the actual cost of sale from book value
			According to accounting records	According to tax records		Profit/loss before tax	Net profit/loss			
1.1	Premises 1H of the advance booking office, located at 24, Griboyedova Canal Embankment, St. Petersburg	010002/9809 M	572,026.18	20,034.08	652,233.33	81,680.26	–44,759.59	31,600.75	80,207.15	Sale made at a commercial value (raising bid)
1.2	Land plot, located at 24 Lit. A, Griboyedova Canal Embankment, St. Petersburg	090001/9809	25,418.19	0.00	368,320.00	342,826.81	269,162.81	82.24	342,901.81	
2	One-storey pantry building, Lit. Z, located at 1 Zelyonaya Roscha Str., Barnaul, Altai Territory	010018/9911	1,104.51	0.00	1,955.20	820.69	429.65	283.53	850.69	Sale made at a commercial value reduced by approximately 15%
3	Flat 172 located 88 Tsvillinga Str., Chelyabinsk, Chelyabinsk Region	511894*	2,349.83	570.00	4,021.00	1,641.17	950.86	151.31	1,671.17	Sale made at a commercial value
4	Flat 133 located at 8 Profsoyuznaya Str., Astrakhan	9878_100967	3,092.00	446.00	1,641.00	–1,527.44	–1,766.40	71.86	–1,451.00	Sale made at a commercial value
5	Warehouse No. 3, located at 17A, Rylskaya Str., Promyshlenny District, Samara Region	010091/9884	1,383.72	0.00	420.00	–993.72	–1,077.72	581.87	–963.72	Sale commenced without price declaration
6	Passenger warehouse unnumbered building located at Privokzalnaya Square, Nalchik, Kabardino-Balkarian Republic	302/110000000038/0000	873.17	21.00	1,801.60	901.76	545.87	26.04	928.43	Sale commenced at a minimum price to any entity to declare (within six months) the intention to purchase the property at a minimum cost
7	Non-residential building (luggage room), located at 30A Zheleznodorozhnaya Str., Kanash, Republic of Chuvashia	100011–1/2236	4,774.68	946.70	4,377.49	–427.19	–1,113.35	105.04	–397.19	Sale made at a commercial (original) value
8.1	Premises located at building 2, 5 Komsomolskaya Square, Moscow	100050/9837240220/9837	612,131.52	33,798.21	586,216.36	–25,923.17	–136,406.80	16,564.72	–25,915.17	Sale made at a commercial (original) value
8.2	Paved area around the booking office, Lit 3, located at 5, Komsomolskaya Square, Moscow	120000000337/9837	0.00	0.00	4,645.85	4,637.85	3,708.68	0.00	4,645.85	
8.3	Paved area around the booking office, Lit 3.1, located at 5, Komsomolskaya Square, Moscow	200010/9837	0.00	0.00	26,454.99	26,446.99	21,155.99	0.00	26,454.99	
8.4	Paved area around the booking office, Lit 3.2, located at 5, Komsomolskaya Square, Moscow	120000000338/9837	0.00	0.00	1,809.08	1,801.08	1,439.26	0.00	1,809.08	
8.5	Paved area around the booking office, Lit 3.3, located at 5, Komsomolskaya Square, Moscow	120000000339/9837	0.00	0.00	639.83	631.83	503.86	0.00	639.83	
9	One-storey recreation and official meeting building, Lit. L, LI, located at 1 Zelyonaya Roscha Str., Barnaul, Altai Territory	010022/9911	10,390.29	0.00	8,593.00	–1,827.29	–3,545.89	264.85	–1,797.29	Sale made at an original (commercial) value
10	Two-storey administration building, Lit. M, located at 1 Zelyonaya Roscha Str., Barnaul, Altai Territory	010035/9911	13,859.34	1,631.52	9,607.00	–4,282.34	–5,877.44	441.36	–4,252.34	Sale made at an original (commercial) value
TOTAL		–	1,247,403.44	57,447.51	1,672,735.74	426,407.30	103,349.81	50,173.57	425,332.30	









REPORT ON COMPLIANCE WITH THE BANK OF RUSSIA’S CORPORATE GOVERNANCE CODE







Compliance  Full  Partial  None







Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle	Compliance	Explanations of deviations from the 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.	<ul style="list-style-type: none">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. These channels of communication were organized by the Company and made available to shareholders in preparation for each general meeting held during 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.	<ul style="list-style-type: none">In the reporting period, the notice of the general meeting of shareholders was posted (published) on the company’s website no later than 30 days before the date of the general meeting, unless a longer period is stipulated by law.The notice of the meeting lists the documents required for admission to the venue.Shareholders were provided with access to information on the persons being initiators of the agenda items and nominating the candidates for the board of directors and the auditing commission (if establishment of the same is stipulated by the company’s articles of association).		The Regulations on Preparing and Holding the General Shareholders Meeting of JSC FPC stipulate that the notice of an upcoming General Shareholders Meeting is to be 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.
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.	<ul 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 during the annual general meeting and in the preparation for the same.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.	<ul style="list-style-type: none">The company’s articles of association stipulate a deadline for shareholders to submit proposals for inclusion on the agenda of the annual general meeting of shareholders; such deadline should be at least 60 days after the end of the relevant 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.		








Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle	Compliance	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
1.1.5	Each shareholder was enabled to freely exercise his/her voting right in the simplest and most convenient way.	<ul style="list-style-type: none">The company's articles of association provide for the possibility of completing the electronic form of the ballot on the website (its address is specified in the notice of the general meeting of shareholders)		Pursuant to clause 11.2 of the Charter of JSC FPC, it is established that when holding the General Meeting of Shareholders of the Company in the form of a meeting (joint attendance of shareholders to discuss agenda items and take decisions on items put to a vote), information and communication technologies may be used to enable remote participation in the General Meeting of Shareholders of the Company, discuss agenda items and take decisions on items put to a vote without being present at the meeting venue. Since there was no need in an announcement, the relevant link was not sent to shareholders
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.	<ul style="list-style-type: none">When general meetings of shareholders were held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time was provided for reports on agenda items and time for discussion of these issues, and shareholders were given the opportunity to express their opinions and ask questions of interest on the agenda.The company invited candidates to the management and control bodies of the company and took all necessary steps to ensure their participation in the general meeting of shareholders, at which their nominations were put to a vote. The nominees to the management and control bodies of the company who were present at the general meeting of shareholders were available to answer questions from shareholders.The sole executive body, the accounting officer, the chairman or other members of the audit committee of the board of directors were available to answer questions from shareholders at the general meetings of shareholders held during the reporting period.In the reporting period, the company used telecommunication means for remote access of shareholders to participate in general meetings, or the board of directors made a reasonable decision that there was no need (possibility) to use such means in the reporting period.		A shareholder entitled to nominate candidates to the Company's governing bodies conducts all necessary interviews with candidates when preparing respective proposals.
1.2	Shareholders have equal and fair rights to share profits of the company by receiving dividends.			





Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle	Compliance	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
1.2.1	The company has developed and introduced a transparent and clear mechanism for determining the dividend amount and paying dividends	<ul style="list-style-type: none">• The company's regulation on the dividend policy was approved by the board of directors and disclosed on the company's website.• If the dividend policy of a company submitting the consolidated financial statements 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.• Justification of the proposed distribution of net profit, including the payment of dividends and the company's own needs, and assessment of its compliance with the dividend policy adopted by the company, with explanations and economic justification of the need to direct a certain portion of net profit to its own needs in the reporting period were included in the materials for the general meeting of shareholders, the agenda of which includes an item on profit distribution (including the payment (declaration) of dividends).		To determine the amount of dividends, JSC FPC's Dividend Policy uses the Company's reporting indicators. The relevant provisions of the Dividend Policy take into account the RAS 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	<ul style="list-style-type: none">• The regulations on company's dividend policy, in addition to the statutory restrictions, defines the financial/economic circumstances the Company should not decide to pay dividends under.		
1.2.3	The company does not allow the dividend rights of its existing shareholders to be impaired.	<ul style="list-style-type: none">• In the reporting period, the company did not take any actions causing a deterioration in terms of dividend rights of existing shareholders.		
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.	<ul style="list-style-type: none">• During the reporting period, there were no other ways other than dividends for the entities who has control over the company to receive profit (income) at the company's expense (e.g., through transfer pricing, unjustified provision of services to the Company by the controlling entity at inflated prices, through internal loans substituting dividends to the controlling entities and (or) its controlled entities).		
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.	<ul style="list-style-type: none">• During the reporting period, the company's controlling entities did not abuse their rights in relation to the company's shareholders, there were no conflicts between the company's controlling entities and the company's shareholders, and if there were, the board of directors paid due attention to the same.		
1.3.2	The Company does not take any actions that lead or may lead to an artificial redistribution of corporate control.	<ul style="list-style-type: none">• Quasi-treasury shares are absent or did not participate in voting during the reporting period.		
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	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.	<ul style="list-style-type: none">• The technologies and service conditions of the company's registrar meet the needs of the company and its shareholders and ensure that shareholder rights are regarded and exercised in the most efficient manner.		
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.			







Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle	Compliance	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
2.1.1	The board of directors is responsible for passing resolutions related to appointment and removal of the members 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.	<ul style="list-style-type: none">• 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.• During the reporting period, the nominations (appointments, personnel) committee reviewed the compliance of the professional qualifications, skills and experience of the members of the executive bodies in respect of the current and expected needs of the company as dictated by the approved strategy of the company.• In the reporting period, the board of directors reviewed the report(s) by the sole executive body or members of the collective executive body (if any) 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.	<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• The principles of and approaches to the organisation of the risk management and internal control system in the company are determined by the board of directors and stipulated in the company's internal documents, which determine the risk management and internal control policy.• In the reporting period, the board of directors approved (revised) an acceptable amount of risks (risk appetite) of the company or the audit committee and (or) risk committee (if any) considered whether it is expedient to submit the issue of revising the company's risk appetite by the board of directors for consideration.		
2.1.4	The board of directors defines the company's policy on remuneration due to, and/or reimbursement (compensation) of costs to the members of the board of directors, executive bodies, and other key managers of the company.	<ul style="list-style-type: none">• 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.• In the reporting period, the board of directors reviewed the 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.	<ul style="list-style-type: none">• The board of directors plays a key role in preventing, identifying and settling internal conflicts.• 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.	<ul style="list-style-type: none">• The company's internal documents define the persons responsible for implementing the information policy.		
2.1.7	The board of directors controls the company's corporate governance practices and plays a key role in its significant corporate events.	<ul style="list-style-type: none">• During the reporting period, the board of directors reviewed the results of a self-assessment and/or an external assessment 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.	<ul style="list-style-type: none">• The company's annual report for the reporting period includes the information on attendance at board of directors and committee meetings by every member of the board of directors.• The annual report contains key results of assessment (self-assessment) of the board of directors' performance in the reporting period.		






Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle	Compliance	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
2.2.2	The chairman of the board of directors is available to communicate with the company's shareholders.	<ul style="list-style-type: none">The company has a transparent procedure in place to ensure that shareholders can send their enquires to and receive feedback from the chairman of the board of directors (and, where applicable, the senior independent director).		
2.3	The board of directors manages the company in an efficient and competent manner and makes fair and independent judgements and decisions in line with the best interests of the company and its shareholders.			
2.3.1	Only persons with impeccable business and personal reputation, possessing the knowledge and expertise required to make decisions falling within the authority of the board of directors and being essential to performing its functions efficiently are elected to the board of directors.	<ul style="list-style-type: none">In the reporting period, the board of directors (or its nomination committee) assessed nominees to the board of directors in terms of having the required experience, knowledge, business reputation, absence of a conflict of interest, etc.		
2.3.2	The company's directors are elected via a transparent procedure enabling shareholders to obtain information on nominees sufficient to judge on their personal and professional qualities.	<ul style="list-style-type: none">Whenever the agenda of a general meeting of shareholders held in the reporting period included the election to the board of directors, the company provided its shareholders with biographical details of all nominees for the board of directors, the results of the assessment of their professional qualifications, skills and experience for the compliance with the current and expected needs of the company (such assessment to be carried out by the board of directors (or its nomination committee)), as well as information on whether the candidate met the criteria of independence as set forth in recommendations 102–107 of the Code and the written consent of the nominees for election to the board of directors.		
2.3.3	The board of directors is balanced, including in terms of qualifications of its members, their experience, knowledge and business qualities, and has the trust of shareholders.	<ul style="list-style-type: none">During the reporting period, the board of directors analysed its own needs in terms of professional qualifications, experience and skills and identified the competencies required by the board of directors in the short and long term.		
2.3.4	The company has a sufficient number of directors to organise the board of directors' activities in the most efficient way, including ability to set up committees of the board of directors and enable the company's substantial minority shareholders to elect a nominee to the board of directors for whom they vote.	<ul style="list-style-type: none">During the reporting period, the board of directors considered whether the number of the board of directors' members meets the company's needs and the interests of shareholders.		
2.4	The board of directors includes a sufficient number of independent directors.			
2.4.1	An independent director is a person of sufficient professionalism, experience and self-reliance to form his/her own opinion, able to make impartial judgements in good faith independent from the company's executive bodies, particular groups of shareholders or other stakeholders. It should be noted that under normal circumstance a nominee (elected director) cannot be considered independent if he/she is related to the company, its substantial shareholder or counterparty, the company's competitor, or the government.	<ul style="list-style-type: none">In the reporting period, all independent directors met the independence criteria set out in Recommendations 102–107 of the Code, or were deemed independent by resolution of the board of directors.		







Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle	Compliance	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
2.4.2	The compliance of nominees to the board of directors with the criteria for independence is assessed, and a regular review of compliance of independent directors with such criteria is performed. Substance prevails over form in such assessments.	<ul style="list-style-type: none">In the reporting period, the board of directors (or the nomination committee of the board of directors) formed its opinion on the independence of each nominee to the board of directors and presented respective opinions to shareholders.During the reporting period, the board of directors (or the board of directors' nomination committee) reviewed the independence of the current board of directors' members at least once (after they were elected).The company has developed procedures defining the actions to be taken by a member of the board of directors if he/she ceases to be independent, including the obligation to timely notify the board of directors thereof.		
2.4.3	Independent directors make up at least one third of the elected board of directors.	<ul style="list-style-type: none">Independent directors make up at least one third of the board of directors.		
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.	<ul style="list-style-type: none">In the reporting period, independent directors (who did not have a conflict of interest) carried out a preliminary assessment of material corporate actions implying a possible conflict of interest, and the results of such assessment were presented to the board of directors.		In the reporting period, the Board of Directors reviewed the matters of an additional issue of JSC FPC shares. These material corporate actions were not interested-party transactions.
2.5	The chairman of the board of directors facilitates 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.	<ul style="list-style-type: none">The board of directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors.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.		<ul style="list-style-type: none">The Chairman of JSC 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 the Parent Company. Independent directors do not require additional coordination; a senior independent director is not appointed. <ul style="list-style-type: none">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
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.	<ul style="list-style-type: none">The efficiency of the chairman of the board of directors was assessed as part of the procedure for assessing (self-assessing) the performance 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.	<ul style="list-style-type: none">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 full and reliable information regarding items on the agenda of the board meeting.		









Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle	Compliance	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
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.	<ul style="list-style-type: none">• 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.• 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.• 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.	<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• Individual attendance of the meetings of the board of directors and committees, as well as sufficient time to work on the board of directors, including its committees, is analysed as part of the procedure for assessment (self-assessment) of the board of directors' performance in the reporting period.• In accordance with the company's internal documents, directors inform the board of their intentions to join management bodies of other organisations (except for entities controlled by the company), or of the relevant appointment made.		<p>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:</p> <ul style="list-style-type: none">• Disclose information about the intention to carry out transactions involving Company's shares and securities or shares (interests) in legal entities controlled by JSC FPC• Disclose information on transactions with such shares and securities in due procedure• Inform the Company on circumstances, under which they may be recognised as interested parties to the Company'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
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.	<ul style="list-style-type: none">• In accordance with the company's internal documents, the members of the board of directors have the right to obtain information and documents necessary for the members of the board of directors to perform their duties relating to the company and its controlled entities, and the executive bodies of the company should ensure that relevant information and documents are provided.• The company implements a formalised induction program for newly elected directors.		
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.	<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• 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.• During the reporting period, the members of the board of directors who were not present at the meeting venue were given the opportunity to participate in the discussion of agenda items and vote remotely via conference calls and video conferencing.		
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.	<ul style="list-style-type: none">• The company's articles of association or internal documents stipulate that the most important issues (including those listed in recommendation 168 of the code) should be considered at in-person meetings of the board of directors.		<p>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</p>






Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle	Compliance	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
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.	<ul style="list-style-type: none">The company's articles of association provide for resolutions on the most important matters (including those 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 3/4 or by a majority of all elected directors.		<p>In accordance with paragraph 18.10 of the Articles of Association, resolutions of the Company's Board of Directors on including the persons nominated by shareholders or the Company's Board of Directors in the list of members of the collegial executive body or the Company's Auditing 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.</p> <p>In accordance with paragraph 18.11 of the Articles of Association, resolutions of the Company's 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 present Articles of Association, as well as on approving the Company's Dividend Policy are passed by a majority of the members of Company's Board of Directors.</p>
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.	<ul 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.		<p>The members of the Board of Directors — employees of the key shareholder — participate in the work of the Committee.</p> <p>The Committee includes two independent directors, one of whom chairs the Committee</p>
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.	<ul 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 determine the tasks of the remuneration committee, including but not limited to the tasks covered by recommendation 180 of the Code, as well as the conditions (events), upon the occurrence of which the remuneration committee considers revision of the company's remuneration policy for the members of the board of directors, executive bodies and other key executives.		<ul style="list-style-type: none">Members of the Board of Directors — employees of the majority shareholder — participate in the work of the Committee.One independent director is a member of the Committee and chairs it.The Regulations on the Committee do not contain paragraph 4 of Recommendation 180 of the Code and there is no provision for reviewing the Company's remuneration policy for the members of the Board of Directors, executive bodies and other key managers
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.	<ul 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.In the reporting period, in order to form the board of directors that best meets the company's goals and objectives, the nomination committee organized interaction with shareholders, not limited to the largest shareholders, in the context of selecting candidates to the board of directors of the company, either individually or jointly with other committees of the board of directors or the company's authorised subdivision in charge of relations with shareholders.		<ul style="list-style-type: none">JSC FPC has set up the Human Resources, Remuneration, and Corporate Governance Committee of the Board of Directors of JSC FPC.The roles of this Committee are set out in the Regulations on the Committee of FPC's Board of Directors and comply with recommendations of the Corporate Governance Code concerning the Remuneration Committee and the Nomination Committee. One independent director has been elected to the Committee and chairs it.The Nominations Committee did not organise any interaction with shareholders during the reporting period, either independently or through the Company's management units






Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle	Compliance	Explanations of deviations from the 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.).	<ul style="list-style-type: none">In the reporting period, the company's board of directors considered whether the structure of the board of directors is appropriate to the scope, nature, business goals, needs, and risk profile of the company. 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.	<ul style="list-style-type: none">The audit committee, remuneration committee, and nomination committee (or the relevant committee with a combined function) were chaired by independent directors in the reporting period.The company's internal documents (policies) include provisions stipulating that persons who are not members of the audit committee, the nomination committee (or the relevant committee with a combined function) and the remuneration committee may attend committee meetings only by invitation of the chairman of the respective committee.		The Audit and Risk Committee is headed by an independent director. The human resources, remuneration and corporate governance committee is headed by an independent director.
2.8.6	Committee chairmen inform the board of directors and its chairman on the work of their committees on a regular basis.	<ul style="list-style-type: none">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 the assessment of performance of the board of directors, its committees and members of the board of directors, whether their work meets the company's development needs, as well intensifying the work of the board of directors and identifying opportunities for the improvement of its performance.	<ul style="list-style-type: none">The company's internal documents stipulate the procedures for assessing (self-assessing) the board of directors' performance.The assessment (self-assessment) of the board of directors' performance carried out in the reporting period included an assessment of the work of the committees, an individual assessment of each member of the board of directors and the board of directors as a whole.Results of assessment (self-assessment) of the board of directors' performance carried out in the reporting period were reviewed at the in-person meeting of the board of directors.		The results of the self-assessment (assessment) of the Board of Directors were considered by the Board of Directors at its meeting in absentia on 7 September 2021.
2.9.2	The performance of the board of directors, committees and members of the board of directors is assessed on a regular basis at least once a year. An external organisation (consultant) is engaged at least once every three years to carry out an independent assessment of the board of directors' performance.	<ul style="list-style-type: none">The company engaged an external institution (advisor) to conduct an independent assessment of the board of directors' performance at least once over the last three reporting periods.		The performance of the Board of Directors was not assessed in the reporting period.
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.	<ul style="list-style-type: none">The company's website and the annual report contain biographical information on the corporate secretary (including information on age, education, qualifications, experience), as well as information on positions in management bodies of other legal entities held by the corporate secretary for at least the last five years.		The Annual Report contains general provisions related to the Corporate Secretary. In view of the minor number of shareholders, the corporate secretary ensures effective communication with each shareholder of the company without the need to disclose additional information on the corporate secretary. Biographical information about the corporate secretary is not disclosed in accordance with the Russian Government Resolution No. 351 dated 12 March 2022.

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle	Compliance	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
3.1.2	The corporate secretary is sufficiently independent of the company's executive bodies and has the powers and resources required to perform his/her tasks.	<ul style="list-style-type: none">• The company has adopted and published an internal document – regulations on the corporate secretary.• The board of directors approves the candidate for the position of corporate secretary, terminates his/her powers and considers the payment of additional remuneration to him/her.• The company's internal documents stipulate the corporate secretary's right to request and receive company documents and information from management bodies, subdivisions and officers of the company.		
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 the members of the board of 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.	<ul style="list-style-type: none">• Remuneration of members of the board of directors, executive bodies and other key executives of the company is determined based on the results of a comparative analysis of remuneration levels in comparable companies.		
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.	<ul style="list-style-type: none">• During the reporting period, the remuneration committee reviewed the remuneration policy (policies) and (or) practices of its (their) implementation, assessed their efficiency and transparency, and, if necessary, submitted respective recommendations to the board of directors for revision of the said policy (policies).		
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.	<ul style="list-style-type: none">• 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 members of the board of directors, executive bodies and other key managers of the company can claim. Such policy can make part of the company's remuneration policy.	<ul style="list-style-type: none">• The remuneration policy (policies) defines (define) the rules for reimbursement of costs incurred by directors, executive bodies and other key managers of the company.		<p>The procedure for reimbursement of expenses of the Company's executives on renting residential premises from third-party owners, other than members of the Board of Directors and executive bodies, is stipulated by the Order of JSC FPC No. 859r dated 11 September 2017 On Formation and Use of the Specialised Housing Fund of JSC FPC.</p> <p>In accordance with paragraph 4.4.29 of the Collective Bargaining Agreement of JSC FPC for 2020–2022, the employees of JSC FPC, including the key executives of the Company, are compensated for the costs of maintaining their children in private pre-school educational institutions. Compensation is paid in accordance with the procedure and in the amounts set out in Section V of the Regulation on Social Support Measures for Employees of the Management Staff of JSC FPC and Centres (Business Units) of JSC FPC, their Family Members and Non-working Pensioners No. 63r dated 25 January 2018.</p> <p>In accordance with Article 169 of the Russian Labour Code, the employees of JSC FPC, including the key executives of the Company, are reimbursed, upon prior agreement with the employer, for the costs of moving an employee, his/her family members and property (unless the employer provides such employee with appropriate means of transport) and the costs of settling in at the new place of residence when moving to another place of residence to continue his/her work. Specific amounts of reimbursement of the costs are determined by the parties to the employment contract.</p>
4.2	Remuneration system for directors ensures alignment of financial interests of directors with long term financial interests of shareholders.			

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle	Compliance	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
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.	<ul style="list-style-type: none">In the reporting period, the company paid remuneration to the members of the board of directors in accordance with the remuneration policy adopted by the company.In the reporting period, the company did not apply any forms of short-term motivation or additional material incentives to the members of the board of directors, the payment of which depends on the results (indicators) of the company's performance. No remuneration was paid for participation in individual meetings of the board of directors or the committees under the board of directors.		
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.	<ul style="list-style-type: none">If the company's internal document(s) – the remuneration policy (policies) – stipulate(s) (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.		Not applicable. Regulations on Payment of Remuneration and Compensations to Members of the Board of Directors do not provide for granting shares in the Company to the members of the Board of Directors.
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.	<ul style="list-style-type: none">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.		
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.	<ul 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.When determining the amount of remuneration payable to the members of executive bodies and other key executives of the company, consideration is given to the risks borne by the company in order to avoid creating incentives for taking excessively risky management decisions.		<ul 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 executives of the Company in terms of the effective ratio of the fixed and variable parts of remuneration in accordance with the Regulations on the Remuneration System for Executives of JSC FPC approved by the Board of Directors of JSC FPC (Minutes No. 4 dated 15 September 2021) will be assessed based on the performance output in H2 2021.When developing the remuneration system for members of executive bodies and other key executives of the Company, the risks incurred by the Company in taking excessively risky management decisions have been taken into account; as a result, the gradation of KPI implementation does not allow for creating incentives for the above-mentioned excessively risky management decisions
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).	<ul style="list-style-type: none">If the company has introduced a long-term incentive programme for members of executive bodies and other key executives of the company using company shares (financial instruments based on company shares), the programme stipulates that the right to sell such shares and other financial instruments shall not arise earlier than three years after provision of the same. The right to dispose of such shares or other financial instruments is linked to the company's performance targets.		Not applicable.
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.	<ul 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.			

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle	Compliance	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
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.	<ul 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.	<ul style="list-style-type: none">The company's executive bodies ensured the distribution functions, powers and responsibilities 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.	<ul style="list-style-type: none">The company has the anti-corruption policy approved.The company has arranged for safe, confidential and accessible means (hotline) 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.		
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.	<ul style="list-style-type: none">During the reporting period, the board of directors (audit committee and/or risk committee) organized an assessment of the reliability and effectiveness of the risk management and internal control systems.During the reporting period, the board of directors reviewed the results of the assessment of the reliability and efficiency of the company's risk management and internal control systems; information on the results of the review 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.	<ul style="list-style-type: none">To perform internal audits, the company has set up a separate internal audit business unit functionally reporting to the board of directors, or an independent external organisation with the same line of reporting is engaged.		
5.2.2	The internal audit unit assesses the reliability and effectiveness of the risk management and internal control systems as well as the corporate governance, and applies generally accepted internal auditing standards.	<ul style="list-style-type: none">During the reporting period, internal audit assessed the reliability and effectiveness of the risk management and internal control system.During the reporting period, internal audit assessed corporate governance practices (individual practices), including information interaction procedures (along with those related to internal control and risk management) at all management levels of the company, and interaction with stakeholders as well.		
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.	<ul style="list-style-type: none">The company's board of directors approved an information policy developed in accordance with the Code's recommendations.During the reporting period, the board of directors (or one of its committees) considered the efficiency of information exchange between the company, shareholders, investors and other stakeholders and the expediency (need) to revise the company's information policy.		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.
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.	<ul style="list-style-type: none">The company discloses information on its corporate governance system and general principles of corporate governance applied in the company, including disclosure on a website.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).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.		Information on the membership of the Board of Directors and its Committees is not disclosed in accordance with the Russian Government Resolution No. 351 dated 12 March 2022. A memorandum is not available.

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle	Compliance	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
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.	<ul style="list-style-type: none">• The company has established a procedure that ensures coordination of work of all subdivisions and employees of the company who are related to disclosure of information or whose activities may result in the need to disclose information.• 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.• 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.		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.
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.	<ul style="list-style-type: none">• The company's information policy defines approaches to disclosure of information on other events (actions) which have a significant effect on the value or quotation of its securities, while disclosure of which is not required by law.• 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.• The company discloses information on controlled entities that are significant to the company, including key areas of their activities, mechanisms for ensuring accountability of controlled entities, the authority of the company's board of directors to determine strategy and assess performance of controlled entities.• The company discloses non-financial reports — a sustainability report, an environmental report, a corporate social responsibility report or another report containing non-financial information, including factors related to the environment (inter alia, environmental and climate change related factors), society (social factors) and corporate governance, except for the report of the issuer of equity securities and the annual report of the joint stock company.		Paragraph 2. Information on the Company's capital structure as per Recommendation 290 of the Code is not disclosed in the Annual Report and on the Company's website in accordance with the Russian Government Resolution No. 351 dated 12 March 2022. Paragraph 4. The company discloses non-financial reports — a sustainability report, an environmental report, a corporate social responsibility report or another report containing non-financial information, including factors related to the environment (inter alia, environmental and climate change related factors), society (social factors) and corporate governance, within the Annual Report only.
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.	<ul style="list-style-type: none">• The annual report of the company contains information on the results of the assessment by the audit committee of the effectiveness of the external and internal audit process.• The company's annual report contains information on the company's environmental and social policy.		<ul style="list-style-type: none">• The annual report of the company contains information on the results of the assessment by the audit committee of the effectiveness of the external and internal audit process.
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	Shareholders can exercise their right of access to company documents and information without unnecessary difficulties.	<ul style="list-style-type: none">• The company's information policy (internal documents defining the information policy) defines a non-onerous procedure for providing access to the company's information and documents, upon shareholders' requests.• The information policy (internal documents defining the information policy) contains provisions stipulating that if a shareholder requests information on organisations controlled by the company, the company shall make the necessary efforts to obtain such information from the relevant organisations controlled by the company.		<ul style="list-style-type: none">• The Regulations on Information Policy do not stipulate that in the event of a shareholder's request for information on entities controlled by the Company, the Company shall take necessary efforts to obtain such information from the relevant entities controlled by the Company.
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.	<ul style="list-style-type: none">• In the reporting period, the company did not refuse shareholders' requests for information, or such refusals were justified.• In cases defined by the information policy, shareholders are warned of the confidential nature of the information and undertake to maintain its confidentiality.		

Item	Corporate governance principles	Criteria for assessing compliance with corporate governance principle	Compliance	Explanations of deviations from the criteria for assessing compliance with corporate governance principle
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.	<ul style="list-style-type: none">• The company's articles of association define a list (criteria) of transactions or other actions that constitute significant corporate actions. Resolutions on material corporate actions are referred to the jurisdiction of the board of directors, according to the company's articles of association. 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.		
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.	<ul style="list-style-type: none">• The company has in place a procedure enabling independent directors to express their opinions on material corporate actions prior to approval thereof.		Such a procedure is not provided for in the internal documents of FPC
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.	<ul style="list-style-type: none">• The company's articles of association, taking into account the peculiarities of the company's operations, stipulate that the competence of the board of directors shall include approval of other transactions that are significant to the company, in addition to those provided for by law.• In the reporting period, all material corporate actions 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.	<ul style="list-style-type: none">• If the company performed significant corporate actions during the reporting period, the company disclosed information on such actions in a timely and detailed manner, including disclosing the reasons, conditions and consequences of such actions for shareholders.		
7.2.2	The rules and procedures related to materiel corporate actions are set forth in the company's internal documents.	<ul style="list-style-type: none">• The company's internal documents provide for the cases and procedure for engaging an appraiser to determine the value of the property disposed of or acquired pursuant to a major transaction or an interested party transaction.• The company's internal documents set out the procedure for engaging an appraiser to assess the value of the company's shares at their repurchase or redemption.• If there is no formal interest of a member of the board of directors, the sole executive body, member of the collegial executive body of the company or an entity being a controlling entity of the company or an entity entitled to give instructions binding on the company in transactions of the company, but if there is a conflict of interest or other actual interest, the internal documents of the company provide that such entities shall not participate in voting on approval of such transaction.		The Company's internal documents do not 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. 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 an interested party.

LIST OF FPC’S BRANCHES AND THEIR STRUCTURAL UNITS CERTIFIED TO ISO 9001-2015

Item	Branches	Structural units	QMS processes
1	Moscow Branch	Orekhovo-Zuyevo PCD Nikolayevka PCD Moscow-3 PCD Orel PCD Moscow–Kievskaya PCD Smolensk PCD Moscow–Yaroslavskaya CS Bryansk 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 (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)
2	Northwest Branch	Saint Petersburg–Moskovsky PCD Saint Petersburg–Moskovsky CS Moscow PCD Kaliningrad PCD Pskov CS Petrozavodsk CS Vehicle Transport Centre 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 overhaul 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)
3	North Caucasus Branch	Mineralnye Vody PCD Novorossiysk CS 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 overhaul 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)

Item	Branches	Structural units	QMS processes
4	West Siberian Branch	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 Branch	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 overhaul 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	Volga Branch	Saratov PCD Saratov–Passazhirsky CS Volgograd CS Voronezh 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 overhaul 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	Gorky Branch	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 (KR-1) carriage overhaul 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	Kuybyshev Branch	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 (KR-1) carriage overhaul 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)

Item	Branches	Structural units	QMS processes
9	Far East Branch	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 (KR-1) carriage overhaul 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	East Siberian Branch	Irkutsk PCD Krasnoyarsk PCD Chita CS Severobaikalsk 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 overhaul 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)



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 2021 (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 2021 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 forward-looking statements of this Annual Report, for any reason, directly or indirectly. These individuals should not fully rely on the forward-looking 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.

CONTACTS

Full name of the Company:

Joint Stock Company Federal Passenger Company

Abbreviated name of the Company:

JSC FPC

Location:

34 Mashki Poryvayevoy St., Moscow, 107078, Russia

Tel:

+7 (495) 988-10-00 (IVR)

Fax:

+7 (499) 262-33-49

Website:

www.fpc.ru