FEDERAL PASSENGER COMPANY

ANNUAL REPORT — 2024

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Sustainability Development Management

In order to conduct business responsibly and give special attention to sustainable development issues, JSC FPC complies with environmental laws, makes sure that its employees have the best working conditions, enhances its corporate governance system, and considers stakeholder interests in decision-making.

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In December 2024, the Board of Directors of JSC FPC resolved¹ to join the Sustainable Development Policy of OJSC Russian Railways². In accordance with the provisions of the Policy, JSC FPC recognises its responsibility to a wide range of stakeholders to build a competitive and sustainable business in the regions where it operates that meets the principles of corporate, social and environmental responsibility and creates value for them in the long term. The Company recognises that sustainable development is an integral element of its operations and one of its long-term priorities.

In terms of sustainable development, JSC FPC's primary goal is to support the Holding Company's strategy to establish a dominant position in the market, guarantee the Russian Federation's energy security and efficient use of resources by positively influencing socioeconomic development and adhering to strict environmental and technological safety standards, corporate governance and social responsibility, and protection requirements against both natural and man-made threats.

The policy sets out the following sustainable development objectives:

- Lessening the harm that human activity causes to the environment and to aid in the battle against climate change
- Making efficient and rational use of natural resources
- Respecting and honouring human rights in all business processes

- Ensuring the health, safety, and well-being of internal and external stakeholders while conducting its operations, as well as the safety of production processes and working conditions
- Promoting professional, career and personal growth of employees
- Improving the quality of life and well-being of communities living in the territories of the regions of operations and having a positive impact on their social and economic development
- Creating an effective and transparent system of stakeholder engagement
- Ensuring innovative development in all business dimensions
- Developing and improving internal processes to upgrade the organisation of sustainable development activities
- Combating fraud and corruption, as well as adhering to the principles of fair and ethical business conduct

One key way to put the Policy into practice is by incorporating sustainable development principles into JSC FPC's day-to-day operations.

The sustainable development management system of JSC FPC is an essential component of the Company's general corporate management system, and the decision-making process and operational activities successfully incorporate sustainable development concepts.

JSC FPC's sustainable development management structure

Strategic tier

Determination of priority business areas, strategies and key policies by the Board of Directors, approval of the budget and investment programme, KPIs, risk monitoring with preliminary review by the relevant committees

Management tier

Development of key policies/documents in the field of sustainable development to embed sustainable development principles into the Company's operational activities Identification of responsible business units

Operational tier

Implementation of sustainable development solutions, preparation of reports

Role of the Board of Directors in sustainable development management

The Board of Directors of JSC FPC is responsible for overseeing the Company's sustainable growth within the parameters of its Articles of Association.

The Board of Directors approves the Company's core and functional strategies, monitors their implementation, and approves adjustments if necessary. For example, in the reporting year, the Board of Directors updated JSC FPC's Digital Transformation Strategy until 2024.

The Board of Directors is responsible for approving high-level regulations in such areas as ethics, risks, anticorruption efforts, and KPI achievement. On an annual basis, the Board of Directors approves the acceptable amount of risks (risk appetite), the register of key risks for the year, and reviews risk monitoring reports.

The Board of Directors annually reviews a set of KPIs for management and sets their target values for the year, with interim monitoring and approval of an annual report on their achievement.

The Board of Directors regularly reviewed the approval of the budget, investment programme, operational efficiency and cost optimisation programme, as well as their progress reports are regularly. If necessary, the Board of Directors decides to amend these documents.

In order to develop a systematic approach to managing the ESG agenda and taking into account JSC FPC's positioning as a socially orientated and socially responsible Company, the Board of Directors decided to expand the scope of functions of the Human Resources, Remuneration and Corporate Governance Committee of the Board of Directors and to give it functions in the area of sustainable development in the following areas:

- Preparation of recommendations to the Board of Directors on defining the Company's sustainable development activities and reviewing reports on the achievement of such goals
- Preparation of recommendations to the Board of Directors on the development of functional KPIs in terms of sustainable development and their integration into the motivation system for the Company's managers
- Preliminary approval of internal documents of JSC FPC related to sustainable development
- Definition of the format of the sustainable development report and the annual report in terms of sustainable development, preparation of recommendations on the approval of the sustainable development report
- Participation in the process of selecting an independent auditor to certify the sustainable development report and preparation of recommendations of the Company on engaging such an auditor

Minutes No. 15 dated 27 June 2024.

² Approved by the resolution of the Board of Directors of OJSC Russian Railways, Minutes No. 15 dated 27 June 2024.

Key sustainable development decisions taken by the Board of Directors in 2024

Decision taken

Impact on the Company's sustainable development

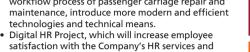
UN SDGs National goals¹

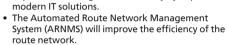
Strategic tier

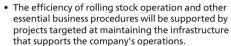
JSC FPC Investment **Programme for** 2024-2026 was

approved

• Projects to renew the fleet and modernise existing rolling stock will improve safety performance on the railways. This will be possible due to upgrade of obsolete and less reliable carriage units in order to eliminate equipment failures en route, improve the workflow process of passenger carriage repair and maintenance, introduce more modern and efficient







improve HR management efficiency by implementing

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Goal No. 3 Ccomfortable and safe environment for living:

j) To increase the share of public transport fleets in agglomerations and cities with a service life not exceeding the standard one to at least 85 % by 2030

Goal No. 7 Digital transformation of state and municipal administration, the economy and the social

a) To achieve digital maturity by 2030 of state and municipal administration, key sectors of the economy and the social sphere, including healthcare and education, involving the automation of most transactions within unified sectoral digital platforms and a data-driven management model, taking into account the accelerated introduction of big data processing technologies, machine learning and artificial

Operational efficiency improvement programme for 2024-2026 was approved

• The Company will be able to increase its operational efficiency by involving members of the Russian Student Squads for summer and winter service. as well as through measures to improve energy efficiency and reduce the energy intensity of production activities.



Goal No. 5 Resilient and dynamic economy:

i) To establish by 2030 an effective system for training, retraining and upgrading the skills of personnel for priority sectors of the economy, based on projected needs



b) To gradually halve by 2036 emissions of hazardous pollutants with the most significant negative impact on the environment and human health in cities with high and very high levels of air pollution

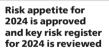


• Resolution was taken to join Russian Railways Holding's Sustainable Development Policy.

• In order to improve corporate governance and integrate sustainable development principles, a decision was made to include sustainability and ESG functionality in the Regulations on the Human Resources, Remuneration and Corporate Governance Committee of the Board of Directors.



Goal No. 5 Resilient and dynamic economy



• The perimeter of the Company's key risks was expanded to include corruption risk, traffic accidents and other events related to violation of railway transport safety and operation rules, decrease in passenger satisfaction with service quality and failure to deliver investment projects. The risk of decrease in passenger satisfaction with service quality has zero deviation from the target value, the other listed risks have zero tolerance.



Goal No. 5 Resilient and dynamic economy:

c) To increase investment in fixed capital by at least 60% by 2030 compared to 2020 levels through continuous improvement of the investment climate

KPIs for the Company's operations and management are approved

• Corporate ESG-related KPIs include passenger satisfaction index, safe travel, dispatched passengers.

 Ensuring Good Corporate Governance Practice is a functional KPI of General Director.



Goal No. 5 Resilient and dynamic economy:

a) To ensure that the country's gross domestic product growth rate exceeds the world average and that it ranks fourth in the world in terms of gross domestic product calculated at purchasing power parity by 2030, including through labour productivity growth, while maintaining macroeconomic stability, low unemployment and a reduction in structural

Structure of sustainable development management at JSC FPC

Board of Directors

Approval of key policies/documents in the area of sustainable development and control over their implementation: determination of approaches to organisation of the risk management system, reporting on risk monitoring, approval of core and functional strategies, determination of KPIs, approval of budget and investment programme, and operational efficiency and cost optimisation programme

Committee on Strategic Planning, Digital Transformation and Information Technology handles the following issues:

Deputy General Director, Head of the Quality Block

(issues of building a corporate quality management

- Human Resources, Remuneration and Corporate Governance Committee handles
- Audit and Risk Committee handles the following issues:

- Definition of strategic goals
- Budget approval

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KPI definition

- Identification of areas for sustainable development Anti-corruption
- KPIs, reporting and internal documents in the field of Risk management reporting sustainable development
- Fthics

Management Centre

- Human capital
- Occupational safety

- Supply chain management
- Operational efficiency improvement and cost optimisation

Management tier

General Director	First Deputy General Director, Head of the Production Block	First Deputy General Director, Head of the Economics and Finance Block
Deputy General Director, Head of the Security Block (en route passenger safety issues)	Deputy General Director, Head of the Passenger Service and Quality of Service Block (service quality issues)	Deputy General Director, Head of the Marketing Block (customer satisfaction with the quality of services provided)
Deputy General Director, Head of the Human Resources and Social Affairs Block (issues related to ethics, human resources and social affairs)	Deputy General Director – Chief Engineer, Head of the Production Development Block (environmental, sustainable development and labour protection issues)	

Operational tier

	Functional ar	reas and divisions	
Ethics and anti-corruption	Human capital	Occupational safety and industrial safety	Environmental responsibility
Corporate Security Centre	Office of Personnel and Social Development	Occupational Safety Department	Industrial, Fire and Environmenta Safety Department
Anti-Corruption Committee hotline_bz@fpc.ru	Personnel Development Centre	Transport Safety Authority	Risk Management Department
Commission for Management of Conflict of Interest	Youth Council	Chief Supervisor for Rail Traffic Safety	Lean Production Department
Office of Personnel and Social Development	Coordination Council on Improving Working Conditions, Recreation and Social Support for Women		
Officer-in-Charge of Business Ethics in JSC FPC ethics@fpc.ru	and social support for women		
Supply chain management	Customer relations	Stakeholder engagement	
Procurement and Contractual Work Department	Passenger Services Department	Department of Communications and Engagement with Authorities	
Internal Control Centre	Process Monitoring and Quality	Carrier Relationship Development and Corporate Sales	

Organisation Department

¹ Decree of the President of the Russian Federation No. 309 dated 7 May 2024 on the national development goals of the Russian Federation for the period up to 2030 and the outlook for 2036.

Stakeholder engagement

JSC FPC is aware of its high responsibilities to all stakeholders and strives to maintain an ongoing constructive dialogue with them. The Company is focused on meeting the expectations of all stakeholders in its integrated sustained economic, social and environmental development.

Stakeholders Internal stakeholders	Engagement approaches and mechanisms	Key communication channels	Description of engagement activities in 2024	Results of engagement in 2024
Staff	Labour relations under the Collective Bargaining Agreement Management functions Social partnership Personnel development Corporate surveys Reporting to a stakeholder Procedure for dispute settlement Employee recognition and commendation Intra-corporate events for employees	 Addresses from top management E-mail Corporate publications Corporate website Social networks, Telegram channels By-laws FPC INFO corporate portal 	Awareness Day for employees of common vocations with the participation of the General Director of JSC FPC Unified employee engagement survey XIV Youth Meeting Defence of the Fatherland Day celebrations for family members of JSC FPC's employees who are engaged in the SMO Corporate Spartakiad Empowering JSC FPC's Women Forum JSC FPC's Businesswoman Contest, etc. Recognition of the Company's employees with corporate awards, development and improvement of the non-material motivation system as part of the implementation of the Collective Bargaining Agreement of JSC FPC	Boosting of loyalty, satisfaction and involvement of personnel, satisfaction with individual factors of work life (interaction with management +4 p.p., internal communications +4 p.p., training and development +6 p.p.) Promotion and preservation of traditional family values, comprehensive support for families of JSC FPC's employees engaged in the SMO Improvement of physical fitness of employees and involving them in regular sports activities Company's branding through social activity Development of the professional and managerial competences of JSC FPC's women Growth in the number of Company employees recognised with corporate awards (+1,870 people by 2023), increase in the individual social benefits package per employee (+RUB 13,300)

Stakeholders	Engagement approaches and mechanisms	Key communication channels	Description of engagement activities in 2024	Results of engagement in 2024
Governance and control bodies	Descriptions of governance and control bodies, as well as interaction principles and governance procedures, are set forth in JSC FPC's Articles of Association and other internal documents of the Company. For more details, please see the Corporate Governance Model and Practice section	Management reporting and financial statements Ongoing interaction within business processes	Quarterly review of the General Director's report on the Company's performance by the Board of Directors Provision of the Auditing Commission with all information required to perform an audit of the Company's operations Review of reports submitted by JSC FPC's Internal Audit Department by the Audit and Risk Committee of the Board of Directors and the Board of Directors in accordance with the Company's internal by-laws	Fulfilment of the Company's obligations to all stakeholders within the reporting framework
External stakeholders Shareholders	Open communication during general meetings of shareholders Reporting to a stakeholder Disclosure of material facts of the Company's operations	Mandatory disclosure, including issuer reports, RAS and IFRS financial statements, statements of material facts, registers of affiliates through an authorised disclosure agency Voluntary disclosure of additional information on the Company's website Meetings of the parent company's management with JSC FPC's management	Timely disclosure of all necessary information in accordance with the requirements of the legislation of the Russian Federation Timely disclosure of information on upcoming corporate events (announcement of the General Meeting of Shareholders) in order for the Company to respect the rights of shareholders Timely dispatch of all necessary materials and information for such events	The Company was awarded a National Corporate Governance Quality Rating of 6++, which confirms a high level of interaction with shareholders and observance of their rights under the Articles of Association of JSC FPC and the laws of the Russian Federation

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Description of Engagement approaches and **Key communication** engagement **Results of Stakeholders** activities in 2024 mechanisms channels • Contractual relations • Publication of information • Participation in the **Business partnerships** Development and on the Company's XXVII St. Petersburg aimed at improving the signing of co-operation operations on the International Economic economic efficiency of agreements corporate website and Forum and XVII passenger rail transport Regular working International Forum and and the quality of dedicated procurement Exhibition "Transport of meetings passenger service, Joint working groups Mass media Russia" development of optimal with Russian and foreign Organisation of working tariffs, approval of train meetings with foreign schedules, coordination project partners Participation in partner railways, conferences and forums participation in the work requirements of relevant international railway organisations agreements with (Organisation for such organisations as Cooperation between Railways, Railway Transport Council of the Centre Commonwealth member states) **Customers and** Passenger service Gathering feedback Data collection to assess • Collection of 1.2 million Catering on trains through questionnaires, levels of passenger questionnaires for the consumers Passenger satisfaction the Unified Information satisfaction and lovalty passenger satisfaction and Reference Centre, through an online survey surveys survey • Marketing campaigns a mobile app, the Targeted marketing • Informing on the Company's website and mailings (clear audience documents for RUB 67 Company's operations social media segmentation allows million as a result of Charity events • Public reporting by the us to send information marketing mailings Volunteer events Company of interest to a specific Over 40 studies were • Poputchik infotainment conducted, the results person, e.g., when a new system train is launched, the of which help to mailing is sent to residents debottleneck and make of the regions through managerial decisions depending on the tasks which its route passes, or to those who travel from at hand • 9.3 million passengers stations located along the route) Questionnaire survey and subsequent quality in 2024 evaluation of services Realisation of many provided to passengers along the entire customer charity and volunteer activities • As part of the development of the Poputchik infotainment system: increasing the number of trains featuring this service, improving the quality and expanding the multimedia content of the infotainment system, updating the design of the system Participation in charity and volunteer activities

engagement in 2024 • Development of measures of rolling stock operation Conclusion of cooperation Transmashholding, T1, C7 Group and X5 Corporate • Issuance of 19,000 travel used the Poputchik access service, with a passenger satisfaction index of 83.5

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05 SUSTAINABLE DEVELOPMENT 06

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Stakeholders	Engagement approaches and mechanisms	Key communication channels	Description of engagement activities in 2024	Results of engagement in 2024
Media and public organisations	 Press releases and other materials with information on JSC FPC's activities Responding to requests from the media Media assistance during filming at infrastructure facilities 	Company's website Mass media Industry-specific media Social networks, Telegram channels Events for external audiences	Effective co-operation with the media, processing journalists' requests within the deadlines established by the media law	Issuance of approximately 500 official press releases and messages in the Company's official Telegram channel Preparation of over 200 clarifications, comments and answers to journalists' questions Publication of 10 interviews with JSC FPC's executives Integrations with 10 bloggers Integrations with 10 bloggers Integrations with 10 bloggers Underwise involving the media and representatives of the blogging community Publication of over 100,000 materials in the media related to JSC FPC's activities, including about 21,000 with direct mention of the Company
Educational institutions	Targeted admission of students Guidance counselling Benefits for children of JSC FPC's employees Joint research and cultural initiatives Participation of JSC FPC's employees in school activities	Company's website Mass media Social networks of the Company and educational institutions	Large-scale promotional work among 1 to 5-year students of railway universities and colleges: JSC FPC's participation in job fairs as an employer, meetings with students "FPC Shkolnik" vocational guidance event on the basis of the Personnel Development Centre Approval of the schedule of open lessons by Company executives at railway transport educational organisations, hub schools of OJSC Russian Railways and Children's Railways of OJSC Russian Railways to attract, popularise and promote JSC FPC among high-potential young employees Expansion of cooperation with specialised railway universities on targeted training, with a focus on creating a system of career guidance activities to attract young people to work with JSC FPC	81 people enrolled in railway institutions for targeted training from JSC FPC 160 open classes were held at universities, hub schools of OJSC Russian Railways and Children's Railways and attended by over 3,000 people Conclusion of nine co-operation agreements with higher education institutions of railway transport Participation of the Company's employees in 107 job fairs across Russia Opening of an individual training group at the Russian University of Transport (MIIT), allowing to combine training and work at JSC FPC 981 schoolchildren participated in the FPC Shkolnik event, 41 candidates were selected for the Shkolnik talent pool

Stakeholders

mechanisms

Social partnership actors Engagement with trade unions in the social protection of employees and non-working retirees

Engagement

approaches and

Key communication channels

- Meetings Corporate events
- E-mail regulation of social and labour relations

 • Mini-football tournament of JSC FPC's Russian

activities in 2024 engagement in 2024 Sum-up of the results of the fulfilment of the Collective Bargaining Joint meetings of the Company's management, trade union committee and commission for Agreement within the framework of

Professional Union of

Railway Workers and

Transport Builders (Rosprofzhel), Healthy Lifestyle Month at JSC FPC, etc.

Description of

engagement

joint meetings of the Company's management, the Trade Union Committee and the Commission for the Regulation of Social and Labour Relations • Upgrade of physical fitness of employees and involving them in regular sports activities, popularisation of a healthy lifestyle in the

Results of

