

Sustainability Development Management

Recognising the strategic value of integrity in business and sustainable development, JSC FPC endeavours to continuously enhance the effectiveness of its corporate governance framework, as well as the way in which decisions are made and the perspectives of every relevant stakeholder. The Company’s operations are guided by the principles of sustainable development, and all decisions – strategic, managerial, and operational – are made with these concepts in mind.

JSC FPC bases its development on the parent company’s acceptance of and adherence to the UN Global Compact principles, and it continuously enhances its internal corporate management institutions by embedding sustainable development principles into its current methods of operation.

The sustainable development management system 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 management structure for sustainable development has three tiers.

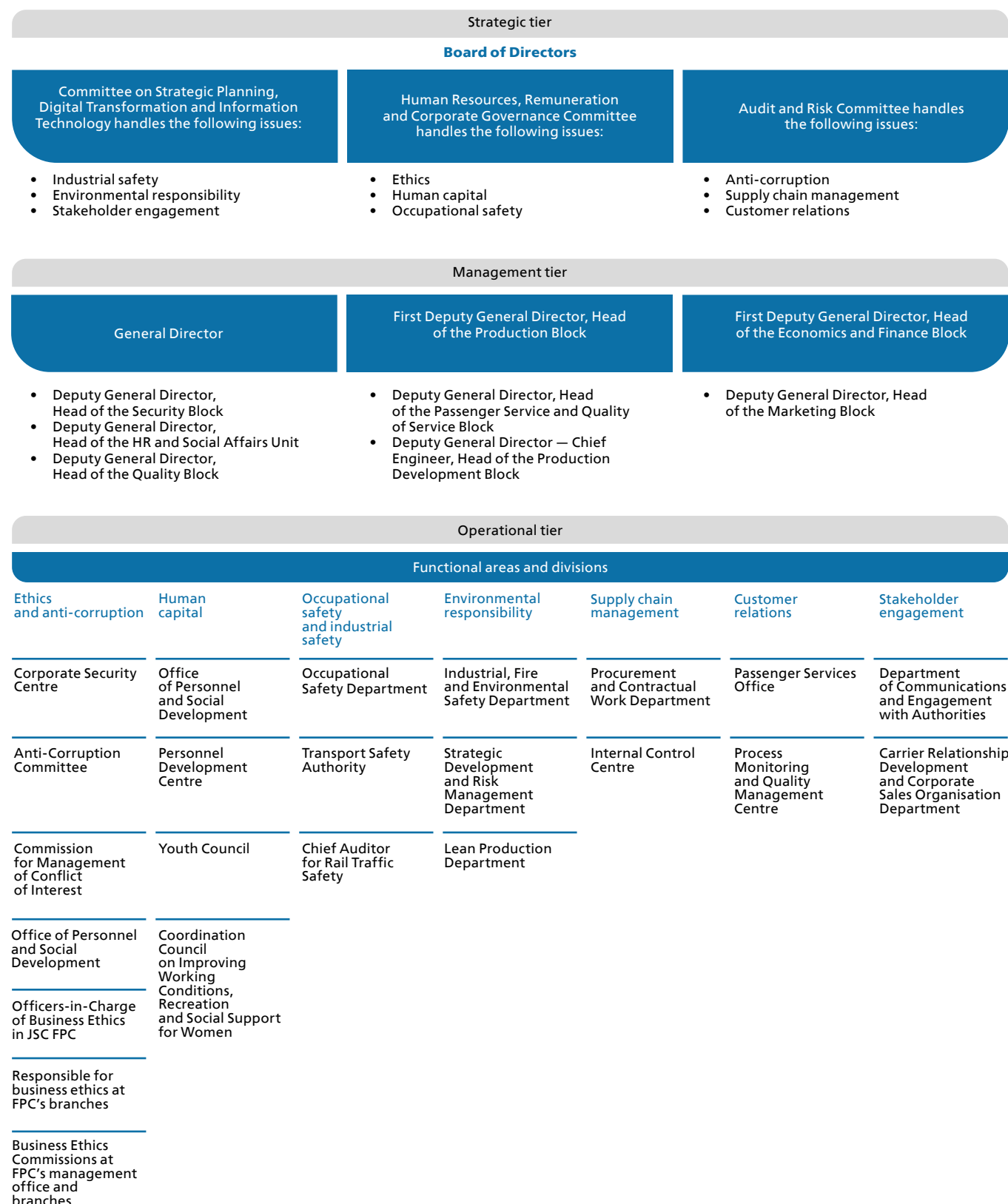
Strategic tier	Board of Directors' approval of key policies/documents in the area of sustainable development and control over their implementation: determination of approaches to organisation of the risk management system, reporting on risk monitoring, approval of core and functional strategies, determination of KPIs, approval of budget and investment programme
Management tier	Development of key policies/documents in the field of sustainable development to embed sustainable development principles into the Company's operational activities Assigning the responsible subdivisions
Operational tier	Implementation of sustainable development solutions, preparation of reports

Key sustainable development decisions taken by the Board of Directors in 2023

Decision taken	Impact on sustainable development principles	UN SDGs
Updated draft Development Strategy of JSC FPC for the period until 2030 is preliminarily approved	Includes the implementation of the following ESG projects: <ul style="list-style-type: none"> • Procurement of carriages to ensure transport accessibility • Better energy efficiency and lower energy intensity of production activities • Digital emergency management system • Guaranteed traffic safety • Advance of the passenger service system on trains • Development of the motivation and social safety net system for the Company’s personnel • Creation of a favourable environment for labour and recreation of employees of wide-spread professions 	

Decision taken	Impact on sustainable development principles	UN SDGs
JSC FPC Investment Programme for 2023–2025 was approved	<ul style="list-style-type: none"> • Projects on fleet renewal and upgrade of the existing rolling stock will improve safety indicators on railways by modernising obsolete and less reliable units of carriages in an effort to eliminate equipment failures while in transit, improving the technological process of repair and maintenance of passenger carriages, introducing more advanced and efficient technologies and technical means. • Digital HR, which aims to increase employee satisfaction with the Company’s HR services and improve HR management efficiency by implementing modern IT solutions. • Depot infrastructure development projects aimed at improving the work environment for employees 	
A number of corporate governance documents were approved	<ul style="list-style-type: none"> • In 2023, the Company continued to improve its regulatory framework in order to maintain progress in adhering to the principles of the Corporate Governance Code and compliance with best practices. • Regulations on sponsorship and charitable activities of JSC FPC. • Code of Ethics of JSC FPC 	
Risk appetite for 2023 is approved and key risk register for 2023 is reviewed	<ul style="list-style-type: none"> • The Company’s key risks include: Corruption Risk, Violation of Environmental Legislation, Acts of Unlawful Interference in long-distance trains made up by JSC FPC and Risk of Violation of Industrial Safety Requirements. All of the above risks have zero tolerance. • Compliance-related risk appetite statement is drafted, which covers nine areas, including environmental, occupational, industrial and fire safety risks 	
KPIs for the Company's operations and management are approved	<ul style="list-style-type: none"> • Corporate ESG-related KPIs include Passenger Satisfaction Index, Safe Travel, Dispatched Passengers. • Ensuring Good Corporate Governance Practices is a functional KPI of General Director 	
A new organisational and staffing structure was approved	<ul style="list-style-type: none"> • A quality management vertical function was introduced into the organisational structure. • By improving the quality of its passenger services, JSC FPC will be able to satisfy the demands of the present-day Russian passenger transport market. The vertical function will also focus on streamlining internal processes such as train preparation, repair and procurement, which will contribute to reducing process upsets and reject costs, optimising value chains and rolling out the lean production system 	

Structure of Sustainable Development Management at JSC FPC



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.

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 Procedure for dispute settlement Employee recognition and commendation 	<ul style="list-style-type: none"> Addresses from top management E-mail Corporate publications Corporate website Social networks, Telegram channels By-laws
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 on p. 77 of the Report	<ul style="list-style-type: none"> Management reporting and financial statements Ongoing interaction within business processes
External stakeholders		
Shareholders	<ul style="list-style-type: none"> Open communication during general meetings of shareholders Reporting to a stakeholder Disclosure of material facts of the Company's operations 	<ul style="list-style-type: none"> Mandatory disclosure, including issuer reports, RAS and IFRS financial statements, statements of material facts, registers of affiliates through an authorised disclosure agency (http://disclosure.skrin.ru/disclosure/7708709686) Voluntary disclosure of additional information on the Company's website (https://fpc.ru) Meetings of the parent company's management with the Company's management
Government authorities and non-governmental organisations	<ul style="list-style-type: none"> Agreements on cooperation in the transportation of passengers, baggage and unaccompanied baggage on 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 the Company's operations