



JSC RZD SUSTAINABLE DEVELOPMENT REPORT

2020



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About the report

Sustainability reporting: framework and scope

GRI 102-46

In addition to presenting qualitative and quantitative data, this Sustainability Report (the "Report") provides a broad overview of information for our stakeholders on Russian Railways' commitment to sustainable development, and, in particular, to achieving the UN Sustainable Development Goals (the "SDGs").

GRI 102-52

The Report also covers such topics as the Company's employees and customers, occupational health and safety, climate agenda, environmental footprint, human rights and innovative transformation, as well as engagement with local communities, suppliers and business partners covering the period from 1 January to 31 December 2020.

The Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (the "GRI Standards"), the Sustainability Accounting Standards Board's ("SASB") Standards for Rail Transportation, the expectations of the major ESG rating agencies (Sustainalytics, MSCI, ISS, etc.) and international best practices for non-financial reporting.

The Company supports the UN Global Compact and follows the responsible business practice principles enshrined in the Social Charter of Russian Business issued by the Russian Union of Industrialists and Entrepreneurs ("RSPP"). The Company also regularly contributes to the RSPP's compendium of corporate practices. As part of its corporate social responsibility initiatives, Russian Railways complies with international law, Russian federal and regional law, and its internal policies.

In writing this Report, the authors relied on Russian Railways' Long-Term Strategic Plan to 2025 ("LDP") and Russian Railways' Environmental Strategy to 2030, which together present the Company's economic, social and environmental goals.

GRI 102-50, GRI 102-51

This Report represents the Company's fifteenth sustainability and corporate social responsibility report. Russian Railways publishes its annual reports in compliance with

GRI international reporting standards and the rating agencies' assessment criteria. In addition, the Company conducts research on the railway industry's best reporting practices and incorporates them in its strategy.

GRI 102-32

Russian Railways understands the importance of taking a comprehensive approach to reporting. The following business units, among others, were involved in collecting data and writing the narrative sections of the Report:

Environment and Sustainable Development Department; ¹	Corporate Finance Department;
Department of Social Development;	Department of Economics;
Human Resources Department;	Technical Policy Department;
Department of Labour Management, Remuneration and Performance;	Traffic Safety Department;
Department of Corporate Communications;	Passenger Transportation Department;
	Corporate Transport Services Centre;
	Central Directorate of Health.

Business unit leaders were involved in approving the chapters relevant to their lines of business.

¹ In 2021, this unit was renamed as the Environment and Technosphere Safety Department.



Message from the Chief Executive Officer – Chairman of the Management Board of Russian Railways

GRI 102-14

Dear friends and colleagues,

In 2020, Russian Railways—like many other companies in Russia and around the world—faced a number of challenges arising from the COVID-19 pandemic. Throughout the year, we made an enormous effort in adapting to the new reality. Today, we can confidently state that all of our objectives for 2020 were met. Above all, we achieved our production targets and demonstrated positive financial performance. In addition, Russian Railways continued its important and impactful work on mitigating ESG risks and implementing sustainability projects. By using our available resources efficiently, we were able to move forward despite the challenging public health and economic environment.

The keys to our success have been meeting our commitments to our employees, as well as engaging in constructive dialogue with our local communities, customers, suppliers and SMEs on our social and environmental agenda.

In 2020, Russian Railways established itself as a leader in responsible finance. In March 2020, we successfully accomplished another issue of Swiss franc-denominated green Eurobonds and, in September, closed the first deal in Russia of green perpetual bonds certified under Russian and international green finance standards. In December 2020, we placed the first issue of social bonds in Russia.

Ensuring the highest level of safety is the central principle of our approach to occupational health and safety. As a socially responsible company, Russian Railways has joined the multinational Vision Zero initiative with the goal of eliminating workplace accidents.

In 2020, Russian Railways allocated RUB 4bn to environmental protection initiatives, including on reducing our environmental footprint, improving energy efficiency and laying the foundation for the new Environmental Strategy until 2030.

Reducing GHG emissions is a critical part of our strategy. Switching to innovative rolling stock plays an important role in achieving this goal. Russian Railways Group has incorporated climate risk management into its strategic planning process, as the Company is well aware of the potential impact that climate change could have on its operations.

As an innovation-driven company, Russian Railways has made considerable achievements in its digital transformation. One of the most remarkable outcomes of our Digital Transformation Strategy was the efficient transition of tens of thousands of our employees to remote work during the pandemic. The Company is also fast at work on developing such technology projects as driverless trains, alternative energy sources and quantum communications.

The Company's success in 2020 was underpinned by well-coordinated teamwork, open dialogue, professionalism and innovation. I would like to thank our employees, partners and stakeholders for their support throughout 2020. I am confident that together we will be able to continue to meet all our goals and objectives.

O. V. Belozеров
Chief Executive Officer –
Chairman of the Management Board
AO RZD

**RUSSIAN
RAILWAYS
TODAY**



Company background

GRI 102-1

Rail transport is strategically important for Russia. The railways are the backbone of the economy, ensuring the stable operation of manufacturing enterprises and the timely delivery of vital cargo to remote areas. In addition, for millions of people, the railways provide the most affordable and sustainable way to travel.

OAO Russian Railways ("Russian Railways" or the "Company", and, jointly with its subsidiaries, associates and other controlled entities, the "Russian Railways Group") carried 872 million passengers in 2020. The Company has high credit ratings, a highly qualified workforce, extensive R&D, design and construction capabilities, significant experience in international cooperation, advanced digital projects and a special focus on sustainability and innovation.

GRI 102-5

The history of Russian Railways began on 1 October 2003. The Company was incorporated through the privatisation of federal rail transport assets in accordance with Russian law. The Russian Federation is the sole shareholder of Russian Railways. The Russian Government exercises the powers of the shareholder on behalf of the Russian Federation. Russian Railways is among the largest transportation companies in the world and the largest companies in Russia. The creation of a joint stock company was the outcome of the first phase of reform in the railway industry³.

² Russian Government Regulation No. 585 dated 18 September 2003 <https://company.rzd.ru/ru/9353/page/105104?id=250>.

³ Russian Government Regulation No. 384 dated 18 May 2001.

The mission of Russian Railways is to develop a competitive and efficient transportation business operating in Russian and global markets and to effectively perform the functions of the national freight and passenger rail carrier and public railway infrastructure owner.

GRI 102-3

The Company's headquarters are located at 2 Novaya Basmanaya St, Moscow.



MORE THAN TRANSPORT COMPANY



Russian Railways Group provides a full range of services in such areas as:

- Rail freight
- Long-distance and commuter passenger carriage
- Engineering
- Rolling stock repairs
- Locomotive and infrastructure services
- Design and construction
- Research and development in the field of railway transport
- Logistics
- Foreign economic activity and trade
- Information and telecommunications
- Environmental services
- Social services

> 47%

Russian Railways accounts for more than 47% of freight transport in Russia, including pipeline transport

25%

Of passenger traffic in Russia



Russian Railways' Long-Term Development Programme to 2025 (LDP) will contribute to the achievement of Russia's national strategic goals by expanding transport capabilities and economic ties between different regions⁶.

Russian Railways is the market leader in the freight segment:

Russian Railways Group is a major operator of freight rolling stock and has more than 145,000 wagons.

With more than RUB 7.08tn (USD 95.9bn) in assets according to the Company's statutory financial statements as at 31 December 2020, the Group is among the largest Russian companies.

Russian Railways owns the world's third-longest railway network, including adjacent infrastructure.

Russian Railways Group is the largest employer in Russia with over 800,000 employees as at the end of 2020.

Russian Railways adheres to social responsibility principles and spent about RUB 24bn on meetings its obligations under its collective agreement in 2020

The Company is a global leader in a variety of areas and ranks:

1 first in the world

First in the world in the density of freight and passenger traffic per km

1 first in the world

In energy efficiency for freight carriage

2 first in the world

In freight turnover

3 first in the world

In working mileage

4 first in the world

In passenger traffic

4 first in the world

In energy efficiency for passenger carriage

Russian Railways' LDP was approved by the Russian Government and Russian Railways' Board of Directors⁷. The Programme was developed to address the objectives set in the Russian President's address to the Federal Assembly on 1 March 2018⁸.

⁶ In 2021, the LDP will be amended because of the ongoing COVID-19 pandemic in Russia and around the world.

⁷ Approved by Russian Government Resolution No. 466-r of 19 March 2019.

⁸ The factors embedded in the LDP are in line with Russian presidential decrees and Russia's Spatial Development Strategy to 2025 approved by Russian Government Resolution No. 207-r of 13 February 2019, Russia's Innovative Development Strategy to 2020 approved by Russian Government Resolution No. 2227-r of 8 December 2011 and Russia's Comprehensive Long-Haul Infrastructure Modernisation and Expansion Plan to 2024 approved by Russian Government Resolution No. 2101-r dated 30 September 2018.

⁴ They were estimated at RUB 5.7tn (USD 78.2bn) in the Company's IFRS financial statements as at 31 December 2020.

⁵ As at 31 December 2020, the network is 85,600 km in length.



LDP in 2020

In 2020, the COVID-19 pandemic caused widespread economic disruption in Russia and around the world. Moreover, the introduction of quarantine restrictions resulted in a significant reduction in supply and demand, a decline in people's mobility and logistical challenges in delivering goods. The Russian economy was also adversely affected by declining global oil prices and ongoing geopolitical tensions.

In 2020, despite the measures taken by Russian Railways Group, the Company failed to achieve some of its LDP targets. Ten out of 20 LDP key performance indicators (KPIs) were not met, including Russian Railways' revenue, EBITDA, EBITDA margin, passenger turnover, productivity growth, Russian Railways Group's ROIC for unregulated operations, virtual performance, freight handling, adherence to freight train schedules, length of railway tracks with exceeded limits of throughput in tonnes or useful life. However, it should be noted that LDP targets were set in 2018 prior to economic downturn that began in Q4 2019.

At the same time, the Company overachieved in a number of areas, including:

The share of purchases from SMEs

+45,5% above the target

The volume of transit container traffic.
As a result of Russian Railways' focus on the container transport development.

+10,8% above the target

Average daily performance of freight locomotives.
Due to enhanced efficiency of the locomotive fleet operation.

+1,8% above the target

In addition, according to the LDP Report for 2020, the following targets were also achieved above the target:

The length of the public railway lines with limited throughput

improvement **25,8%**

Traffic safety

improvement against the target **15%**

Integrated KPI for innovation

improvement **43%**

Average loaded freight car delivery speed

improvement **9,3%**

Operating cost reduction

improvement **0,2%**

Adherence to passenger train schedules

improvement **0,44%**

Russian Railways geographic scope

Russian Railways globally

GRI 102-1, GRI 102-4, GRI 102-6, GRI 102-45

Russian Railways delivers the safest and the most affordable transport to millions of Russians and maintains various cargo transportation services 24/7. Russian Railways is one of the world's largest railway companies and has qualified specialists, extensive R&D capabilities, design and construction capacity and significant experience in international cooperation. Russian Railways Group has a presence in more than 40 countries.

Geographical location

The map of presence of Russia Railway Company included more than 40 countries in which the Company operates

The Group has many years of experience in Europe and Asia. Logistics, infrastructure and rolling stock development and staff training projects have been successfully implemented.

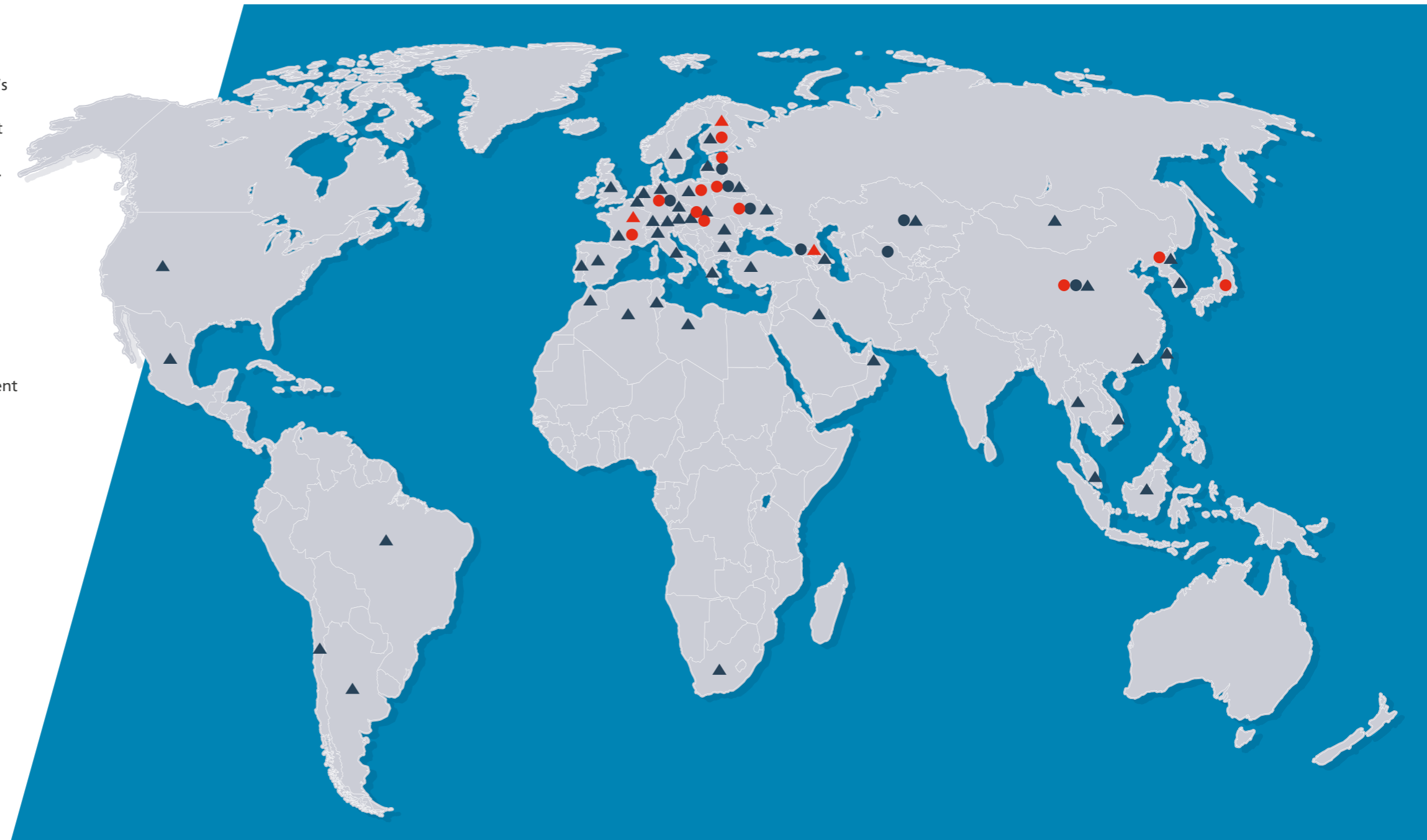
Business relationships with potential partners from Africa and Latin America are developing, and joint infrastructure development projects are in the pipeline.

Russian Railway's Map of presence in foreign markets

The geography of Russian Railway's international activities covers Europe and Asia, Africa and Latin America - more than 40 countries in total.

JSCo RZD has representative offices in 12 foreign countries:

- Belarus (Minsk);
- Hungary (Budapest);
- Germany (Berlin);
- China (Beijing);
- DPRK (Pyongyang);
- Poland (Warsaw);
- Slovakia (Bratislava);
- Ukraine (Kiev);
- Finland (Helsinki);
- France (Paris);
- Estonia (Tallinn);
- Japan (Tokio).



- Representative offices of JSCo RZD
- ▲ Foreign subsidiaries of JSCo RZD
- Representative offices of subsidiaries of JSCo RZD
- ▲ Subsidiaries of RZD Holding companies

Russian Railways in Russia

Russia's need for a well-developed railway system is driven by its expansive territory and abundant natural resources. Railways are the main form of transport in the country, accounting for around 87% of freight turnover in the national transportation system.⁹

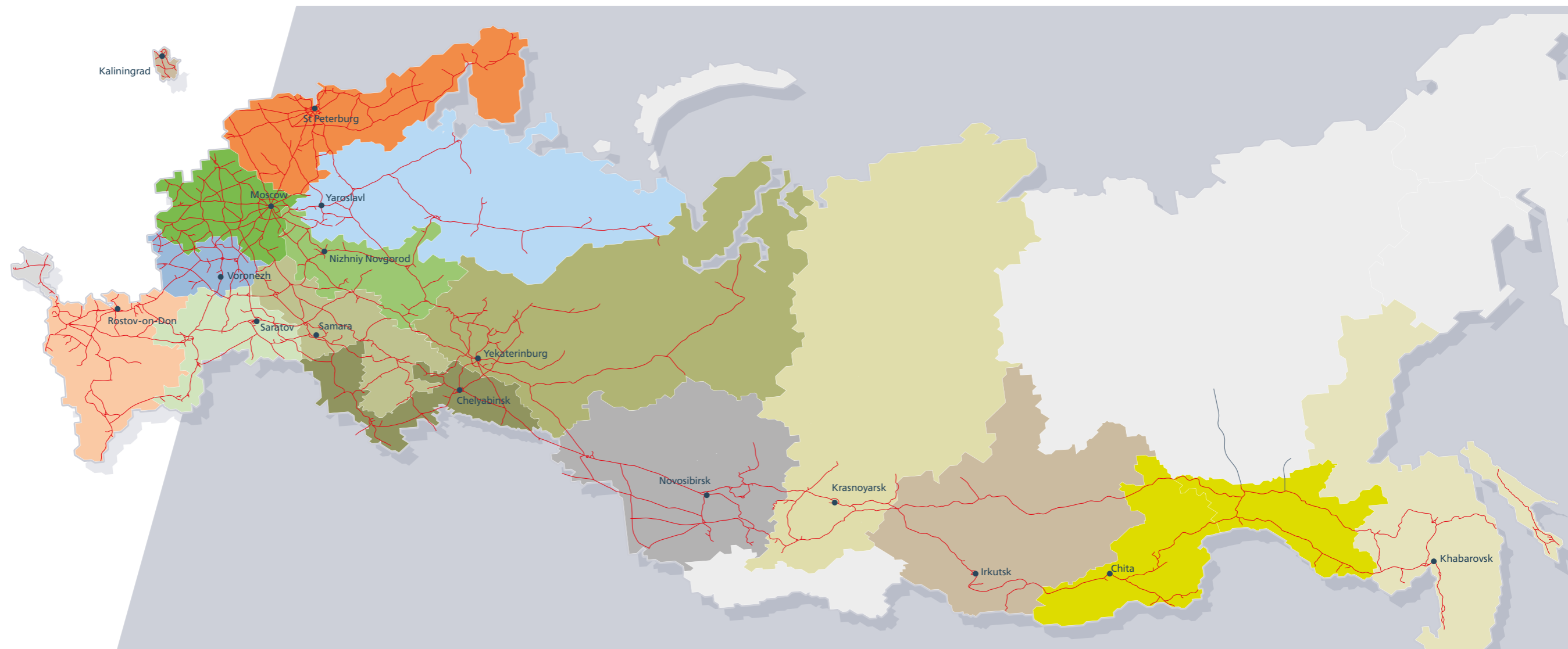
Many of Russia's subsoil resources are located far from the key population clusters in remote and scarcely populated areas in Siberia and the Far East where road networks are underdeveloped.

Railroads link 77 of 85 Russia's regions, serving the main cities and directly influencing their growth, industrial development and integration.

Russian Railways provides transportation services under Russian legislation and applicable international rules, specifically the Regulations concerning the International Carriage of Dangerous Goods by Rail.¹⁰ Under the current requirements, to ensure safe carriage of dangerous cargo, rail cars are labelled respectively with protective distance maintained and the cargo owner's escort provided.

- – Railway Directorates
- – Non-public railways

- East Siberian Railway
- Gorky Railway
- Far Eastern Railway
- Trans-Baikal Railway
- West Siberian Railway
- Kaliningrad Railway
- Krasnoyarsk Railway
- Kuibyshev Railway
- Moscow Railway
- October Railway
- Volga Railway
- Sverdlovsk Railway
- Northern Railway
- North Caucasus Railway
- South Eastern Railway
- South Urals Railway



⁹ Federal State Statistics Service. Information on social and economic situation in Russia, 2020.

¹⁰ Approved by the 15th meeting of the Council for Rail Transport of the States – Members of the Commonwealth of Independent States, Minutes No. 15 of 5 April 1996. The most recent update was on 27 November 2020.

Russian Railways in numbers: operating indicators

GRI 102-7

The macroeconomic consequences of the COVID-19 pandemic in 2020 led to a reduced volume of freight transportation. However, the greatest impact of the pandemic was to our passenger service system, including long-distance and suburban traffic. However, with our efficiency enhancing measures, we have achieved some positive changes in qualitative indicators of rolling stock operation, such as service speed and average daily performance of freight locomotives



Russian Railways performance, 2020 (under Russian Accounting Standards (RAS))

Year	2017 ¹¹	2018	2019 ¹²	2020
Volume indicators				
Freight turnover, billion tkm	3 176,7	3 304,8	3 305,0	3 221,0 ¹³
Passenger traffic, billion pass-km	122,9	129,4	133,4	78,1
Financial indicators				
Total revenue, including	1 697,6	1 798,4	1 848,1	1 813,1
Revenue from transportation, infrastructure and locomotive services, including	1 493,6	1 585,1	1 641,9	1 615,3
freight transportation	1 367,3	1 454,5	1 503,4	1 495,3
infrastructure services	104,5	105,7	110,6	96,5
passenger carriage	21,8	24,9	27,9	23,5
Revenue from other activities	204,0	213,3	206,2	197,8
Total expenses, including	1 557,6	1 657,6	1 681,8	1 695,8
Costs of transportation, infrastructure and locomotive services, including	1 381,8	1 469,5	1 498,5	1 515,9
freight transportation	1 257,3	1 332,2	1 350,1	1 364,7
infrastructure services	105,8	114,6	122,3	123,5
passenger carriage	18,7	22,7	26,0	27,7
Costs of other activities	175,8	188,1	183,4	179,8
EBITDA (RAS)	353,9	380,2	417,2	402,3
EBITDA margin, %	20,8	21,1	22,6	22,2
Total profit (loss), including	140,0	140,8	166,3	117,3
Profit (loss) from transportation, infrastructure and locomotive services	111,8	115,7	143,4	99,4
Profit (loss) from other activities	28,2	25,1	22,9	17,9
Profit (loss) before tax	52,4	56,8	98,2	4,4
Net profit	17,5	18,4	53,5	0,3
Net profit:	RUB 0.3bn			
EBITDA (RAS):	RUB 402.3bn			
EBITDA margin (RAS):	22,2%			

¹¹ The data for 2017 were adjusted to reflect the changes in revenue recognition introduced from 1 January 2018 with regard to transferring revenue from infrastructure service in freight transportation and locomotive service to revenue from freight transportation.

¹² As a result of changes in revenue recognition introduced from 1 January 2018, revenue from freight transportation infrastructure and locomotive services is transferred to revenue from freight transportation.

¹³ Inclusive of empty mileage.

Responsible tax policy

GRI 207-1, GRI 207-2, GRI 207-3

Russian Railways makes a significant contribution to Russia's tax revenues as well as the country's social and economic development. As a backbone company and the largest taxpayer and employer, the Company is aware of its responsibility to the government, shareholders and employees, and of the importance of taking a conscientious attitude towards its tax obligations.

Russian Railways calculates and pays all appropriate taxes, insurance contributions, levies and duties required by Russian law, including value-added tax, corporate income tax, property tax, land tax, transport tax, insurance fees, mineral extraction tax, etc.

As at the date of this Report, the Company has approved the Declaration on Russian Railways' Tax Strategy Objectives and Principles ([tax strategy](#))¹⁴. The Company's tax strategy is in line with the Russian Railways Group's values, mission, strategic priorities and development goals.

RUB 294.8bn

Total amount of taxes and insurance contributions in 2020 (2019: RUB 324.0bn)

In managing its liabilities, Russian Railways complies with all tax legislation requirements and is guided by the following principles:

1. Good faith

As a good faith taxpayer, the Company takes all necessary steps to comply with tax legislation, including its obligation to pay all established and applicable taxes and levies in full and in time as required

by law. However, the Company uses tax burden and efficiency management tools laid out in current Russian tax law, foreign laws and international agreements.

2. Tax disclosures

Russian Railways discloses tax data in accordance with the laws effective in the countries of its presence and international tax treaties. The Company is obligated to

prepare and file the Group's international tax reports (country report and global documentation) in a timely manner).

3. Tax transparency enhancement

Russian Railways exerts every effort to improve its tax transparency, including the Company's tax monitoring to ensure

accurate calculation (withholding) and full and timely payment (remittance) of taxes, levies and insurance contributions.

4. Tax risk management

Russian Railways ensures continuous improvement of its controls and uses a comprehensive system to detect and manage tax risks that is aimed at the timely and complete identification, assessment

and development of responses to tax risks. The Company monitors the efficiency of its responses to the identified tax risks on an ongoing basis.

¹⁴ Order of Russian Railways No. 1309/r of 15 June 2021.

5. Consistency of tax accounting methodology

Russian Railways develops and follows consistent approaches to tax matters for the Russian part of the Company to ensure the consistency of tax accounting for its business transactions and fair presentation of taxes in its financial statements. The Company ensures timely presentation of tax information to its management for the purposes of taking commercial and

managerial decisions. The Company exerts every effort to mitigate its tax risks and obtain information on the tax authorities' position, including through receiving clarifications from the relevant government authorities and requesting reasoned opinions from the tax authorities as part of tax monitoring exercises.

6. Tax burden planning

Russian Railways performs tax planning to have the tax authorities informed of the planned tax accruals and to ensure complete and timely payment of taxes and levies across all of its activities as required by law. The Company collaborates with

the Russian authorities to determine the fair tax burden on the rail transportation industry in consideration of the need to strike a balance between the interests of different stakeholders. .



7. Duty of care and mitigating risks of obtaining unjustified tax benefits

Russian Railways exerts every effort and takes all measures required to meet the limits on the rights for calculating a tax base and taxes in entering into transactions with its counterparties. The Company checks whether actual business transactions match their treatment for tax purposes to avoid any risk of such

transactions being considered the ones designed to obtain unjustified tax benefits. The Company has an internal control system and procedures for collecting and analysing documents and business transaction terms that are focused on tax risk mitigation.¹⁵

8. Tax function automation and digitalisation

In its pursuit of enhancing performance and relieving employees from repetitive routine work, Russian Railways

improves its tax function processes through continuous automation and digitalisation.

GRI 102-7

¹⁵ The Company's procurement activity is governed by Federal Law No. 223-FZ of 18 July 2011 "On Procurement of Goods, Work and Services by Certain Types of Legal Entities".

Russian Railways' organisational structure is based on the Company's core lines of business and comprise its executive office divisions, structural business units, representative offices and branches¹⁶. Specifically, it includes:

- **GENERAL MEETING OF SHAREHOLDERS RUSSIAN RAILWAYS**
- **BOARD OF DIRECTORS RUSSIAN RAILWAYS**

CORPORATE CENTRE

- **RUSSIAN RAILWAYS MEETING OF SHAREHOLDERS**
- **RUSSIAN RAILWAYS BOARD OF DIRECTORS**
- **RUSSIAN RAILWAYS CHIEF EXECUTIVE OFFICER – CHAIRMAN OF THE MANAGEMENT BOARD**
- **RUSSIAN RAILWAYS MANAGEMENT BOARD**

Advisory and coordinating bodies:

councils, working groups, dedicated task forces and committees, commissions

¹⁶ Branches are not legal entities and use assets owned by Russian Railways.

CENTRAL LEVEL

Business unit management bodies (Russian Railways executive office divisions, structural units, and governance bodies of Russian Railways functional branches)

Freight and transportation (freight and commercial function)	Other passenger services
Comprehensive transport and logistics services	High-speed and ultra high-speed passenger transportation
Rolling stock repairs and maintenance	Provision of medical care and health resort treatment
Infrastructure repairs and maintenance	Design, construction and operation of railway infrastructure abroad
traction stock and locomotive crew management	International infrastructure project management
Traffic safety culture development	R&D and innovations
Transportation process management	Organisation and human capital development
Passenger transportation	

Regional Corporate Governance Centres

REGIONAL LEVEL

Governance bodies of regional structural divisions of branches and subsidiaries

LINEAR LEVEL

Structural units of regional structural divisions of branches and subsidiaries

The Company's contribution to combating the spread of COVID-19



Key results:

Around RUB **7** bn

In total was spent on combating COVID-19

Over **3,8** million

Electronic documents were filed by freight transportation service customers

RUB **687,2** million

Over 20,000 RZD-Medicine employees received incentive payments totalling RUB 687.2m for their work during the pandemic

1,3 млн

ПЦР-исследований проведено в лабораториях учреждений здравоохранения ОАО «РЖД»

RUB **91.9** m

Was spent on paying additional sums to employees placed in quarantine

RUB **16,9** bn

Was refunded to passengers for unused train tickets between March and September 2020

> 9 000

Patients received healthcare services in 2020

1,3 million

Russian Railways' healthcare system labs handled

3 in-patient facilities

From Russian Railways' healthcare system were repurposed to treat COVID-19 patients in H1 2020 (1,190 beds, including 58 in intensive care units (ICU))

5 in-patient facilities

In October 2020, five in-patient facilities (1,070 beds, including 61 ICU ones) were converted

The COVID-19 pandemic and the ensuing economic uncertainty and public health situation were the key challenges in 2020 for Russian Railways and the world. In March 2020, immediately after the pandemic commenced, Russian Railways created a dedicated task centre to prevent the spread of the disease and to ensure the continuity of transportation services. The Company organised the monitoring of infection rates and cooperated with the Russian Federal Service's for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor) Department for Rail Transport in taking control measures. In 2020, the key objective of the dedicated task centre was to protect employees and passengers and secure continuous transportation processes. Thanks to its timely and informed actions, the Company was able to take care of its employees, ensure the reliable operation of the railway system and make a significant contribution to controlling the spread of COVID-19.

RZD-Medicine healthcare facilities were mobilised to combat COVID-19 and laboratories were adapted to perform PCR tests in the shortest time possible. Employees at Russian Railways healthcare facilities, who took on additional workload to fight the disease, received hardship allowances. RZD-Medicine employees were paid special social benefits from the Russian Social Insurance Fund ("RF RSI").

Key measures taken to control the pandemic:

Employees

- Regular communications to employees on COVID-19 symptoms and what to do if they are identified, as well as rules for using special clothing and personal protective equipment ("PPE")
- 24/7 hotline for Russian Railways employees
- More than 115,000 employees
- were shifted to remote work
- Shift commencement and end hours were divided according to schedules
- Access to facilities: temperature checks, control over PPE use and social distancing
- Cancellation of mass events (conferences, forums, sports and athletic contests)
- Transition to online meetings, conferences and employee trainings
- Additional payments made to employees placed on forced quarantine to secure average salary levels
- COVID-19 vaccination campaign from the end of 2020

Passengers

- Cash refunds for unused tickets (including non-refundable ones) to all passengers during the quarantine period; cancellation fees for refunds were reduced 100 times
- Extended functionality for remote travel management
- Mandatory contactless temperature checks at the entrance to railway stations and trains
- Premises for temporary accommodation of passengers with signs of the disease at railway stations
- Social distancing measures at railway stations, including special markings and divided passenger flows
- Enhanced disinfection, air sanitising and ventilation of premises
- Prioritisation of contactless payments and online services
- Rapid responses to customers' requests, including through real-time mobile app chat

Shippers

- Electronic document flow
- Free container storage for up to 30 days to accumulate container trains at six container terminals
- A 5% discount for cargo handling and storage services ordered via Freight Transportation ETP
- Hot Summer loyalty programme covering a broad range of cargoes and applicable to domestic, export and transit shipments
- Fares for mixed consignment transportation in box railcars were reduced to the price of cargo shipment in an all-purpose car

Corporate governance

GRI 102-23



In order to contribute to the UN SDGs and integrate ESG principles into its strategic plans while maintaining high productivity, Russian Railways has streamlined its decision-making processes and taken an innovative approach to governance. The Russian President and the Russian Government, which have both issued directives to state-owned companies to focus on improving corporate governance, have played a critical role in this process.

As part of its corporate governance framework, Russian Railways also must comply with regulations issued by the Bank of Russia and the Federal Agency for State Property Management (Rosimushchestvo).

Several years ago, the Group set a goal to change the way that controlled subsidiaries are managed and to shift from operational to strategic management based on global best practices. The Board of Directors approved an action plan on 12 December 2016 and recognised the processes as generally fulfilled in a resolution issued on 22 July 2020. Corporate governance practices at the Company are carried out in compliance with the Bank of Russia Corporate Governance Code.

In 2020, the following documents were approved:
Comprehensive Innovative Development Programme through 2025;
IT Development Strategy



At Russian Railways, issues related to the functioning and development of the risk management and internal control system are overseen by the Board of Directors, while the internal audit system is the responsibility of the Board's Audit and Risk Committee. To improve shareholder monitoring, the Board of Directors has placed special emphasis on issues that impact the governance of the entire Group.

In 2020, to enhance the Company's corporate governance in line with global best practices, the Company developed a new charter approved by the Board of Directors and submitted to the shareholder for approval. If the new charter is approved in 2021, documents regulating corporate governance will be updated accordingly.

Five main corporate governance principles at Russian Railways

1. Respect of the shareholder's rights;
2. Effective governing and supervising bodies;
3. Transparency;
4. Sustainable development;
5. Effective management of subsidiaries.

Management structure of Russian Railways

GRI 102-18, GRI 102-19

01 GENERAL MEETING OF SHAREHOLDERS

The Russian Federation is the sole shareholder of Russian Railways. The Russian Government exercises the powers of the shareholder on behalf of the Russian Federation.

Audit Committee

02 BOARD OF DIRECTORS

The Board of Directors operates in accordance with Russian law and Russian Railways' Charter. The Board's main objective is to pursue policies that support the Company's development, improve the sustainability of its operations and increase its profitability.

Board Committees
Corporate Secretary

03 CHIEF EXECUTIVE OFFICER

– Chairman of the Management Board of Russian Railways
The Chief Executive Officer – Chairman of the Management Board is the Company's sole executive body and is appointed by the Russian Government.

Working bodies run/led by the Chief Executive Officer – Chairman of the Management Board

04 MANAGEMENT BOARD

The Management Board is Russian Railways' collective executive body. Members include the Chief Executive Officer – Chairman of the Management Board, First Deputy CEOs, Chief Accountant, Deputy CEOs, Directors and certain heads of divisions at Russian Railways' executive office.

run/led by the Management Board

05 EXECUTIVE OFFICE

The departments, divisions and other units of the executive office are responsible for operational management.

Working bodies run/led by heads of divisions of the executive office



General Meeting of Shareholders

The supreme governing body of Russian Railways is the General Meeting of Shareholders. As all of the Company's are held by the sole shareholder—the Russian Federation—and the shareholder's powers are exercised by the Russian Government, all resolutions on matters reserved for the General Meeting of Shareholders are adopted in writing by the Russian Government and take the form of orders and regulations.

Board of Directors

GRI 102-35, GRI 102-36

The Board acts in accordance with Russian law, the Charter of Russian Railways¹⁷ and the Regulation on the Board of Directors of Russian Railways¹⁸.

The Board's main objective is to pursue policies that support the Company's development, improve the sustainability of its operations and increase its profitability. The Board also sets the Company's business priorities, approves its strategic plans and core programmes, including the budget and the investment programme, and establishes the general principles of and approaches to risk management at Russian Railways.

In line with global practices in corporate governance, independent directors have been elected to the Board of Directors since 2008.

In September 2020, when the sole shareholder took decisions within the competence of the Annual General Meeting of Shareholders, the number and composition of the Board did not change. As of 31 December 2020, the Board of Directors included 14 Members.

¹⁷ Approved by Russian Government Resolution No. 585 of 18 September 2003.

¹⁸ Approved by Russian Government Order No. 265-r of 25 February 2004.

Remuneration of the Board of Directors

In 2020, the Annual General Meeting of Shareholders of Russian Railways resolved to pay remuneration to Board Members based on their performance over 2019-2020 in the amount recommended by the Board of Directors and under the procedures provided for by the Regulation on Remuneration and Compensation Paid to Members of Russian Railways' Board of Directors. Remuneration of Board Members includes basic and additional components. The basic component is calculated based on participation in Board meetings. The maximum basic remuneration of Board Members is RUB 4,000,000 per year.

Additional remuneration is paid if the Board Member personally participated in (provided a written opinion for) at least 75% of the in-person meetings that a Board committee held during the given year. If the Board Member performed the functions of a member and/or the Chairman of a Board committee on more than two committees, additional remuneration is paid for carrying out functions on two committees. Additional remuneration is calculated and paid for the period when the additional functions were performed. Board Members may waive their remuneration in full or in part.

The Regulation on Remuneration and Compensation Paid to Members of Russian Railways' Board of Directors does not apply to Board Members who are members of Russian Railways' executive bodies or who are restricted or prohibited by Russian law from receiving any benefits from commercial organisations. The Annual General Meeting of Shareholders resolved to pay remuneration of RUB 45.4 m to Board Members in the reporting year.

For carrying out additional functions, Board Members are paid additional remuneration calculated as the basic part of remuneration increased by the ratio of:

3,5 for functions performed by the Chairman of the Board (excluding individuals carrying out functions of the Board Chairman in the absence of the Chairman);

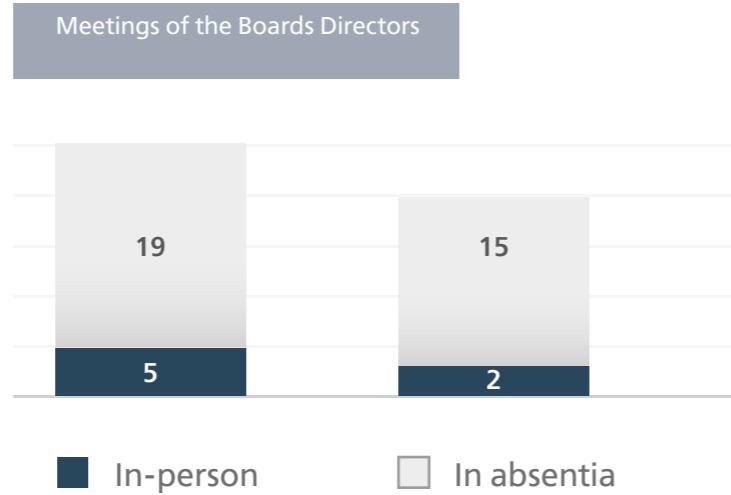
1,5 for functions performed by the Chairman of a Board committee;

0,5 for functions performed by a Board committee member.

Meetings of the Board of Directors in 2020

In 2020, the Board of Directors held 17 meetings, including two meetings held in person and 15 conducted in the form of absentee voting due to the COVID-19 pandemic.

At Board meetings held in 2020, the Board of Directors considered 132 issues related to various business areas of Russian Railways, including 13 issues related to sustainable development and ESG.



Participation of the Board of Directors in sustainable development

GRI 102-20

Sustainable development and ESG initiatives are an important part of the Board's activities. Within its competence, the Board reviews and approves the Company's regulations and monitors their implementation.

In 2020, the Board of Directors adopted the following resolutions on social and environmental development:

Social development

Approved the Russian Railways Investment Programme for 2021–2023, which outlines investment projects intended to improve the quality of life for Russian residents, create a comfortable and safe living environment and develop tourism (High-Speed Rail project, infrastructure development projects at Central and St Petersburg transport hubs).

Adopted resolutions on the free transfer of social, educational, sports and cultural facilities to municipal and regional public entities.

The Board of Directors regularly reviews reports on initiative related to the Company's Sponsorship and Charity Policy, the Group's Comprehensive Innovative Development Programme through 2025 and the Consolidated Programme on Enhancing Operational Efficiency and Optimising Costs at Russian Railways.

In 2020, the Board reviewed a report on Russian Railways' Conceptual Framework for the Reform of Russian Railways Preschool and School Education for 2017-2020.

Environmental protection

Approved the Group's Comprehensive Innovative Development Programme through 2025, which includes KPIs on improving energy efficiency and safety and reducing greenhouse gas emissions.

Approved a perpetual bond issue programme for RUB 370bn, with the first issue in Russia of green Eurobonds in September 2020.

GRI 102-33, GRI 102-34



Board Members are informed about emergency situations, accidents and other significant issues through the Company's advanced internal communications system, including immediate notifications about ongoing events. No such situations took place in 2020. In March 2020, a detailed overview of the Company's position in light of the spread of COVID-19 in Russia was prepared for the Board of Directors.

Amid the COVID-19 pandemic, the Board of Directors supported the executive bodies' proposals on reducing the negative effect of measures adopted by federal and regional authorities in the spring and summer of 2020. As a result, Russian Railways refrained from introducing part-time work schedules for staff, thus helping to ensure social stability and retaining talent. In addition, the Board adopted resolutions on the non-application of penalties and on the extension of contracts and adjustment of prices in 2020 should its contractors fail to perform their contractual obligations due to COVID-19 restrictions.

Role of the Board of Directors in overseeing the achievement of the UN Sustainable Development Goals (SDGs)

UN SDGs



Role of the Board of Directors

In 2017, the Board approved the Framework for Reforming Healthcare Facilities of Russian Railways (Resolution of 11 September 2017, Minutes No. 9).

The Board approved the Conceptual Framework for the Reform of Russian Railways Preschool and School Education for 2017-2020 (Resolution of 11 September 2017, Minutes No. 9).

In 2019, the Board approved Russian Railways' Long-Term Development Programme through 2025 aimed at achieving Russia's national goals and strategic objectives. The Long-Term Development Programme is further elaborated in the Financial Plan and Investment Programme of Russian Railways for 2021-2023 approved by the Board of Directors on 29 December 2020 (Minutes No. 5).

The Investment Programme of Russian Railways for 2021-2023 approved by the Board of Directors on 29 December 2020 (Minutes No. 5) focuses on developing and upgrading railway infrastructure, including in major urban centres. The Board approved the Group's Comprehensive Innovative Development Programme through 2025 (Resolution of 26 February 2020, Minutes No. 13), which contains a set of measures to improve energy efficiency and reduce greenhouse gas emissions. Programme reports are reviewed on an annual basis.

The Board approved the Consolidated Programme on Enhancing Operational Efficiency and Optimising Costs at Russian Railways for 2019-2025 (Resolution of 28 June 2019, Minutes No. 20). Programme reports are reviewed on a quarterly basis.



UN SDGs



Role of the Board of Directors

In 2020, the Company developed its Environmental Strategy until 2030, which will help the Company to achieve the UN SDGs related to environmental protection and safety, including climate action. The Environmental Strategy until 2030 is expected to be approved in September 2021.

The Board of Directors sets the key principles of and approaches to risk management and internal control processes to prevent and combat corruption, facilitates the allocation of resources and exercises oversight over their use, execution and operational efficiency and takes all measures within its authority to ensure that these processes comply with the principles and approaches set by the Board of Directors.

The Board approved risk appetite statements of Russian Railways for 2020 (Resolution of 26 February 2020, Minutes No. 13), based on which the Company adheres to the principle of zero tolerance for corruption in any form or manifestation while carrying out any type of activities and builds a uniform understanding of zero tolerance of corruption among all its stakeholders.

The Board of Directors holds an annual self-assessment. In addition, an external assessment of the Board is carried at least every three years. In 2020, the Board conducted the self-assessment in the form of a survey. The results were reviewed by the Personnel and Remuneration Committee and the Board of Directors. Based on the financial year's results, the Board assesses the achievement of corporate KPIs and the performance of the Management Board and Russian Railways as a whole. Following the results for 2020, the Board's general qualitative assessment of the Management Board and Russian Railways as a whole was deemed as "excellent". The Company has developed a risk-oriented internal control and audit system in line with best practices in corporate governance.

GRI 102-28



Management Board

As a collective executive body, the Management Board is responsible for the general management of business operations (except for matters that are reserved for the General Meeting of Shareholders, the Board of Directors and the Chief Executive Officer – Chairman of the Management Board as per the Federal Law On Joint-Stock Companies and the Company's Charter, unless stated otherwise by the Charter).

The Management Board is tasked with developing proposals on business strategy, implementing financial and business policy, making decisions on the most important matters of day-to-day operations and coordinating activities between divisions, improving the effectiveness of the internal

control and risk monitoring systems, and ensuring the respect of shareholder rights and interests.

The Management Board carries out its activities in accordance with Russian law, the Company's Charter, resolutions of the General Meeting of Shareholders and the Board of Directors, the Regulation on the Russian Railways Management Board, and the Company's internal policies. The Management Board acts in the Company's interests and reports to the General Meeting of Shareholders and the Board of Directors. Members of the Management Board are appointed by the Board of Directors (with the exception of the Chairman of the Management Board, who is appointed by the Russian Government).

Effective management of subsidiaries and affiliates

Russian Railways manages its subsidiaries and associates through the participation of Russian Railways' representatives in general meetings of shareholders, board of directors and audit committees of subsidiaries and associates.

The Company's interests in subsidiaries are reflected in developing and complying

with uniform corporate governance standards. The uniform standards create a single legal space in the Russian Railways Group for achieving common strategic goals and contribute to the efficient operation of governing bodies at all Group companies and to the reduction of general administrative costs.

Audit Committee and Internal Audit

The Audit Committee is a standing body that oversees financial and business operations of Russian Railways. The Audit Committee operates in accordance with Russian laws, the Company's Charter, resolutions of the General Meeting of Shareholders and the Board of Directors and the Regulation on the Audit Committee of Russian Railways.¹⁹

In order to ensure its independence, the Audit Committee does not include any individuals who hold positions in the Company's governing bodies or who are employees of the Company.

In 2020, the Audit Committee audited the financial and business operations of Russian Railways for 2019. At Russian Railways, the internal control system is understood

to include follow-up internal controls and internal controls as part of an integrated risk management and internal control system.²⁰

The Company's internal control system is designed to provide reasonable assurance that the Company will achieve its goals. The Company's internal control function is based on a new organisational and methodological framework developed in line with international and national best practices, and complies with the ethical standards related to the internal audit and control functions in the Russian and global business community. The Zheldoraudit Internal Audit Centre, a structural unit within the Company, is in charge of the internal audit of Russian Railways.

External audit

The Company's auditor for 2020 was selected following an open electronic tender to conduct a statutory audit of Russian Railways' accounting (financial) statements and the IFRS consolidated financial statements for 2020.²¹ The external auditor disclosed and submitted

information on all relations and matters to be assessed for compliance with independence criteria to the Audit and Risk Committee of the Board of Directors. The auditor has no conflict of interest in preparing audit opinions.

In 2020, the Zheldoraudit Centre won the Best Internal Audit Function Award at the annual National Efficient Internal Control and Internal Audit Awards run by the National Union of Internal Auditors and Controllers.

¹⁹ Approved by Russian Government Resolution No. 1927-r of 14 July 2021.

²⁰ For more information on risk management and internal control, please refer to the 2020 Annual Report of Russian Railways.

²¹ Russian Government Order No. 2509-r of 30 September 2020 selected OOO Ernst and Young (77 Sadovnicheskaya Naberezhnaya, bld 1, Moscow, 115035) as the auditor for Russian Railways for 2020.

Business ethics and anti-corruption



2020 performance highlights

Russian Railways occupies leading positions in the Anti-Corruption Rating of Russian Business run by the Russian Union of Industrialists and Entrepreneurs and is recognised as a company that makes extensive anti-corruption efforts with a minimum amount of corruption risk (Class A1).

The total number of confirmed cases of non-renewal or termination of contracts with business partners due to corruption offences in 2020 is zero.

The Company conducted 36 reviews of compliance with regulations on preventing and combating corruption and the Company's subsidiaries performed 10 reviews.

Corruption risks are assessed on an annual basis. In 2020, this work was performed by 149 business units at the Company.

2,381 conflict of interest disclosures were considered.

522 conflicts of interest were resolved.

500 messages received via the Company's hotline were processed.

188,000 employees of Russian Railways completed anti-corruption and compliance trainings.

21 anti-corruption materials were published in the Company's corporate media.

In December 2020, the Russian Railways Group approved the Comprehensive Anti-Corruption Promotion Programme for 2021-2023.

16 workshops on implementing anti-corruption policies at state-owned companies were held.

Russian Railways and business ethics

GRI 102-16

Ethical principles underpin the Company's corporate culture and support an atmosphere of trust and mutual respect, as well as adherence to the principles of fair competition, social responsibility, objectivity and integrity in taking HR decisions. The Company's ethical principles are enshrined in the [Russian Railways Code of Business Ethics](#).²²

The Russian Railways Code of Business Ethics establishes the corporate standards and rules of conduct for the Board of Directors and all employees at Russian Railways, as well as sets out the relations of Russian Railways with its shareholders, state authorities, legal entities and individuals.

The Business Ethics Committee assists in resolving conflicts related to violations of the Code, and develops business ethics recommendations and proposals for the Company's employees.

10 ethical principles of Russian Railways

1 Make people our top priority

People are the Company's main asset. We see real people—employees, passengers and clients—behind the statistics. Everything that we do is about people's welfare and comfort.

2 Do our best

We work hard to perform our duties to the letter, deliver on our commitments, achieve our objectives while having zero tolerance to any kind of corruption and measuring up to the privilege of being part of Russian Railways.

²² Approved by resolution of the Board of Directors of Russian Railways (Minutes No. 3 of 30 March 2015).

3 Be proud to work at Russian Railways

Every Russian Railways employee feels honoured to be part of a company that has a unique history, rich traditions and ambitious plans for the future. We respect traditions and pay tribute to industry veterans. We strive to maintain and augment Russian Railways' reputation as a rapidly growing national transportation company.

4 Promote teamwork

Being part of a team means being considerate and honest with colleagues, managers and subordinates and putting the Company's interests before our own. Mutual trust and well-coordinated teamwork are our main strengths

5 Rely on experience

We learn from our predecessors and draw on their experience in a creative way to excel in what we do and develop professional skills and competencies, and pass this on to young talent.

6 Be results-oriented

In following this principle, we always keep in mind that we work to deliver specific results such as higher profits, new projects, client satisfaction and people's trust.

7 Make well-informed decisions

As our decisions can affect many people and organisations, we always think them through, focusing on safety and risk response, economic feasibility and profitability.

8 Promote the commercial interests of Russian Railways

We have developed a culture of continuous improvement while increasing our earnings lawfully, ethically and safely.

9 Be a leader

As a leading Russian company, we expect our employees to have leadership qualities, embrace change and serve as role models for colleagues and people outside Russian Railways.

10 Aspire to change and evolve

We constantly strive for excellence, seek ways to be more efficient and innovate, acquire new knowledge, and develop our personal and professional skills. Innovation is key to the growth and prosperity of Russian Railways and to the personal development of our employees.

Russian Railways builds relations with its employees based on respect and the performance of mutual obligations. Russian Railways and its employees share common values and fulfil their obligations to each other in good faith.



Russian Railways is responsible to its employees for:

- complying with Russian law, including employment and anti-corruption law, the collective bargaining agreement for the relevant period, employment agreements with employees, Russian Railways' regulations and target programmes;
- providing stable remuneration, maintaining occupational, health and industrial safety under Russian law and internal regulations;
- providing social security, medical care and other benefits, providing financial and social support to terminated employees, and establishing an effective retirement plan for the Company's employees;
- developing and improving the system of training, incentives and assessment of employees;
- supporting employee initiatives and commitments to self-development, as well as to increasing and developing corporate competencies and engaging employees on challenging tasks;
- ensuring equal rights and opportunities for all, regardless of their gender, age, race, nationality, language, ethnicity, financial and employment status, place of residence, religious beliefs or political convictions; Russian Railways is tolerant of its employees' ideological, personal and physiological differences;
- maintaining the confidentiality of and ensuring the protection of employees' personal data, respecting employees' personal freedom, personal time and human rights, and preventing any interference with employees' privacy;
- ensuring the quality of information distributed both inside and outside Russian Railways (clarity, accuracy, relevance, etc.).

Employees are responsible to Russian Railways for:

- complying with Russian law, including employment and anti-corruption law, as well as with Russian Railways' regulations, including the Code of Business Ethics, Charter and internal labour regulations;
- fulfilling their job duties in good faith, improving their professional knowledge and skills, demonstrating responsibility and initiative, striving to find solutions that increase productivity and reduce costs;
- complying with resolutions issued by the governing and oversight bodies of Russian Railways, as well as with the Company's internal regulations and the instructions of management;
- taking care of the common interests of Russian Railways and the Group as a whole;
- striving to comprehensively strengthen Russian Railways' reputation, including by refraining from conducting transactions that could cause financial or reputational damage to the Company;
- timely, accurately and fully recording the Company's financial and business operations, storing and, if necessary, submitting the relevant supporting documents, as well as timely informing managers about the occurrence of new or existing risks, including corruption risks;
- demonstrating professional conduct with clients and colleagues, adhering to the standards of business and interpersonal communication provided for in the Code of Business Ethics;
- complying with the anti-corruption policy of Russian Railways.



Anti-corruption

In accordance with its Code of Business Ethics, one of the key principles of employee behaviour at Russian Railways is zero tolerance to corruption in any form or manifestation. Russian Railways employees are obliged to comply with Russian anti-corruption legislation and relevant internal regulations²³. In complying with this principle, Russian Railways employees contribute to achieving the Company's strategic goals and objectives.

Russian Railways has developed an anti-corruption plan for the relevant period based on Russia's national anti-corruption plan. The document establishes the regulatory and organisational principles of anti-corruption activities at the Company.

The Company has fulfilled the objectives and actions outlined in the National Anti-Corruption Plan and Russian Railways anti-corruption plan for 2018-2020.²⁴

Key areas of the Russian Railways' anti-corruption plan for 2018-2020:

- preventing and resolving conflicts of interest and ensuring the efficient operation of the relevant commissions;
- exercising control over compliance by the Company's employees with the anti-corruption requirements;
- ensuring that employees are knowledgeable about the regulations;
- assessing and updating the corruption risks register on a regular basis;
- taking measures to mitigate corruption risks;
- ensuring the awareness of employees and leading anti-corruption campaigns;
- training and upskilling employees;
- conducting anti-corruption preventive measures;
- coordinating with law enforcement and supervision authorities and implementing joint anti-corruption initiatives with the General Prosecutor's Office, Ministry of Labour and Social Protection, major business alliances, and entrepreneurial and expert communities.

²³ Including Federal Law No. 273-FZ of 25 December 2008 "On Combating Corruption".

²⁴ Approved by Russian Presidential Order No. 378 of 29 June 2018.

Russian Railways' integrated approach to anti-corruption

GRI 103-1, GRI 103-2, GRI 103-3

The Company has developed a uniform approach to prevent and combat corruption. In addition, the Company regularly carries out relevant risk management and internal control processes.

In 2020, the Company developed and distributed specialised materials on preventing and combating corruption among its subsidiaries.

All agreements signed include an anti-corruption clause whereby the agreement may be terminated if any instances of corruption are identified in the counterparty's operations.

Russian Railways' anti-corruption policy is based on a set of interrelated principles and procedures designed to prevent and combat corruption and respond to corruption risks.

Changes in the anti-corruption policy are introduced when required.

Russian Railways' anti-corruption policy is based on the following principles:

The Company declares zero tolerance of corruption and is obliged to perform its operations in compliance with national legislation and regulations;

Russian Railways consistently assesses corruption risks and takes appropriate measures to combat corruption;

The Company regularly monitors the performance of its anti-corruption measures;

The Company follows the principles of due care and prudence in its operations and in making management decisions;

Russian Railways' employees regularly undergo anti-corruption trainings. Employees are held liable for the failure to comply with Russian anti-corruption legislation and Russian Railways' anti-corruption policy

Priority goals and objectives of Russian Railways' anti-corruption policy:

- 1 To ensure a uniform understanding of Russian Railways' zero tolerance of corruption in any form or manifestation among Company employees, Board Members and other stakeholders.
- 2 Highlight the importance of observing the principle of public proclamation of the position of zero tolerance of corruption and bribery in business relations.
- 3 Ensure that Russian Railways' activities comply with Russian anti-corruption legislation.

In accordance with the zero tolerance principle declared in Russian Railways' anti-corruption policy, Russian Railways managers, employees and counterparties, directly or through third parties, are strictly prohibited from engaging in corrupt activities, including from acting as intermediaries in corrupt activities, regardless of the established business practices in the corresponding country.

According to Russian law, Russian Railways employees may be subject to disciplinary, administrative or criminal liability for corruption offences.

The system of measures to prevent corruption is based on the anti-corruption standards established by the Company. These standards (restrictions, prohibitions and obligations) are included in employment contracts with employees in order to ensure strict compliance on the part of employees and managers at all levels. Following Russian Railways' internal audit plan, the Company annually assesses the risk management and internal control systems within its business units in the area of anti-corruption.

Governance structure

In line with the Company's vertical organisational structure, specific employees are designated as responsible for overseeing the implementation of anti-corruption measures at all levels of corporate governance. More than 6,500 employees are engaged in these processes.



← Subordination ← Reporting ← Coordination



Counterparty review

The Company performs due diligence procedures on entities before establishing contractual relations, including on counterparties that participate in tenders to supply goods, work or services to Russian Railways.

In compliance with Russian Railways' regulations, documents to be submitted by counterparties for the purpose of signing an agreement include a statement on the beneficiary owners. The beneficiary owners are also specified

in the agreement. If any changes are made to the list of beneficiaries, the counterparty must notify Russian Railways within five days.

All draft agreements require the approval of the Security Department, which is responsible for conducting due diligence procedures on counterparties.

In addition, agreements with counterparties include anti-corruption and tax clauses that require the parties to comply with regulatory requirements.

Anti-Corruption Charter

The Company is engaged a number of joint anti-corruption initiatives as a member of the Anti-Corruption Charter of Russian Business. An assessment performed in 2018 in accordance with the guidelines for the development and adoption of measures by organisations to prevent

and combat corruption approved by the Russian Ministry of Labour and Social Protection confirmed the Company's compliance with anti-corruption legislation and the Anti-Corruption Charter of the Russian Business.

Anti-Corruption Rating of Russian Business

In 2020, the Russian Union of Industrialists and Entrepreneurs (RSPP) introduced the annual Anti-Corruption Rating of Russian Business, the first Russian rating of companies with effective anti-corruption policies based on ISO 37001:2016 "Anti-Bribery Management Systems - Requirements with guidance for use" and the Anti-Corruption Charter of Russian Business. The Anti-Corruption Rating measures the openness, presence and independence of anti-corruption procedures and criteria. The methodology ensures the comparability of results achieved by major Russian companies in combating corruption²⁵.

In 2020, the Rating Committee assigned top ratings to only 23 major companies.

The Company cooperates with state authorities and the business community on the Expert Task Force of the Prosecutor General's Office, the rating committee and expert group for the Anti-Corruption Rating of Russian Business run by the Russian Union of Industrialists and Entrepreneurs, the working group of the Ministry of Labour and Social Protection, the Anti-Corruption Compliance and Business Ethics Council of the Chamber of Commerce and Industry of the Russian Federation, and the technical committee of the Federal Agency on Technical Regulation and Metrology on the development of anti-corruption measures.

This work has resulted in initiatives on amending and improving legislation, promoting anti-corruption standards on lawful and responsible behaviour, as well as in creating incentives for organisations to digitalise and automate their anti-corruption procedures.

Top A1 rating

in the Anti-Corruption Rating of Russian Business run by the Russian Union of Industrialists and Entrepreneurs (RSPP)

Combating corruption and preventing corruption offences

GRI 205-1, GRI 205-3

Risk assessment

Managing corruption risk is an integral part of Russian Railways' risk management and internal control system and is carried out based on the guidelines for the development and adoption of measures by organisations to prevent and combat corruption approved by the Russian Ministry of Labour and Social Protection²⁶, the guidelines for corruption risk assessment at Russian Railways and the Company's risk management and internal control policy.

Following the corruption risk assessment, Russian Railways' consolidated register of corruption risks for 2020 was approved on 21 August 2020.

In 2020, 149 of the Company's business units performed regular risk assessment procedures. As a result, the registers of corruption risks were updated, plans on mitigating corruption risks were developed and reports on the implementation of these plans were submitted.

In order to evaluate the effectiveness of the risk management and internal control system in preventing and combating corruption, an internal audit is carried out every year²⁷. The Audit and Risk Committee of the Board of Directors of Russian Railways is regularly informed of the results of such monitoring of the anti-corruption measures taken by the Company. The Code of Ethics of Internal Auditors establishes the ethical standards and rules, including the principle of objectivity and avoidance of conflicts of interest, for internal auditors at the Zheldoraudit Internal Audit Centre within the Company.

In the reporting period, for the purposes of internal control, the Company's units conducted 36 reviews of compliance with regulations on preventing and combating corruption, while subsidiaries performed 10 reviews. Measures on resolving the identified violations and weaknesses were implemented.



²⁵ Additional information is provided at <https://www.rspp.ru/simplepage/against-corruption/>.

²⁶ Approved by Federal Agency for State Property Management Order No. 80 of 2 March 2016.

²⁷ Internal Audit Plan of Russian Railways for 2020 No. 248 of 27 February 2020.

Anti-Corruption Hotline

Russian Railways' anti-corruption hotline provides employees with a tool to communicate instances of corruption at the Russian Railways Group (including anonymously). Information on feedback channels is published on the Russian Railways website in the Anti-Corruption Activities Section.

The Anti-Corruption Centre, a structural unit of Russian Railways, receives and processes information submitted to the anti-corruption hotline. At the end of each quarter, the Anti-Corruption Centre provides information on its investigations of messages submitted via the anti-corruption hotline and on measures taken to the Deputy CEO for Corporate Security and Safety.

If the anti-corruption hotline receives a message in a local or foreign language, it is sent for translation to the Department of Foreign Projects and International Cooperation.

In accordance with the Code of Business Ethics, the Company's anti-corruption policy guarantees confidentiality and provides protection to applicants related to their messages on potentially corrupt behaviour at the Company.

In order to ensure openness and receive feedback from the public, the Company launched an anti-corruption hotline. Out of 500 messages received via the hotline in 2020, 212 messages reported potentially corrupt behaviour. The anti-corruption hotline operates 24/7.

Conflicts of interest

GRI 102-25

Educational and other measures established in Russian Railways' anti-corruption plan contribute to the development of ethical and anti-corrupt behaviour among employees and promote anti-corruption standards and legal awareness in the Company.

Annual surveys and sociological studies are conducted in order to identify the attitudes of the business community, public

²⁸ Information about messages submitted to the anti-corruption hotline is disclosed in Russian Railways' Annual Report for 2020 and is published on the Company's website for all stakeholders.

²⁹ In response to the 2019 surveys of Russian Railways employees, in the first half of 2020, the Company introduced an additional phone number 8-800-775-65-66 for free-of-charge calls coming from all Russian phone numbers. This helped to eliminate the obstacle where callers from Russian regions had to pay for an inter-city call.

Written messages are accepted:

- through the virtual reception room on Russian Railways' official website (with the subject – "Corruption")
- by email at anticorruption@center.rzd.ru
- by mail sent to the Russian Railways Anti-Corruption Centre, ul. Novaya Basmannaya 2, Moscow, 107174.

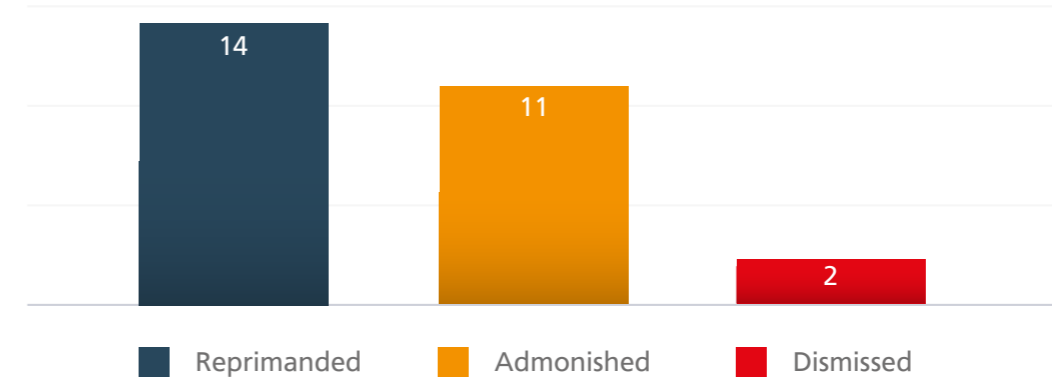
Voice messages are accepted:

- by phone at 8 800 775-65-66.

organisations, citizens and employees of the Russian Railway Group to corruption in general and generate feedback on the Company's anti-corruption policy. This work has helped to improve the Company's preventative measures, including on identifying and resolving conflicts of interests, as well as to increase understanding among employees of anti-corruption requirements at Russian Railways.

The number of conflicts of interest disclosures reviewed in 2020 grew by a factor of 2.5 to reach 2,381 disclosures (2019: 979 disclosures). In 2020, 522 conflicts of interest (vs 184 conflicts in 2019) were identified and resolved.

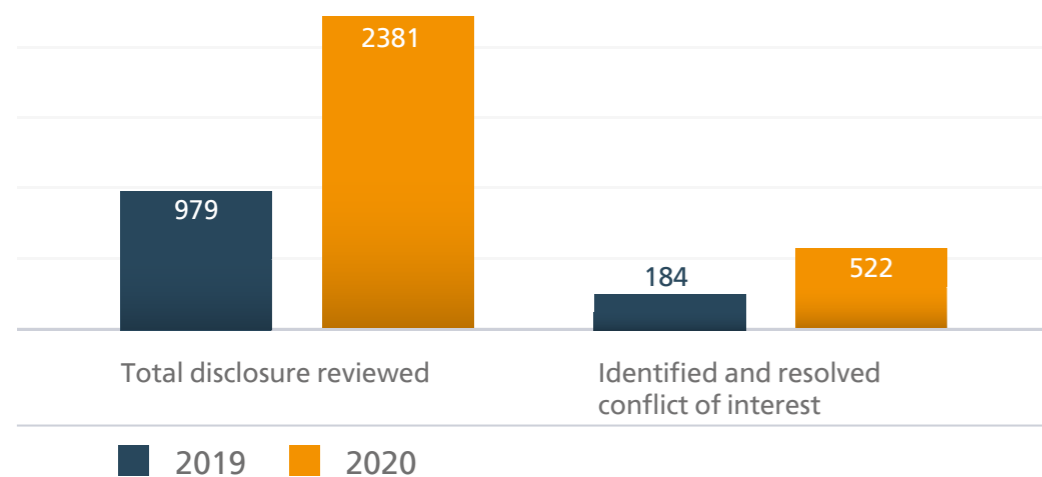
The Company applied disciplinary actions for failure to comply with anti-corruption rules to 27 employees



In 2020, Russian Railways took action against 27 employees for failure to comply with anti-corruption rules (14 employees were given a verbal warning, 11 were given a written warning, and two were dismissed). The Company has established a Conflict of Interest Committee to ensure the objective and timely resolution of conflicts of interest and protect the legitimate interests of Russian Railways and its employees. In 2020, the Committee held two meetings involving two managers from the central level of corporate governance. All of the Company's 16 railways have regional conflict of interest committees. In total, the committees have held 24

meetings about 31 employees. Cases reviewed by the committees in 2020 mainly concerned conflicts of interest arising from subordinate relationships with a relative, as well as equity participation in and holding management offices at companies doing business with Russian Railways. In 2020, to enhance digital solutions to manage conflicts of interest and automate certain aspects of reporting on anti-corruption activities, the Company developing an automated system for collecting and analysing conflict of interest disclosures called the Declarant Automated Information System (AIS)

Russia Railways: conflict of interest in numbers



In 2020, Russian Railways connected assigned employees to the Declarant AIS. By the end of 2020, the Company had connected 137 of 150 assigned employees (91%) to the system.

Zero tolerance of corruption

GRI 205-2

The Russian Railways collective bargaining agreement for 2020–2022 obliges employees to assume responsibility for complying with anti-corruption principles and requirements established at Russian Railways, irrespective of the position held.

During onboarding, all the Company's employees must acknowledge having read the Code of Business Ethics, anti-corruption policy and other anti-corruption regulations. When these documents are updated, employees must confirm their understanding of the updates both by signing an acknowledgement through the unified automated document exchange system or via email³⁰. Anti-corruption trainings are delivered once every three years.

The business ethics officer is responsible for ensuring that Russian Railway's employees are familiar with the Code of Business Ethics and comply with its standards. The business ethics officer monitors violations of standards and rules established by the Code of Business Ethics, considers business ethics messages and proposals submitted by the Company's employees and oversees the execution of decisions made by the Business Ethics Committee.

Russian Railways employees are prohibited from receiving gifts in connection with the performance of their job duties, except for gifts received as part of official meetings, business trips and other official events. Employees must follow a specific procedure to notify Russian Railways of the receipt, surrender, evaluation, sale or transfer of funds derived from the sale of such gifts. In 2020, the Company received 89 notifications on the receipt of gifts that were surrendered under the procedure stipulated by Russian Railways.

³⁰ Unified automated document exchange system.



Anti-corruption training

The corporate distance learning system enables employees to take mandatory anti-corruption trainings developed for various categories of employees.

More than 188,000 employees were completed online anti-corruption and compliance trainings despite the pandemic³¹

Sixteen workshops on the key aspects of anti-corruption policies at state-owned companies were held in cooperation with the Moscow Interregional Transport Prosecutor's Office and the Centre for Security Studies of the Russian Academy of Sciences.

In addition, 500 Russian Railways employees completed a training under the Organisational and Legal Framework for Combating Corruption in Russian Railways programme at the Law Institute of the Russian University of Transport in 2020.

In cooperation with the Gudok Publishing House, RZD-TV and regional mass media, as well as through the placement of subject-matter publications on the Internet and social media, Russian Railways informed its employees about its anti-corruption initiatives. In 2020, 21 materials on anti-corruption were published in the Company's corporate media, including two broadcasts on RZD-TV, three publications in the Gudok newspaper and 16 publications in on-board newspapers.

³² More than 25% of the Company's employees.

Promotion of anti-corruption

To support responsible behaviour and enhance compliance among Russian Railways employees with the ethical principles of anti-corruption, in December 2020, the Russian Railways Group approved a comprehensive anti-corruption promotion programme for 2021–2023. The programme is integrated in the anti-corruption activities carried out by the Company's units. Russian Railways employees are regularly provided with materials on corruption offences (media outlook, anti-corruption blogs).

Raising awareness about anti-corruption policies and measures

Indicator	2020
Total number of key corporate governance members (General Meeting of Shareholders, Board of Directors, Management Board) in-formed	14 Members of Russian Railways Board of Directors and 24 Members of Russian Railways Management Board
Total number of employees informed	More than 90% of the Company's employees

During an information marathon dedicated to the annual International Anti-Corruption Day, all employees at the Russian Railway Group received an email with infographics and recommendations on the important aspects of implementing anti-corruption principles and standards at Russian Railways. The Company's management was provided with the updated anti-corruption memo.

In accordance with the principle of openness and transparency, information on Russian Railways' ongoing anti-corruption work is posted in the anti-corruption activities section of the Russian Railways official website. In addition, regulations, methodological and information materials on preventing and combating corruption are available for employees in their personal accounts on the Employee Service Portal. There is also a similar section in [English](#).

In addition, the anti-corruption portal on the Intranet provides employees with information about the practices and procedures to follow in preventing and combating corruption.

Improving the regulatory framework on preventing and combating corruption

GRI 103-2

In 2020, to improve the Company's anti-corruption efforts, the Company updated certain anti-regulations:

- Updated the procedures for notifying the employer about any cases when employees are incited to engage in corruption. This document specifies the actions of employees responsible for these activities at the regional and local levels of corporate governance, introduces a single notification form, clarifies the circumstances to be reviewed when considering a notification and provides details on the registration procedure.
- Clarified the procedure for providing information on income, expenses, property and property liabilities to Russian Railways senior managers, as well as additionally prohibited persons from temporarily holding positions with access to classified information to open and have accounts (deposits) or hold cash and valuables in foreign banks located outside Russia.
- Approved the risk appetite statements of Russian Railways for 2020³².
- Introduced changes to the list of the Russian Railways Group's positions associated with corruption risks, which includes three new positions (director of educational institutions, chief of educational institutions, director for culture and sports).

Targets for 2021

In 2021, Russian Railways is planning to focus on further developing anti-corruption activities in the following areas:

1

Improving the employee training system on preventing and combating corruption;

2

Improving digital solutions to manage conflicts of interest, automating the presentation and consolidation of business unit reports on anti-corruption activities and developing the Declarant AIS;

3

Promoting the Russian Railways anti-corruption hotline;

4

Performing regular assessments of the risk management and internal control system to prevent and combat corruption and updating the consolidated register of corruption risks;

5

Ensuring that Russian Railways take a uniform approach in implementing the Company's anti-corruption policy;

6

Coordinating with state authorities, control and supervisory authorities and the scientific, expert and business communities on improving the legal framework on anti-corruption and implementing joint anti-corruption initiatives;

7

Implementing activities outlined in the Comprehensive Anti-Corruption Promotion Programme for 2021-2023;

9

Participating in the Anti-Corruption Rating of Russian Business for 2021;

8

Approving methodological recommendations on corruption risks at Russian Railways.

³² Resolution of Russian Railways' Board of Directors (Minutes No. 13 dated 26 February 2020).

Stakeholder engagement

GRI 102-21, GRI 102-43

The needs of Russian Railways' key stakeholders are closely connected with the global sustainable development agenda and the main trends in the transportation industry. Trust and open dialogue with stakeholders help Russian Railways to respond promptly to social and environmental challenges and strengthen its reputation as a responsible company.

Principles of engagement with key stakeholders of Russian Railways

1

Transparency, reliability and completeness of information about the Company's operations.

2

Balanced and full consideration of stakeholder interests, prompt response to the expression of such interests (particularly relevant in the context of innovation as well as government price regulation).

3

Focus on the Company's external parties and on internal parties (i.e. its people).

Stakeholders	Stakeholders' expectations and interests	
Employees	<ul style="list-style-type: none"> Competitive salaries, benefits and social packages Equal opportunities for professional and career growth Compliance with the Russian Civil Code and Russian Labour Code Occupational health and safety 	
	<ul style="list-style-type: none"> Learning and development opportunities Introduction of best practices in sustainability Focus on the aftermath of the pandemic 	
	<h3>Approaches to engagement</h3> <ul style="list-style-type: none"> Provision of competitive salaries Expansion of social benefits as part of the collective bargaining agreement Establishment of an efficient human capital learning and development system Implementation of pre-emptive measures to prevent the spread of COVID-19 Full compliance with the collective bargaining agreement 	
	<ul style="list-style-type: none"> Provision of occupational health and safety Provision of transparent and efficient feedback Establishment of a comfortable working environment and equal opportunities Education and awareness raising among staff on environmental matters 	
	<h3>Methods of engagement</h3> <ul style="list-style-type: none"> Russian Railways service portal for staff (blogs, chat, news feed, Active Employee channel, surveys, online reception desk) Communication events Corporate messengers and social media Forums and meetings with union representatives Hotline 	
	<ul style="list-style-type: none"> People surveys and social monitoring Conventions and personal meetings with management System for submitting and processing employee requests Email communications Corporate media (incl. Gudok newspaper, RZD TV) 	

Stakeholders	Stakeholders' expectations and interests	
Passengers	<ul style="list-style-type: none"> Fair and reasonable pricing Accessible, comfortable and reliable services Safety User-friendly services provided (when booking tickets, at railways stations, en route, etc.) 	
	<ul style="list-style-type: none"> Compliance with environmental and social responsibility standards and best practices Initiatives to prevent the spread of COVID-19 Support during the coronavirus pandemic 	
	<p>Approaches to engagement</p> <ul style="list-style-type: none"> Provision of high quality and safe services Competitive pricing Provision of services at railway stations and en route (transportation, food service, etc.) Preparation of public non-financial sustainability reports Passenger satisfaction surveys 	
<p>Methods of engagement</p> <ul style="list-style-type: none"> Passenger surveys and interviews at railway stations Russian Railways Unified Information Service Centre Feedback via mobile application Russian Railways website 		<ul style="list-style-type: none"> Compliance with regulations Integration of responses to COVID-19 in production and management processes Issuance of refunds for unused tickets to passengers who decided not to travel during lockdowns

Stakeholders	Stakeholders' expectations and interests	
Freight customers	<ul style="list-style-type: none"> Fair and reasonable pricing Accessible, comfortable and reliable services Safety User-friendly services provided (when booking tickets, at railways stations, en route, etc.) 	
	<ul style="list-style-type: none"> Compliance with environmental and social responsibility standards and best practices Initiatives to prevent the spread of COVID-19 Support during the coronavirus pandemic 	
	<p>Approaches to engagement</p> <ul style="list-style-type: none"> Provision of high quality and safe services Competitive pricing Provision of basic freight transportation services, as well as transport and logistics services related to the basic freight transportation service, including public railway infrastructure services Provision of information services 	
<p>Methods of engagement</p> <ul style="list-style-type: none"> Single Russian Railways call centre on freight transportation within Russian Railways Unified Information Service Centre Russian Railways customer personal accounts RZD-Gruz 2.0 mobile app Russian Railways website (Freight page) 		<ul style="list-style-type: none"> Customer satisfaction surveys Provision of a wide range of discounts and incentives during the pandemic Introduction of sustainability best practices Calculation of the cost and sustainability of freight transportation



Stakeholders	Stakeholders' expectations and interests	
Suppliers, contractors and business partners	<ul style="list-style-type: none"> Performance of contractual obligations Transparent selection process 	<ul style="list-style-type: none"> Ethical approach to doing business
	Approaches to engagement	
	<ul style="list-style-type: none"> Competitive tenders and SME partnership programme Engagement of contractors and suppliers in OHS 	<ul style="list-style-type: none"> Recognition and assessment of environmental requirements on products, raw materials and supplies purchased by Russian Railways business units
Methods of engagement		
	<ul style="list-style-type: none"> Electronic trading and procurement platform³⁴ Conferences, forums, industry unions and associations 	<ul style="list-style-type: none"> RZD Partner information agency Hotline for suppliers Russian Railways website
Shareholders, investors and rating agencies	Stakeholders' expectations and interests	
	<ul style="list-style-type: none"> Economic and financial stability Funding and implementation of green/environmental and social projects Focus on solvency and performance of contractual obligations Solid reputation 	<ul style="list-style-type: none"> High quality corporate governance Credit quality Information transparency and disclosure of key information Prudent dividend policy Sustainable development
	Approaches to engagement	
	<ul style="list-style-type: none"> Preparation of public financial and non-financial reporting (annual report, statutory financial statements, consolidated financial statements and sustainability report) 	<ul style="list-style-type: none"> Timely disclosure of key information on the Russian Railways website and on the websites of accredited news agencies Open dialogue and efficient feedback
Methods of engagement		
	<ul style="list-style-type: none"> Corporate reporting and disclosure Participation in conferences Communication via email, conference calls and video conferences 	<ul style="list-style-type: none"> Regular working meetings at various levels Disclosures at the website in the form of presentations and press releases Completion of questionnaires issued by rating agencies

Stakeholders	Stakeholders' expectations and interests	
Government authorities	<ul style="list-style-type: none"> Statutory compliance Timely payment of taxes 	<ul style="list-style-type: none"> Social and economic regional development Reduction of the Company's environmental footprint
	Approaches to engagement	
	<ul style="list-style-type: none"> Compliance with legislation and participation in improving the legal framework in areas related to the Company's operations. Transparency of tax payments and tax disclosures Accessible and comfortable transportation 	<ul style="list-style-type: none"> Development of investment projects and infrastructure, including projects designed to reduce the Company's environmental footprint Cooperation with federal and regional authorities Regional economic development, including investment projects, procurement and job creation
Methods of engagement		
	<ul style="list-style-type: none"> Participation in federal and regional events Execution of agreements on social and economic cooperation with regional authorities 	<ul style="list-style-type: none"> Regular working meetings, transport coordination boards, committees, etc. Celebration of Days of Railways Participation in legislative initiatives
Media and public sector entities	Stakeholders' expectations and interests	
	<ul style="list-style-type: none"> Open dialogue 	<ul style="list-style-type: none"> Timely and adequate responses to media requests
	Approaches to engagement	
	<ul style="list-style-type: none"> Preparation and issue of press releases regarding Russian Railways' operations Preparation of responses to requests from journalists 	<ul style="list-style-type: none"> Assistance to media outlets seeking to shoot video at RZD facilities
Methods of engagement		
	<ul style="list-style-type: none"> Interviews, press releases Gudok newspaper, RZD-TV 	<ul style="list-style-type: none"> Meetings with reporters

³⁴ ETZP JSC RZD: <http://etzp.rzd.ru/freeccee/main>.

Stakeholders	Stakeholders' expectations and interests	
Community partners	<ul style="list-style-type: none"> Open and constructive dialogue Development and maintenance of a socially beneficial environment 	<ul style="list-style-type: none"> Social benefits for staff and retired people
	Approaches to engagement	
	<ul style="list-style-type: none"> Engagement with national and international NGOs in achieving the UN SDGs Participation in joint events Consideration of initiatives, including those related to federal legislation on social and labour relations 	<ul style="list-style-type: none"> Engagement with trade unions to ensure social benefits for staff and retired people Development of education Support for socially vulnerable people, environment-related and awareness-raising projects
Methods of engagement		
	<ul style="list-style-type: none"> Participation in conferences and industry specific events Creation of specialised RZD classes for secondary schools Support for universities as part of Russian Railways' Programme on Engagement with Railway Universities through 2025 	<ul style="list-style-type: none"> Regular meetings with representatives of trade unions Participation of Russian Railways employees in university initiatives Joint academic, educational and athletic events Support for non-commercial organisations
Local communities	Stakeholders' expectations and interests	
	<ul style="list-style-type: none"> Jobs for the local population Support in addressing social, environmental and economic issues 	<ul style="list-style-type: none"> Minimisation of the Company's environmental footprint
	Approaches to engagement	
	<ul style="list-style-type: none"> Provision of comfortable and accessible transportation Employment of the local population Development of social infrastructure 	<ul style="list-style-type: none"> Support and emergency assistance for vulnerable people Volunteer projects and philanthropy
Methods of engagement		
	<ul style="list-style-type: none"> Development of healthcare infrastructure Educational initiatives 	<ul style="list-style-type: none"> Promotion of sports and healthy lifestyles Volunteer projects and philanthropy

At the beginning of April 2020, Russian Railways launched a new, enhanced version of its corporate website. The home page has been redesigned to focus on passengers. The page includes sections for booking tickets, key services (tickets, bonus programme, offers and contact information) as well as informational sections (regulations, provisions related to various types of passengers, etc.).

Corporate website

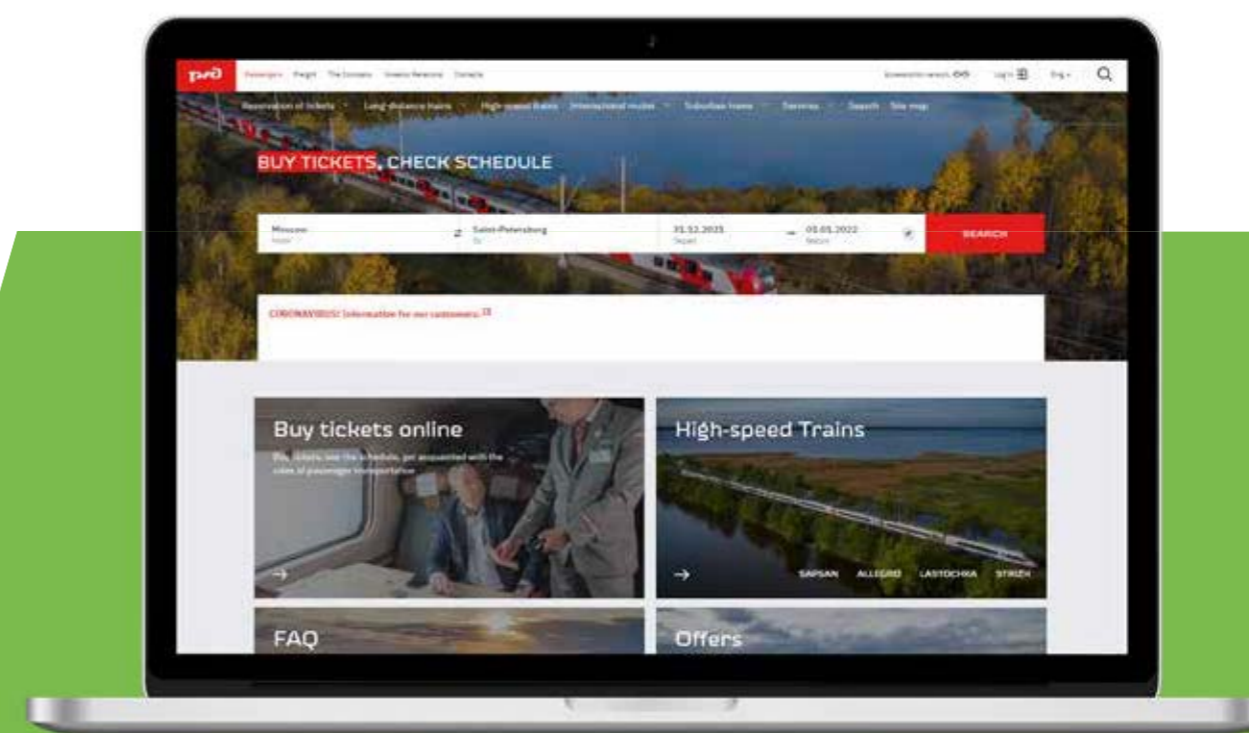
Information about Russian Railways is also published on RZD's corporate website, which was launched on the date of the company's incorporation, 1 October 2003. The www.rzd.ru web portal is a major transportation platform with up to 600,000 unique visitors and up to 4 million page views per day³⁴.

The new platform allows passengers to plan multi-sector routes using various types of transportation, book and buy tickets of all types to arrange a multi-modal trip, as well as obtain additional services.

In 2020, Russian Railways received the Runet Award for its new website

Russian Railways won the national award for its contribution to the Russian segment of the Internet ("Runet Award") in the special Digital Tourism category for its new corporate website.

The award was founded by the Ministry of Digital Development, Communications and Mass Media of the Russian Federation.



³⁴ The portal is registered as an official media outlet (Certificate of Media Outlet Registration No. ФС77-25927). Therefore, the Company is able to quickly publish information intended for various target audiences.

Innovations and performance



The Russian Railways Group's R&D activities and innovation driven development follow the priorities set forth in the Long-Term Development Programme (LDP) and Russian Railways Group's Research and Development Strategy until 2025 and further until 2030 (the "White Book"), in line with the national strategic development goals and global R&D trends.

Key areas of the Company's innovation driven development:

- developing a customer-focused transportation and logistics system in a unified transportation space;
- establishing and implementing dynamic transportation management systems using artificial intelligence;
- implementing innovative systems to automate and mechanise station processes;
- setting requirements for the construction and deployment of innovative rolling stock;
- developing and implementing advanced equipment and technologies for track maintenance infrastructure, railway automation and telematics, electrification and power supply, innovative information and telecommunication technologies;
- developing the traffic safety management system and risk management methods associated with the transportation safety and reliability;
- developing and implementing equipment and technologies for promoting high-speed and ultra high-speed railway transport;
- promoting technologies for heavy-duty freight traffic management;
- improving energy efficiency of operations;
- implementing the best available technologies in environmental protection;
- promoting the quality control system

The Group's Comprehensive Innovative Development Programme until 2025 ("CIDP-2025") is the key document for planning innovative activities which ensures achieving the goals set in the LDP and in the White Book based on implementation of innovations.

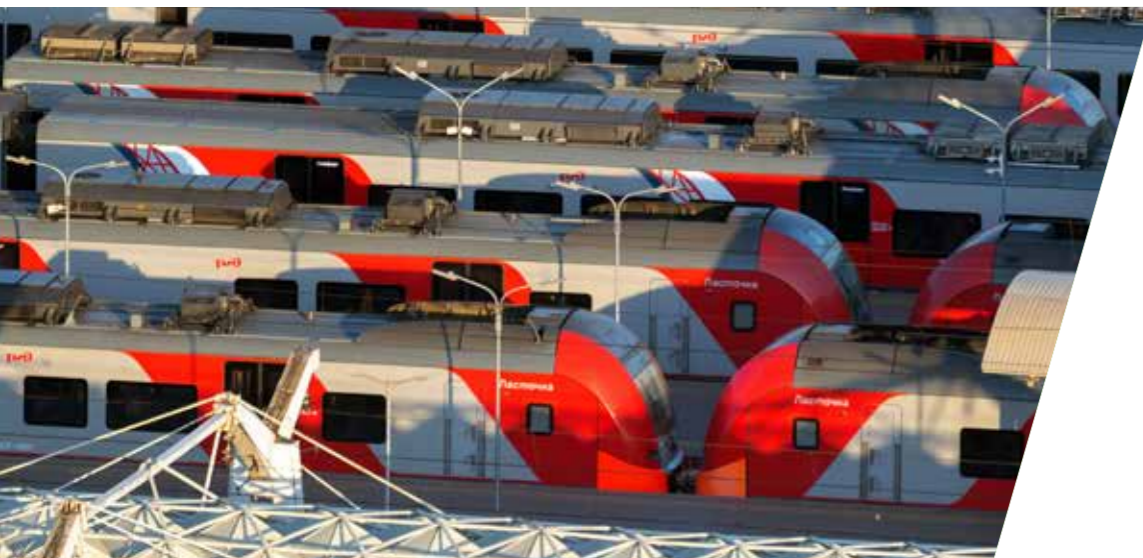
CIDP-2025 provides for application of the tools designed for strategic development of innovative operations (foresight, comprehensive benchmarking of Russian Railways Group against its global peers), implementation of approaches to project management based on the level of completeness and life cycle stage, introduction of process, product, marketing and organisational innovations in all areas of the Group's operations, as well as enhancement of innovative environment, development of organisational structure and innovative activity management tools at the central and regional levels, improvement of intellectual property management system, implementation of the "open innovation" principle and attraction of external innovative resources to address innovation and technology development challenges faced by Russian Railways Group.

Groups of key projects under CIDP-2025:

Automatic rolling stock management	Multimodal transportation
Rolling stock – 2025	Predictive analytics
Development of the Moscow railway hub	Transport and logistics systems
Development of ultra high-speed traffic in Russia	Increasing train-handling and traffic-carrying capacity
Development of high-speed traffic	Customer digital services
	Development of traffic in the Far East
Key projects	
Engineering centre	Northern Latitudinal Railway
Cross-cutting technologies	
Digital technologies	Quantum communications technologies

An important tool of organisation and management of innovative activities is the ecosystem of open innovations developed by the Company.

The infrastructure supporting the Company's innovations incorporates tools designed to interact with external environment ([One-Stop Shop of Innovations](#), open requests, partnership agreements), develop human capital in the area of innovations and foster innovation-driven culture in the Company, a corporate acceleration programme, regional innovative platforms, innovations financing facilities, intellectual property management.



The Company interacts with the external ecosystem of innovations: development institutes, foundations, research centres, production enterprises via a number of partnership programmes with major players – state-owned corporations and federal development institutes.

Currently, 23 partnership agreements in the area of R&D have been signed (Rosnano, Rostech, Rosatom, National Intellectual Development (NIR) Foundation, Skolkovo, RVC³⁵). One of the key areas of cooperation is interaction in ecology, industrial safety and environment protection. Thus, with our technology partners we work on the matters related to designing hybrid shunting locomotives and hydrogen-powered commuter trains. We are engaged in implementation of green technologies at railway stations, including application of wind and solar plants for their power supply, designing surface water runoff treatment systems at infrastructure facilities and installation of special equipment designed for hazardous waste treatment of classes 1-3.

To set up the points of attraction for innovation-driven activities in the Russian constituent regions, since 2019 the Company is rolling out a network of regional innovative platforms acting as an interlink between the regional ecosystems. Their potential is applied to generate projects in order to address corporate R&D tasks, while the platforms as such serve as an advanced tool for searching, selecting and testing innovative and start-up projects.

The Russian Railways Group's objectives in innovative development are translated through events (hackathons, start-up intensive courses, pitch sessions, strategic sessions and workshop) held by regional innovative platforms.

Since the start of their operations, regional innovative platforms reviewed over 1,900 innovative proposals, with over 120 of them already taken to the stage of service testing, for over 70 projects the testing has been completed, while over 20% of innovative technical

solutions battle-tested at Russian Railways infrastructure have been implemented.

Raising finance to implement promising innovative projects is an essential area of the Russian Railways' and regional platforms' innovative activity. In 2020, a special-purpose support measure for innovative projects (start-ups) was developed at Kuibyshev Railways in conjunction with Samara Region – holding a joint contest of innovative projects aimed to R&D and innovative development of railway transport. It is planned to roll-over this practice to include the regions of Russian Railways presence.

Additionally to the above instruments designed to manage innovations, the Company is also regularly developing other tools. Starting from 2018, open requests are handled, and it is planned to set up corporate student business incubators and business accelerators on the basis of industry universities.

As part of the management system development, the Centre of Innovative

³⁵ Russian Venture Company.

Development has planned establishing regional centres of innovative development and including in the Russian Railways branches' staff schedules some experts or units engaged in innovative development to manage innovative activities.

The Company consistently works on updating the regulatory framework; it has developed regulations on additional bonuses to Russian Railways employees for implementation of economically efficient innovative projects³⁶.

In order to ensure the most open

and unified access of applicants who file their innovative proposals, including the Company's employees engaged in performance improvement, and participants of youth project contests, to the maximum amount of data sources and documents related to improvement activities and engineer practices, the Company has set up the Russian Railways Single Database of Proposals which is available at innovation.rzd.ru.

The Russian Railways Group includes four centres³⁷ responsible for the Company's innovation-driven

65th anniversary: R&D and production potential of JSC NIIAS

In 2020, JSC NIIAS³⁸ celebrated its 65th anniversary. Currently, JSC NIIAS employees over 100 people with PhD degrees, including 23 holding PhD degree and 86 holding PhD degree, and one member of the Russian Academy of Sciences. Young researchers have repeatedly won industry research and practical contests and received grants for their R&D projects in the area of railway transport. Last year, the Institute was for the first time received the Russian State Science and Technology Award.

Implementation of innovative projects in 2020

In 2020, as part of implementation of CIDP-2025 in the area of introducing technological product innovations, the Company continued to carry out projects designed to develop the transportation service at the Small Ring of Moscow Railway (MCC) and develop urban and intercity transportations using diametric routes³⁹, introduce a new generation locomotive, innovative rolling stock for passenger and freight transportation (Lastochka electric trains, double-decker cars, innovative

gondola cars), innovative machines and equipment and track superstructure elements. Technical requirements were developed for advanced long-distance double-decker electric trains, Avtoagent system was implemented for automated carriage documents completion in freight transportation.

We continued implementing technology process innovations related to construction of HSR⁴⁰ Moscow-St Petersburg, development of rolling stock management

technologies in automated mode (both in shunting operations and passenger traffic), development of train separation control system, implementation of advanced infrastructure diagnostics tools and cargo handling and storage management. Among other things, the Company put into permanent use an automated traffic management multiloop system for train operation on the Moscow Railway and an unmanned locomotive system for shunting operations on the Okyabrskaya Railway (Luzhskaya station), operating domains were expanded to implement integrated shunting tower for automatic acceptance and diagnostics of rolling stock at sorting facilities, equipment was delivered for implementation of cargo handling operations with the use of clamp-hook loaders, an intellectual system of customer management in freight transportation ('Electronic Claims Administrator') was implemented, the efforts aimed to development and implementation of inter carriage link technology "virtual coupling" continued, a unified process model was designed for operation of Northern Latitudinal Railway domain.

In 2020, the infrastructure facilities were transferred to the train separation

control technology with running blocks at MCC, in the Zhuravka – Millerovo track, transshipment sections of the Eastern domain, and Big Data processing technologies were implemented and machine vision technology was used in rolling stock management, diagnostics and monitoring.

The Company put into permanent use the integrated shunting towers for automatic acceptance and diagnostics of rolling stock at four sorting facilities (St Petersburg-Sortirovochny-Moskovsky, Vkhodnaya-Moskovka, Khabarovsk (2)) which enable productivity improvement.

Some marketing innovations in passenger transportation have been introduced which enhance customer-centricity (improvement of a single client mobile application, introduction of the single ticket for a direct multimodal transportation).

In terms of organisational innovations, implementation of the technology of driving freight trains on an "all in one" basis should be noted, as well as the projects designed to develop interactions with external innovative environment and the projects designed to improve the Russian Railways innovative activity.



³⁶ The Regulations are in effect since May 2021.

³⁷ JSC Research and Technological Institute for Rolling Stock (VNIKTI), JSC Railway Research Institute (VNIIZhT), JSC Research and Design Institute for Information Technology, Signalling and Telecommunications in Railway Transportation (NIIAS), JSC Institute of Economy and Transport Development (IERT).

³⁸ Research and Design Institute for Information Technology, Signalling and Telecommunications in Railway Transportation (a subsidiary of Russian Railways).

³⁹ Moscow Central Diameters (MCD).

⁴⁰ High-Speed Railway.

Plans for 2021

1

Completion of efforts under the foresight aimed to the Russian Railways Group's R&D development for the period until 2050.

3

Transformation of the corporate accelerator into a railway transport accelerator.

5

Development of innovative activities management at the central and regional levels of management.

7

Development of the tools intended to support implementation of innovation driven projects, including rolling out the practice of raising external co-funding for their implementation, arrangement of agreements for delivery of the prospective product/service.

9

Interaction with Innopraktika. A specialised task force has been mobilised to manage environment-related projects.

2

Driving regular integrated benchmarking to measure the level of technological development of the Russian Railways Group against its global peers and KPIs under CIDP-2025 against the peers' figures.

4

Generation of new tools to develop internal entrepreneurship, setting up business incubators based on educational entities specialising in railway industry.

6

Growth of the number of efficient innovative projects initiated as part of open innovations tools.

8

Holding joint events with key partners under the prospective agreement with Rostech State Company. The agreement provides, among other things, implementation of joint projects in developing innovative rolling stock using alternative sources of energy – hydrogen fuel and LNG, reduction of adverse impacts of railway transportation on the environment enabled by innovative technologies.

10

Participation of Russian Railways in Lomonosov cluster of Vorobyevy Gory INTTS⁴¹. Setting up a Russian Railways ecology centre is under discussion intended for interaction with the Chemistry and Biology Departments of Moscow State University in environment-related matters.

11

Approval of the roadmap to implement innovative high-tech products by Rosatom State Company in Russian Railways. As part of the roadmap, some actions were outlined for decontamination and disposal of PCB⁴²-containing electrical equipment and materials, remediation of oil-contaminated soil, design of surface water runoff treatment systems in the tunnels and at railway infrastructure facilities.

12

Approval of the scheduled plan of interaction between Russian Railways and Rosnano in 2021-2022. The scheduled plan provides for actions aimed to create switch locomotives with hybrid tractional driving unit based on lithium-ion accumulators, apply resource-saving and green technologies for railway stations and affiliated healthcare entities. Moreover, as part of a trilateral agreement signed by Russian Railways, Rosnano and Sinara Group, designing of a locomotive with hybrid power equipment based on hydrogen fuel cells has started.

13

Agreement on cooperation with the Foundation for Promoting Innovation. In 2021, the joint contest UMNİK-RZD is scheduled for completion and awarding the winners. As part of the contest, the projects in target areas will be selected, including reduction of carbon intensity of railway services, increase of energy efficiency of railway transportation and reduction of energy consumption in production processes.



⁴¹ Innovative Science and Technology Centre of M.V.Lomonosov Moscow State University.

⁴² Polychlorinated biphenyls.

Digital transformation



2020 performance highlights



International intermodal container service as part of the INTERTRAN project using paperless technology on the Ningbo port (China) – Vladivostok port (Russia) – Kolyadichi station (Belarus) route.



It also established interaction with FTS switching to the tax monitoring regime. Starting from 2020, additionally to JSC Russian Railways, JSC FPC and JSC FFC joined the tax monitoring regime.



Russian Railways launched a new website with all passenger information available on the home page – tickets, bonus programme, promos, contact details.



131 business units of the Company have taken part in the HR digital document management pilot project.



The Company's mobile services have been growing, with 14.7m long-distance tickets and 2m suburban tickets issued via the Russian Railways Passengers mobile app.



The Company completed development of internal digital tools, such as the Employee Service Portal with 10 new services becoming available. Currently, employees of Russian Railways have access to more than 40 digital services, and the number of users exceeded 600,000.



The Company launched document exchange through MEDO.⁴³



A career portal of Russian Railways was launched. It is visited by more than 100,000 people monthly, including both the Company's employees and external users interested in vacancies with the Company.



As part of the improvement of the Foreign Projects automated system, the Company introduced services offering additional features with regard to foreign projects of Russian Railways.



An automated service builder was launched to meet the needs of freight transportation customers.



The Company completed testing of its long-distance travel documents issuance service for passengers with disabilities that uses information from the Federal Register of Disabled Persons.



The Company deployed new software modules for the Intelligent Railway Transport Management System (IRTMS) and developed the core functionality for the IRTMS project in the Eastern Operating Domain.



As part of the Digital Railway Station project, execution control and planning modules were put into commercial operation at the Kinel station of the Kuybyshevskaya Railway and the Chelyabinsk-Main Station of the South Urals Railway.



A blockchain-powered service for managing rail track life cycle was introduced.



The Company designed a new interface for the Personal Account of the Russian Railways freight transportation.



The Company completed the first stage of works pertaining to development of the life cycle management system for infrastructure facilities of Russian Railways based on Building Information Modelling (BIM) technology.

⁴³ Interdepartmental electronic document management system.

In October 2019, the Russian Railways Board of Directors approved the Company's Digital Transformation Strategy until 2025. The document defines the Company's transformation conceptual framework and principles in the digital economy, sets out priorities in digitalisation, including import substitution, as well as resources and technologies required to implement the changes.

An ambitious goal was set: to assess optimisation potential of all Russian Railway processes through the use of digital technologies. To achieve this goal, a complete reengineering of many processes is required, with potential replacement of some of them for more advanced ones.

The Company's Digital Transformation Strategy until 2025 is aligned with the Long-Term Development Programme (LDP) in terms of timing, financial metrics, activities and targets. The financial metrics of the Strategy are in turn aligned with the Company's three-year investment programme. Apart from the integration of digital technology, the digital transformation projects are geared towards improving business processes, updating

regulations and creating a digital culture within the Company.

The specific feature of the Company's Digital Transformation Strategy until 2025 is that it integrates the technological basis, the Russian Railways' IT Development Strategy until 2025. It is impossible to implement a business transformation concept in isolation from the technology component, i.e. computing and telecommunication capacities.

A platform-based approach is one of the key principles of modifying the Company's technological architecture. Within the platforms, it is planned to develop digital services and products aimed to achieve the related business objectives. They could be set up both within the Russian Railway Group and by third parties. Such approach should result in creation of the Russian Railways Group's own ecosystem in the form of a population of developers and business partners applying the Group's data standards and digital platforms to provide services to customers.

“The key element of a platform-based approach is the ability to create new services embedded in the platform-based architecture. Based on our digital platforms, in the future we will develop industry-focused solutions of any level of complexity.”

Evgeny Charkin
Russian Railways IT Director

It is planned to design a range of digital platforms, each of which will become a basic element of IT infrastructure for the key areas of Russian Railways operations:

- multimodal passenger transportation;
- multimodal freight transportation;
- transportation and logistics hubs;
- local infrastructure operator;
- transportation management;
- traction rolling stock;
- business support processes.

Digital travel with Russian Railways.
Russian Railways won the national award for its contribution to the Russian segment of Internet (“Runet Award”) in a special 2020 year nomination “Digital Tourism”. According to the Runet Award expert estimates, Russian Railways made an invaluable contribution to automation of their internal business processes which enabled development of all web-based products and services

CRM system

CRM system transformation will enable digitalising up to 90% of the document flow with freighters, and the industry-based electronic trading platform will become a “window” for provision of freight delivery services, while smart contracts will accelerate and improve performance of Russian Railways business processes. According to the Company's estimation, overall this should help increasing the amount of shipping by 70 million tonnes by the year 2025 only due to implementation of digital technologies.

“CRM and client data management system is core to provision of higher quality B2C services via the Company's website.”

Evgeny Charkin
Russian Railways IT Director

JSC RZD TRANSFORMAION

BUSINESS SERVICES

JSC RZD SERVICES

INTERNAL CLIENTS

- Functional clients
- Employees

EXTERNAL CLIENTS

- Passengers
- Freighters

SUBSIDIARIES' SERVICES

JSC RZD SUBSIDIARIES

- Subsidiaries

SERVICES FOR MARKET

GOVERNMENT

- Ministries and agencies

PARTNERS

- Research centres
- Foundations/start-ups
- Technology partners

COUNTERPARTIES

- Counterparties
- Clients

STRATEGIC DOCUMENTS →

DIGITAL PLATFORMS →

DIGITAL CORPORATE CULTURE

MULTIMODAL PASSENGER TRANSFORMATION

- Multi-modal transportation
- Additional services for passengers
- Customer experience management

TRACTION ROLLING STOCK

- Digital depot
- Locomotive facilities
- trusted environment
- Automatic train driver

LOCAL INFRASTRUCTURE OPERATOR

- Construction and reconstruction
- Diagnostics
- Maintenance and repairs

BUSINESS SUPPORT PROCESSES

- Digital accounting
- Digital HR
- Digital long-term development programme
- Cybersecurity

MULTIMODAL FREIGHT TRANSPORTATION

- Interaction with customers, Electronic Trading Platform "Freight Transformation"
- Trusted environment with the market participants
- Unmanned technologies

E-COMMERCE LOGISTICS OPERATOR

- Logistics for clients of e-commerce
- Last mile delivery

TRANSPORTATION MANAGEMENT

- Transportation planning
- Transportation management

TRANSPORTATION AND LOGISTICS HUBS

- Transportation and logistics hubs management
- Robotized facilities

PROCESS AND LEGAL FRAMEWORK OPTIMISATION

These platforms will be leveraged to develop digital services and improve the effective use of the existing digital assets such as data from information systems to reduce the operating costs or generate additional income. Such services will be geared towards both internal users (end customers, Company's employees) and external customers (mainly passengers and freight forwarders).

The Strategy provides for implementation of 55 projects based on the use of high-potential end-to-end technologies, including the Internet of Things, Big Data, distributed ledgers (blockchain), artificial intelligence, virtual and augmented reality, advanced data transmission solutions (such as quantum communications).

In 2020, Russian Railways became one of the founders of the Digital Economy organisation.

The decision to accept new founders of Digital Economy was taken at the organisation founders' meeting. Currently, the appropriate registration with the Russian Ministry of Justice has been completed.

COVID-19 impact on digital transformation

“The pandemic made digitalisation of transportation industry irreversible. We have survived swine flu, avian flu, atypical pneumonia, but none of them has had such an impact on our life as the current pandemic. Most likely, this happened because it was a trigger for broader global processes.”

Evgeny Tkachenko,
Deputy Director, Digital Transformation
Department, Russian Ministry of Transport

According to Evgeny Kovnir, CEO of Digital Economy, inclusion of Russian Railways in the group of founders will strengthen the expertise of the centres of excellence and task forces. The colleagues' participation in planning introduction of digital technologies will be especially useful for digital transformation of industries.

Currently, the founders of the organisation include 15, the Agency for Strategic Initiatives, VTB Bank, VimpelCom, VEB Innovations, Kiwi, MegaFon, MTS, the Russian Post, Rambler, Rosatom, Rostelecom, Rostech, Open Mobile Platform, Sberbank, SKB Kontur, Skolkovo Foundation, ER-Telecom Holding, Yandex, Mail.ru Group and the Russian Federation represented by the Russian Government



In spite of the pandemic, in 2020 Gartner and Strategy Partners consulting firms carried out an independent digital maturity assessment of the Russian Railways. Various methods of assessment were applied based on a scale of one to five. The final ratings appeared comparable (3.9 – Strategy Partners and 3.58 – Gartner).

None of 55 major projects included in the Strategy has been curtailed during pandemic. Apparently, a part of remote client services were much stronger sought for by partners and clients than expected. In particular, the growth of client base was noted at the Electronic Trading Platform “Freight

Transportation”, and electronic services designed for passengers enabled a 30% growth of e-tickets sales during the reporting year, compared to the previous year results.

The coronavirus pandemic put the Company in an extremely difficult situation: during the reporting year, Russian Railways twice had to take unprecedented actions to move its staff (over 115,000 people) to remote working regime. At the same time, the pandemic demonstrated a growing clients' interest to digitalisation which served as a confirmation of viability of the strategy chosen by the Company.

“Notwithstanding the changes in the conditions of our operations, we decided against revisiting our goals and objectives and did not suspend any of over fifty scheduled projects. However, we specified our priorities bringing the technologies of contactless interaction to the fore both within the Company and with our clients.”

Evgeny Charkin
Russian Railways IT Director

A roadmap for the quantum communication development

In 2020, Russian Railways together with the academic and expert community developed a roadmap for the quantum communication development.

As defined by the Russian Government in the Digital Economy of the Russian Federation national programme, Russian Railways acts as the company responsible for the development of the quantum communications sector. The related letter of intent between the Russian Government and Russian Railways was signed in July 2019.

Russian Railways together with the leading research centres and the expert community prepared a draft roadmap for the development of quantum communication sector that was approved by the Praesidium of the Government Commission on Digital Development, Use of Information Technologies to Improve

the Quality of Life and the Conditions for Doing Business on 27 August 2020.

Russian Railways created a body to manage the Quantum Communications sector, established a Steering Committee for implementation of the Quantum Communications Roadmap which includes representatives of governmental authorities, heads of research centres, major state-owned companies, development institutes and related units and subsidiaries of Russian Railways. It also created the Quantum Communications Section as part of the Russian Railways Scientific and Technical Council that will act as an expert council.

The main goal of the roadmap

“The development of quantum communications technology will enable creating an integrated safe infrastructure for the digital economy, which is especially relevant from the prospective of the current information security threats. The developed roadmap is a result of a joint effort by Russian Railways, centres of excellence and subject matter experts, as well as by the relevant authorities. The key objective of the roadmap and the outcome of our work thereunder should be bringing Russia to the leading global positions in quantum communications technologies, products and services.”

Serгей Kobzev⁴⁴
Russian Railways Deputy Managing Director –
Chief Engineer

⁴⁴ Appointed First Deputy Managing Director by the decision of the Board of Directors in July 2021.

implementation is bringing Russia to the leading global positions in quantum communications technologies, products and services.

The roadmap includes development by the year 2024 of nine priority technologies and over 30 target performance indicators, including production and sales amount, length of quantum networks, the level of technology readiness, availability of human resources.

The key objectives of implementing the actions included in the roadmap are development of the domestic industrial ecosystem, development of goods and services markets, achieving the technology leadership and creation of a professional community of quantum communications researchers and engineers. Implementation of the roadmap suggests attraction of a wide

range of participants and partners in such areas as R&D, production of equipment, ecosystem development, funding.

In 2020, the Company started implementing the project of the main quantum network Moscow – St Petersburg over 700 km long and designed using the original domestic solutions. On 1 June 2021, the first video conferences through a protected quantum channel was held with participation of Dmitry Chernyshenko, Deputy Chairman of the Russian Government, Oleg Belozеров, CEO and Chairman of the Management Board of Russian Railways and Alexander Beglov, St Petersburg Governor.

For more details of the roadmap for the quantum communication development, see sub-section “Quantum Communications” in the Company’s Annual Report.

“It took less than one year to implement the pilot project, and today we are opening a new page in our national history. The project of building the pilot section of the main quantum network Moscow – St Petersburg is completed. It is certainly a real breakthrough in national communications. And this is just the first step. Under the roadmap, we are to implement 120 projects, 75 products and services.”

Oleg Belozеров,
CEO and Chairman of the Management Board,
Russian Railways



Digital corporate culture

The Company arranges training and education of the staff engaged in digital transformation (from Russian Railways executives to regular employees).

From the very inception of the digital transformation process, the Company pays special attention to changing the corporate culture. Russian Railways set the goal of fostering a digital culture which would include digital leadership, focus on innovations, teamwork, publicity, timely communications and receipt of feedback with an emphasis on information security matters.

Russian Railways believe that the key instrument in changing the culture is training, as the Company treats it as a fundamental element of transformation allowing to overcome reluctance and fear of changes inherent in people. In conjunction with the HR function, Russian Railways implemented a range of specialised educational programmes.

In particular, nine workshops "Leaders of Digital Transformation" were held in 2020 attended by 326 staff members of the Head Office and branches. 120 employees were trained under the Digital Initiatives Design methodology.

An important tool of developing digital culture in Russian Railways is the ecosystem of internal corporate communications representing a set of inter-related channels of communication and feedback. Specifically, for over two years a quarterly RZD Digital Transformation News is published in conjunction with Gudok Publishing House presenting details of projects, priorities, discussions and their outcomes.

Russian Railways Group clearly realises the need of deep understanding of digital technology trends by the staff to avoid the risk of inefficient implementation and investments. The relevant expertise is concentrated not only in the IT function. "Agents of Digital Transformation" are highly qualified employees from various units who have a thorough understanding of the principles of production and business components which enables their vision of the room for improvements to be carried out using digital technologies. The Company's management entrusting such experts with a honourable awareness-raising mission and a special responsibility as leaders of implementation of Russian Railways digital projects.

Overall, the digital transformation efforts are aimed to create a digital twin of Russian Railways by 2025 which will consolidate immovable and movable items, management and technological processes, external environment parameters and models of interaction between these elements.

Policies and procedures

In 2020, the following key digital transformation regulations and policies were developed:

- the updated Policy for developing plans of the Russian Railways Digitalisation Programme is approved, along with the unified glossary of Russian Railways digital transformation management, the Library of Templates under the Russian Railways Digitalisation Programme was amended;
- the Regulations of the Expert and Methodology Board of the Russian Railways Digitalisation Programme, as well as of the Committee of Russian Railways IT Architecture are updated and approved;
- the Action Plan of setting up the Russian Railways portfolio of end-to-end digital technologies is approved, including actions designed to prepare the Russian Railways portfolio of digital assets to be offered at the external market;
- the Methodology Guidelines on inclusion of IT products and digital services in the Russian Railways Group export portfolio are developed and approved;
- the criteria for classifying products within the Russian Railways Group export portfolio are approved.

Targets for 2021

1

Creating a digital twin of the infrastructure – digital design of 19 new facilities, development of digital model of 10 stations and a bridge over Kola river. The station digital model includes a full set of SIB equipment⁴⁵, trackage and overhead contact system.

2

Client's Digital Profile – for passengers, this is the ability to manage quality of transportation services, the communication system and multimodal passenger transportation services; for shippers, it is a single base and ability to manage customers' requests, a builder of the service portfolio and a unified set of services with single quality parameters.

3

Development of digital communications between Russian Railways and federal executive authorities.

4

Digitalisation of the end-to-end freight delivery process (ability to remove the human factor from the processes of commercial inspection and operation of shunting humps).

5

Employee's Digital Portrait is a paperless interaction between the Company and employees, benefits, biometrics, digital education, etc.

6

Predictive analysis of the condition of locomotives and elements of their equipment will be tested in the Digital Depot, with continuous development of trusted environment with service companies.

⁴⁵ Signalling, interlocking and blocking equipment.



Information Security

Russian Railways' approach to information security

GRI 103-1, GRI 103-2, GRI 103-3

Russian Railways has adopted an information security management system ("ISMS") for use at its executive offices, branches and structural units. The system is operated by the Security Department, Information Security Competence Centre, regional security centres, information security divisions at regional offices

and partner organisations. Developed in accordance with Russian legal requirements, the system was customised for Russian Railways to meet its current information security ("IS") risks. The ISMS is monitored and analysed regularly to enhance information security at Russian Railways.

General IS management framework

The Security Department is responsible for developing, implementing and ensuring compliance with Russian Railways' information security policy. The Security Department's functions related to IS management are defined in Russian Railways' information security policy and fully disclosed in the department's internal regulations.

In managing information security issues at regional offices, regional security centres are responsible implementing and ensuring compliance with Russian Railways' information security policy. The management functions of the regional security centres are defined in Russian Railways' information security policy and are fully disclosed in the

regulations on these centres.

The ISMS is integrated with Russian Railways' information security systems (AITS⁴⁶ sub-systems and CII⁴⁷ security systems). In view of the risk of cyberattacks and other threats to information security, Russian Railways' focus in addressing security includes the continuous improvement of employee awareness of information security matters, the implementation of organisational and technical information protection measures as required by information security regulations, monitoring of information security and coordination with the federal authorities on the prevention of cyberattacks

When assessing information security risks, management:

- complies with information security requirements, as well as ensures the achievement of operational goals and the continuity of business processes at Russian Railways;
- applies effective measures and tools to respond to new information security threats;
- ensures efficient cooperation between Russian Railways business units in addressing information security issues with clear areas of responsibility and coordination protocols.

The ISMS ensures:

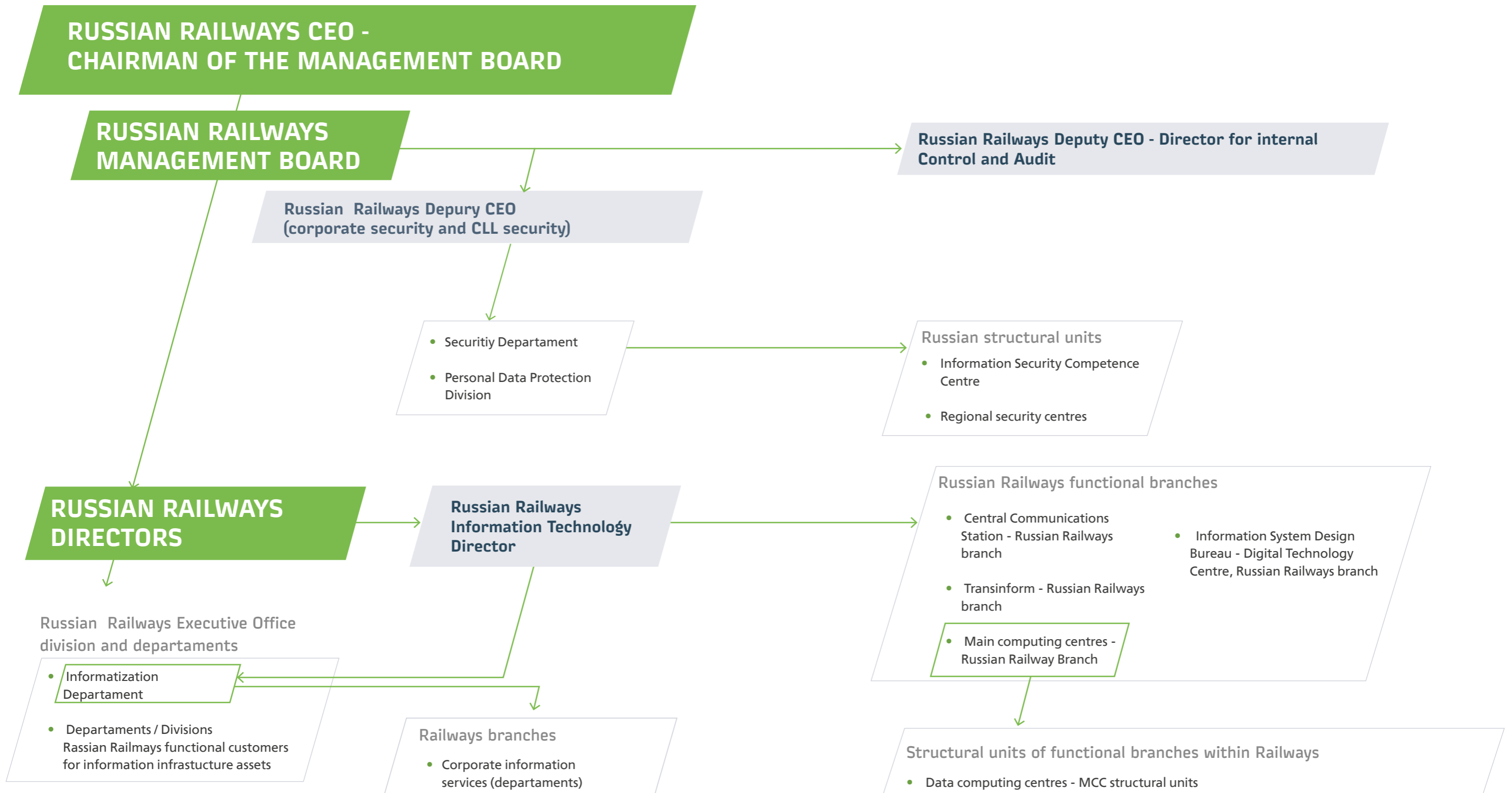
- compliance with federal legislation and regulations;
- efficient management of information security;
- a uniform technical security policy;
- duties of Russian Railways' employees are clearly defined with regard to information security;
- awareness of Russian Railways' employees of information security matters;
- the continuous improvement of information security measures.

⁴⁶ Automated information and telecommunications system.

⁴⁷ Critical information infrastructure.

General IS management framework

BOARD OF DIRECTORS





Protection of personal data

In 2020, the Company established a personal data processing policy.

As one of the world's largest transport companies, Russian Railways is also a major personal data operator. As a result, the protection and security of personal data, including of passengers, are an important element of the Company's business processes.

Russian Railways operates across Russia and in many other countries. In accordance with Russian Railways Group's high level business process map, personal data processing and security are considered a high level process within corporate security management. Russian Railways has designated the person responsible for personal data processing in Order No. 29 of 27 March 2018 "On the Appointment of the Individual Responsible for Personal Data Processing at Russian Railways"⁴⁸.

Personal data protection is key to the evolving digital operations model at Russian Railways and is relevant for the Company's consumers, passengers, counterparties and employees. Complying with Russian and foreign personal data legislation is also a priority, given the dispersion of personal data processing at Russian Railways' offices across the country and abroad. The Company

uses state-of-the-art technology to protect personal data and seeks to ensure that personal data are processed and protected in accordance with international, localised foreign and national requirements.

The Company strives to prevent security breaches related to the occasional or unlawful deletion, loss, change or unauthorised access to personal data or disclosure of personal data transferred, stored or otherwise processed. In accordance with Russian legislation, the Company obtains the consent of personal data subjects before processing (using, deleting, transferring) their personal data. Information is disclosed at the request of government bodies (including law enforcement) only as provided for by Russian legislation. GRI 418-1

According to the Consolidated Statistical Report on Control over Compliance with Personal Data Protection Regime for 2020, the Company received and reviewed 52 complaints from personal data subjects. All complaints were handled in accordance with the appropriate procedures and deadlines, and no additional complaints were filed.

In 2020, Russian Railways business units conducted 10 internal investigations into cases of unlawful personal data processing.

Measures to prevent and remedy breaches:

- Instructions from the CEO's deputies were prepared and sent to the Company's business units. These instructions call for enhancing control over compliance with the existing requirements on personal data processing, including as part of the measures taken to prevent the spread of COVID-19;
- Recommendations on monitoring, organising and conducting checks on compliance with the personal data protection regime were prepared and sent to Russian Railways business units;
- Letters on the need to ensure personal data security during processing were prepared and sent to Russian Railways business units;
- Clarifications on the organisation of automated personal data processing and transfer to Russian Railways' representative offices abroad were prepared;
- Legislative requirements and Russian Railways' regulations on personal data were repeatedly communicated to all employees directly involved in personal data processing;
- Employee trainings on personal data processing and security at Russian Railways and on related matters were continued.

⁴⁸ Individual sub-processes within this business process are performed by different employees from many business units at Russian Railways and are coordinated by the Head of the Personal Data Protection Department.

Russian Railways manages and assesses its risks, including those related to personal data. It develops a list of measures to address the risks, performs ongoing monitoring and improves methods of risk mitigation and prevention. Russian Railways welcomes proposals from its stakeholders on improving its IT infrastructure, but is against the unlawful access to information systems and the publication of the data related to information security in open sources.

The Company trains its employees on dealing with personal data on an ongoing basis. Employees from all Russian Railways business units go through the training programme. Since 2020, an online course on personal data processing and security at Russian Railways has been delivered. The course is designed primarily for managers who were assigned responsibility for personal data processing within specific business units and employees authorised to perform personal data processing.

In 2020, 72,500 employees at Russian Railways completed trainings on personal data processing and security.

Personal data protection documents

Russian Railways personal data processing policy.

Regulation on Russian Railways employees' personal data processing and protection

Procedure for processing and ensuring the protection of Russian Railways employees' personal data.

Instructions on the processing and protection of personal data of users of Russian Railways services, including counterparties and other personal data subjects.

Regulation on the control of compliance with the personal data protection regime at Russian Railways.

Regulation on the control of compliance with the requirements of personal data laws.

Order No. 2226/r of 7 October 2020

Plans for 2021

Updating Russian Railways regulations on personal data to reflect the changes in federal legislation on the procedures for processing personal data permitted for distribution by personal data subjects.

Organising and delivering the South Eastern Railway-based Best Practice School courses on personal data processing and security at Russian Railways.

Providing trainings to those responsible for personal data processing at Russian Railways' business units on the basis of the Higher School of Economics' Programme on Personal Data Processing and Security.



MANAGEMENT OF SUSTAINABLE DEVELOPMENT



Russian Railways and the UN Sustainable Development Goals



Protecting the health of its employees is one of Russian Railways' highest priorities. Leisure and recreational activities are made available to employees at corporate health resorts, hotels, recreational centres and camps. Russian Railways consistently promotes healthy lifestyles and provides employees opportunities to participate in sports activities. Russian Railways took extensive measures to protect the health of its employees and customers during the pandemic. Several Russian Railways healthcare facilities were converted to treat COVID-19 patients.

Please refer to page [XX] for more details about health-care at Russian Railways.
Please refer to page [XX] for more information about measures taken to prevent the spread of COVID-19.



Professional training is provided for employees at 15 education centres. Our Corporate University offers professional development for employees with university degrees and secondary vocational education programmes in cooperation with higher education institutions. Russian Railways also provides specialised educational programmes for school and university students.

Please refer to page [XX] for more details on employee training and development.



Russian Railways' collective bargaining agreement for 2020-2022 covers the majority of the Company's employees. We run a number of corporate programmes supporting certain categories of personnel, including young, retired and soon-to-be-retired employees. Measures taken by the Company during the COVID-19 pandemic have helped to prevent the loss of jobs and led to a shift to shorter working hours.

Please refer to page [XX] for more information about the Company's social policies.
Please refer to page [XX] for more information about measures taken to prevent the spread of COVID-19.



Russian Railways' investment programme is focused on developing and upgrading railway infrastructure and promoting high-speed and ultra high-speed railway transportation. The Company has launched a project to create a digital twin of the Russian railway network, develop transportation management systems based on artificial intelligence, introduce innovative rolling stock, etc., in line with its digital transformation strategy and the Russian Railways Group's Comprehensive Innovative Development Programme. Russian Railways Group promotes partnerships with scientific institutions, manufacturing enterprises and SMEs based on the principle of open innovation.

Please refer to page [XX] for more details on innovation at Russian Railways.



Russian Railways has zero tolerance for any type of discrimination, including gender discrimination, in recruitment, staff development and promotions. The Company has consistently expanded the list of railway jobs available to women. In 2021, the first women started work as assistants to drivers.

Please refer to page [XX] for more detail about support for women.



Russian Railways has launched a clear water project to improve water supply systems and bring the quality of water supplied to consumers in line with the standards set by Russian public health and environmental legislation.

Please refer to page [XX] for more details about Russian Railways' environmental initiatives.



Russian Railways and its subsidiaries are the main providers of suburban passenger transportation in Russia. The Russian Railways Group is integrating suburban transport into urban transport systems and actively developing multi-modal routes and transport interchange hubs to enhance the mobility of the urban population.

Please refer to page [XX] for more details about passenger carriage at Russian Railways



Russian Railways divisions employ reuse, recovery and recycling technology to reduce the Company's environmental footprint. The Company recognises its environmental and social responsibilities and fulfils a self-assumed obligation to ensure the collection of certain types of waste, including paper, cardboard, glass and plastic.

Please refer to page [XX] for more details about waste management at Russian Railways.



Reducing GHG emissions is an integral element of Russian Railways' environmental strategy. Shifting to innovative types of rolling stock and using LNG as an alternative fuel for hauling operations are essential in this context.

Russian Railways also pays a great deal of attention to climate change risks.

Please refer to page [XX] for more details on climate impact management.

Please refer to page [XX] for more information about climate risks.



Russian Railways is a major natural resource user operating in 77 Russian regions. The Company makes a consistent effort to minimise its environmental footprint. In November 2020, Russian Railways approved an action plan to protect Lake Baikal and assumed additional responsibility for the protection of the unique environment in the Central Zone of Lake Baikal Protected Areas.

Please refer to page [XX] for more detail about Russian Railways' environmental initiatives.



Zero tolerance of corruption in any form or manifestation thereof and taking all necessary action to ensure compliance with international and Russian anti-corruption laws are indispensable for the Company's sustainable development. The Company took part in the 2020 Anti-Corruption Rating of Russian Business and its anti-corruption activities were found to be fully compliant with international standard ISO 37001:2016 and the provisions of the Russian Anti-Corruption Charter for Business. Russian Railways was assigned the top A1 rating as a company with the highest level of anti-corruption efforts and a minimum level of corruption risks (associated with a minimum threat to investors, creditors, business partners and other stakeholders).

Please refer to page [XX] for more information about corporate governance.

Please refer to page [XX] for more information about anti-corruption activity.



In 2020, Russian Railways signed the Declaration on Sustainable Mobility of the International Union of Railways (UIC). The Company makes an active contribution to the development of sustainable green transport and the implementation of the Paris Agreement on climate change. The Company enjoys global leadership in energy efficiency of freight transport and traffic safety. In addition, Russian Railways is both a leader and pioneer in Russia's sustainable finance market.

Please refer to page [XX] for more details about Russian Railways' international activities.

Please refer to page [XX] for more details about responsible financing at Russian Railways.

Russian Railways has launched comprehensive projects that contribute to the achievement of several UN SDGs. In 2020, the Company started the Far Eastern Railway as Operating Domain for Advanced Development programme designed to develop the Far Eastern Railway. A steering committee was put together to address and deliver the Far Eastern Railway as Operating Domain for Advanced Development programme. The committee was chaired by Oleg Belozerov, RZD Chief Executive Officer & Chairman of the Management Board. Eight project teams headed by the CEO's deputies were created to implement the programme.

The Programme calls for the achievement of 38 targets, including six linked with UN SDGs, by 2025:

Target 3: Good health and well-being. The goal is to reduce the prevalence of heart disease and cancer among Russian Railways employees by 1.1 p.p. and 0.14 p.p., respectively, by 2025, as well as expand healthcare coverage of Russian Railways employees in the remote areas by 1.9 times by 2023.

Target 4: Quality education. Management and digital skills training is organised for employees.

Target 8: Decent work and economic growth. The goal is to increase the number of tourists carried by rail, which will contribute to job creation, regional economic growth and manufacturing.

Target 9: Industry, innovation and infrastructure. The goal is to increase the share of SMEs in the total cargo volume sent via rail transport (by 1 p.p. in 2021).

Risk management

GRI 102-15, GRI 102-30, GRI 102-31

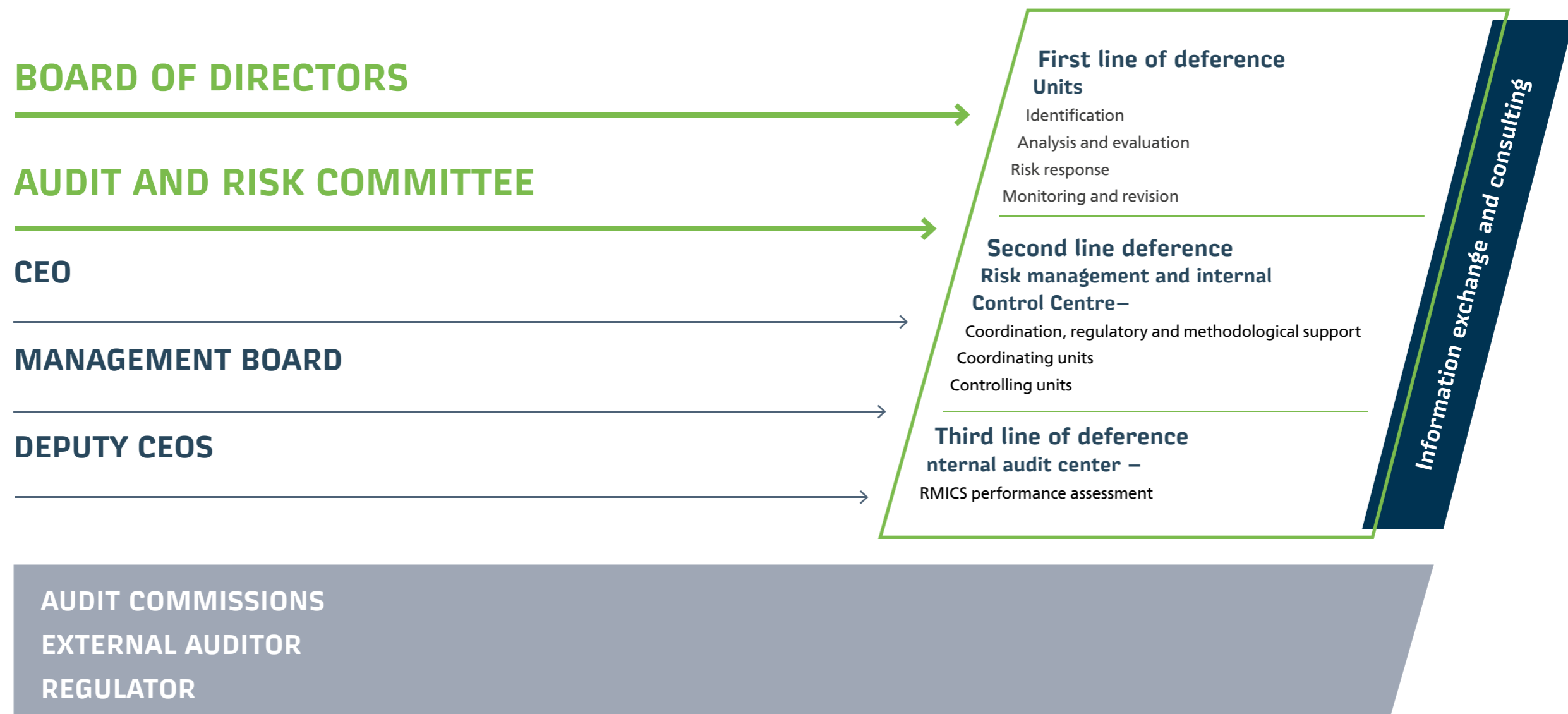
Risk management and internal control system⁴⁹

Effective risk management is performed and integrated into business and decision-making processes across the Company on an ongoing basis. Internal controls are an integral component of the risk management system and the risk management and internal control system (hereinafter, "RMICS") is a part of the corporate governance system.

Participants of Russian Railways' risk management and internal control system

General coordination and methodology support of RMICS risk management process are responsibilities of the Risk Management and Internal Control Centre whose performance highlights are presented in Russian Railways Annual Report for 2020.

In addition, the risk-driven approach is integrated in the Company's routine reporting system. In considering current issues, management analyses risks, and decisions are chosen and taken based on this analysis and assessment of potential economic, social and environmental effects.



⁴⁹ Please see Russian Railways Annual Report for more detail on risk management, key risks and risk assessment.

Risk management process

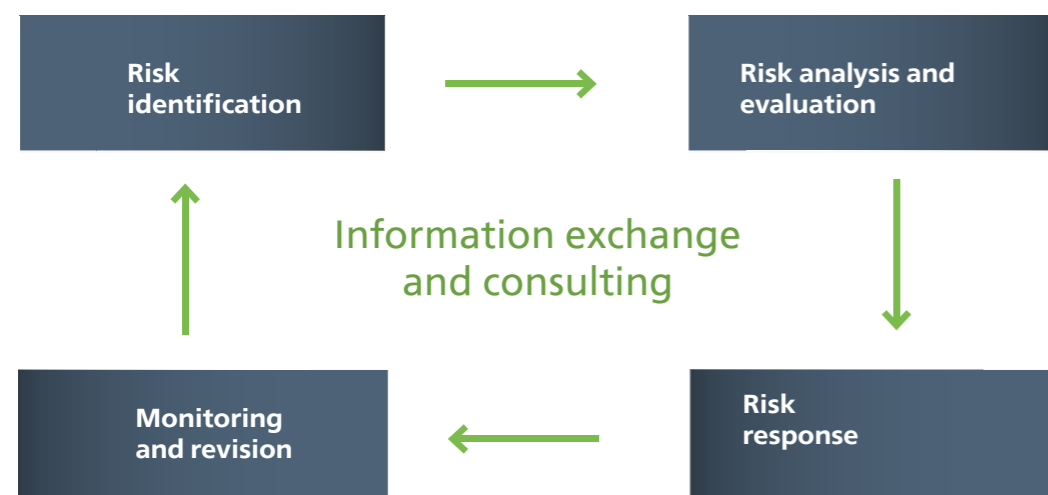
The risk management process is governed by the Company's internal regulations. The risk management and internal control functions produce risk reports which are submitted to and approved by the executive bodies, Audit and Risk Committee⁵⁰ and Board of Directors. The risk reports include information on risks, responses to risks and RMICS effectiveness.

Russian Railways' Board of Directors also determines the acceptable risk threshold (risk appetite), which is used to set the risk tolerance level in taking decisions on methods and responses and to strike a balance between risks and opportunities.

The main reporting forms and documents are prepared on the basis of information from

risk IDs and contain the consolidated data on the Company's key risk monitoring, risk appetite and risk tolerance level, risk portfolio and RMICS self-assessment results.

Information exchange, consultations and horizontal and vertical communications between the process participants are not limited to the reporting periods because risk management and internal controls are performed on an ongoing basis and constitute an integral part of business processes and corporate governance. The correlation between RMICS and KPIs links the strategic, operational, compliance and reporting reliability goals and defines the relevant criteria to achieve them.



The Company has developed and implemented Russian Railways Group Risk Management and Internal Control Development Programme for 2019-2024, which includes:

- creating the risk management infrastructure;
- on-going monitoring and communications with the management bodies;
- self-assessment;
- cascading the methodologies used;
- building/developing RMICS at Russian Railways' affiliates on the basis of the unified approach to ensure integrity of the Company's risk management process.

⁵⁰ Please see Russian Railways Annual Report for 2020 for more detail on sustainability risks.

Sustainability risks

Russian Railways pays particular attention to sustainability risks. Sustainable development of the Company is underpinned by its economic, environmental and social performance as one of Russia's major economic entities.

Russian Railways analyses international sustainability trends, reviews and improves its activity with a sustainable perspective, which makes it possible to leverage new sustainability opportunities in its activity balancing the opportunities for the Company and respective risks.

Russian Railways identifies and manages its sustainability risks⁵¹:

Social risks – please see the People Section for more detail

Health and safety risks – please see the Occupational Health and Safety Section for more detail

Corruption risks – please see the Combating Corruption and Prevention of Corruption Offences Sub-Section for more detail

Climate change risks – please see the Climate Change Risks Sub-Section for more detail

Procurement risks – please see the Responsible Procurement Section for more detail

Information security – please see the Information Security Sub-Section for more detail

Risks associated with implementation of the Environmental Strategy until 2030
Please see the Environmental Strategy for greater detail

Risks associated with implementation of LTP until 2025
Please see pp. 206-208 of the Annual Report for more detail

Russian Railways' Risk Map for 2020 and 2021
Please see p. 209 of the Annual Report for more detail

Financial risks
Please see pp. 212-215 of the Annual Report for more detail

Targets for 2021

In 2021, it is planned to continue developing RMICS by:

- expanding the training coverage of Russian Railways employees, knowledge sharing, further improvement of the training programmes;
- increasing the number of knowledge sharing sites within and outside the Company;
- enhancing feedback tools and developing proactive risk management improvement measures, including through achieving the sustainable development goals;
- implementing a single information platform (portal) for RMICS, developing risk management automation;
- further comprehensive risk analysis, evaluation and modification of risk responses; using the results in decision-making and further RMICS integration into the process management model;
- further building uniform approaches in the Company by improving RMICS of the affiliates.

⁵¹ Please see Russian Railways Annual Report for 2020 for more detail on sustainability risks.

Sustainable finance

Green finance

Russian Railways is one of the largest ESG borrowers in the local market and the only corporate borrower representing Russia in the green Eurobond market. In 2020, Russian Railways reaffirmed its leadership in the sustainable finance market as March saw it successfully offer another issue of 6-year 0.84% CHF-denominated green Eurobonds worth 250 m. The placement featured the lowest-ever coupon among the Company's Eurobonds in various currencies. It also marked an all-time record among CHF-denominated Eurobond issues of Russian and CIS issuers. The deal's green label helped secure strong investor demand, and its success is all the more remarkable given an increased volatility in international capital markets caused by the spread of the coronavirus.

In September 2020, Russian Railways completed the first-in-Russia deal to issue green perpetual bonds that have been certified for compliance under Russian and global green finance standards⁵². The demand in the orderbook was represented by a wide range of investors allowing for three reductions in the rate spread (the first coupon rate at 7.25%, then Federal

Loan Bonds (OFZ) at five-year maturity + 1.65%) and an increase in the issue size up to RUB 100bn. The issue won Cbonds' The Deal of the Year Award in ESG offerings to become the largest bond placement at the local market in the Company's history and the most massive green bond issue ever among Russian companies.

This perpetual bond issue was undertaken to finance/refinance the green projects outlined in [Russian Railways' Sustainability Projects Financing Framework](#). These projects include environmentally friendly transport (purchase of electric locomotives and electric trains), constructing new railway lines and reconstructing the existing ones to facilitate reduction of the Company's environmental footprint, electrifying railway line sections to cut GHG emissions, building purification and treatment facilities for pollution control, etc.

At the end of 2020, Russian Railways had three green bond issues outstanding, namely Eurobonds worth EUR 500m and CHF 250m, as well as local perpetual bonds worth RUB 100bn (please see the details in the table below).

Russian Railways' green bonds outstanding at the end of 2020

Type	Issue parameters	Listing	Second Party Opinion	Reporting
2019 Eurobonds	EUR 500m, 2.2%, due 2027, XS1843437036	Euronext Dublin	Sustainalytics 2019	Green Bond Report (May 2020)
2020 Eurobonds	CHF 250m, 0.84%, due 2026, CH0522690715	SIX Swiss Ex-change		Green Bond Report (May 2021)
2020 Local Bonds	RUB 100bn, perpetual, RU000A102564	Moscow Ex-change	Expert RA 2020	A separate report is planned for release during 2021



In 2020, a new source of long-term finance was considered – loans from international development institutions to finance sustainability projects and reduce the negative impact of the coronavirus pandemic.



⁵² Expert RA Agency expressed their independent opinion on compliance of Russian Railways' perpetual series 001B-03 bond issue worth RUB 100bn with the [International Capital Markets Association \(ICMA\) Green Bond Principles](#) and provisions of [VEB.RF Methodology Guidelines for Developing Green Finance-Related Investment Activity in Russia](#)

Social Bonds

In December 2020, Russian Railways marked the first-in-Russia social Eurobond issue. The 7.25-year social bonds raised RUB 25bn and were priced at 6.598%. This issue was the record high in three parameters at once: the largest issue of Russia's corporate Eurobonds, the longest-dated corporate Eurobond offering ever issued and the lowest coupon for such Eurobonds with maturity over 5 years. The proceeds are used to finance social projects as provided in Russian Railways' Social Finance Framework, including transport infrastructure upgrade to increase accessibility for reduced-mobility passengers, developing the healthcare system at Russian Railways, offering educational services, as well as implementing measures to prevent the spread of the COVID-19 infection.

The issue was prepared in line with the International Capital Markets Association's Social Bond Principles. The compliance confirmation was issued by Sustainalytics, a leading independent ESG expert and rating agency.

Type	Issue parameters	Listing	Second Party Opinion
2020 Eurobonds	EUR 25bn, 6.598%, due 2028 XS1843437036	Euronext Dublin	Sustainalytics 2020




Russian Railways' sustainable finance plans

Russian Railways intends to continue using the sustainable finance instruments to implement its social and environmental projects aiming to cut their environmental footprint, including GHG emission reduction.

Given its extensive experience in funding the sustainable development projects, including based on the international standards and principles, the Company actively participates in the development of guidelines for promoting investment activity in the area of green and social finance in Russia to bring them closer to recognised international standards. The Chief Executive Officer – Chairman of the Management Board of Russian Railways is a member of the Russian Economic Development Ministry's Sustainability Expert Council. In addition, the Company works with representatives of the relevant federal authorities, Bank of Russia, VEB.RF and other stakeholders. Russian Railways will continue developing sustainable finance instruments in 2021.

Russian Railways – ESG ratings

Russian Railways' sustainability efforts are regularly assessed by independent analytical and rating agencies, such as MSCI, Sustainalytics, ISS and RAEX-Europe. Given the global challenges, Russian Railways understands the importance of improving their sustainable development rating for the Company's stakeholders. Russian Railways reviews reports by rating agencies on an ongoing basis to enhance the Company's business processes and adopt best practices in sustainable development, taking into account their business specifics and regulatory environment. Currently, the Company is streamlining their non-financial reporting to disclose important information about their sustainability efforts. In the same time, due to the Company's governance specifics and the regulation environment, not all of the ESG rating requirements could be met, some of them (e.g. the number of independent directors) are not under the Company's control, which, in a result, may affect the final ESG rating.

	As of 2020, Russian Railways received an MSCI ESG Rating of BB.
	Russian Railways received an ESG risk rating of 27.0 (at 30 August 2020) and was placed by Sustainalytics in their Medium Risk category.
	Russian Railways was assigned a C grade, a Decile Rank 2*, in the ISS ESG Corporate rating.
	At the end of 2020, Russian Railways ranked fourth in the ESG ranking of Russian companies compiled by RAEX-Europe.

* Decile Rank - The Decile Rank indicates in which decile the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry).

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CUSTOMERS AND
QUALITY



Customers and quality



2020 performance highlights

1,2bn t

Handled 1.2bn t of cargo

872 m passengers

Carried 872m passengers to their destinations

Reduced by **17%**

Reduced the number of railway accidents by 17%

98,8%

Ensured scheduled departure of 98.8% of passenger trains and 74.26% of freight trains

74,26%

Ensured scheduled departure of 74.26% of freight trains



Supported shippers affected by economic slowdown



Developed a user-friendly mobile app for passengers and new services for shippers



Launched an SME Export Express service for SME exporters to facilitate cargo consolidation, customs clearance and dispatch procedures



Protected the health of passengers with effective COVID-19 prevention means, including by implementing remote services



Provided assistance and escort services to 165,000 passengers with reduced mobility at more than 1,500 railway stations and stops

Passengers

The Company's approach to serving its passengers

GRI 103-1, GRI 103-2, GRI 103-3

Russian Railways provides traditional long-haul and suburban passenger transportation services.

The Company's priorities include continuously improving its services, developing new products and services, expanding its digital services, and providing comfortable and convenient transportation services for all categories of passengers. In 2020, the Company's focus was on safety and protecting the life and health of its passengers and employees.

In 2020, performance in passenger services was affected by COVID-19 pandemic, border closures, the cancellation of international flights and government-imposed restrictions and lockdowns. The volume of passengers decreased 27% in 2020 in comparison with 2019.

Passengers transported by rail, overall			
Passengers transported by rail, overall (in thousands of people)	2018	2019	2020
	1 157 212,6	1 197 837, 792	871 976,142



“Many of the solutions adopted in 2020 in response to the COVID-19 pandemic have become an essential part of our production and management processes and fully ensured the resilience of the Company's passenger services.”

Dmitry Pečov
Deputy CEO of Russian Railways



Key COVID-19 measures



Refunded tickets, including non-refundable ones, to all passengers who cancelled their trips during the lockdown. Reduced cancellation fees for the return of unused tickets by a factor of 100 (to RUB 2.1). From March to September 2020, passengers were refunded a total of RUB 16.9bn for more than 7.1 million tickets. Provided passengers with remote options to cancel their tickets, obtain refunds for long-haul tickets and prolong their business travel passes for long-distance travel.



Introduced mandatory contactless temperature checks at entrances to railway stations and before boarding trains. Allocated premises with the necessary thermometry, disinfection and personal protective equipment for the temporary placement of passengers with symptoms of contagious diseases at railway stations.



Organised the regular disinfection of premises (up to eight times per day) and surfaces (every two hours). Organised inspections of ventilation systems, introduced waiting area ventilation schedules and checked the functionality of sterilisation lamps, filters and air sanitisers.



Put social distancing markings at all facilities. Developed schemes to divide passenger flows within railway stations.



Introduced the preferential use of online services and cashless/contactless payments in servicing passengers and visitors.



Implemented a quick customer response service to ensure that customers receive same-day responses. Users of the RZD Passengers mobile app were provided with an opportunity to get assistance on any issue in real time.

Customer service

To improve the quality of passenger services, the Company is planning to launch the Russian Railways Customer Support Centre at the Unified Information Service Centre (“UISC”) on 1 November 2021. Starting in December 2019, the Company has performed comprehensive background work, including examination of UISC current processes and technologies to meet this objective.

In 2020, steps were taken to improve the quality of customer service based on new principles of communications with customers.

In 2020, steps were taken to improve the quality of customer service based on new principles of communications with customers.

The Russian Railways Customer Support Centre will operate as a single centre of communication with passengers, including information on delays, based on the following capabilities:

- a multifunctional CRM system enabling comprehensive control by Russian Railways with access to the necessary data
- in real-time;
- functionality for conducting marketing campaigns;
- new KPIs on improving services (specifically, 80% of calls will be taken within 20 seconds, 20% will be answered in up to seven minutes, and the proportion of dropped calls will be lowered to 3%; performance will be measured on a daily basis);
- topic-based expert groups (second line of support) on a broad range of topics, subject to preliminary training of operators, plus quick help in serving online customers;
- Skype-based video consultations will be launched to support customers with special communications needs.

Customers will be able to obtain information before operators answer the call. Automatic speech recognition (ASR) systems will clarify customers’ questions and interactive voice response (IVR) systems will help to respond.

Intelligent chat bots will help to process questions on the most popular topics by quickly providing customers with text responses, understandable graphics and video materials.

Interaction with customers will be conducted 24/7 through various communication channels, including text message, email, WhatsApp and Viber, mailings and outgoing calls).

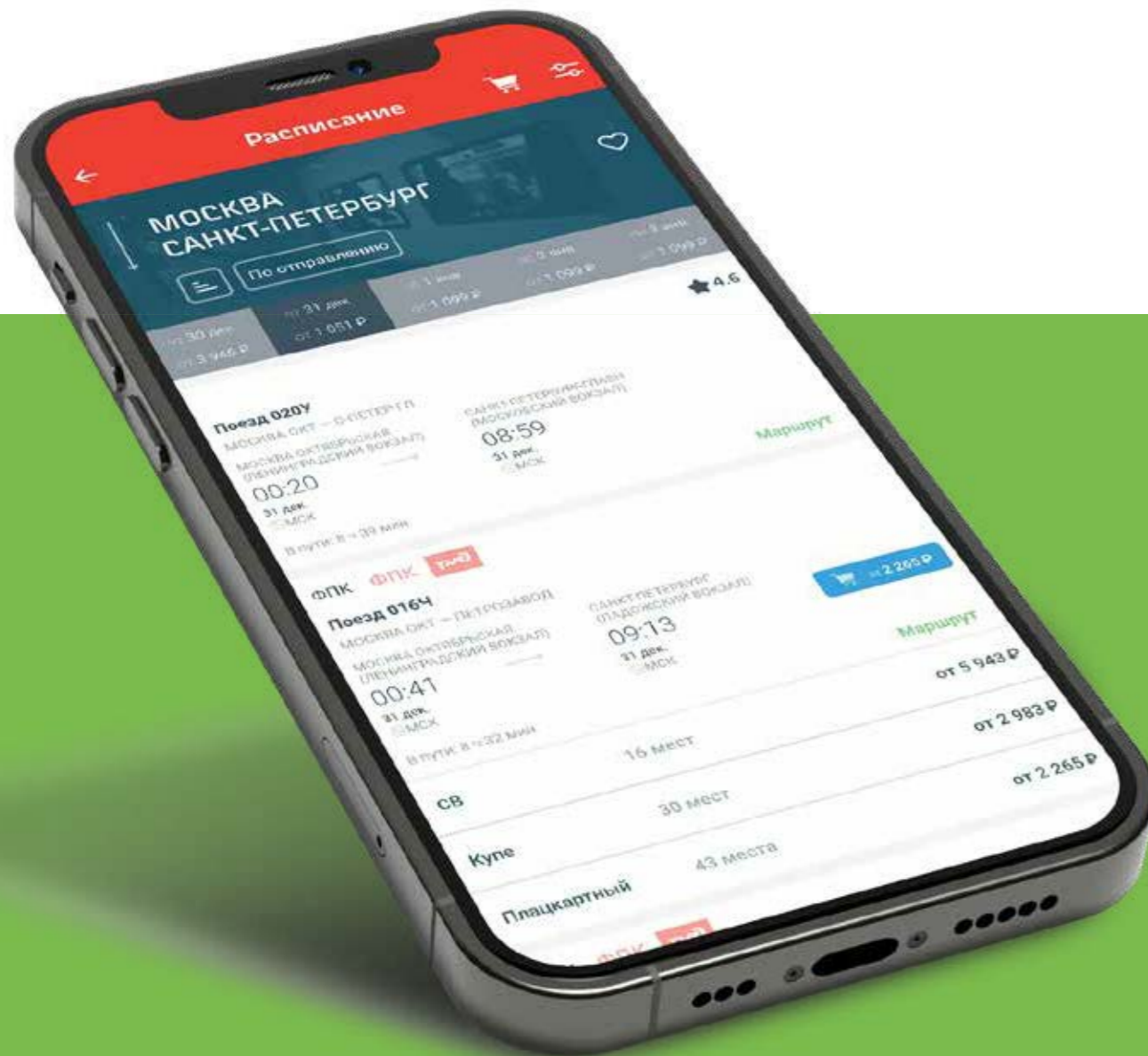
In 2020, Russian Railways provided passengers with the opportunity to compare the environmental impact of travelling by car or rail. A green leaf icon was added to the RZD Passengers mobile app and customers’ personal accounts on the rzd.ru website. When customers book an e-ticket, the icon (when hovered over) displays information on the amount of greenhouse gas emissions that the customer can save by choosing to travel by train instead of by car.



RZD Passengers mobile app

In addition to the website and 24/7 free helpline for purchasing tickets and obtaining refunds, Russian Railways passengers can use the RZD Passengers mobile app.

The RZD Passengers mobile app is a modern channel that provides all the services that passengers may need.



Key services offered by the app include:



long-haul and suburban train schedules;



ticket sales for long-haul and suburban trains;



helpful information and news.



information about railway stations;



railway station maps;



train traffic information;



feedback form;



refunds for tickets purchased via the website or mobile app;

The mobile app is available for iOS and Android platforms in the AppStore, Google Play and AppGallery.



Service quality monitoring

Starting from 2017, Russian Railways has regularly monitored passenger satisfaction with the quality of services.

Feedback channels are available to all categories of passengers. Fares, as well as the condition of trains and railway stations, are the most important criteria for passengers in assessing the quality of services.

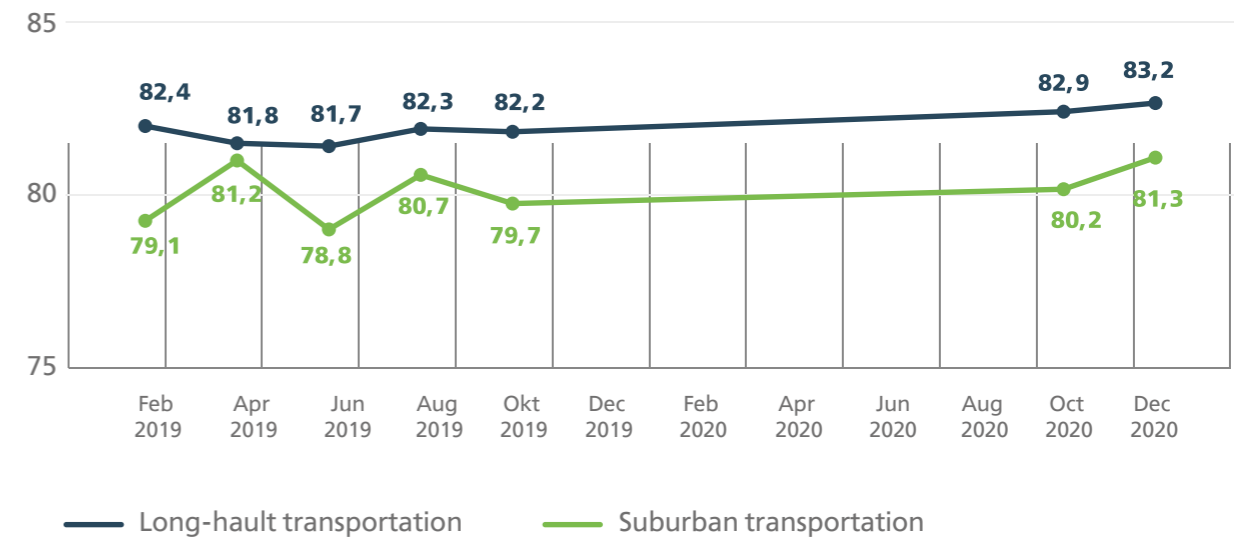
To help reduce the number of complaints, employees continue to receive relevant trainings and briefings.

The number of complaints about trains and railway stations is declining. Requests on these topics are processed within four hours by the quick customer response system handled by UISC operators and on-duty employees from the passenger transportation units.

In addition, oversight of sanitation and hygiene products in restrooms was enhanced to reduce the overall number of complaints, which has been particularly important during the COVID-19 pandemic. En route train cars are cleaned at least four times a day using detergents and disinfectants, instead of two times, as normally required. En route clean-up is focused on surfaces frequently touched by passengers, such as handles, doors, corner handles and tables. All long-haul train cars undergo disinfection using antiviral substances.



Internal passenger satisfaction survey results, score point



Processing of customer requests

Indicator	2019	2020
Total number of customer requests, including	109 580	73 733
Information and explanation	61 856	44 592
Acknowledgements	24 405	17 725
Complaints	23 319	11 416
Average complaint processing time	No more than 30 days	No more than 30 days

In order to improve the quality of services and maintain passenger loyalty, starting from 1 January 2021, Russian Railways began rewarding passengers who provide train managers with suggestions on improving the quality of services with additional points under the Russian Railways Group's RZD Bonus loyalty programme.

Development of railway stations

In 2020, the Company renovated and repaired 184 facilities, including railway stations in Ivanovo, Petrozavodsk, Ulan-Ude, Chany, Tatarskaya and Sosnogorsk.

The station in Ivanovo is Russia's seventh largest hub and a prominent constructivist landmark. The renovation project sought to preserve the station's unique architectural elements. The facility is now a technologically advanced and comfortable station that is accessible to all passengers, including those with reduced mobility.

Sosnogorsk now features Russia's first modular passenger railway station. It was designed using building information modelling (BIM) technology with digital representations of its architectural, structural and engineering specifications. The new building boasts comfortable rest areas and ticket offices, as well as special rooms for passengers travelling with children.



Passengers with reduced mobility

Russian Railways is focused on making its services accessible to passengers with disabilities and other groups of people with reduced mobility. The Group has aligned its LDP with the relevant provisions of Russian government programmes and complies with Russian legal requirements to make transport services accessible to passengers with reduced mobility.

The Company continues to focus on expanding the number of stations and trains fully accessible for people with reduced mobility.

As at the end of 2020:



103 railway stations and 276 stops were fully accessible (or 8% and 3% of all railway stations and stops, respectively). Other railway stations are partially accessible (functional areas were made accessible; some areas were adapted to meet the needs of people with reduced mobility);



long-distance trains include wagons specifically designed to carry passengers with disabilities. These cars were equipped with seating aids, wider doors and passages, comfortable restrooms and specially designed berths. A total of 995 (or 88%) of long-distance trains are accessible for people with disabilities.



556 or 21% of suburban electric train cars have been adapted to carry passengers with reduced mobility;



253 or 100% of high-speed and ultra-high-speed passenger trains were fully accessible.

To create a barrier-free environment, wheelchair ramps, elevators and other devices have been installed at railway stations. For vision-impaired passengers, tactile contrast signs, pictograms, mnemonic diagrams and tactile boards in Braille have been put in place. The Russian Railways website has a version adapted for the vision impaired. Booking and waiting areas are equipped with induction systems for passengers with hearing difficulties. Booking offices have been outfitted to meet the needs of wheelchair passengers. Bathrooms for the disabled are available and waiting halls have been equipped with specially-designed rest areas.

The Russian Railways Mobility Assistance Centre—a unique project operating across Russia—is designed to provide information and services to passengers with reduced mobility. At the end of 2020, more than 1,500 railway stations and stops (and increase of 76%) are covered by the Centre.

Passengers with reduced mobility who have applied for an escort are met by rail transport employees, who provide assistance with ticket purchases, baggage, boarding and disembarking. In 2020, more than 165,000 passengers with reduced mobility were served (73.8% as compared to 2019).



Targets for 2021

Russian Railways has laid out the following plans for the development of passenger transportation in 2021:



expanding capabilities of its e-channels and digital services, developing sales of subsidised tickets, subscription tickets and tickets for suburban trains with seat reservations, and designing an app for Huawei devices (in addition to iOS and Android);



changing the approach to food service (using restaurant cars for long-haul trains and double-decker, tourist and international trains and equipping service areas in administrative cars for the remaining trains);



completing the renovation of the Petrozavodsk and Ufa railway stations, the Murmansk railway station forecourt, the Mozhga transport interchange hub and the Rzhev Memorial stop;



rolling out a contractual model of cooperation with motor carriers to the railway station network, including by expanding interchange hub formats.



creating regional information service centres and information terminals at railway stations to provide information to passengers and railway station visitors with disabilities, including people with hearing difficulties;



enhancing the quality of communications with passengers and delivering personalised offers;



making multiple improvements along the whole passenger journey, including more advanced and tech-savvy surveys to online bookings;



purchasing eight EP3D AC electric trains, 18 RA-3 railbuses and 26 Lastochka trains;

Freight transportation customers

The Company's approach to freight transportation customers interactions

GRI 103-1, GRI 103-2, GRI 103-3

In the field of freight railway transportation, Russian Railways is the only carrier across its entire infrastructure. The Company provides the following core freight transportation services to businesses:



railway transportation



rolling stock provision



full logistics support



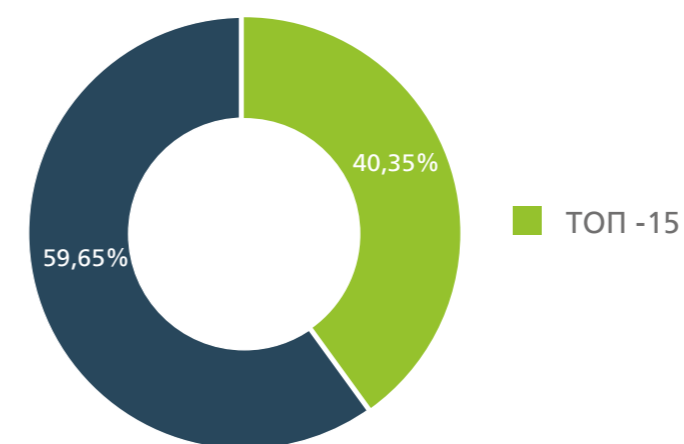
terminal and warehouse services

Russian Railways implements advanced logistics technology, creates an automated customer relationship management system and a unified catalog of freight services, expands the international coverage of services, designs and launches new shipper services on an ongoing basis. Centre for Corporate Transport Services ("CCTS") is the special branch responsible for freight transportation customers interactions.

During the pandemic all CCTS units and agencies across the whole railway network worked 24/7 to ensure continuous goods supply. Special focus was placed on order receipt and timely delivery of food and other social cargo, prompt response to urgent government requests.

The Company established a task force to provide prompt shipper support and coordinate all links of the transportation chains in compliance with all COVID-19 prevention and containment requirements. The task force is led by Alexey Shilo, Deputy Managing Director, Russian Railways, Head, Centre for Corporate Transport Services.

Key shippers:



1. AO SUEK



6. PAO Severstal



11. AO HC SDS-Ugol



2. OOO Evrazholding



7. PAO NLMK



12. PAO Gazprom Neft



3. PAO OC Rosneft



8. PAO Mechel



13. AO MCC EuroChem



4. OOO MC METALLOINVEST



9. PAO LUKOIL



14. PAO MMK



5. AO MC Kuzbassrazrezugol



10. PAO PhosAgro»



15. PAO Gazprom



Key COVID-19 measures

- ✓ Launched a legally binding electronic document management service. More than 21,000 business partners used the service and generated over 3.8m electronic documents.
- ✓ Provided customers with free container storage services for up to 30 days at 6 container terminals for the accumulation of container trains from March 2020 to March 2021.
- ✓ Offered a 5% discount for cargo handling and storage services ordered via the Freight Transportation electronic trading platform ("FT ETP") in March–August 2020.
- ✓ Launched a Hot Summer loyalty programme covering a broad range of cargoes and applicable to domestic, export and transit shipments. The loyalty programme helped the Company resume cooperation with 34 former clients and to attract 93 new partners.
- ✓ Provided box railcars for mixed consignments at reduced prices to AO FFC⁵³ during the period of high alert regime. Transportation costs for shippers were reduced to the level of the tariff for the transportation of cargo in a general-purpose wagon. Offered a preferential 90% discount to clients for the storage of crushed aggregate at 71 freight yards of the Kaliningrad, Moscow, Northern, Gorky, Privolzhsk, and West-Siberian Railways from May 2020 to the end of March 2021. The service was mainly used by companies engaged in road repairs and construction.
- ✓ Russian Railways implemented a technology discount programme (reduced loaded and/or empty turnaround via early deliveries enabling the shipper and the operator to agree optimal pricing conditions for rolling stock provision).

⁵³ AO Federal Freight Company



Customer service system for shippers

- ➔ Russian Railways reduced tariffs for short-haul freight transportation within Russia.
- ➔ To attract additional volumes, Russian Railways Management led by Oleg Belozеров, CEO and Chairman of the Management Board, set downward adjustments for certain cargoes.
- ➔ This measure aims at driving rail transport competitiveness at the internal freight transportation market, expanding the customer base by optimising enterprise logistics and attracting additional transportation volumes.
- ➔ The discount amount and the maximum transportation distance it covers depend on the tariff class of the cargo.

There is a dedicated section for freight transportation customers at the Russian Railways official website. In their personal accounts, customers can learn the preliminary transportation cost, place an order, select additional services, fill out electronic documents, and also find rail freight transportation guidelines, an interactive map of Russian Railways infrastructure, and more.

The Remote Assistant helps correctly and promptly organise freight transportation for any distance, get answers to FAQ on transportation organisation procedure and document fill-out nuances.

Remote assistant

The shipper's personal account features a dedicated page with the Russian Railways Ecological Memorandum containing information on the Company's contribution to carbon footprint reduction, CO2 emission reduction counter and the number of trees thanks to paperless workflow since the beginning of the year. Also, there is an online calculator to measure the reduced carbon footprint for rail shipment compared to diesel truck shipment.

In the end of 2019, Russian Railways implemented the FOCus technology for faster freight transportation customer requests processing and better response quality. There is a dedicated hotline for freight transportation customers. From now on, the Company is always in touch with the shippers and customer complaints from multiple channels are fed into a single information system

These functions are available via the following feedback channels:

- personal account or Russian Railways website;
- 8 (800) 755-0000 (toll-free call from all Russian regions);
- 8 (499) 605-0605 (international calls, charged individually by respective operators);
- email cargo.support@rzd.ru.

Complaints	Number
Total number of customer complaints in 2020, including	15927
En route railcar delays	8845
Untimely marshalling	3641
Untimely cargo acceptance/issuance, transportation documents completion	2709
Quality of railcars provided for loading	366
Russian Railways branch service quality	187
Other	128
Quality and timeliness of loading and unloading operations on public rail-ways	40
Software performance	11
Average complaint processing time (hours)	4,88



Russian Railways for small and medium-sized businesses

Digital services have encouraged almost three hundred new enterprises, mainly small and medium-sized businesses, that had never used railway services before, to become our customers. This customer group is of great importance to us. With 16% of transportation volume, it accounts for 46% of Russian Railways revenues.”

Oleg Belozеров,
CEO and Chairman of the Management Board,
Russian Railways

As part of its small and medium-sized businesses (“SMB”) support programme, Russian Railways seeks to improve shipper services for this customer group.

In November 2020, in partnership with the Russian Export Centre, Russian Railways Logistics launched SMB Express Export service focused on providing logistics services to small and medium-sized businesses exporting goods abroad via online sales channels. Russian Railways provides a full set of services for cargo consolidation, customs clearance and goods shipment.

The service has the following benefits:

- general cargo consolidation and storage at terminals;
- a full set of warehouse services required by exporters;
- faster delivery compared to sea freight;
- first and last mile services;
- customs clearance;
- regular shipments (1-2 times a week);
- available express air freight transportation for small cargo batches;
- available cargo consolidation and shipment from different Russian regions;
- reimport of unsold goods.

The service will be expanded to cover Europe and South-East Asia.

In 2020, Russian Railways implemented additional measures to support SMBs, such as discounts for cargo handling and storage services ordered via the FT ETP. Furthermore, a dedicated feedback channel to enable prompt response to customer requests and complaints was established in the Russian Railways Unified Information Service Centre.

Shipper services improvement

To improve its shipper services, Russian Railways continues to develop FT ETP, with the following results by the end of 2020:



At year-end, FT ETP connected over 97 service providers (up 42.6% vs 2019), including 82 rolling stock operators; 8 stevedores; 3 terminal and warehouse operators, including the Moscow-based Central Directorate for Management of the Terminal & Warehouse Complex (Russian Railways’ subsidiary in Moscow).



Vendors and shippers can now see each other at the pre-order stage which drives commercial appeal of vendor-customer interactions at FT ETP enabling operators to secure their current cargo base and solve the empty run return problem.



In 2020, the Company developed an enhanced FT ETP interface for interaction with service providers (rolling stock and port terminal operators) and launched a cloud service, thus helping them save on in-house IT services.



Implemented an online empty railcar fleet management service at Russian Railways network which is now available to non-residents.



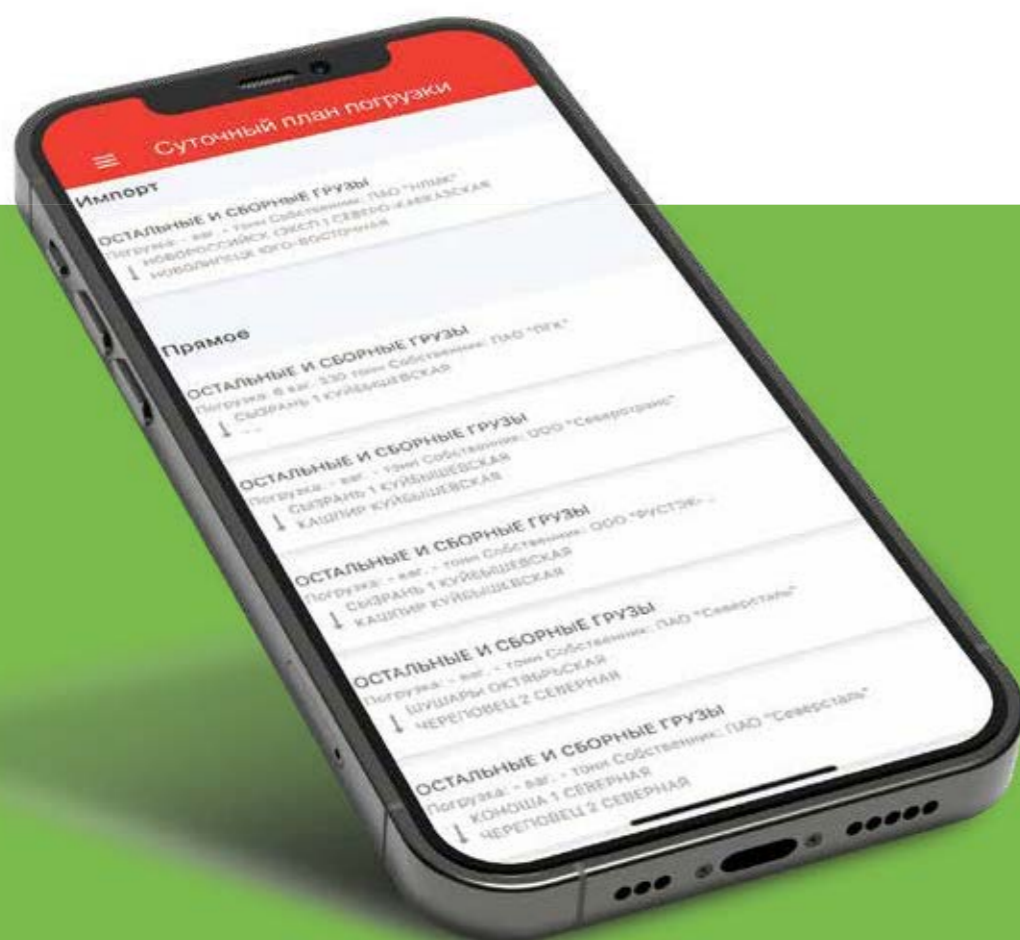
To attract customers and provide easier access to its services and infrastructure, Russian Railways opened sales offices across all its network in Russia. At year-end 2020, the Company operated 69 regional and local sales offices. In the reporting period, sales offices attracted around 3,000 new railway customers.

In December 2020, as part of its gradual transition to an automated customer relations management system, Russian Railways launched an automated on-demand freight service portfolio builder enabling customers to select freight transportation services they need in online environment.

Russian Railways employs a multichannel monitoring system to collect customer feedback. According to VCIOM, as at September 2020, Russian Railways' consolidated customer satisfaction index in the freight transportation segment remained moderately positive at 61.7% (up 1.4 pp vs December 2019 through February 2020).

'RZD Cargo 2.0' mobile application

For freight transportation customers' convenience, RZD Cargo 2.0 mobile application was developed providing for an easier freight transportation management enabled by such options as: sign an incoming document, track your railcar/container, plan loading.



Targets for 2021

Transportation and logistics development targets for 2021 include:

- Interact with shippers and consignees to increase transportation to/from the People's Republic of China, engage the Baltic Sea Basin ports into the existing shipments logistics, increase vegetable and canned goods rail transportation shipments in the Eastern Operating Domain;
- Implement the project to outsource RZD Logistics for low-density lines, dedicating base railway stations for Russian Railways truck cargo inflow and outflow with subsequent loading to trucks;
- Continue digitising customer experience including via extending the functional capabilities of the Russian Railways freight transportation customer's personal account and via further development of commercial dispatching services till full automation of their technical processes.

Furthermore, the following tasks were set for transportation and logistics development area:

- Run test international piggy-back transportation;
- Organise postal traffic along the China – Kaliningrad – China and China – Europe – China in collaboration with the Russian Post;
- Develop Freight Express;
- Provide one-stop shop customer service;
- Implement blockchain-enabled smart contracts;
- Develop small-batch freight transportation via sales offices (by proxy of RZD Logistics);
- Actively engage in implementing regional and federal projects in the regions by organising delivery of required supplies to construction sites;
- Expand container transportation with more cargo types;
- Develop transporter freight transportation providing one-stop shop oversized, overweight and long cargo transportation services at competitive rates and tariffs;
- Expand the sanctioned cargoes delivery geography by using electronic navigation seals;
- Run test transportation and organise procurement procedures to purchase flat cars for semi-trailer transportation between large urban agglomerations.

Activities of the Consumer Council on Operations of Russian Railways

The Consumer Council on Operations of Russian Railways and its subsidiaries and affiliates is a working body of the Russian Government Commission on Transport in charge of public scrutiny. Russian Railways and the Consumer Council mainly interact through the Company's representatives that attend meetings of the Council and its committees to consider Russian Railways' key activities.

In 2020, the Consumer Council focused on:

- regulatory framework improvements affecting railway operations and development;
- tariff regulation for railway services;
- financial projects and the investment programme of Russian Railways;
- customer satisfaction surveys in freight and passenger transportation;
- major investment projects of Russian Railways, including their process and price audits;
- transport safety enhancement.

Traffic safety

GRI 416-1, GRI 416-2

Under the Federal Law "On Rail Transport in Russia"⁵⁴ and the Technical Operation Rules for Railways in Russia⁵⁵, Russian Railways must ensure the safety of the services it provides.

The core traffic safety management tool is the traffic safety condition factor analysis. Based on the factor analysis findings provided by the Emergency Response Centre, Russian Railways functional branches and structural units develop required corrective and preventive measures. Based on the factor analysis findings, linear units are classified into internal control groups.

In 2020, the Company's transportation and rail transport operation safety efforts focused on the following tasks:

- manage residual traffic and rail transport operation safety risks;
- ensure compliance of Russian Railways facilities with the Technical Operation Rules ("TOR");
- enhance traffic safety culture across the Russian Railways holding.)

Implementing these measures aims at improving functional safety management system at all facility and rail transport life cycle stages and creating a transportation safety management methodology base via implementing digital platform solutions and enhancing the range of quality services with a high degree of reliability and safety.

By 2019, the number of transport accidents and traffic safety violations under Russian Railways holding scope of responsibilities and in general for Russian Railways infrastructure had been reduced by 13% and 17%, respectively. Under the scope of responsibilities of Russian Railways functional branches, 20.7% traffic safety violations (497) occurred, subsidiaries – 12.5% (301) and third parties involved in the transportation process – 66.8% (1,601).

These results were driven by preventive effort fully compliant with Traffic Safety Systemic Measures Implementation Rules for Russian Railways holding.

Information about all safety violations is submitted to the Russian Federal Agency for Transport Supervision under Form No 10-BD (pref.)⁵⁶.

In 2020, Russian Railways staff at all levels responsible for organising and managing traffic safety processes participated in corporate traffic safety training programmes:

- rail transport functional safety – 175 participants;
- traffic safety management system – 4,031 participants;
- fostering safety culture in the Company – 1,722 participants

Russian Railways official website contains detailed rail transport safety instructions for passengers.

The Company runs regular internal and external service safety audits. Due to deteriorating epidemiological situation in 2020, the Traffic Safety Department managed to organise only three audits:



in the Traction Directorate (including all regional traction directorates and locomotive maintenance depots inspected by the Chief Rail Traffic Safety Inspector's teams);



in the Railcar Management Department with the Central Directorate of Infrastructure (including all railcar management services and railcar maintenance depots under regional depot infrastructure directorates inspected by the Chief Rail Traffic Safety Inspector's teams); and also



a comprehensive audit of the quality management system, traffic safety management system in the South-Eastern Operating Domain's regional corporate governance centre units. Each service quality-related incident is reviewed and investigated internally in compliance with internal regulations.

⁵⁴ Federal Law No. 17-FZ of 10.01.2003.

⁵⁵ Approved by Russian Ministry of Transport Order No. 286 of 21 December 2010.

⁵⁶ Approved by the Russian Federal State Statistics Order No. 418 dated 9 September 2015.

EMPLOYEES



Результаты деятельности в 2020 году



> 1 %

More than 1% of employed Russian citizens work at Russian Railways.

2 place

Russia's second-best employer according to "people's" rating of VCIOM for the second year in a row

1th place

Russian university students' top career choice according to Changellenge survey

WorldSkills

11 railway competencies developed to organise WorldSkills – RZDskills professional competitions

10th anniversary

10th anniversary of the Russian Railways Corporate University with a track record of trophies at leading global contests

100,000

100,000 users visited Russian Railways Career portal in the first months after launch

98,3 %

98.3% of employees covered by general medical screening programme

100 %

100% of employees covered by the Collective Bargaining Agreement

Programme 2025 approved

Russian Railways Human Capital Development Programme 2025 approved

Target programme approved

Russian Railways Youth target programme (2021–2025) approved

> 400

400+ volunteering campaigns organised by the Company's employees

> 42,000

42,000+ Russian Railways veterans received volunteers' support during the pandemic

> 800 events

800+ events for young employees covering 250,000+ participants

First **43** female

First 43 female assistants to drivers started working at Russian Railways

> 9,000

9,000+ COVID-19 inpatients admitted to Russian Railways hospitals (RZD-Medicine)

> than RUB 5bn.

More than RUB 5bn spent on purchasing medical equipment for RZD-Medicine facilities

> 200 training courses

200+ training courses available at the improved Distance Learning System

> 80% of employees

More than 80% of employees use the Russian Railways Service Portal for Staff

> 20,000

20,000+ RZD-Medicine employees received incentive payments for their work during the pandemic

> 2 640 employees

2,640 employees improved their housing conditions with Russian Railways corporate support

HR management

GRI 103-1

Russian Railways is an important player in the global and Russian transportation sector. Transporting cargoes and passengers, the Company makes a significant contribution to Russia's social and economic development. Currently, Russian Railways employs more than 1% of employed Russian citizens which makes it the largest employer in the country and imposes high requirements on its social and human capital policy.

Russian Railways is proud of its reputation of a socially responsible preferred employer.

VCIOM Russia's best employer rating ranks Russian Railways second best employer for the second year in a row.

The recent **Changellenge.com** Russian university students' career choice survey ranked Russian Railways as top career choice among logistics companies.

A key focus of the HR policy is to develop Russian Railways' human capital through a set of measures promoting continuous labour resources inflow, continuous learning and development, enhanced incentivisation policy, employee occupational health and social security, as well as shaping a favourable working environment. Russian Railways services competitiveness and quality are directly linked to its employees' job satisfaction and social security. To track these metrics, the Company carries out annual employee surveys and studies involving tens of thousands of employees. Based on 2020 surveys, Russian Railways employee job satisfaction index was 75.6 points. For more information on the feedback system, see Workforce Composition, Diversity and Inclusion on page [xx]. Russian Railways does its best to provide adequate labour conditions including competitive pay, extended social benefits and equal and fair employment and career growth opportunities. The Company seeks to avoid and minimise enforced redundancies and mitigate their implications.

Employer brand

Employer brand development seeks to drive Russian Railways appeal and competitiveness in the labour market. In 2020, as part of employer brand development, the Russian Railways Career portal was launched for job applicants, university and high-school students. In the last months of 2020, the portal was visited by 100,000 users.

In 2020, the systemic approach to employer brand enhancement was continued. Based on research conducted in 2019, the Employer Value Proposition (EVP) attributes - the strengths of the Company's positioning as an employer - were identified and validated in 2020:scale:

Opportunity

Technology

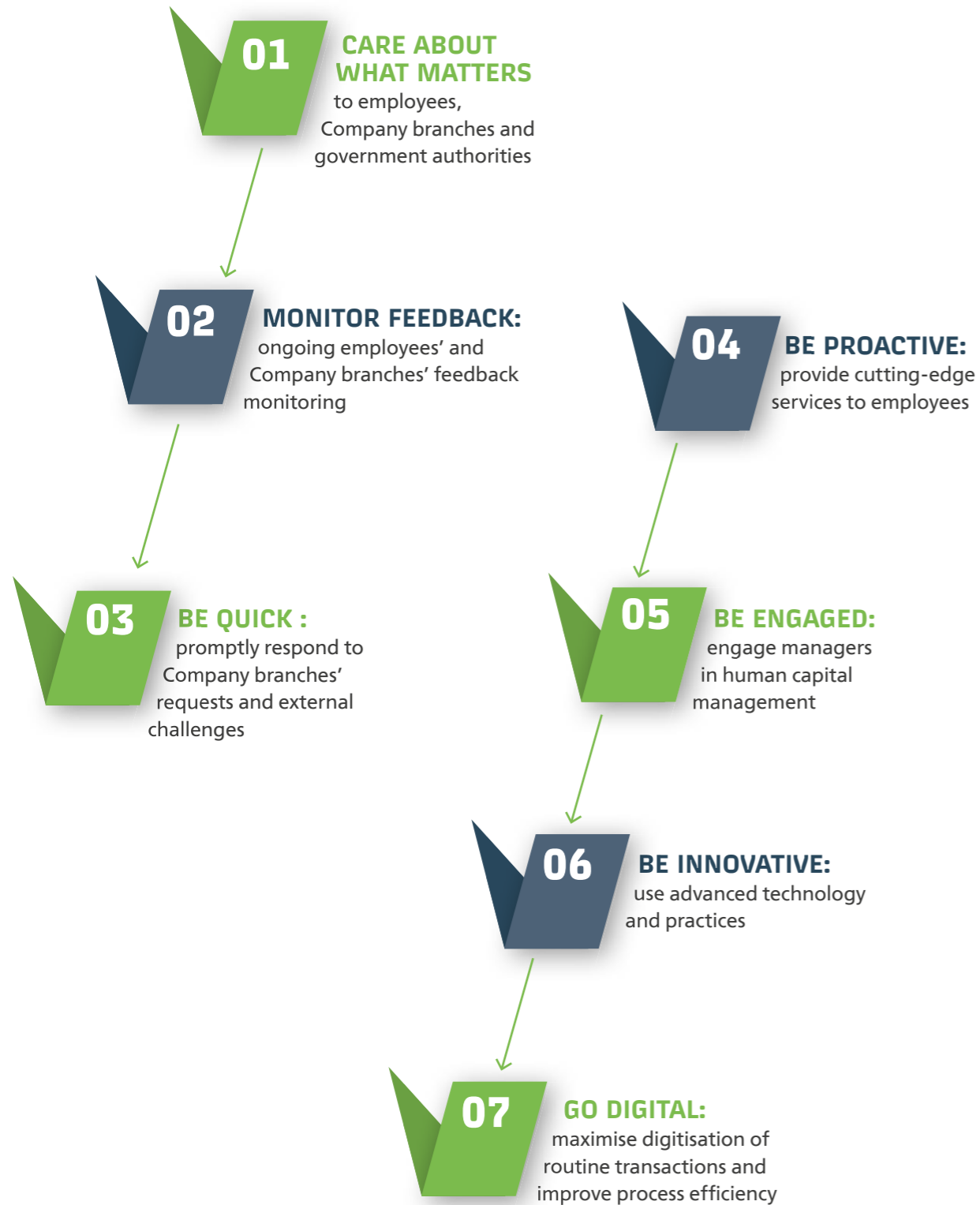
Care

These EVP attributes lay the foundations of the Company's benefits positioning materials and Russian Railways job openings' design. There are longer-term plans to expand application of the EVP and its attributes in implementing Russian Railways employer brand communications strategy, integrating in HC management projects and programmes.

GRI 103-2



Russian Railways human capital management framework principles⁵⁷:



⁵⁷ These principles are stipulated by the Russian Railways Human Capital Development Programme 2025.



Human capital management framework

The Board of Directors oversees progress towards achieving strategic goals related to human capital management. Personnel and Remuneration Committee works under the Board of Directors and its core responsibility is to facilitate BoD efficiency in matters related to establishing governance bodies and transparent remuneration policies for their members.

In 2020, the Russian Railways Human Capital Development Programme 2025 was developed and approved containing a set of human capital management measures aimed at achieving 2025 LDP targets.

The Company's human capital management functions are supervised by Deputy CEO, Russian Railways, Human Resources Management, Social Development and Health, and allocated among the following divisions of the Russian Railways executive office: HR Department, Department of Labour Management, Remuneration and Performance Motivation, Social Development Department, Central Healthcare Directorate (a Russian Railways branch).

Board of Directors



Central Healthcare Directorat

- Prepare and implement a policy on healthcare, medical safety of traffic, provision of medical aid and health resort treatment
- Provide methodological guidelines and control over healthcare institutions activities

Executive office

Hr Department

- Adopt a single corporate policy
- Determine staffing requirements and sources
- Drive people engagement and labour effectiveness
- Recruitment, talent pool, employee training
- Non-monetary employee incentivisation

Department of Labour Management, Remuneration and Performance Motivation

- Establish and implement and employee remuneration policy
- Improve the employee remuneration framework
- Enhance time management and work-life balance

Social Development Department

- Develop social policy pillars and ensure compliance
- Provide pension plans, housing and charity pro-grammes
- Provide leisure and health resort treatments for em-ployees, their families and Russian Railways' veterans
- Organise culture, sporting and other events

→ Reporting line

→ Reporting

Documents defining the human capital management concept

International and national documents:

UN Universal Declaration of Human Rights

UN Global Compact

International Labour Organisation conventions

Labour law in the countries of presence

Social Charter of Russian Business of the Russian Union of Industrialists and Entrepreneurs

Corporate documents:

[Development Strategy of Russian Railways Holding for the period until 2030:](#)

Russian Railways Human Capital Development Programme 2025

[Russian Railways' Collective Bargaining Agreement](#)

[Russian Railways' Code of Business Ethics](#)

Russian Railways' Programme of Employee Development and Training System Improvement until 2025

[Russian Railways' Youth target programme](#)

[Regulation on Private Pension Schemes for Employees of Russian Railways](#)

[Russian Railways Housing Policy Concept](#)

[Regulation on Professional Training at Russian Railways](#)

Digitising human capital management

As a company committed to adopting emerging trends, Russian Railways lists a comprehensive digital transformation among its strategic priorities.

The Russian Railways' Employee Service Portal (www.my.rzd) is a major employee communication channel. It offers a single information space facilitating employer-employee communication.

In 2020, the Employ Service Portal was in high demand as it helped digitise many processes, including preparation and execution of HR documents, social support requests, vacation requests, etc.

Currently, more than 40 services are available to Russian Railways employees, there are 600,000+ registered users, the Portal has 110,000 unique users daily which means it is highly popular with the Company's employees.

In 2020, new services were designed: Corporate Mentoring, Career Navigator, Your Manager's Online Reception Room, etc. According to a recent survey, more than 66% of the employees rated the Employ Service Portal 4/5.

To attract university and high-school students, Russian Railways launched Russian Railways Career portal (for more detail, see Employer Brand, page [xx]).

In 2020, the Employee Service Portal won the DIGITAL SOLUTIONS category at WOW!HR 2020.

Effectiveness of the management approach

GRI 103-3

In 2010, Russian Railways established an annual survey framework. Russian Railways conducts biennial social surveys to track the Company's corporate culture maturity and trends. In 2020, the culture survey focused on: employees' attitude towards the Russian Railways' Code of Business Ethics, compliance with ethics principles, tracing corporate competencies in employee behaviours. More than 9,000 employees representing all categories from across operating domains and the Company's executive office took part in the survey.

In 2020, more than 48% of employees participated in social surveys.

The goal for 2021 is to conduct the qualitative stage of the survey and prepare proposals on updating the Code of Business Ethics based on the survey results. The updated Code will be issued in 2022.

Furthermore, in 2020, 137 employee social surveys were carried out involving more than 340,000 employees of the Company which was 1.5 times more than in the previous year. The surveys focused on: job satisfaction and people engagement, employee attitude towards their health and healthy lifestyle, staff communication framework, remote work nuances, women's working conditions and other relevant issues. Survey findings inform management decisions facilitating employee working conditions improvements: e.g., in 2020, the Russian Railways' Healthy Lifestyle Concept for 2020–2025 was adopted together with action plans to implement it; also new technical specifications for the special work clothing (upgraded collection supply expected in H2 2021).

In 2020, another advanced and effective employee feedback tool was launched – an online survey module at the Russian Railways' Employee Service Portal. Throughout 2020, the Employee Service Portal facilitated six corporate online surveys involving more than 145,000 employees.



Fostering, attracting and retaining talent

Russian Railways' long-term resilience and achievement of strategic goals directly correlate with employee motivation, engagement and satisfaction with career growth opportunities. The Company runs a comprehensive talent recruitment, learning and development programme from early career guidance for schoolchildren to executive training.

Key documents:

[Development Strategy of Russian Railways Holding for the period until 2030:](#)

[The Long-Term Development Programme of Russian Railways until 2025](#)

Russian Railways Human Capital Development Programme 2025

Regulation on Learning and Development of Russian Railways Management and Office Workers

Russian Railways' Programme of Employee Development and Training System Improvement until 2025

Russian Railways' Employee Training and Professional Development Rules

[Regulation on Professional Training at Russian Railways](#)

During the 2020 pandemic, the Distance Learning System ("DLS") was in high demand. The Company significantly expanded DLS capabilities: improved usability and manageability, added more remote training courses available to all Russian Railways staff to total at 200 vs 160 as at the end of 2019, developed and prepared for piloting the new, enhanced interface design and prototype. The Remote Course Builder enabling 400+ users to contribute to L&D course design was launched. Timely online transition in 2020 allowed to achieve all planned employee L&D targets.

Number of employees that completed online training courses, by category

Показатель	2016	2017	2018	2019	2020
Management and office workers, thousand persons	101	132	142	183	214
Blue and white collars, thousand persons	213	213	212	227	254

Average number of L&D hours per employee per year, 2020

Average number of L&D hours per employee (per year)		
Management and office workers	manhours	33
Workers	manhours	139

New hires

Russian Railways annually recruits more than 80,000 new hires including thousands of relevant higher professional education institutions' graduates majoring in professions required by the Company's branches. Recruitment mainly targets leading railway and IT professions.

To ensure the Company has a long-term supply of highly qualified specialists and Russian Railways fosters research cooperation with Russian universities, on 22 January 2020, the Russian Railways' Railway Transport-based Universities Cooperation Programme until 2025 was adopted. This Programme also aims at fulfilling the Russian President's Instruction in his Federal Assembly Address to involve business in universities development.

More detailed data on total headcount and share of new hires in 2020 is presented in appendix 8.



In its turn, career guidance activities at Russian Railways is driven by the need to foster proactive, responsible professionals with an innovative mindset who can embrace new technology and management methods, offer outside-the-box solutions, help the Company evolve and evolve along with it.

Russian Railways established 97 private educational institutions⁵⁸ with 24,000 attendees including 16,300 preschool children, 89.8% of whom are children of Russian Railways' employees.

In 2020, the total number of new hires decreased by 5.7% in line with the general downward Russian Railways' headcount trajectory. Significant (more than 70%) reduction in industry-focused practical training and seasonal hires was caused by the unstable epidemiological situation in 2020 and decreasing capital construction volumes.

Russian Railways reinvents new hires process by centralising the recruitment function. In 2020, recruitment centres were opened on Severnaya, Privolzhsk, and Sverdlovskaya Railways focusing on industry-specific and major project-related talent recruitment. These recruitment centres contribute to building a single candidate database, increasing the number of suitable candidates and reducing turnaround time to fill open positions. GRI 401-1

Number of new hires by age and sex

Number of new hires, in-cluding	2016	2017	2018	2019	2020
Number of new hires, including	46555	61448	67477	64 911	42 012
Men	19301	24611	27425	26 037	43 774
Women	41038	49990	54159	50 385	30 386
Younger than 30	19611	27928	32494	31 788	21 370
Aged 31–50	5207	8141	8249	8 775	34 030
Older than 50					

GRI 404-3

To meet its talent needs, the Company builds a talent pool which currently comprises more than 35,000 candidates. Talent pool members are prioritised for managerial positions and for eligibility to Russian Railways Corporate University specialised training programmes, MBA programmes, foreign internships in leading Russian and foreign R&D centres, organisations and companies. 96% of executives appointed in 2020 were part of the talent pool.

⁵⁸ 21 boarding schools and 76 kindergartens.



Employee turnover

GRI 401-1

In the reporting year, the turnover rate decreased by 0.4 p.p. down to 6.2%. Russian Railways tracks root causes of attrition on an ongoing basis via employee "exit surveys"; staff retention roadmaps and programmes are developed.

Specifically, one of the main causes of leaving is dissatisfaction with the level of pay. To tackle this issue, in 2020, the Company formed a contingency payroll provision based on funds released from headcount optimisation to ensure salary adjustment for core employees.

Indicator	2017	2018	2019	2020
Employee turnover ⁵⁹	6,7%	6,4%	6,7%	6,2%

Under the internal calculation methodology, the threshold for employee turnover is set at 8%. Russian Railways' turnover rate has continuously been below the threshold while in 2020 the minimum turnover rate in the last four years was recorded.

⁵⁹ Employee turnover values are indicated based on the calculation methodology adopted by Russian Railways.

Onboarding

To decrease turnover for new hires and employees transferred to another branch or another position, the Company offers them several onboarding tools which may include, based on regional and professional specifics, the following:

- General Young Workers' Induction Days aimed at building a holistic understanding of Russian Railways, its corporate culture and values. In 2020, such Days were carried out online at 16 railways operating domains: the 44 events were attended by 5,330 workers covering 70% of newly hired young talent.
- Participation in the Management Mentoring programme enabled the Company's young high-potential employees to hone their professional and corporate competencies.
- Mentors share their professional knowledge and skills that will facilitate new hires' induction.
- Internships help workers whose jobs are related to traffic safety and complex technical processes.

RUB 1.134 bn allocated in 2020 to ensure salary adjustment for core employees in the regions with high employee turnover and insufficient salaries of railway employees against the regional economy

Professional training

GRI 404-2

Russian Railways' professional training system relies on 15 Training centers of professional qualifications of railroads (hereinafter – training centers) located across the country from Kaliningrad to Sakhalin.

In 2020, the Russian Railways' Programme of Employee Development and Training System Improvement until 2025 was adopted featuring 50+ events and covering a wide range of issues to improve worker training process under modern conditions of the Company's operations and development.

At the training centers, workers train under training plans and programmes designed in line with professional standards. In 2020, the Company developed eight new professional standards for railway industry occupations and updated 15 existing ones. Overall, Russian Railways has 92 professional standards covering 203 positions and professions in railway transportation

In 2020, the Company trained 46,600 employees in key jobs, where 30,000 gained the professional skills for the first time, and 16,400 persons were retrained. Also, 207,300 employees upgraded their skills at RPQTCs, technical schools, and colleges. The Federal Transportation Inspection Service held theoretical examinations for locomotive driving licences, and 6,485 persons trained at the Company RPQTCs passed them.

Management and office workers training

[The Russian Railways Corporate University](#) is in charge of developing the Company managers' corporate competencies. The University is a centre of excellence for Russian Railways talent pool development programme implementation, employee performance assessment, educational programmes design methodology, innovative educational technology implementation methodology, management best practices and business initiatives promotion

Russian Railways Corporate University is certified by the Global Council of Corporate Universities which confirms human capital development at Russian Railways is aligned with global business education standards.



В MA comprehensive Russian Railways talent pool development framework in place. In 2020, in response to the growing economic change momentum, talent pool development approaches were revised and rethought. An approach to facilitate transition from a four-level to a three-level training framework was developed. The approach features high-resolution deep-learning granularity across three learning levels – Level I. Competency Management. Level II. Effectiveness Management. Level III. Strategic Management. – aimed at adopting advanced management techniques and improving management effectiveness of Russian Railways executives. Level I training is mandatory for all Russian Railways executives, key personnel and high-potential young talent. Those who score highest at the previous levels are eligible to participate in higher levels. These programmes are aligned with MBA-level programme requirements.

In 2020, a new element was added to the Russian Railways talent pool development framework – talent pool development by the Company’s functional areas of operation.

The talent pool development framework is augmented by a set of programmes to support adoption of new management tools customised to functional units’ specifications and aligned with the Company’s strategic goals (e.g., digitisation, process-driven approach, traffic safety culture, risk management, customer focus).

The Master-CLUB, an upskilling programme for Russian Railways’ Management Board Members, Directors, department and branch leaders, continues successfully. In 2020, railways’ and regional directorates’ management teams joined the programme.

Open education format was significantly extended: a new educational project – Knowledge.live – featuring open master

classes led by Russian Railways Corporate University faculty focusing on personal and professional effectiveness, was launched.

The Corporate University’s new product was a cycle of international online masterclasses and round tables for railways and logistics companies on organising transit transportation, implementing foreign projects, strategic management, effectiveness, people development, etc.

Despite the pandemic-related restriction in Russian and globally, the Russian Railways Corporate University maintained continuous learning and development for the Company’s executives. Talent pool in-person training was continued via modern online technology enabling maximum alignment with in-class sessions in terms of effectiveness and quality. Additional remote self-development courses for managers and new e-learning were launched.

Also, the Corporate University implements projects and initiatives related to Russian Railways corporate youth policy. In 2020, the Russian Railways’ Youth target programme (2016–2020) was completed and a new youth programme was developed and approved for 2021– 2025.

The Company’s corporate education system was highly acclaimed by the international community in 2020. Educational initiatives of the Russian Railways Corporate University and the Central Directorate of Infrastructure won prestigious awards: The Forum of Generations won the Excellence in Practice contest organised by the European Foundation for Management Development in Talent Development category; a series of strategy sessions received the silver award in the Facilitation Impact Awards organised by the International Association of Facilitators.

2021 targets (under the Russian Railways Human Capital Development Programme 2025):

Management and office workers who completed the training e

170-180 persons

Share of management and office workers whose profile matches required professional competencies

+5%

Average strategic-level executives’ corporate competencies development level

1,5 points

Удовлетворенность работников возможностью пройти обучение

above or equal to **67** points

In 2020, over 211,000 managers and office workers received training, including over 110,000 trained at the Russian Railways Corporate University.

In 2020, Russian Railways management and office workers learning and development budget amounted to RUB 1.4bn.

All Company employees can complete a remote training programme Sustainable Development: Is It Possible To Secure the Well-being of the Future Generations? at the open educational portal of the Russian Railways Corporate University. This programme focuses on main sustainable development goals and areas including gender equality and diversity at the workplace.

Any Russian Railways employee or worker can prepare an Individual Development Plan which is taken into account for preparing L&D schedule for the next year, go to self-training in Russian Railways DLS, participate in open master-classes hosted by the Corporate University faculty on relevant topics including as a speaker. In 2020, the Knowledge Hour distance self-learning project aimed to develop corporate and professional competencies within a fixed limit of one working hour was launched.

Learning content users' and requesters' satisfaction is continuously monitored. Based on their feedback collected through surveys, existing training programmes are improved, and new ones are developed.

For more detail on the Russian Railways Corporate University programmes, see appendix 6.

In 2020, Russian Railways Corporate University learning content requester satisfaction index for satisfaction with skills and knowledge applicability was 8.9/10, learning content and set-up satisfaction – 9.3/10, knowledge check successful completion – 82%.

Interaction with young employees

The share of young employees aged below 35 is 38.3% of the total headcount and close interaction with them is a people development priority at Russian Railways.

WorldSkills 2022 will for the first time feature the Rail Vehicle Technology competency which is a core competency for Russian Railways. World Skills Russia national team will include two contestants in the new competency. From November 2020 the contestants are trained by Russian Railways, the Russian University of Transport (MIIT) and Siemens Mobility.

The Company's workers won two bronze medals in the Recruiting and Environment Protection competencies at VII WorldSkills Hi-Tech.

In the reporting year, [the Russian Railways' Youth target programme \(2016–2020\)](#) was completed and renewed for 2021–2025. The programme focuses on young employees aged below 35 and covers the following areas:

- develop youth onboarding and retention framework;
- engage youth in solving corporate tasks (including innovation and R&D activities) and foster safety culture;
- support continuous and holistic youth development;
- foster an ethical and patriotic mindset, drive corporate volunteering, promote healthy lifestyle, sports;
- develop international youth cooperation;
- increase youth engagement.

A central event in 2020 was the [PROyouth educational online forum](#) where participants designed 450+ projects for the Russian Railways' Youth target programme (2021–2025). More than 1,500 young workers and more than 100 experts participated in the forum and the 12 best projects were included into the target programme for 2021.

In 2020, 800+ events and projects involving nearly 250,000 young workers from across the railway network were implemented. Below are the key implemented projects:

The New Link youth project contest, attended by more than 4,000 young workers;

The What? Where? When? intellectual game show, attended by 6,000+ young railway workers in 2020;

The Young Professional project, attended by 1,500 young workers;

The Management Master distance educational marathon, completed by 700+ contestants;

The Best Practices in Working with Youth contest, 217 applications submitted;

International youth programmes; this year, Russian Railways hosted a youth delegation from Finland.



Workforce composition, diversity and inclusion

Workforce composition

GRI 102-8

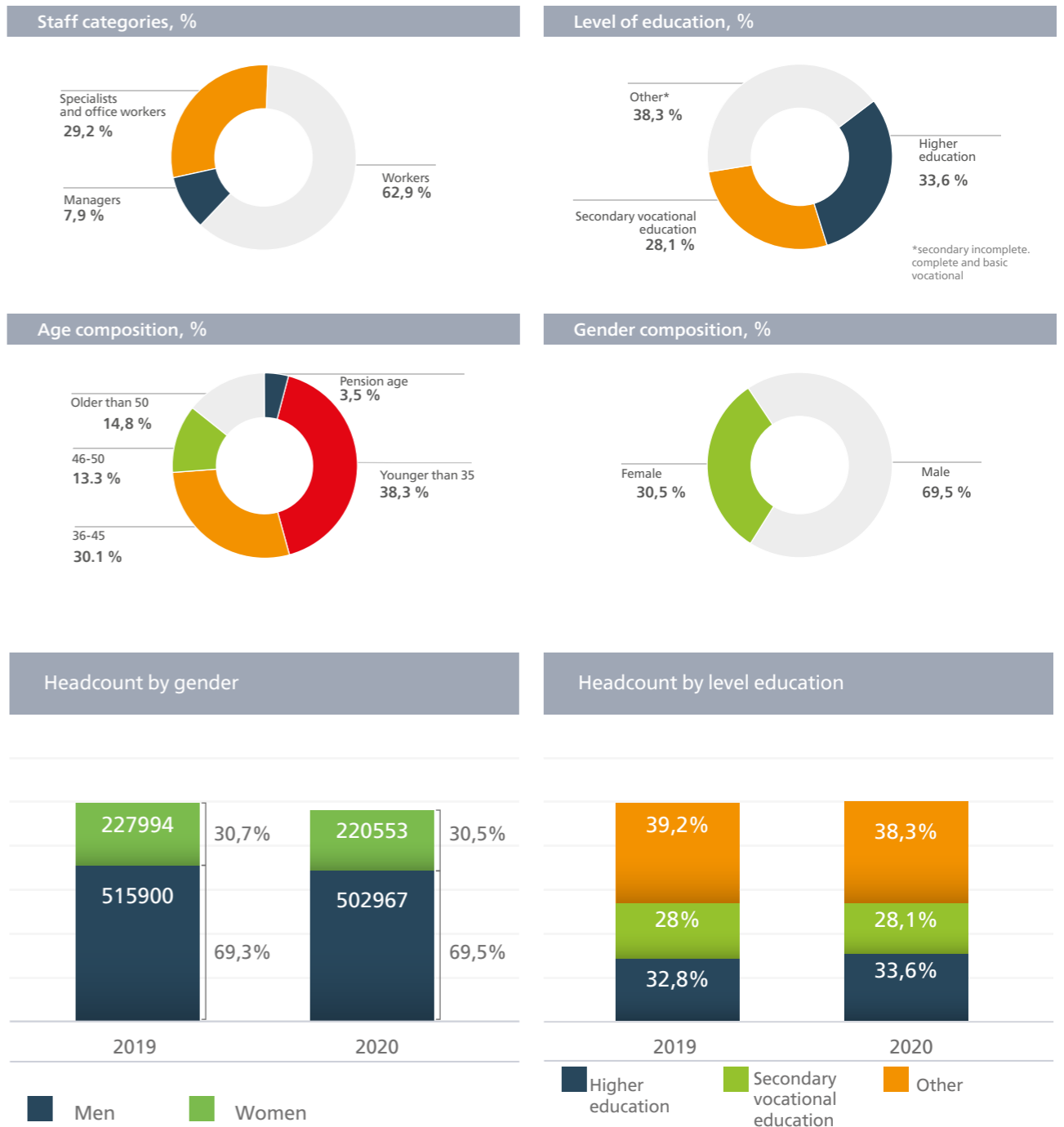
In 2020 the Russian Railways' FTE headcount decreased by 2.6% vs 31 December 2019 and amounted to 723,500 persons.

In 2020, there was a slight decrease in the share of women (down to 30.5% vs 30.7% in 2019) and young workers aged below 35 (38.3% vs 39.8% in 2019). The share of workers with higher education degrees increased by 0.8 p.p. and amounted to 33.6% of the total headcount. Share of workers with secondary vocational education degrees amounted to 28.1% (0.1 p.p. increase). However, the share of workers with (comprehensive/unfinished) secondary and primary vocational education degrees backed decreased to 38.3% vs 39.2% in 2019.

For more detail on the staff headcount and structure, see appendix 9.

In 2020, in addition to standard working hours based on the 8-hour working day and shift schedule, remote work and flexible working hours were widely used. On the one hand, these working modes enable efficiency improvements through labour cost optimisation, reduced labour discipline violations; on the other hand, they help leave room for workers' personal interests facilitating employer-employee and work-life balance. Furthermore, the Company offers part-time jobs.

To provide labour resources to the structural units with recruitment hurdles, comply with current track maintenance technology and work completion timeframe, achieve quality indicators, Zabaikalsk and Far Eastern Directorates of Infrastructure introduced rotation system for workers at railway sections. This system is currently being implemented in the Moscow Directorate of Infrastructure. Implementing the rotation system allows to attract workers to regions experiencing manpower deficits from other Russian regions.



Salary

GRI 202-1

Russian Railways strives to be a responsible employer and secure stable income for its employees. As part of its social policy, the Company emphasises continuous improvement of its employee remuneration and incentivisation framework. In a rating of the level of pay across 88 major economic activities, Russian Railways ranks 24th. The minimum wage at the Company, as per the Russian Labour Code, is not below the Statutory Minimum Monthly Wage⁶⁰.

Under the Collective Bargaining Agreement, the Company increases the level of pay for all employees to account for CPI growth. In 2020, Russian Railways employees' salaries were by 3%: by 2% in March and by 1% in October. The average monthly salary across all Russian Railways' operations increased by 4.9% vs 2019 and amounted to RUB 61,400, while real company-wide salaries grew by 1.5%.

Russian Railways also holds strong salary positions in the regional labour markets. The Company's wages are 20% above the

Diversity and inclusion

Russian Railways adheres in its business practices to the principles of the UN Global Compact and the Social Charter of Russian Business of the Russian Union of Industrialists and Entrepreneurs, ensures strict compliance with Russian labour and civil law, and builds relations with its employees based on mutual respect and fulfilment of obligations. The Company encourages and support employee diversity providing equal hiring, remuneration and promotion opportunities irrespective of their individual differences and beliefs. These and other founding principles of the Company's work were stipulated in the Russian Railways' Code of Business Ethics in



country's average⁶¹ and exceed the pay level across nearly all Russian regions.

The Company has a classic monetary employee incentivisation framework including current and additional bonuses. Current bonuses aim at increasing the workers' monetary interest in achieving both individual and collective performance targets. Additional bonuses encourage operational staff to solve targeted production tasks.

The corporate employee remuneration framework including hourly wages (for workers) and monthly salaries (for managers, specialists and office workers), compensations and spot bonuses applies to all Company employees and workers irrespective of their gender.

Russian Railways also has non-material incentives for its personnel framework including corporate awards, referral for state and ministry awards, team contests, public recognition of outstanding performance in corporate media, employee-of-the-month bulletin boards, etc.

2015, please see Business Ethics and Anti-corruption, page [xx].

Russian Railways believes changes to the list of professions available to women made by the Russian Ministry of Labour and Social Protection in 2019 allowing women to work as training are an important step towards building a fair and inclusive society. In the wake of this positive change, for the first time in 2020, the Company enrolled women to train for the Assistant Driver position – the first stage required to master the profession of the driver. Over 50 women were enrolled in this programme, 43 of them graduated in 2020 and started working in their new role in January 2021.

⁶⁰ In 2020, the Statutory Minimum Monthly Wage was RUB 12,130.

⁶¹ According to the Federal State Statistics Service, the average level of pay in Russia in 2020 was RUB 51,352, https://rosstat.gov.ru/labor_market_employment_salaries.

⁶² The Russian Constitution, Article 30.

Headcount data by gender, age and employee category is presented in appendix 10. GRI 406-1

Under the Russian Railways' Code of Business Ethics (Russian Railways' Order No. 1143r of 6 May 2015), heads of Russian Railways' branches provide equal recruitment and promotion rights and opportunities, as well as equal level of pay irrespective of gender, age, race, nationality, language, background, financial standing, title or position, place of residence, religious and political beliefs. The Company promotes tolerant attitude towards ideological, personal and physiological differences of its employees.

Harassment, insults, threats, and moral or psychological violence are not acceptable

at Russian Railways. In case of human rights violations or discrimination, employees can contact the hotline and file a complaint. Complaints received via the hotline are handled under the interim complaint handling procedure in the Hotline, a single information and reference resource for Russian Railways employees.

In 2020, during the COVID-19 pandemic, the Hotline became a key internal corporate communication channel and in March 2020 it became available 24/7. In 2020, the Hotline was contacted 39,700+ times. In 2020, no discrimination-related incidents were registered in the Company.

Freedom of association and collective bargaining

GRI 102-41

The freedom of association and collective protection of interest is an inalienable right of every worker set forth by the Russian Constitution⁶². More than 96,5% of the

Company's workers are represented by the Russian Professional Union of Railway Operators and Transport Developers (RPUOTD) irrespective of whether



they are trade union members. The Company's branches are equipped with the organisation's stands informing the employees on their right to join a trade union and zero tolerance of discrimination based on trade union membership. Furthermore, the Company entered the [Russian Railways' Collective Bargaining Agreement](#) governing social and labour relations and guaranteeing social welfare to Russian Railways employees and their families. In 2020, the Collective Bargaining Agreement covered 100% of staff.

RPUOTD consolidates workers' questions and proposals to be considered at the corporate level and sends them to Russian Railways Executive Office. During the calendar year, questions and proposals on improving the terms and conditions of the Russian Railways' Collective Bargaining

Agreement are carefully collected and reviewed. Based on each reporting six months, a joint meeting of the trade union representatives elected at the trade union's general meeting and the Russian Railways Management Board, railway social responsibility and partnership forums are organised to report on Russian Railways' Collective Bargaining Agreement performance and to set goals and objectives for the next six months.

Russian Railways encourages and supports trade union activities, complaints related to violation of employee rights are accepted via the hotline, CEO and Deputy CEO virtual reception rooms and carefully reviewed. In 2020, there were no incidents related to abolition of freedom of association.

Social security

As a socially responsible company, Russian Railways offers a comprehensive social security programme to its employees which guarantees the Company's fair treatment of its employee in compliance with the Russian Railways' Collective Bargaining Agreement.

Social benefits and guarantees

Social and labour relations and provision of benefits and guarantees to Russian Railways employees are governed by [Russian Railways' Collective Bargaining Agreement](#).

GRI 401-2



Curbing the spread of COVID-19

During the pandemic, Russian Railways took all necessary action to support its people and help curb the spread of COVID-19:

115,000 +

employees started working remotely

Around RUB **7** bn

was spent on combating COVID-19

RUB **687,2**m

was allocated to hardship allowances for medical workers at Russian Railways' healthcare facilities who took on additional workload

1,3 million

Russian Railways' healthcare system labs handled 1.3 million PCR tests



Under lockdown restrictions imposed on businesses, the Company ensured job and income security for its staff

At the end of **2020**

a mass anti-COVID-19 vaccination campaign was launched

RUB **91,9**m

was spent on paying additional amounts to secure average salary levels for workers placed on quarantine

Russian Railways offers its FTEs an extended social benefits package including:

- employee voluntary medical insurance;
- maternity and childcare financial support:
 - payments in addition to pregnancy-maternity allowance,
 - payments for childbirth/adoption,
 - monthly allowance for mothers on maternity leave with children aged 1.5-3;
- annual paid leave allowance;
- free annual pass on rail transport for staff and their children younger than 18;
- provision of household fuel to workers who need it;
- severance guarantees and benefits;
- supporting families of workers who died or were injured in a workplace-related accident.
- corporate pension system;
- housing support for employees;

Despite the challenging economic situation in Russia and globally, in 2020, the Company performed under its obligations under the Collective Bargaining Agreement in full. There were no collective employment disputes. Russian Railways preserved its status as a socially responsible employer.

Healthcare

Protecting the health of its employees is historically one of the top priorities of the Company's social policy. All Russian Railways employees and their families enjoy an extensive network of healthcare facilities, health resorts and children's summer camps all across Russia:

173

hospitals and medical centres

4670

doctors of highest category

65

health resorts and holiday facilities

64

children's summer camps



To foster a single corporate policy promoting healthy lifestyle and employee health improvement, in 2020 a comprehensive Healthy Lifestyle Concept for 2020–2025 was developed and adopted with a focus on building a culture of health consciousness and developing infrastructure enabling putting health knowledge to practice. The Healthy Lifestyle Concept includes nine core dimensions: combating smoking habits, reducing alcohol consumption, healthy meals at the workplace, more physical exercise, maintaining mental health and well-being, preventive healthcare, labour conditions, raising awareness, motivation. 2025 goals include increasing the share of employees engaged in sports on a regular basis up to 55% and the share of smoking employees by 10%.

Voluntary medical insurance

Russian Railways' workers benefit from the services of RZD-Medicine, Russia's largest network of private medical centres and hospitals with unique technical equipment, advanced treatment methods, globally recognised doctors including 24 professional pathology centres offering a special range of diagnostic, preventive and rehabilitation services for workers working in extremely hazardous or dangerous production factors. In 2020, Russian Railways' workers had more than 10.7m appointments, 20.900 persons received specialised medical care enabled by medical high-tech.

The main healthcare event is mass flu screening and vaccination for all Russian Railways' staff. In 2020, the screening covered slightly fewer employees than in 2019 (624,800 persons in 2020 vs 686,700 in 2019) due to COVID-19 lockdown. During the screening employees were for the first time diagnosed with cardiovascular diseases (7,200 employees) and with malignant

~ 6,000
Healthy Lifestyle Concept
events held across railways
domains

neoplasms (2,000+ employees, 67% early stages). In 2020, 559,100 workers, or 100% of the plan, received flu vaccines.

Reduced cases of morbidity with temporal disability – a performance metric indicating efficiency of the current employee health and safety management framework. In 2020, this metric went down from 677.4 days by 100 days vs 619.8 days in 2019.

Health resorts

Employees can benefit from treatment and rest at Russian Railways health resort network and [RZD Health](#)⁶³ health resorts, Russia's largest chain of health resorts in eco-friendly areas and natural reserves in 11 regions. Currently health resort treatment, health improvement and leisure services are provided in 60 Russian Railways' afterwork disease prevention centres, holiday facilities, health camps, recreational centres and 19 RZD-Health health resorts focusing on resort-based home treatment and health improvement. The Company compensates 50% to 90% of the trip costs to its employees, and 40% to 80% – to employees' families. In 2020, 53,500 workers and their family members went to the Company's health resort and recreation facilities.

Children's summer camps

The Company annually reimburses 75%–90% of trips to Russian Railways' children's summer camps for 60,000 employees' children.

98.3% of the Company's
workers completed
preventive medical
check-ups

⁶³ RZD-Health was sold in 2020 and is no longer a subsidiary or affiliate of Russian Railways; however, the Company's employees are still eligible for its services.

Promotion of sports and healthy lifestyle

Russian Railways encourages its employees' healthy lifestyle commitments and the Company adopted the Healthy Lifestyle Concept for 2020–2025. Workers receive compensation for gym memberships and sports clubs up to RUB 20,000 per year. Also, as part of the Healthy Lifestyle Concept and the Collective Bargaining Agreement, the Company runs Health Schools, annually organises sports events aimed at improving health, promoting athleticism and sports among the Company's workers and their families. Major events include, cross-country skiing, football, chess, badminton, table tennis, basketball and cross-country cycling. In total, taking into account lockdown restrictions, in 2020, 51,000 persons participated in the Company's sporting events.

Employee mental health

As part of its Healthy Lifestyle Concept for 2020–2025 and the action plan to implement it, special focus is placed on nurturing employee mental health and well-being. In 2020, more than 100,000 employees took part in the World Mental Health Day featuring sessions with psychiatrists and substance abuse experts on prevention of harmful addictions, team games and lectures from psychotherapists on reducing emotional burnout risks, a hotline available to answer questions on mental health maintenance, etc.

Russian Railways branches and structural units' facilities are equipped with functional (emotional) relief rooms for employees' psychoemotional relief.

In 2021, a set of projects aimed at fostering health consciousness will be implemented. These projects will feature online sessions with psychotherapists and psychologist to discuss various topics; information on mental health maintenance will be communicated via social media.

Social support for women

More than 30% of Russian Railways' employees are women and improving their workplace conditions and social security is the Company's top priority. In 2018, Russian Railways established a Coordination Council tasked with improving the conditions of work, leisure, and social support of women.

51,000 persons participated in the Company's sports events in 2020



developed the regional councils' performance assessment to define their ranking;



improved sanitary conditions and amenities for women;



ensured that women could work as assistants to some traction stock operators (for more detail, see Inclusion, page [xx]);



carried out the annual survey of the working conditions of Russian Railways female employees. The findings were that 76.7% women were satisfied with their employment at the Company (against 72% in 2019);



increased the number of women receiving corporate benefits packages to 17,433 (against 4,675 in 2018, and 10,940 in 2019);



transferred over 58,000 women to flexible working hours and remote work to protect them during the COVID-19 pandemic;



provided a "woman's leave" to over 17,000 female employees in 2020 (under the Russian Railways' Collective Bargaining Agreement, a woman is entitled to an unpaid day off once a month for personal reasons);



implemented a set of measures via RZD-Medicine dedicated to preserving and nurturing women's health, improving longevity and quality of life, and organising leisure and health restoration for women working at Russian Railways.

In 2020, Action Plan to improve the conditions of work, leisure, and social support of women at Russian Railways for 2021–2025 was adopted.



Housing policy

The Company cares about its employees' comfort and well-being helping them improve their housing conditions and buy residential properties with the following corporate benefits::

- 2%–4.5% reduced mortgage rate;
- repayment of part of the subsidised mortgage loan by the Company at childbirth/ adoption;
- 988,200 sq m of corporate housing for workers whose professions are in deficit or in high demand;
- compensation of up to 70 % of third-party rent payments;
- subsidies to purchase residential property for socially vulnerable citizens: industrial invalids, single parents, family with many children.

In 2020, 2,640 employees improved their housing conditions with Russian Railways corporate support.

Corporate pension system

All Russian Railways employees can benefit from the Company's non-government pension system. Private pensions provide an additional measure

of social support to workers. The programme's strategic target is to ensure replacement of at least 40% of an employee's lost earnings.

The Russian Railways corporate pension is operated by the Blagosostoyanie Private Pension Fund. The key principles of the Company's corporate pension system include:

- shared participation of the Company and the employee in financing their future corporate pension;
- full financial security of assigned corporate pensions;
- lifetime payment of corporate pension.

In 2020, nearly 588,000 employees participated in the pension plan. More than 310,000 retired employees receive

their corporate pensions (63% of the total number of retirees) on top of their state pensions. In 2020, pensions were granted

to an additional 11,065 Russian Railways employees. The average corporate pension in 2020 was RUB 8,938.

Russian Railways works to make the corporate pension system attractive to both employees and retirees. From 2020, the Company will not suspend corporate

pension payments of the employee re-joins the Company. In addition, the Company has cancelled the requirement for the recipient to confirm annually that they are alive and introduced other changes to make the system more convenient.

Social support for non-working retirees of Russian Railways

Russian Railways' social responsibility efforts include providing benefits to railway veterans.

Non-working retirees receive medical care at Russian Railways' corporate health centres, including high-cost treatment, and the right to travel by rail free of charge. In 2020, 9,200 non-working retirees took advantage of the Company's health resort network and received compensation of 50-95% of their tour voucher costs. Military veterans from Russian Railways who are not eligible for the corporate pension receive support from the Pochet Foundation. In 2020, due to the pandemic, support to veterans was provided with the involvement of corporate volunteers as well. In 2020, the Pochet Foundation paid a total of RUB 1.39bn to non-working retirees.

The Company solemnly celebrates the Victory Day, organises memorial trains to important historical and military landmarks, and provides assistance to veterans councils.

In 2020, the Company developed and adopted a targeted programme, Russian Railways Veterans 2021–2025, aimed at improving living standards and life expectancy among veterans by establishing a comprehensive support system.

Over 310,000 retired employees already receive the corporate pension.

Volunteering

Russian Railways has placed social responsibility at the heart of its corporate strategy. One of the key areas of the Company's community engagement is the development of a corporate volunteer movement.

Russian Railways supports projects and initiatives in seven main areas:

- social support to children and elderly people;
- environmental protection;
- education and mentoring;
- healthy lifestyles;
- rail traffic safety;
- cultural and historical heritage;
- assistance to railway passengers.

In 2020, the Company organised almost 400 volunteering campaigns that covered more than 90,000 people, an increase of 5,000 people over the previous year.

In the lead up to Victory Day, the Company's volunteers, together with the Russian Professional Union of

Railway Workers and Transport Builders (ROSPROFZHEL) and Russian Railways' officials, congratulated 13,355 military veterans from the Russian Railways community. All restrictions introduced during the COVID-19 pandemic were complied with to protect the health of



veterans. For more information on the Victory Day celebrations, please refer to pages 138-139 of the Annual Report.

In July 2020, an online forum for Russian Railways corporate volunteers was held. The forum brought together employees, participants of the Good Cause Champions contest and senior volunteers at Russian Railways. Following the forum, the participants' proposals on developing volunteer activities at the Company were submitted to Julia Bragina, Deputy Head of the Social Development Department.

In October 2020, Russian Railways corporate volunteers held a meeting at the Zelenyi Gai resort in Tuapse. The meeting was attended by the best 150 volunteers from across the railway network who provided support to retirees during the COVID-19 pandemic. The meeting resulted in the signing of a trilateral cooperative agreement on volunteer projects as part of supporting corporate social responsibility at Russian Railways, the Pochet Foundation and the Association of Volunteer Centres. The agreement provides for the further development of volunteering at Russian

Railways

In 2017, Russian Railways launched the annual Good Cause Champions grant competition aimed at supporting socially important programmes and elderly people. In 2020, the contest was timed to coincide with the 75th anniversary of Victory Day. The grant fund totalled RUB3 m. Overall, 150 projects were submitted to the contest. The contest committee recommended 58 projects for financing, including on landscaping, expanding volunteer movements in the regions, the Immortal Regiment online campaign, etc.

From August to November 2020, 380 young volunteers at Russian Railways completed an eight-module educational programme on the most important volunteer issues at the first online school of young volunteers at Russian Railways. In December 2020, the 100 best participants from the online school were selected to take part in the Corporate University's online crash course on "Public and Volunteer Activities in Russian Railways".

Russian Railways also participates in volunteer and philanthropic initiatives in partnership with other major companies.

Campaign	Number of volunteers	Number of support recipients	Nature of assistance
Starost v Radost	960	2,300 single retirees in 30 rehabilitation centres (2019: 16 centres)	Collection of financial support for single retirees, arrangement of online events
Get Kids Ready for School	1,400	2,451 children from low-income families	Collection of school kits, online master classes
New Year Express	970	1,700 children from low-income families	New Year congratulations in different formats
Grandchildren by Email	600, including family members	1,200 single retirees	Congratulations with holidays in the form of a post card

During the COVID-19 pandemic, about 1,500 of Russian Railways' employees took part in the Russian Campaign #МыВместе, which provided assistance to senior citizens and people with limited mobility. The Company's volunteers were registered on the мывместе2020.rf website, completed a training on providing assistance to elderly people in emergency situations and obtained relevant certificates. About 2,500 Russian Railways volunteers were engaged in providing support to railway veterans. During the pandemic, 85 volunteer headquarters were established and operated across the whole railway network. Volunteers supplied food and medicine to veterans, helped them to use online services, provided free-of-charge consultations and communicated with veterans online.



**HEALTH AND
SAFETY**



2020 performance highlights



30% decline

in fatal injuries

18% decline

in road traffic accidents

26% decline

in the severity of collisions at rail crossings

46% decline

in the number of violations of requirements identified by the State Railway Supervision Authority

100%

compliance with operations and maintenance requirements

80%

involvement of enterprises located in the acceptable risk zone in the corporate certification of the traffic safety management system

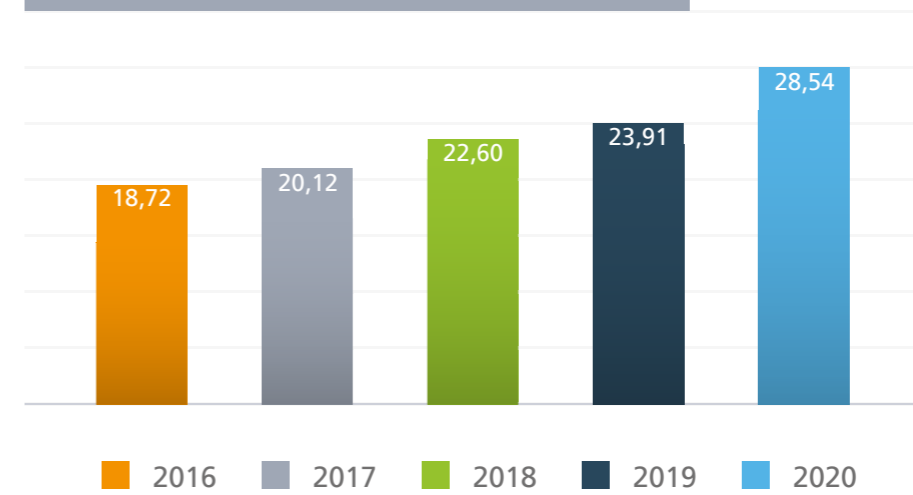
RUB 18,5_{bn}

in financing for traffic safety programmes

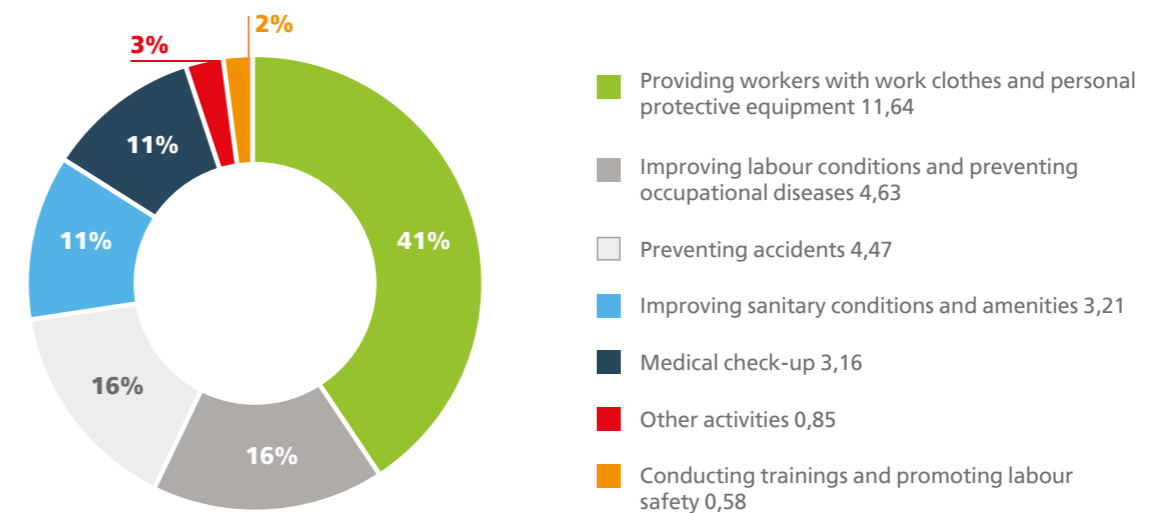
RUB 2,0_{bn}

in expenditures on the Boosting Traffic Safety project

Expenses on improving working conditions and occupational safety at Russian Railways in 2016-2020, RUB bn



Expenses on improving working conditions and occupational safety in 2020 by category, RUB bn



Safety culture

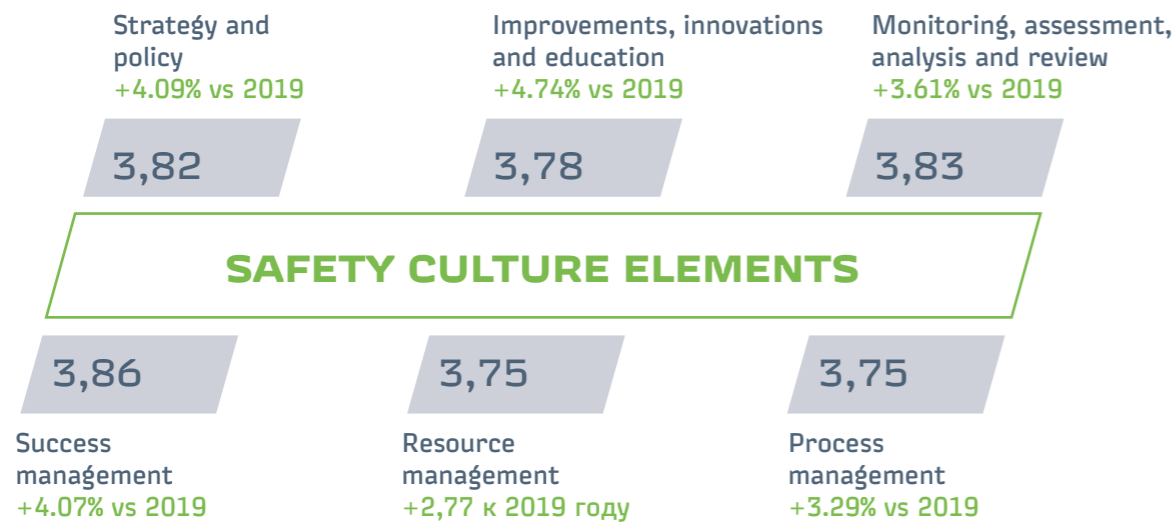
GRI 403-4, GRI 403-5

By enhancing the culture of safety at Russian Railways, the Company has improved occupational safety and compliance with traffic safety requirements. In addition, fostering a strong culture of safety is an integral part of the traffic safety management system at Russian Railways.

Russian Railways has made the safety of its employees a top priority. The Company has focused considerable resources on raising awareness about occupational safety and on ensuring that employees understand the issues that arise in this area.

In 2020, Russian Railways carried out several key initiatives on maintaining and fostering a culture of safety. Thanks to these initiatives, employees assessed the Company's culture of safety at an average of 3.8 points (an increase of 0.14 points, or 3.78%, over 2019).

3.8 points
average assessment of the culture of safety at Russian Railways



The nurturing of a culture of safety among employees has been key to the successful and effective implementation of the road map on developing traffic safety culture at the Russian Railways Group.

Russian Railways' culture of safety involves:

- achieving controllability of all traffic safety processes and ensuring a leading role for management in providing resources for these processes and leading the way;
- ensuring two-way communication (both vertically bottom-up and top-down and horizontally) and providing sufficient information exchange channels;
- involving employees in resolving traffic safety issues (encouraging employees to solve traffic safety issues, plan activities or improvements, assess their performance);
- continuous monitoring of solutions for traffic safety issues and identifying new issues, as well as learning lessons from safety violations;
- recognising that there are systemic reasons for traffic safety violations, understanding that human errors point to existing problems in the system, and ensuring the approach resolves the systemic issues and human error.

The Company continues to develop its health and safety management system. One of the main objectives is cultivating

a culture of safety in production processes. Here, the qualifications and psychological training of staff is a priority goal.

Employee engagement

The Company has launched a comprehensive system to assess occupational health and safety at production facilities in all structural units of the Company's functional branches. If a violation is identified, any employee can make a record in a register that is available at special information stands. The register is reviewed by the head of the production unit

during monthly control procedures and by the head of the structural unit during quarterly control procedures, who subsequently take necessary measures. During daily (monthly) control procedures, the results are entered in the system's dashboard, indicating occupational health and safety conditions at the production facility.

The objectives of the comprehensive system to assess occupational health and safety are to:

- engage mid-level managers, trade unions and workers in occupational health and safety management, prevent occupational injuries and diseases, analyse the information obtained, assess the risk factors and develop measures to resolve violations;
- exercise visual control over occupational health and safety conditions in the rolling stock structural unit;
- build a transparent self-audit system to create safe working conditions in structural units based on scores assigned per each criterion;
- assess risk factors and inconsistencies (violations) related to workplace health and safety, and develop measures on risk mitigation;
- in the long-term, develop an algorithm for automated assessment of risk factors that affect the technical maintenance and repair of equipment and tools.

Any employee at Russian Railways may refuse to work if their safety or health is threatened by a violation of the safety and health requirements until such threat is resolved. Employees may appeal to Russian federal, regional or local authorities, the employer, the association of employers, trade unions, their associations and other

health and safety representative bodies authorised by employees. Employees may also participate in person or through a representative in discussions related to workplace health and safety enforcement and in investigations of personal occupational accidents or diseases.

Training

In 2020, the Company developed a new training programme for managers. The programme involves assessing employee knowledge and competencies and fostering a culture of safety through business games and case studies.

In 2020, Russian Railways employees who are responsible for organising and managing traffic safety participated in corporate educational programmes on traffic safety, including:

On rail transport functional safety

175 employees

On audits of the traffic safety management system

5379 employees

On the traffic safety management system

4031 employees

On fostering a culture of safety at Russian Railways

1722 employees

Digital services and tools to maintain competences and skills of the Company's railway employees



Individual commitment to safety

KEY SERVICES:

- Training and proficiency maintaining tools
- Automated assessment of knowledge
- Libraries of technical regulations and documents
- Employee's individual working space
- Assessment of professional and corporate competences
- Digital safety assistant

IMPLEMENTATION:

- System for Organisation and Delivery of Technical Trainings
- Human Potential Management System based on the Unified Corporate Automated System for Talent Management
- Remote learning System of Russian Railways
- Corporate Automated System to Control Employee Knowledge
- Employee Service Portal of Russian Railways

In 2020, the Company launched a pilot programme at the Corporate University of Russian Railways to train public railroad safety inspectors⁶⁴. As a result, 1,909 employees completed the programme.

In the second half of 2020, the Company started a pilot project on developing employees engaged in train movement. The employees are tested on their professional competencies and, if needed, target activities are identified to bring their competencies up to the required level.

Employees and managers of certain units undergo monthly technical trainings on traffic safety. The trainings are delivered via a remote learning system.

Due to the COVID-19 pandemic, certification on the Technical Operation Rules for Railways in Russia⁶⁵ was offered remotely⁶⁶. Over 100,000 employees participated, with 78,422 receiving certification).

In 2020, more than 4,500 locomotive crew workers underwent remote trainings at 48 educational centre units. In contrast to in-class trainings, remote trainings during the pandemic made it possible to increase the number of attendees (groups could include more than 40 people). Webinars were held on a daily basis. The training programme for locomotive crews covers technical operations related to modern rolling stock, the causes of failures and how to fix them, as well as health and safety rules.

In accordance with Russian law⁶⁷, trainings on respect for human rights and freedoms are mandatory for employees of private security firms. Russian Railways employees in charge of traffic safety undergo trainings, including on respect for human rights, to improve communications with passengers and railway station visitors. In 2020, 70% of employees engaged in security screening underwent such training (1,683 of 2,400 employees).

Over 78,000 workers were successfully certified against the Technical Operation Rules for Railways in Russia

Industrial safety carriages

As part of its training system for employees of railway structural units, Russian Railways has outfitted 12 special carriages that serve as mobile training complexes and are used to:

- train employees of railway structural units on occupational safety issues;
- study, distribute and promote technological advances and best practices in occupational health and safety;
- provide relevant information to employees engaged in occupational safety, collect and prepare information materials on working conditions, provide employees with personal and collective protective equipment and ensure safety of technological processes;
- analyse occupational safety conditions in railway structural units and exercise control over the occupational safety conditions in the railway structural units when relevant commissions conduct comprehensive and target reviews.



⁶⁴ Autonomous Non-Profit Organisation of Continuing Professional Education Corporate University of Russian Railways.

⁶⁵ Approved by Order No. 286 of the Russian Ministry of Transport dated 21 December 2010.

⁶⁶ Corporate automated system to control employee knowledge.

⁶⁷ Order No. 396 of the National Guard of the Russian Federation "On Approving Standard Professional Education Programmes for Private Security Guards" dated 30 November 2019

Health and safety

GRI 103-1, GRI 103-2, GRI 103-3

Occupational safety is an important part of the activities of Russian Railways, as working on railway transport can potentially expose employees to a various factors that could affect their health, including stress, the physically demanding nature of the work, noise, vibrations, poor lighting and possible exposure to chemicals. Occupational safety issues at Russian Railways are the most important aspect of arranging a comfortable working environment.

The main occupational safety activities at Russian Railways are based on the following principles:

- Improving the safety management system at Russian Railways;
- Building a regulatory framework for occupational safety;
- Improving trainings on occupational safety;
- Recording, controlling, analysing and preventing occupational injuries at Russian Railways;
- Ensuring a special assessment of working conditions and oversight over bringing the workplace environment in compliance with health and safety requirements;
- Implementing measures to improve working conditions and occupational safety;
- Providing Russian Railways employees with modern personal protective equipment.

Health and safety management system

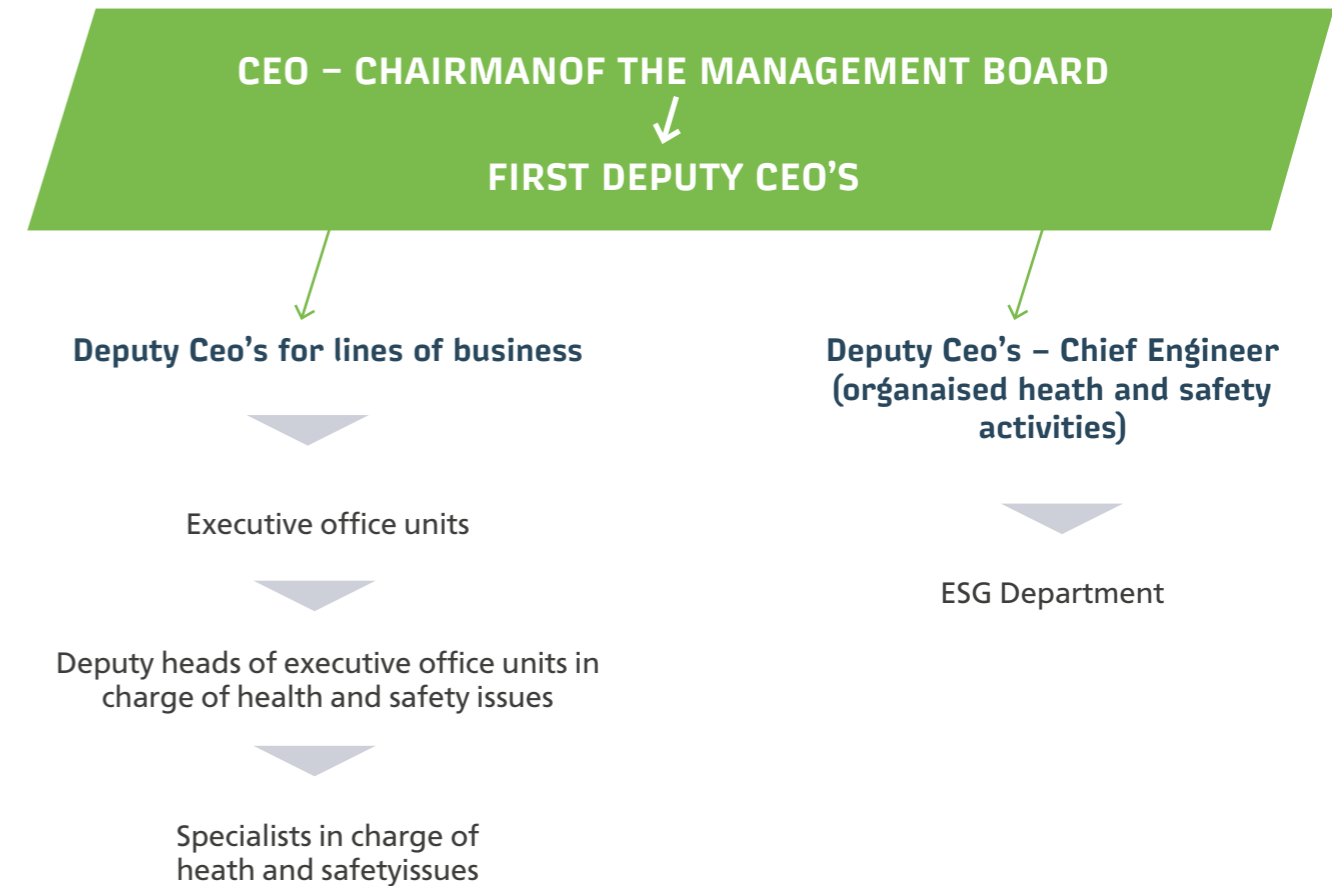
The Company has established a health and safety management system (HSMS) aimed at:

- Improving health and safety management;
- Building safe working conditions;
- Preventing and reducing occupational injuries and diseases;
- Reducing financial expenses and losses from accidents at work and occupational diseases;
- Engaging employees and their representatives in health and safety management;
- Fostering a corporate culture of safety and promoting healthy lifestyles.

⁶⁸ Excluding costs on work clothes, safety footwear and other personal protective equipment and medical check-ups.

A minimum of 0.7% of the Company's total annual expenditures are earmarked for improving working conditions and occupational safety.⁶⁸

Structure of Russian Railways' corporate governance centre



The health and safety management system is an integral part of the general management system. The system ensures a comprehensive approach and uniform procedures for health and safety at all levels of the Company. The system entails a multi-level structure that corresponds to Russian Railways' administrative structure.

Health and safety management at Russian Railways is carried out at three management levels: central, regional and local. Oversight of health and safety issues at Russian Railways is ensured by the Company's corporate governance centre and regional corporate governance centres. Health and safety functions are performed by the ESG Department or by the health and safety services at the various railways.

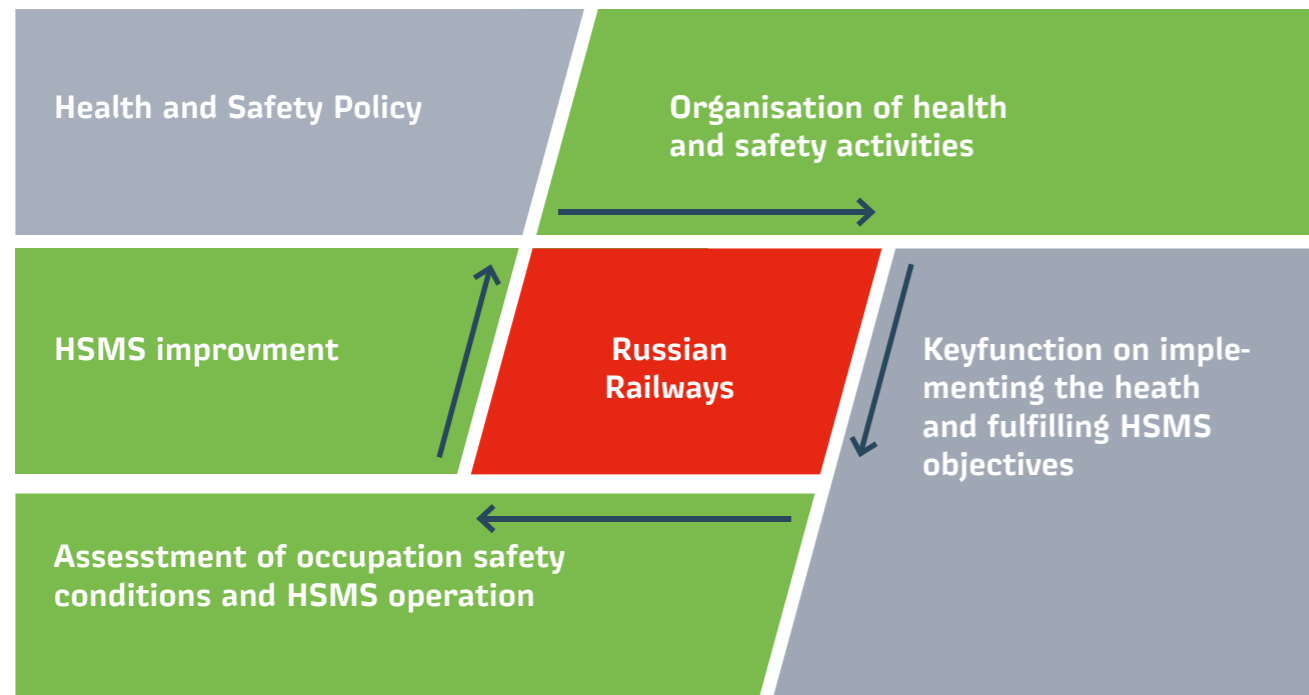
In 2020, the regulatory base of the labor protection management system was improved by updating the standard "Health and Safety Management System in Russian Railways. General Provisions".

In 2020, to improve the system for assessing the HSMS, the Company approved a new audit procedure: RZD Company Standard 15.005-2019 "Health and Safety Management System in Russian Railways. Internal Audit. Procedures for Planning, Organisation and Conducting Internal Audit". All HSMS control processes represent a single cycle that includes the direct monitoring of health and safety indicators. The Company maintains internal statistical reports, prepares ratings of chief engineers and conducts an HSMS audit and reviews. Following the assessment, the Company holds meetings chaired by the Company's managers, adjusts activities related to achievement of indicators and adjusts internal regulations.

Complaints on health and safety issues are handled by the Citizens Appeals Handling Office of the Central Administration Department of Russian Railways. The Russian Railways website has a virtual reception point for the CEO & Chairman of the Management Board, which can be contacted for all issues, including health and safety issues.

To engage employees in the management of health and safety, the Company has established regional operational committees to coordinate with regional units of functional branches, structural units, institutions, subsidiaries and associates.

The committee is chaired by the Head of Railway. The committee includes railway executives, business units and institutions of Russian Railways and subsidiaries (upon approval). Membership in the committee is approved by the chairman. The committee has working bodies (subcommittees, territorial sub-committees and hub working groups) to thoroughly review issues within the competence of the committee and make decisions on certain lines of business.



← HSMS operation control

Health and safety policy and obligations

The Company is committed to the principle of continuous improvement in health, industrial and fire safety. The Company's key objectives in this area include:



ensuring safe working conditions;



protecting the lives and health of employees.

The core document that sets out the Company's position, goals and objectives related to occupational safety is the health, environmental, industrial and fire safety policy of the Russian Railways Group, which was last updated in 2020. The policy was developed and adopted in accordance with Russia's international obligations, the Russian Constitution, the National Security Strategy of the Russian Federation, federal law and regulations, and Russian Railways' internal regulations.

In 2020, the Russian Railways Group updated its health, environmental, industrial and fire safety policy.

Vision Zero

Russian Railways, as a socially responsible company, is a member of the international Vision Zero movement to promote the concept of zero injuries.

To achieve its goals and develop the health and safety management system, Russian Railways developed the Vision Zero Implementation Programme for 2019–2021. The programme's objective is to improve social and economic efficiency and build a corporate culture of occupational safety by introducing new health and safety management tools at work.

Improvement of social efficiency involves:

- mitigating the risk of accidents at work;
- engaging employees in health and safety management;
- making employee's lives and health a top priority;
- increasing the responsibility of managers and individual employees for safety and compliance with health and safety requirements.

The economic efficiency framework involves developing and introducing advanced and safe technical tools, equipment and technological processes, including mechanical and automated tools, to remove employees from dangerous areas and reduce the number of manual operations.

To achieve the goals set by the Vision Zero programme, Russian Railways' health, environmental, industrial and fire safety policy was supplemented with provisions on preventing occupational injuries and protecting employee health, as well as on nurturing a culture of occupational safety



Fire trains

Fire trains are part of the Unified State System for the Prevention and Elimination of Emergency Situations and are used upon request of the Russian Ministry of Emergency Situations. Fire trains are designated to extinguish fires and ensure fire safety at emergency sites with dangerous cargo at Russian Railways facilities across all types of rolling stock. Fire train rolling stock is upgraded as part of the Fire Safety programme. In 2011-2020, rolling stock was acquired for 169 fire trains. In 2021, rolling stock will be acquired for 21 fire trains.

Russian Railways has 309 fire trains to ensure fire safety across the railway network.



Employee safety

GRI 403-1, GRI 403-2, GRI 403-6, GRI 403-7, GRI 403-9, GRI 403-10



Health and safety system

GRI 403-1

The health and safety system at Russian Railways is based on the Promotional Framework for Occupational Health and Safety Convention No. 187⁶⁹, Promotional Framework for Occupational Health and Safety Recommendation No. 197⁷⁰ and the European Social Charter⁷¹, and reflects structural

changes and improvement of the labor protection management system at Russian Railways. The system was built on generally accepted standards, taking into account scientific achievements, national conditions, and health and safety management practices at Russian Railways.

A standard provision on health and safety management approved by Order No. 438n of the Russian Ministry of Labour and Social Protection on 19 August 2016;

Methodological Guidelines to review set-up and operation of the health and safety management system approved by Order No. 77 of the Russian Ministry of Labour and Social Protection on 21 March 2019;

GOST 12.0.230–2007 “A System of Occupational Safety Standards. Occupational Safety and Health Management Systems. General Requirements”;

GOST 12.0.230.1–2015 “A System of Occupational Safety Standards. Occupational Safety and Health Management Systems. Guidelines for Application of GOST 12.0.230–2007”;

GOST 12.0.230.2–2015 “A System of Occupational Safety Standards. Occupational Safety and Health Management Systems. Compliance Assessment. Requirements”;

ISO 45001:2018 “Occupational Health and Safety Management. Requirements and Application Guidance”;

“Vision Zero. 7 Golden Rules – for zero accidents and healthy work”, a guide for employers and managers prepared by the International Social Security Association (ISSA), 2017.

⁶⁹ Ratified by Federal Law No. 265-FZ of 4 October 2010.

⁷⁰ Adopted at the 95th Session of the General Conference of the International Labour Organisation on 15 June 2006.

⁷¹ Ratified by Federal Law No. 101-FZ of 3 June 2009.



To improve the health and safety management system, maintain the health and safety of employees, improve working conditions, prevent occupational diseases and occupational injuries, and enhance career longevity, Russian Railways has established central and regional health and safety committees. The Central Committee is a coordinating body set up to ensure systemic

management of health and safety issues. Employees of the Russian Railways Group, representatives of scientific and research institutions and higher educational railway institutions are also engaged by the Central Committee. Meetings are held when necessary, but at least twice a year. In 2020, no meetings were held due to COVID-19 restrictions.

Occupational safety

GRI 403-9

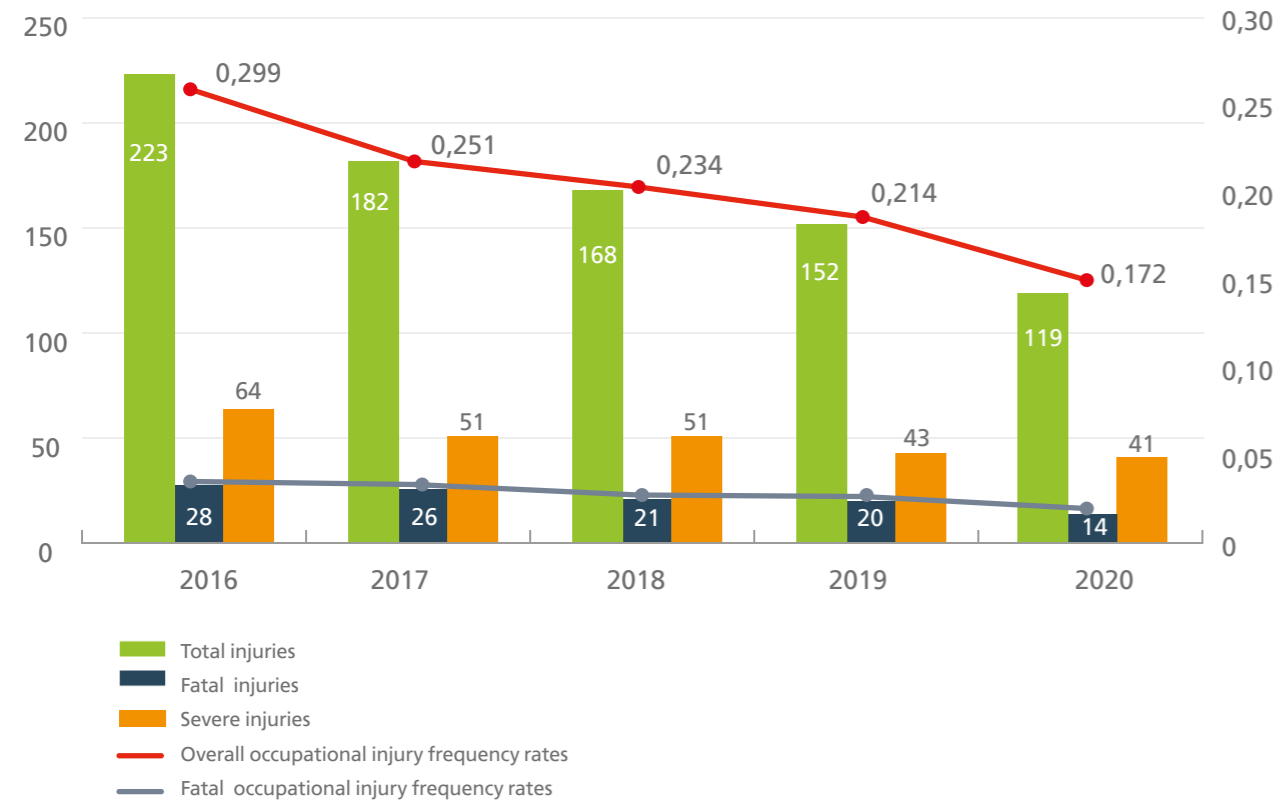
The health and safety management system, including new elements embedded in the system and measures to prevent occupational injuries, has helped to reduce instances of occupational injuries at Russian Railways.

The goal of Russian Railways’ policy on health and safety is to ensure zero fatalities. Russian Railways consistently carries out activities to prevent accidents at work, occupational diseases and fatalities.

91% of the structural units at Russian Railways branches with high injury risks demonstrate a commitment to occupational safety issues⁷²

⁷² No death at work has been registered for more than five years.

Evolution of occupational injury and occupational injury frequency rates



Key types of occupational injuries:

- Falling down, tripping, slipping;
- Road accidents;
- Run over or hit by rolling stock;
- Impact of moving cargo, movement of parts, items and materials;
- Falling from high places;
- Hit or caught by tools or equipment;
- Electric shock.

Key reasons for injuries:

- Inadequate organisation of and control over work;
- Violation of technological processes;
- Violation of operational discipline.

After a severe or fatal injury of an employee, Russian Railways sends information about the incident and the preliminary cause of the injury to all units at the Company. Fatal accidents at work are reviewed by heads of Russian Railways' branches to develop preventive measures and determine if other employees may have been responsible.

Work-related ill health

GRI 403-10

Workplaces classified as Class 3.1 or higher⁷³ working conditions according to the performed special assessment of working conditions pose danger to workers' health. All Russian Railways' workers with occupational morbidities earlier worked under harmful working conditions.

In 2020, 16 workers and 29 retirees of Russian Rails who developed diseases as a result of exposure to work-related hazards were diagnosed with work-related ill health (in 2019 – 29 workers and 19 retirees). No fatalities caused by occupational morbidities were registered.

Main types of occupational morbidities:

- Sensorineural
- hearing loss caused by extreme noise pollution;
- hand-arm vibration syndrome;
- myotonic syndrome.

To enhance the quality of medical traffic and production safety, in 2020 six new professional pathology centres based on RZD-Medicine PHIs⁷⁴; to date, 24 centres focus on expert assessment of occupational aptitude, connection of morbidity with the profession, development and improvement of work-related ill health prevention, diagnostics and treatment, scientific and methodical work.

134 medical assessment boards work at RZD-Medicine PHIs. Under the work schedule, the medical assessment boards performed 1.53m medical examinations.

Russian Railways partners with the Russian Social Insurance Fund to provide insurance against work-related accidents, work-related ill health and for health resort treatment for workers involved in harmful and/or hazardous working activities under the Rules of Financial Support for Preventive Measures to Reduce Work-Related Accidents, Occupational Morbidities and for Health Resort Treatment for Workers Involved in Harmful and/or Hazardous Working Activities⁷⁵. In 2020, due to the pandemic in the country, the Rules were amended to reimburse the insured' expenses on implementation of measures to prevent and contain COVID-19.

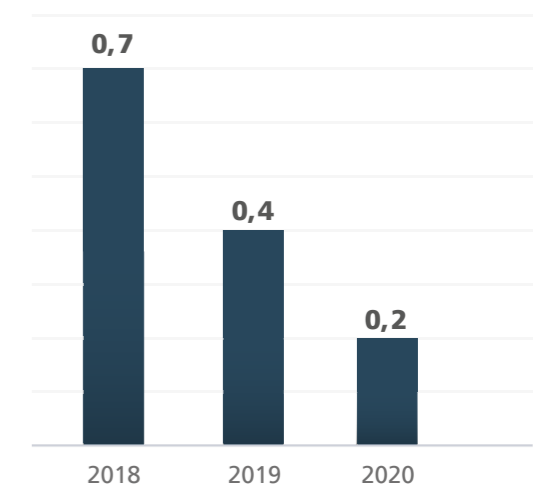
In 2020, Russian Railways spent a total of RUB 423m on preventive measures (in 2019 – RUB 390m).

The main activities for which funds have been directed are:

- personal protective equipment procurement – more than RUB 234m (in 2019 – RUB 240m);
- health resort treatment for soon-to-be-retired workers – RUB 79m (in 2019 – RUB 59m);
- mandatory regular medical screenings – more than RUB 45m (in 2019 – RUB 40m).

RUB 7m was spent in 2020 on COVID-19 prevention measures with recovered funds from the Russian Social Insurance Fund

Level of occupational morbidity



⁷³ Under working conditions classification set forth in Federal Law No 426-FZ dated 28 December 2013 On Special Assessment of Working Conditions.

⁷⁴ Private health institution.

⁷⁵ Approved by Russian Ministry of Labour Order No. 580n dated 10 December 2012.

Risk assessment and working conditions improvement measures

To identify and prevent hazards, Russian Railways:

- assesses and manages occupational risks;
- performs special assessment of working conditions;
- performs production control of working conditions;
- provides certified personal and collective protective equipment;
- prevents accidents and implements accident recovery measures.

In 2020, Russian Railways adopted the Comprehensive Health and Safety Improvement Programme for 2021–2023.

All occupational risk assessments and calculations are performed in the Russian Railways Employee Occupational Risk Assessment and Analysis automated system for each branch with a breakdown by regional directorates and structural units. All branch divisions of the production block including central and regional directorates are already connected to this system.

Occupational risks are assessed for 206 professions. Occupational risk management and mitigation reduce occupational injuries. Based on occupational risk assessment results for workplaces, professions and technical processes at all management levels, the Company developed occupational risk management measures. These measures were included in the Comprehensive Health and Safety Improvement Programme for 2018–2020.

In 2020, as part of the Programme, technical devices and equipment to mitigate occupational injury risks were supplied, including movable fences and warning systems to notify the teams working on the track about the coming train. Power supply infrastructure workers were equipped with protective suits protecting against voltaic arc thermal action

and induced voltage. To improve workers' sanitary conditions and amenities, modular heating units, drying cabinets and lockers for special clothing and footwear were procured, premises and rooms for eating and recreation were equipped.

In 2020, the Company performed work-related risk assessment for major groups of professions that are likely to cause injury, determined occupational risk level thresholds and prepared unacceptable and unwanted risks across structural units of the production block branches.

Assessment results for structural units at the level of regional directorates were ranked, risk level cards for core professions that are likely to cause injury and technical measures to manage "unacceptable" and "unwanted" occupational risks were developed. These measures are stipulated in the Comprehensive Health and Safety Improvement .

RUB 28.5bn was spend on implementing the Comprehensive Health and Safety Improvement Programme in 2020

Programme for 2021–2023. Targets for 2021 include:

- developing work-related risk assessment methodology and criteria, defining the procedure for building occupational risk matrix for groups of professions where no injury statistics are available;
- developing risk ranking methodology at the level of central directorates

Occupational risk assessment mechanisms are defined by Company Standard 15.014-2017 "Health and Safety Management System. Occupational Risk Management. General Provisions". Hazards are identified across all types of control defined by Company Standard 15.014-2016 "Health and Safety Management System. Controls Set-up and Execution".

Special assessment of working conditions (SAWC) is performed in the Company's branches and structural units according to an agreed plan. All workplaces where harmful and (or) hazardous working activities are identified are subject to SAWC under the Russian Federal Law⁷⁶. In 2020, no amendments to SAWC and risk identification regulations were made.

Occupational risks are mitigated through:

- excluding hazardous work, operations;
- replacing hazardous work, technical process (operation) with a less hazardous one;
- implementing technical devices and methods to limit the risk of hazards' impact on workers;
- implementing administrative methods to limit workers' exposure to hazards;
- using personal and collective protective equipment.

The Company developed the following regulations stipulating implementation of an work-related risk assessment and management framework at Russian Railways:

- Methodological Guidance on Developing Measures Aimed at Health and Safety Improvement based on Occupational Risk Assessment at Russian Railways;
- The GOST R "Occupational Health and Safety Standards Framework. Railway Transport Workers' Occupational Risk Assessment and Calculation Methods";
- Company Standard "Health and Safety Management System. Occupational Risk Management. General Provisions" and "Occupational Risk Analysis and Assessment Methodology".

⁷⁶ Federal Law No 426-FZ dated 28 December 2013 On Special Assessment of Working Conditions.

As at the end of 2020, the Company has 328,000 workplaces used by 712,000 workers; 79,000 workplaces have harmful working conditions. In 2020, working conditions for employees at 41,000 workplaces used by around 187,000 workers were improved.

In 2020, average health and safety improvement expenses per worker at Russian

Railways amounted to RUB 41,900 (in 2019 – RUB 34,100). To develop standardised approaches to providing workers with PPE factoring their specific working conditions and risk of COVID-19 infection, regulations on free distribution of PPE to Russian Railways workers were adopted. All workers were fully equipped with PPE.

In 2020, centralised procurement of PPE to contain COVID-19 was performed including:

- 102,000 overalls
- 1,000,000 three-layer face masks
- 329,000 FFP3 respirators



Traffic safety

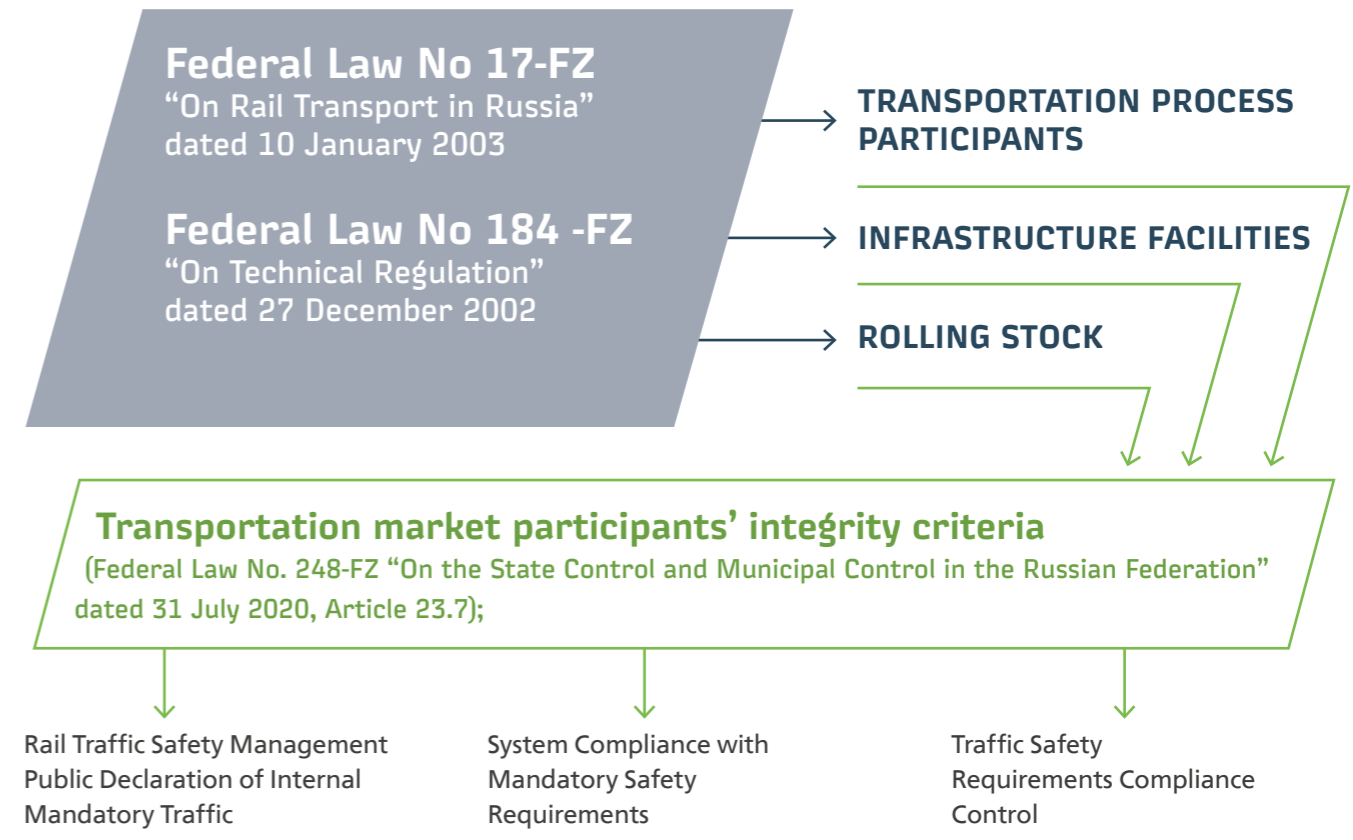
Railway travel is the second safest travel mode after air travel: 0.7 accidents per 1.5bn km.

Traffic safety regulations

In 2020, collisions at railway crossings were 26% less severe. Russian Railways continuously interacts with Russian regions' authorities to resolve issues related to railway crossing traffic safety improvement including the following activities:

- closing railway crossings, developing driveways leading to railway crossings and building flying junctions where roads and railways cross at the same level;
- equipping with and upgrading railway crossing signalling and blocking systems;
- installing industrial rubber decking;
- implementing LED colour-light signal heads, improving power supply and electric lighting;
- installing countdown displays to closing the railway crossing;
- installing photo and video recording systems at railway crossings to track traffic rules violations.

18% fewer railway traffic accidents occurred – 204 in 2020 vs 248 in 2019



Traffic safety management

Across the Company, the traffic safety management system ("TSMS") is aligned with mandatory requirements at the "Mainly complies" level; all managed TSMS activities in Russian Railways branches are in place. TSMS procedures are standardised and documented, the Company monitors key unit activities. Management decisions are driven by strategy and aligned with stakeholders' needs and expectations.

To engage workers in continuous traffic and rail transport operation safety improvement and to encourage teams to ensure full compliance of the traffic and production process safety management system with corporate requirements, structural units of regional directorates may voluntarily participate in corporate traffic safety management system certification, and production teams may opt for a "Trust Certificate" (a compliance certificate).

Under Russian Railways Regulation on Corporate Traffic Safety Management System Certification, the 2020 goal of performing corporate certification of activities aimed at ensuring guaranteed transportation safety and reliability was achieved: 80% of the entities within the acceptable risk zone were extensively engaged in corporate certification, of which 40% were admitted to certification audit and no less than 30% received compliance certificates. Based on 2018–2020 corporate certification results, valid guaranteed transportation safety and reliability compliance certificates were granted to 635 units whose teams achieved significant success in ensuring traffic safety and reliability.

In 2020, 903 units applied for traffic safety management system certification; together with the 2018–2019 certification, the total level of engagement in corporate certification was 1,299 units, or 66.7%

In 2020, all railways' (Russian Railways branches) regulations were updated to include functions de-veloping an efficient traf-fic safety management system and fostering a traffic safety culture.

In 2020, 565 units were ad-mitted to certification audit, 239 units were successfully certified (26.5% of the appli-cants).

Specified entities within the areas (2020 - 239 / total - 640)



Targets for 2021:

100% (engagement)

of entities with risks that are not taken into account, ensure participation in corporate certification

70% (support)

of entities prepared for certificate renewals

30% (result)

of entities obtained compliance certificates

Traffic Safety Policy

The Company's Traffic Safety Policy is developed in line with global commitments, the Russian Constitution, the Russian Transport Strategy, federal law and other national regulations and contributes to fulfilling the Company's mission, preserving and enriching its values.

In 2020, Russian Railways achieved its traffic safety target as per the Russian Transport Strategy at 15% higher than the projected value.

SCOPE

- Functional branches
- Structural units
- Subsidiaries

SECURITY PRINCIPLES

- Safety culture
- People-oriented
- Safety data sharing

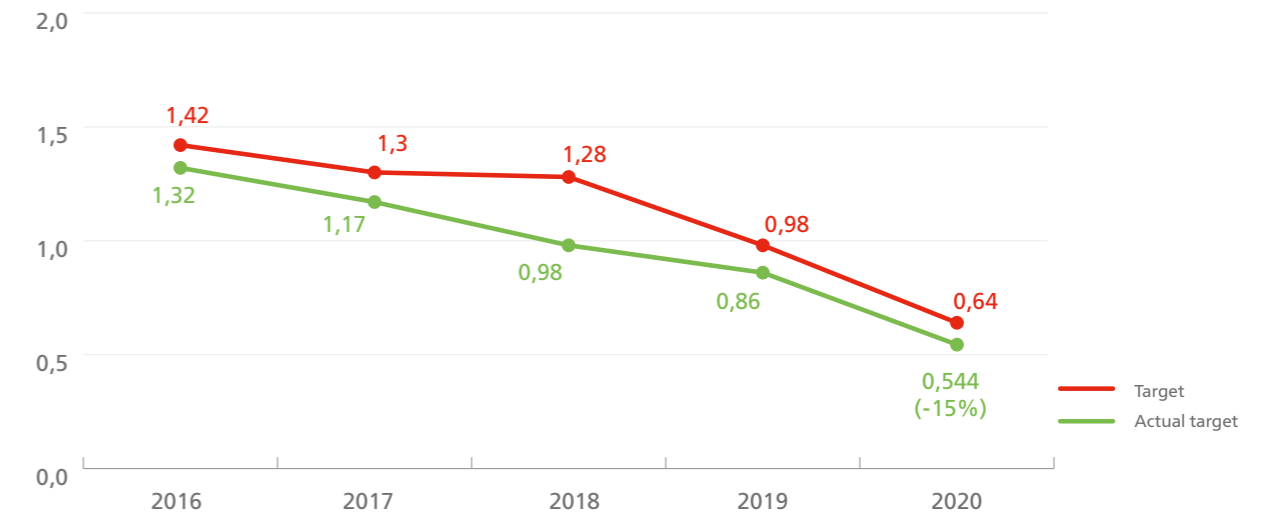
GOVERNANCE ELEMENT

- Safety management system
- Risk management
- Management responsibilities

ORGANISATION AND OBJECTIVES

- Ensuring set traffic safety levels
- People life and health safety
- Mitigate Implications of violations

Target traffic safety indicator, unit/million train kilometres



Strategy for Guaranteed Transportation Safety and Reliability

To achieve these traffic safety objectives, Russian Railways implements the Strategy for Guaranteed Transportation Safety and Reliability underpinned by common principles of production process standardisation and unification, people-centred approach, culture of safety and availability of information.

The Strategy for Guaranteed Transportation Safety and Reliability defines the following objectives:

- improving the reliability and safety of equipment that is part of infrastructure and rolling stock
- reducing the likelihood of traffic accidents
- preventing or reducing fatalities and injuries
- reducing rail transport property damage and other losses
- preventing any adverse impact on the environment

Below are the results of the measures envisaged in the Strategy to ensure the development of the functional safety management system in 2020:

- developed approaches to traffic safety management system operability at Russian Railways;
- implemented digital transformation of the traffic safety management system⁷⁷;
- maintained operators' skills and competencies in production processes;
- improved traffic safety control and preventive activities;
- developed traffic and rail transport operation safety regulations.

12,9% higher

functional safety at Russian Railways infrastructure vs 2019

⁷⁷ For more detail, please see Chapter "Russian Railways today", section "Digital transformation".

Traffic safety

Implementing the Company's key functional safety initiatives and dimensions⁷⁸ enabled efficient management and optimal allocation of the Company's resources to prevent and mitigate traffic safety and rail transport operation safety risks.

Implementation of key traffic safety revision and control development initiatives at Russian Railways till 2020 resulted in formalising internal control activities by form and type, implementing an activity categorisation procedure and enabling transition to mandatory requirements control.

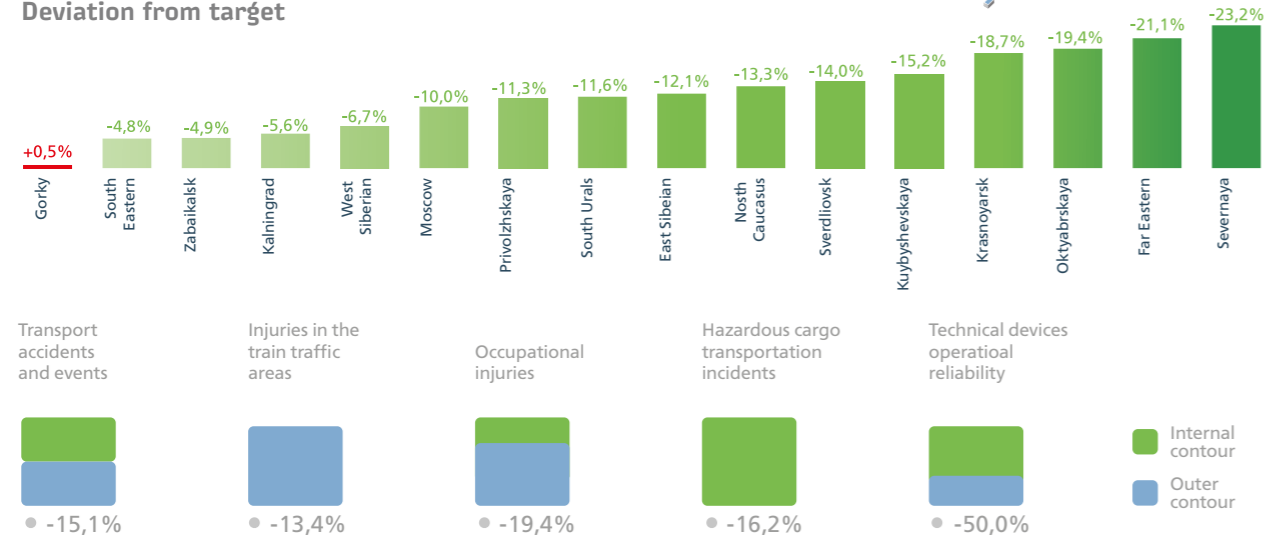
As a result, the number of control activities was reduced by 61%. To prevent rolling stock traffic safety violations, auditors initiated 61,700 response measures including 52,000 auditor's instructions, 7,600 auditor's representations and 2,100 auditor's orders.

46% decline

in the number of violations of mandatory requirements identified by the State Railway Supervision Authority vs 2019 enabled by preventive traffic safety activities at Russian Railways



Deviation from target



⁷⁸ According to the action plan of the Functional Safety Roadmap dated 31.01.2020 No 97.

Non-occupational injuries

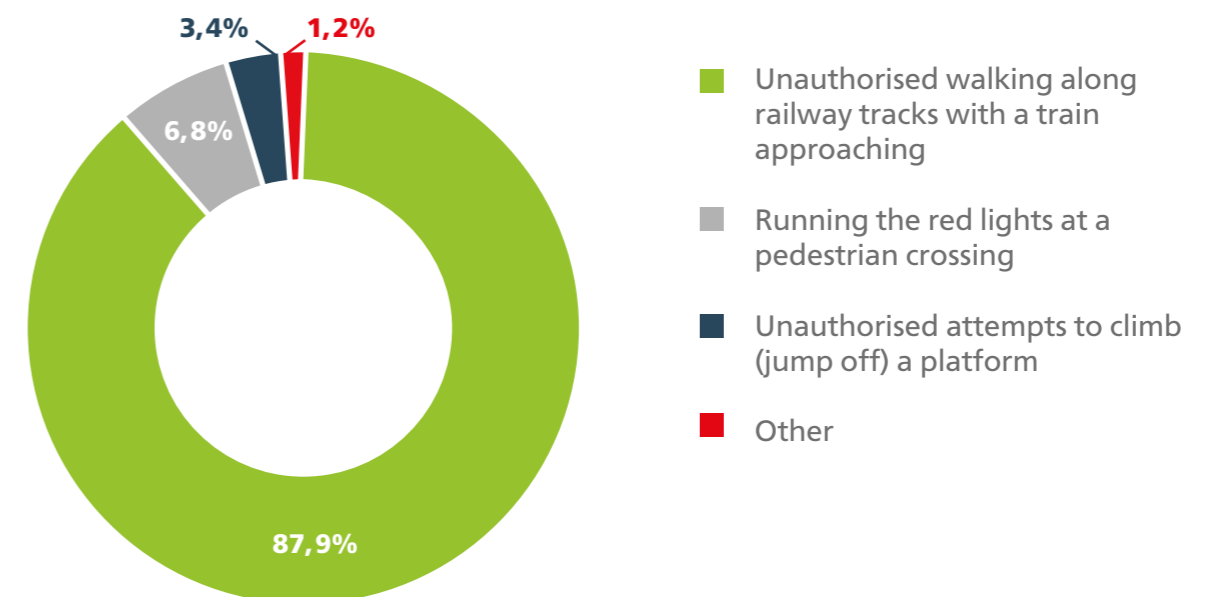
In 2020, Russian Railways reduced the y-o-y levels of non-work-related injuries:

- total injuries – by 305 persons, down 13.4% (from 2,254 to 1,949 persons);
- including fatal injuries – by 215 persons, down 13.9% (from 1,552 to 1,337 persons);
- injuries of non-adults – by 22 persons, down 15.5% (from 142 to 120 persons);
- including fatal injuries of non-adults – by 15 persons, down 16.7% (from 90 to 75 persons).

The Company annually implements measures to prevent non-work-related injuries. These measures are structured around the following dimensions:

- Organisational solutions: joint raiding with security and police details in areas of unauthorised passage; joint events with municipal authorities to educate on prevention of children's injuries, lectures, sending letters to educational institutions, entities' executive offices, etc.
- Informational solutions: raising people's awareness about the danger of unauthorised rail track crossing: billboards, signs, video clips, leaflets, messages at railway stations and on trains, media coverage, etc.
- Technical solutions: building, equipping and repairing pedestrian crossings, overpasses and subways, including the People Injury Prevention at Russian Railways Facilities project.
- Legal solutions: proposals to amend applicable legislation, proposals to the Russian Ministry of Transport to draft necessary regulations

PRIMARY CAUSES OF NON-OCCUPATIONAL INJURIES, %



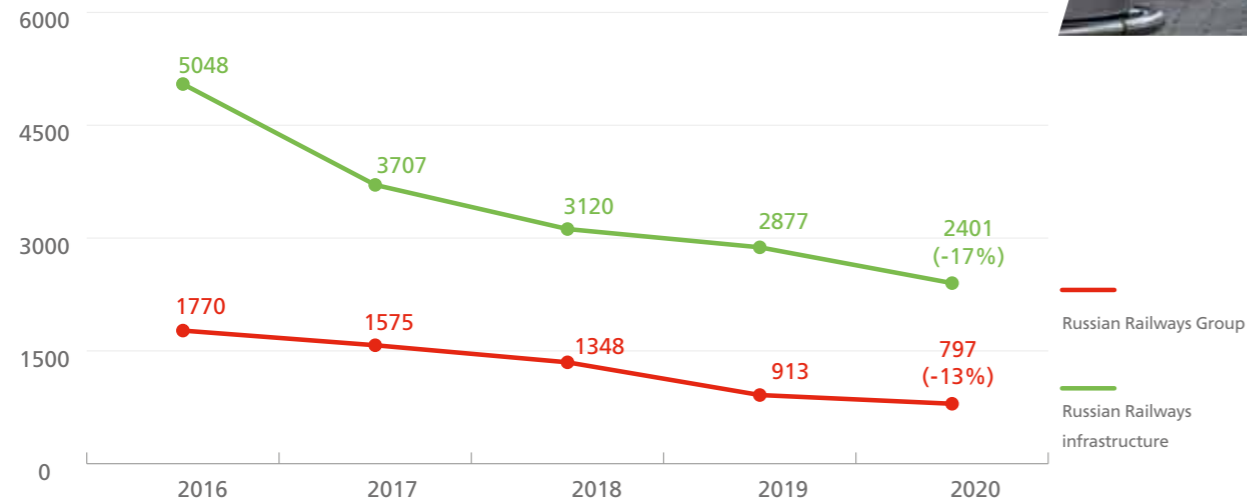
Innovation and infrastructure safety

Russian Railways continuously works on implementing innovative solutions aimed at mitigating the risk of railway crossing accidents, minimising the impact of the human factor on traffic safety and improving technical equipment with digital management principles.

The Company put into permanent use the integrated shunting towers for automatic acceptance and diagnostics of rolling stock at four sorting facilities (St Petersburg-Sortirovochny-Moskovsky, Vkhodnaya-Moskovka, Khabarovsk) which enable productivity improvement.

RUB 2.0bn costs on implementing the project “On boosting traffic safety” in 2020

safety violations at Russian Railways infrastructure



As part of the project “On boosting traffic safety” in 2020, the following key activities were carried out:

- 10 railway crossings were equipped with road blocking devices;
- 15 rolling stock in-motion control devices installed: coming-off tracking devices and a multifunctional set of technical solutions was installed;
- 36 safeguarding devices excluding unintentional train interference at train arrival/ departure routes were installed;
- 544 locomotives were equipped with safety devices.

Furthermore, technical devices to detect commercial malfunctions and perform repairs and recovery works after traffic accidents.

Activities aimed at ensuring compliance if the Russian Railways infrastructure facilities and rolling stock with Operations and Maintenance Requirements (“OMR”) for railways in the Russia are ranked by risk acceptability levels at respective facilities (unacceptable, high, acceptable risk).

40,136 facilities were brought in compliance with OMR (vs 39,730 planned). In 2021–2023, 87,283 facilities are scheduled to be brought in compliance with OMR.



101% implementation level of the programme on bringing the facilities in compliance with Operations and Maintenance Requirements in 2020

Cognitive Rail Pilot

In 2020, Russian Railways started testing Russia’s first AI-enabled trains aimed at minimising accidents affected by the human factor. These trains are equipped with Cognitive Rail Pilot which can:

- with their technical vision and artificial intelligence, detect objects on the tracks including other trains, points, tracks, people, traffic lights;
- assess the environment and warn the driver about danger;
- take necessary action if the driver fails to respond;
- ensure safety under any weather conditions

In 2021, Cognitive Pilot (subsidiary of Sberbank and Cognitive Technologies) plans to start mass production of autopilots for Russian Railways. Production capacities were allocated to supply 2,000 smart systems.

Emergency Response Centre (ERC)

ERC comprises three departments and one sector: Operations, Traffic Safety Predictive Analytics, Accident Prevention and Recovery, IT Support Sector. Operations works 24/7 with infrastructure, locomotive, passenger and high-speed transportation dispatchers taking shifts. Operations specialists continuously monitor infrastructure and rolling stock safety conditions, track accident recovery teams' readiness to take action in case of accident, ensure rapid response system reliability in case of accidents, events and emergencies.

Enabled by analysis of incoming information and statistical data from automated systems, Predictive Analytics team predict possible scenarios, assess traffic safety risks related to infrastructure and rolling stock operation, develop recommendations, activities and draft solutions to mitigate such risks, control execution and also propose improvements to ways of working and hardware and software development.

To enable real-time monitoring, the ERC uses various industry-specific automated systems⁷⁹. The Integrated ERC Automation Systems Complex collects and processes data from such systems. The Complex was designed by OJSC Research Institute of Automation and Communications in Rail Transport⁸⁰.

Russian Railways' ERC prepares for using a predictive risk management model to address practical safety objectives. In 2021, the traffic safety management system simulation modelling will be completed, and in 2022–2024, predictive analytics will become an integral component of operations management.



Transport Safety project

In 2020, Russian Railways continued implementing its Transport Safety and Transport Safety of Infrastructure Projects. As part of its investment projects, the Company furnished 100 facilities with transport safety equipment to mitigate the risk of unlawful interference with rail transport operations and to ensure compliance with applicable Russian laws⁸¹.

On top of that, the Company purchased security screening equipment for railway stations in St Petersburg to be engaged in providing transportation services during the 2021 UEFA European Football Championship, and the Syktyvkar railway station which will serve as a transportation hub during the 2022 Bandy World Championship.

In 2020, Russian Railways organised security at 7,338 facilities and arranged for the protection of 400 facilities. Over the year, the Company increased the number of facilities protected by transport security units by 32.7% y-o-y, engaging 396 dedicated railway guard teams.

Targets for 2021:

- traffic safety and rail transport operation safety risk management (reduce damages from safety violations by 10%);
- ensure compliance of Russian Railways facilities with the Operations and Maintenance Requirements ("OMR") (reduce non-compliance by 10%);
- increase railway functional safety indicator (decrease by 10% vs 2020).

⁷⁹ Comprehensive Automated System for Technical Devices' Accounting, Control, Malfunction Elimination and Reliability Analysis (KAS ANT), Ural Traffic Schedule Execution Control System (GID Ural), Comprehensive Automated System for Alert, Centralisation and Blocking Systems Control (ASU-Sh-2), Automated System for Traffic Safety Revision Control (AS RB), Automated System for Monthly Commission Inspection Certificates Maintenance Control (AS KMO), EFFECT Information Service System (SIS EFFECT), etc.

⁸⁰ For more detail, please see Chapter "Russian Railways today", section "Innovations and performance".

⁸¹ Federal Law No.16 of 09 February 2007, "On Transport Safety".

**RESPONSIBLE
PROCUREMENT**



Responsible procurement



2020 performance highlights



Completed 13,287 bids



Russian Railways is the leader in terms of volumes of procurement from small and medium-sized businesses



The share of signed contracts for procurement of goods made in Russia, works, services provided by Russian companies, was 96.8% (RUB 1,261.7bn) of the total contract value



The Company tops the loyalty list of largest customers procuring from small and medium-sized businesses



In 2020 and going forward, procurement contracts resulting from the bidding process are signed in electronic form



Russian Railways has an unlimited partnership programme with SMBs, under which the partners are offered information and methodology support

Russian Railways procurement approach

GRI 102-10, GRI 103-1, GRI 103-2, GRI 103-3

Russian Railways' procurement activities are governed by Federal Law No. 223-FZ of 18 July 2011 "On Procurement of Goods, Work and Services by Certain Types of Legal Entities", and also the Regulation on the Procurement of Goods, Work and Services for the Needs of Russian Railways⁸².

To increase efficiency of procurement activities and improve its procurement system, in 2019, the Company merged the following two units: Procurement Centre and Roszheldorsnab. The operating model of the joint Central Procurement Directorate (a branch of Russian Railways⁸³) is based on introduction of category management. The Central Procurement Directorate develops a standardised approach to procurement covering planning, organising, conducting procurement of goods, work, services for the needs of Russian Railways, Russian Railways subsidiaries and affiliates, signing and executing contracts, developing and implementing a single Russian Railways procurement policy, organising supply of procurement resources of required quality to Russian Railways' branches and structural units, and subsidiaries and affiliates under the procedure established by the Company.

⁸² Approved by resolution of Russian Railways' Board of Directors on 28 June 2018.

⁸³ Under the Regulation No. 1997 of 09 December 2019 approved by Oleg Belozеров, CEO and Chairman of the Management Board of Russian Railways, the full name is the Central Procurement Directorate, a branch of the Open Joint-Stock Company Russian Railways. The abbreviated name is the Russian Railways' Central Procurement Directorate.

Relations with suppliers and contractors

Relations with suppliers and contractors are based on equal access to procurement, fostering fair competition, openness and transparency in compliance with the Procurement Law, Federal Law No. 135-FZ of 26 July 2006, "On Protecting Competition", the Regulation on the Procurement of Goods, Work and Services for the Needs of Russian Railways, procurement documentation. Russian Railways complies with anti-corruption and tax clauses, and no conflict of interest requirements.

Suppliers may be included in the bad faith suppliers register based on the reasons and procedure set forth by relevant Russian law requirements.

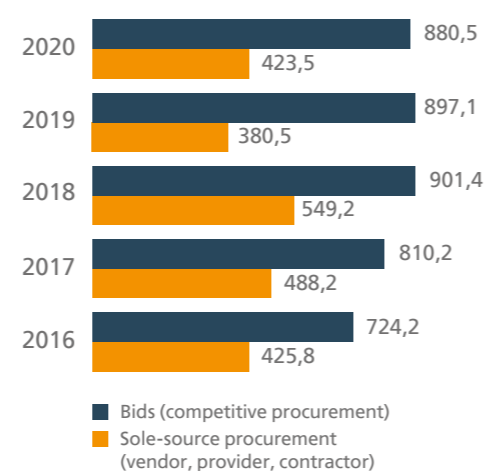
In 2020, there were 13,287 bids completed with an average number of 4.0 bidders per bid which is higher than in 2019 (3.4).

Russian Railways' procurement key performance indicators are presented in the table below.

Russian Railways' procurement key performance indicators

Name of indicator	2019 год		2020 год	
	RUB billion	%	RUB billion	%
Total procurement volume, including:	1 277,6	100,0	1 304,0	100,0
- resulting from the bidding process	897,1	70,2	880,5	67,5
- based on Russian Railways orders	127,1	9,9	136,5	10,5
- based on other legitimate grounds	253,4	19,8	287,0	22,0
Based on open electronic bids (% of the amount of tender-based procurement)	390,6	43,5	368,8	41,9
Volume and share of procurement from small and medium-sized businesses	229,1	62,8	241,5	63,5
Volume and share of procurement in which only small and medium-sized businesses can participate	68,9	18,9	73,7	19,4
Procurement savings (volume and % of the amount of initial (maximum) bidding price)	10,8	4,1	11,5	4,6

RUSSIAN RAILWAYS PROCUREMENT STRUCTURE, RUB BILLION

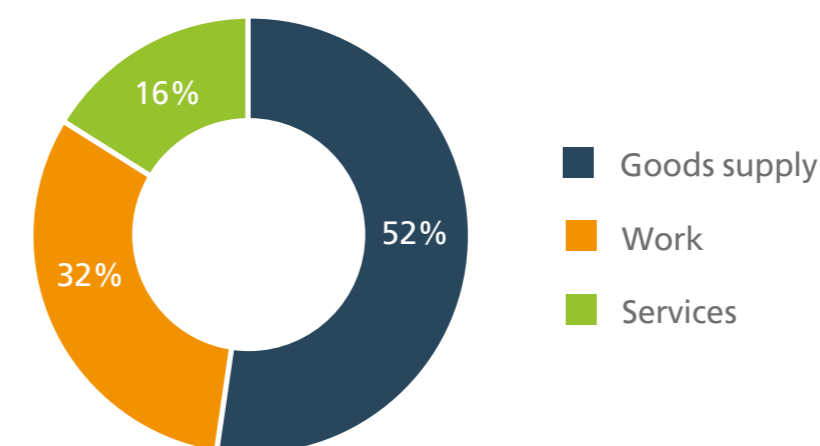


Non-competitive procurement mainly consists of special-purpose procurement which can be serviced by a limited number of large providers of goods, work, services. The total amount of special-purpose procurement was RUB 267.4bn, or 63.1%, including:

- rolling stock procurement – RUB 157,7bn, or 37,2%;
- rolling stock maintenance, modernisation and repairs – RUB 72,9bn, or 17,2%;
- track superstructure materials procurement – RUB 36,8 bn, or 8,7%.

Based on 2020 results, Russian Railways procurement structure by types of goods, work and services was dominated by goods supply – 52.4%, including maintenance resources (26.7%), rolling stock supply (12.7%), equipment supply (7.3%). Work accounts for 31.8% with the main share of rolling stock maintenance, modernisation and repairs (13.5%) and construction and assembly (9.3%). The share of services in the total procurement volume is 15.8% including security, transportation, outsourcing, financial and medical services (8.4%).

Russian Railways' procurement structure in 2020



In 2020, Russian Railways procured 566 new locomotives

“The 2020 investment programme largely focused on the Eastern Operating Domain which received 318 new locomotives. Specifically, for the Baikal-Amur Mainline, we purchased powerful 3TE25K2M diesel locomotives significantly improving performance indicators at this section, such as locomotive productivity and train weight.”

Oleg Valinsky
Deputy CEO, Head of the Directorate of Locomotive Traction

In 2020, Russian Railways spent around RUB 95bn on traction stock replacement. The Company procured 566 locomotives including:

328 mainline electric locomotives, including 294 freight (2E55K – 15 units, 3E55K – 122 units, 4E55K – 15 units, 2E56 – 96 units, 3E56 – 30 units, 2E57 – 9 units, 3E54K – 4 units, 3E510 – 3 units) and 34 passenger (EP2K – 25 units, EP20 – 5 units, ЭP1M – 4 units) locomotives.

238 diesel locomotives were purchased, including 154 shunting (TEM18DM), 80 freight mainliners (2TE25KM – 40 units, 3TE25K2M – 40 units), and 4 passenger locomotives (TEP70BS).

Khabarovsk, Taiga, Ilanskaya, and Komsomolsk locomotive depots received most new machines.

The bulk of the Company's procurement is fuel and metal

Russian Railways purchases fuel (mainly diesel fuel for locomotives) from major vertically integrated oil companies ("VIOC"), such as Rosneft, Gazpromneft, LUKOIL and Tatneft. According to Russian Railways estimates, more than 96.0% of petroleum products are procured under direct contracts with VOICs.

Fuel is purchased under contracts with formula-based pricing underpinned by stock exchange quotations at the St Petersburg International Mercantile Exchange ("SPIMEX"). Supply contracts stipulate seller's responsibilities for product quality during the warranty period and payment deferral during

24–70 days from the supply date. Furthermore, fuel is purchased additionally via direct stock exchange deals made at SPIMEX.

The Company reserves the right to adjust procured volumes on a quarterly basis. Russian Railways' payment policy for supply contracts usually stipulates payment deferrals. Where possible, the Company signs long-term agreements with suppliers setting forth fixed prices and clear price adjustment mechanisms. Currently, Russian Railways has long-term contract for supply of spare parts for locomotives and rolling stock, railway tracks, cross-sleepers and other products.



Procurement optimisation in 2018, 2019 and 2020 enabled Russian Railways to save RUB 9.8bn, RUB 10.8bn, and RUB 11.5bn, respectively.

The Company reserves the right to adjust procured volumes on a quarterly basis. Russian Railways' payment policy for supply contracts usually stipulates payment deferrals. Where possible, the Company signs long-term agreements with suppliers setting forth fixed prices and clear price adjustment mechanisms. Currently, Russian Railways has long-term contract for supply of spare parts for locomotives and rolling stock, railway tracks, cross-sleepers and other products. **GRI 204-1**

In 2020, the share of signed contracts for procurement of goods made in Russia,

works, services provided by Russian companies, was 96.8% (RUB 1,261.7bn) of the total contract value.

Russian Railways purchases locomotives and rolling stock mainly from Russian manufacturers including JSC Transmashholding and Sinara Group. The Company's locomotive fleet expansion is largely driven by Russian and CIS manufacturers' production capacities.

For more details on import substitution, please see the Company's Annual Report, Procurement Activities, and also Russian Railways official website.

Electronic trading platform

Russian Railways conducts procurement activities at [the RTS-Tender Electronic Trading Platform](#).

The TEK-Torg Electronic Trading Platform places bids in which only those small and medium-sized businesses that were earlier excluded from the bidding process due to lack of letters of interest at RTS-Tender ETP can participate.

Under the Russian law and applicable procurement documentation, the bid-based contract is signed no earlier than 10 and no later than 20 days from the date of placement of information about the bid

results in the unified information system.

If the bid documentation stipulates a requirement to collateralise performance under the contract and if the bidder chooses bank guarantee as collateral; bank guarantee approval with the customer may be initiated at any time from the date of placement of information about the bid results in the unified information system (from the date of placement of information about the final procurement log) despite the set 10-day prohibition on signing the contract.

Engagement of contractors and suppliers in OHS⁸⁴

To regulate OHS requirements at Russian Railways for contracted third-party providers, the Company adopted the Regulation on OHS Relations of Russian Railways with Contractors. OHS requirements for contractors are

stipulated in the service contract and controlled by the branches at whose premises contractors perform their work. If OHS violations are detected, the contractor is liable to sanctions stipulated by the contract.

⁸⁴ Occupational health and safety.

Contracts with third-party providers to perform work at Russian Railways premises and facilities include the following provisions:

- OHS provisions regulating allocation of liabilities between the customer and the provider, including liability for violations of OHS requirements at railway tracks by the provider's workers;
- the provider's workers compliance with Russian Railways' OHS requirements;
- timely notification of the customer about any and all accidents, injuries, health deterioration, workers' illnesses and other dangerous events occurred during performance of work.

Environmental responsibility and supplier assessment

To ensure timely prevention of financial losses and image damages and to increase environmental efficiency of operations, the Company adopted the Russian Railways Environmental Responsibility Internal Assessment Methodology.

As part of its supervision over suppliers' compliance with environmental requirements, Russian Railways uses the Environmental Requirements Accounting

and Assessment Methodology for Goods, Commodities and Raw Materials Procured by the Company's Business Units. This Methodology regulates compliance with additional requirements decreasing the environmental footprint, improving working conditions and driving the Company's economic indicators through enhanced energy and resource efficiency.

Hotline for suppliers

Russian Railways supports its suppliers via its procurement hotline.

Procurement hotline aims at ensuring legal rights of entities and individuals to access information about procurement of goods, work, services organised by Russian Railways and to participate in such procurement procedures.

Procurement-related questions and complaints can be submitted 24/7. The Russian Railways procurement hotline request/complaint handling rules provide for anonymous requests/complaints from market participants.

In addition, all suppliers can submit a request/complaint at the Company's

In 2020, the procurement hotline received 351 requests/complaints. Resulting Q&A log is posted on Russian Railways official website.

Main questions and issues communicated to the hotline:

- how to work at the electronic platform, how to register and receive the electronic digital signature – 32;
- how to become Russian Railways' supplier – 45;
- notification about suspected fraud – 118.

website. Procurement complaints are handled in accordance with Federal Law No. 223-FZ, the Regulation on the Procurement of Goods, Work and Services

for the Needs of Russian Railways adopted by the Company's Board of Directors on 28 June 2018, other applicable Russian law, customer's regulations.



Appeal of customer's actions (inaction) during the tender procedure is allowed any time from the moment of procurement notification and documentation are published in the unified information

system and no later than within 10 days from the date the information about procurement results is published in the unified information system.

Procurement risk management at Russian Railways

Procurement risk management at Russian Railways is carried out as part of the general corporate risk management and internal control methodology.

In its procurement activities, the Company is guided by the Russian law and provides extended options for legal entities and individuals to participate in procurement of goods, work, services for

the customers' needs and encourages participation, promotes fair competition, openness and transparency of procurement activities, prevents corruption and other misbehaviour to timely and fully satisfy the customers' goods, work, services needs while maintaining required price, quality and reliability, efficient spending of funds.

These procurement goals define Russian Railways' risk areas related to:

- procurement of materials and resources at a suboptimal price;
- failure to perform the obligation to procure required volumes from small and medium-sized businesses;
- procurement of materials and resources in volumes that are insufficient for Russian Railways' units;
- failure to provide or untimely provision of information about Russian Railways' procurement activity according to the procurement laws and Russian Railways' regulations;
- violation of laws when arranging and holding procurements;
- violation of laws when making procurement disclosures;
- improper preparation of documents for competitive procurements

To manage these risks, Russian Railways:

- analyses market prices;
- controls initial (maximum) contract price-setting;
- reviews/plans procurement taking into account the set indicator for procurement volumes planned to be purchased exclusively from small and medium-sized businesses;
- monitors achievement of the set indicators for procurement volumes planned to be purchased from small and medium-sized businesses by Russian Railways' units;
- monitors statutory developments and amends related Russian Railways' procurement regulations accordingly;
- monitors changes in information systems functionality;
- standardises documents;
- trains its workers;
- controls timely planning, procurement and signing of contracts;
- automates processes, improve information systems' functionality;
- ensures timely procurement-related feedback by prompt processing of incoming requests/complaints.

The Company's current anti-corruption policy contains recommendations for all counterparties including suppliers. All counterparty agreements contain the anti-corruption clause.

For more details about the ongoing and implemented procurement risk management activities, please see related sections.

Procurement accessibility improvement activities

Russian Railways carries out systemic activities to improve accessibility of the Company's procurements to market participants.

In 2020 and going forward, procurement contracts resulting from the bidding process are signed in electronic form. Also, primary documentation is now signed electronically. These measures facilitate workflow with counterparties including physically remote counterparties and continuous operations despite the COVID-19 pandemic.

In 2020, the following procurement improvement activities were performed:

1. Simplified the procurement procedure, eliminated the letters of interest opening minutes preparation for electronic procurement.
2. Reduced the payment term for supplied goods (performed work, provided services) under contracts (specific stages of contracts) signed with small and medium-sized businesses to 15 business days in compliance with the Russian Federation Government Resolution No. 1205 of 18 September 2019.
3. Within the framework of activities aimed at supporting Russian manufacturers and in compliance with the Russian Federation Government Resolution No. 1906 of 27 December 2019, the requirement for bidders to provide information on the name of the purchased goods' country of origin was adopted.
4. Simplified procurement participation procedure for small and medium-sized businesses, excluded the requirement for bidders to validate their SMB status. The customer can validate it at the Russian Federal Tax Service official website. Corresponding amendments to applicable law were introduced by the Russian Federation Government Resolution No. 1909 of 24 November 2020.

Procurement and innovation

Russian Railways adopted the One-Stop Innovation Shop to facilitate innovation implementation into the Company's procurement process⁸⁵.

The One-Stop Innovation Shop enables market participants to communicate with Russian Railways to submit innovative proposals, review them and receive response on the potential to implement the proposed innovative and (or) high-tech product and R&D results into the Company's operations. This system aims at building a cluster of suppliers including innovative technology and products suppliers which would satisfy fundamental current procurement needs of Russian Railways.

The Company approved the proposal to perform a comprehensive systemic analysis of external factors' impact on Russian Railways infrastructure as part of implementing the Russian Railways' Scientific and Technological Development Plan for 2021. This analysis will result in creating a software and hardware complex based on Russian Railways' Geoinformational Platform with features to predict and incorporate external natural and man-made factors that change over time affecting the technical conditions of an engineering structure over its useful life in line with a methodology developed under

this analysis to assess external risk factors' impact on conditions and resilience of engineering structures.

In 2019–2020, the Corporate Acceleration Programme collected more than 1,350 start-up applications with 31 finalists, of which 12 were piloted.

The Corporate Acceleration Programme, established in 2019, is a critical tool to enable innovation. Russian Railways completed two programmes in 2019–2020 to collect start-up applications and launch pilots. In 2020, there were 640+ applications and seven winners.

In 2020, the Programme focused on rolling stock and engaged partners, such as JSC Transmashholding, JSC STM, LLC Gazpromtrans, OJSC Vorovsky TMZ. Venture capital funds and development institutes are also very interested in Russian Railways' corporate programmes. In 2021, the Corporate Acceleration Programme will be focusing on logistics.

Basically, the innovation support framework established in the holding enables communicating the Russian Railways' needs to target Russian and foreign markets and promptly finding the most technology-enabled and efficient solutions.

In 2019–2020, the Corporate Acceleration Programme collected more than 1,350 start-up applications with 31 finalists, of which 12 were piloted.

⁸⁵ The One-Stop Innovation Shop was implemented as a permanent solution in compliance with the Russian Federation Government Resolution No. 867-r dated 29 May 2015..

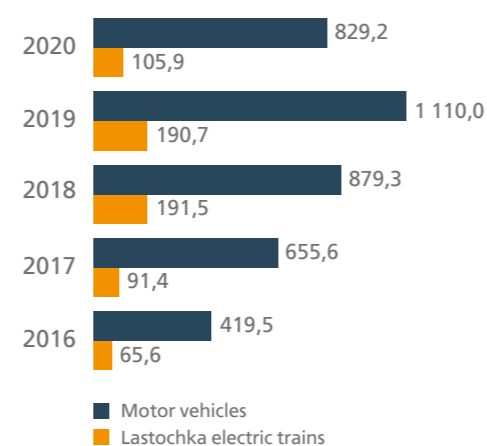
About the project to purchase Lastochka electric trains

The Lastochka is an electric high-speed passenger train based on the Siemens Desiro platform. It is used for both suburban and long-haul transportation. The purchase of these trains qualifies as a Clean Transportation Project in line with the Green Bond Principles. As proven by the Company's indicative measurements of the environmental impact from Lastochka trains, rail passenger transport boasts a significant advantage over motor vehicles. In 2020, CO₂ emissions from Lastochka trains were 7.8 times lower than those from motor vehicles used to transport the same number of passengers.

Total spending on Lastochka trains:

- 2017 – RUB 15bn
- 2018 – RUB 18.7bn
- 2019 – RUB 21.4bn
- 2020 – RUB 20.4bn

Indicative measurements of Lastochka trains emissions vs motor vehicles², thousand tonnes, CO₂



Lastochka passenger traffic, million passengers

	2016	2017	2018	2019	2020
Suburban	21 830,2	29 741,0	41 324,5	53 347,9	39 604,5
MCC	27 163,1	110 829,5	129 633,0	147 538,4	115 259,0
Total	48 993,3	140 570,5	170 957,5	200 886,3	154 863,5

Support to small and medium-sized enterprises

Russian Railways is a leader in procurement from SME suppliers, heading the loyalty rating of the largest customers purchasing from SME suppliers in 2020. The Company received special awards at the St. Petersburg International Economic Forum 2021.

To comply with Russian Government Directive No. 1519p-P13 of 20 February 2019, the Company has developed a programme for improving quality of procurement management at Russian Railways with the following key goals and objectives:

- promote fair competition;
- expand SME access to Russian Railways' procurement process;
- ensure openness and transparency of procurement activities;
- enhance economic efficiency and optimise procurement activities.

To meet the objectives of this programme, the following steps are taken:

Expansion of SME access to Russian Railways' procurement contracts	Support to SMEs and promotion of their in-volvement in procurement process
Analysis of information on the procurement contracts concluded with SME suppliers and on SMEs, which participated in the procurement process, to increase the range of goods, work and services purchased from SMEs approved by the largest customers, including those proposed by JSC SME Corporation.	"Information for SME" ⁸⁶ section was added to Russian Railways' corporate website that describes support provided to SME entities, SME partnership programme and additional assistance offered by JSC SME Corporation to SMEs, including in the context of the new coronavirus infection spread.
Informing SME entities on Russian Railways' procurement procedures as part of the training workshops on SMEs' involvement in procurement conducted by JSC SME Corporation.	The Company participates in the workshops held by JSC SME Corporation across Russia to inform the market participants on procurement activities and SME support. Specifically, in 2020, 71 workshops were held that attracted 7,273 participants.
Financial, legal, methodological, information and other support to SMEs to encourage their development as potential suppliers (contractors, providers) if such measures are stipulated in the federal laws.	Individual meetings with SME representatives held together with JSC SME Corporation with involvement of relevant Russian Railways' business units which consume goods, work and services offered by SMEs.
Timely payments of contracts with SMEs.	Cooperation with JSC SME Corporation under the contract entered into on 15 April 2020. JSC SME Corporation conducts a search for potential suppliers of innovative and/ or high tech products (including start-ups) on a monthly basis. As part of this process, participants, including high tech and innovation companies, are necessarily informed on the One-Stop Shop of Innovations and its procedures.
Expanding the use of factoring arrangements (assignment of receivables) in procurement contracts concluded with SMEs, including through the bidding process.	Developing the functionalities of Russian Railways' electronic store to increase the number of contracts entered into with SMEs through the electronic store on a year-on-year basis.

⁸⁶ Support to SMEs.

The programme is scheduled for 2019-2024.

Russian Railways has a partnership programme with SMEs under which the partners are offered information and methodology support.

The programme is focused on finding partners among SMEs which manufacture and sell high tech products and are involved in R&D work.

At 31 December 2020, 188 SMEs were members of the partnership programme.

“We see that we could create new comfortable environment for cooperation with small and medium-sized businesses. We mean not only procurement from SMEs but also such areas as transport and logistics, and lease of premises. We would like to provide our support wherever we can.”

**Oleg Belozеров,
CEO – Chairman of the Management Board,
Russian Railways**

In 2020, a trilateral roadmap was signed to promote cooperation between Russian Railways, OPORA Russia and JSC SME Corporation in 2020-2021 with a view to increase the volume of freight rail transportation for SMEs, including high-margin cargoes. The roadmap is implemented. It will expand cooperation between the Company and SMEs in procurement, improve awareness of freight rail transport opportunities and help to educate SME entities on transport logistics.

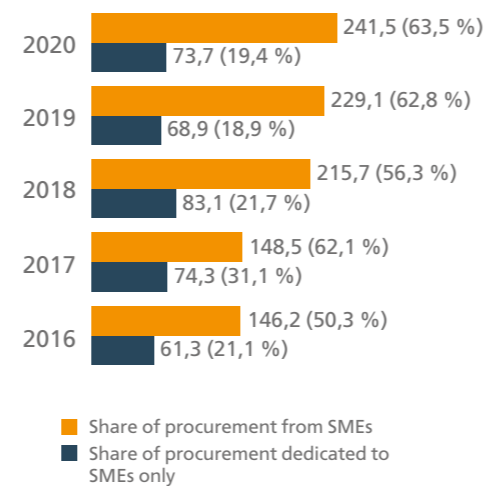
Given that SMEs' rail freight makes up around 16% of total freight volume (and accounts for 46% of Russian Railways revenue), SMEs were provided with an opportunity to use tariff incentives for a wide range of transportation services, including container, refrigerator, grain and carbonated beverage transportation, both domestically and for export.

In addition, in 2020, the Company resumed its programme for stimulating transportation of mineral construction cargoes, under which SMEs can transport certain types of cargo at reduced rates.

From the beginning of 2020, over half of purchases made by the East Siberian Railway were from SMEs.

Russian Railways' website contains the detailed information for SMEs, which is available at: <https://company.rzd.ru/ru/9416>

Procurement from SMEs, RUB billion



**RUSSIAN RAILWAYS'
ENVIRONMENTAL
STRATEGY
UNTIL 2030**



Russian Railways' Environmental Strategy until 2030⁸⁷

The Company's Environmental Strategy was developed to achieve its environmental goals set in Russian Railways Group's health, environmental, industrial and fire safety policy. The strategy is focused on minimising the impact of Russian Railways' operating activity on the environment and improving the environmental management and safety.

Key focus areas and results of the Strategy for 2015-2020	
Key areas of environmental footprint reduction	Environmental Strategy results for 2015-2020
Carbon intensity reduction	Russian Railways reduced carbon intensity (GHG emission per unit of transportation activity) of its services by 9%
Air pollution reduction	Air pollutant emissions from stationary sources were reduced by 36% that is above the target in the Environmental Strategy innovative scenario (18,5% as compared to 2015 level).
Water management and water pollution reduction	<p>Russian Railways reduced its water consumption by 19.9%.</p> <p>Discharge of polluted wastewater to surface water and land was reduced by 45%, including by 31% to surface water.</p> <p>The Company's average efficiency of treating wastewater discharged to water bodies increased by 3.1 p.p.</p>

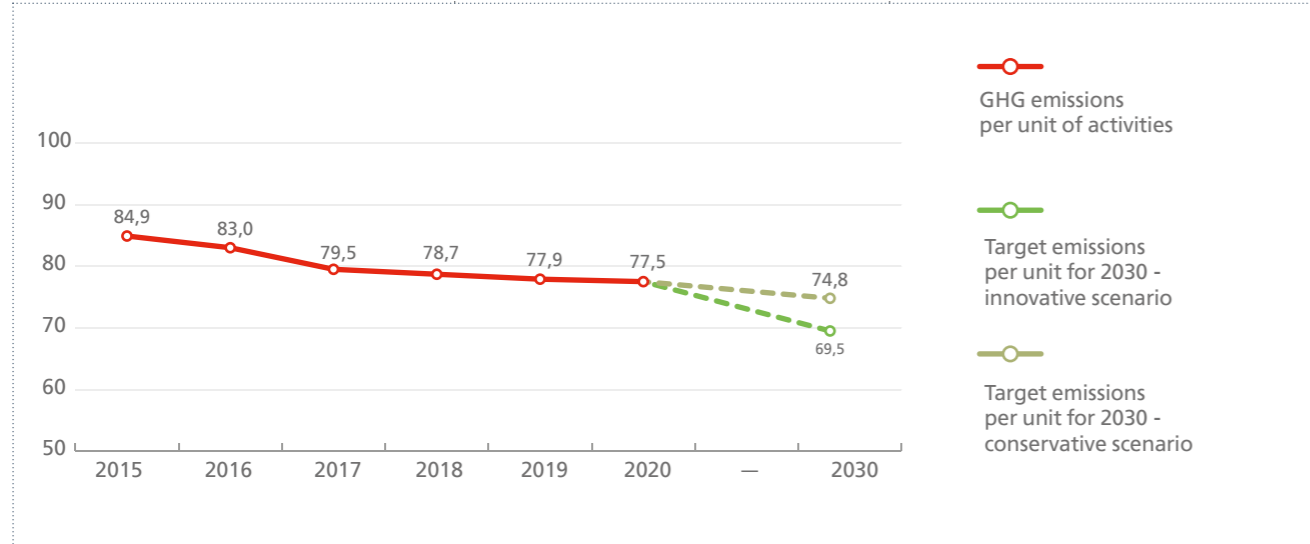
⁸⁷ Please see Russian Railway's website for more detail.

Key focus areas and results of the Strategy for 2015-2020	
Improvement in production and consumption waste treatment by increasing the level of waste recycling and reuse	<p>In 2020, the volume of generated waste was reduced by 35% as compared to 2015 levels.</p> <p>In 2020, the share of recycled, decontaminated and reused waste reached 83.2%.</p> <p>In 2015-2020, Russian Railways' production and consumption waste placed in waste disposal sites was 13%-17% of the annual volume of waste generated.</p> <p>In 2020, selective collection of waste was put in place at more than 2,000 facilities which transferred 1,530 t of secondary raw materials for recycling.</p> <p>As a result of the measures taken in 2015-2020, volumes of paper, glass and plastic waste transferred to recyclers for reprocessing more than doubled on 2014 levels.</p>



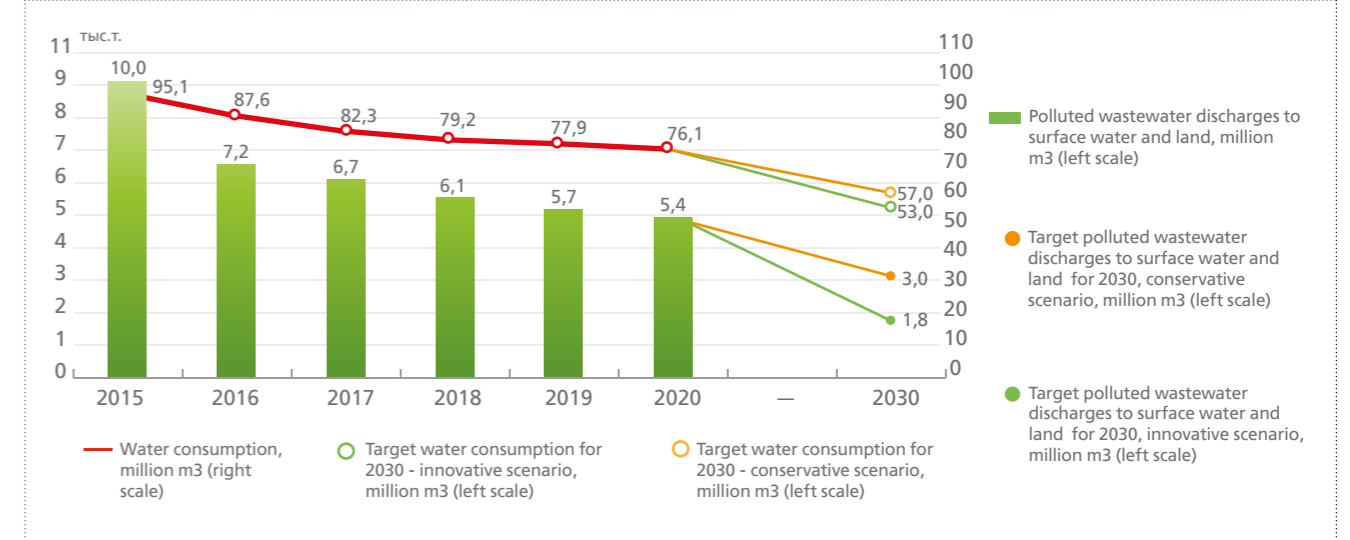
Goals of the Environmental Strategy until 2030

Key areas of reducing environmental footprint	Targets for 2030	
	under the conservative ⁸⁸ development scenario	under the innovative ⁸⁹ development scenario
Carbon in-tensity re-duction	Reduction in GHG emissions by 5.0% on 2018 levels	Reduction in GHG emissions by 11.7% on 2018 levels

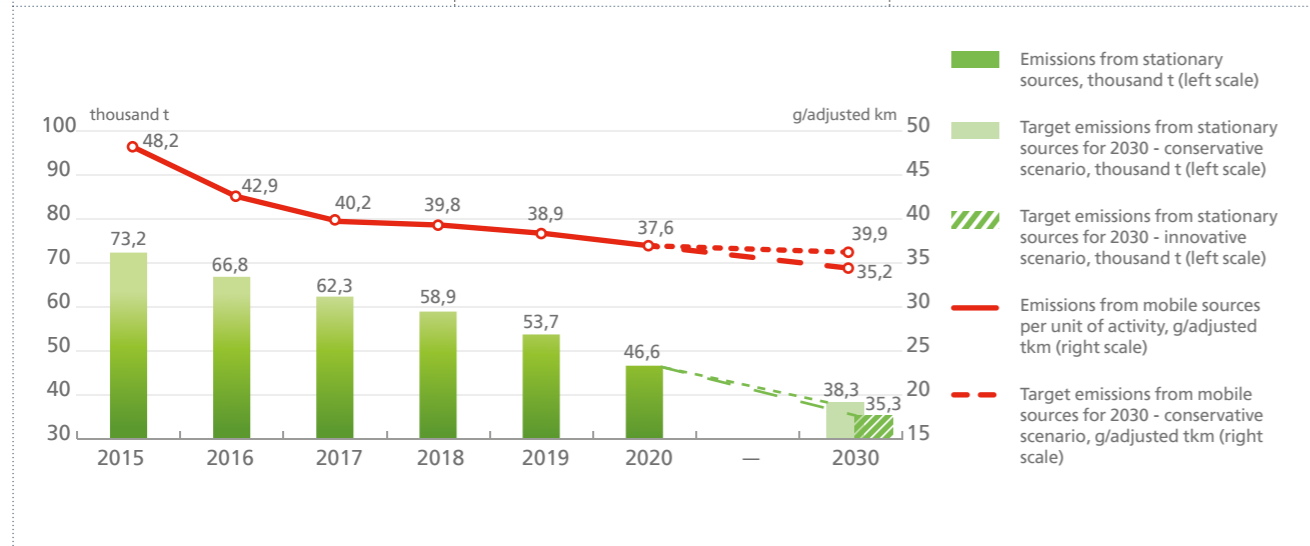
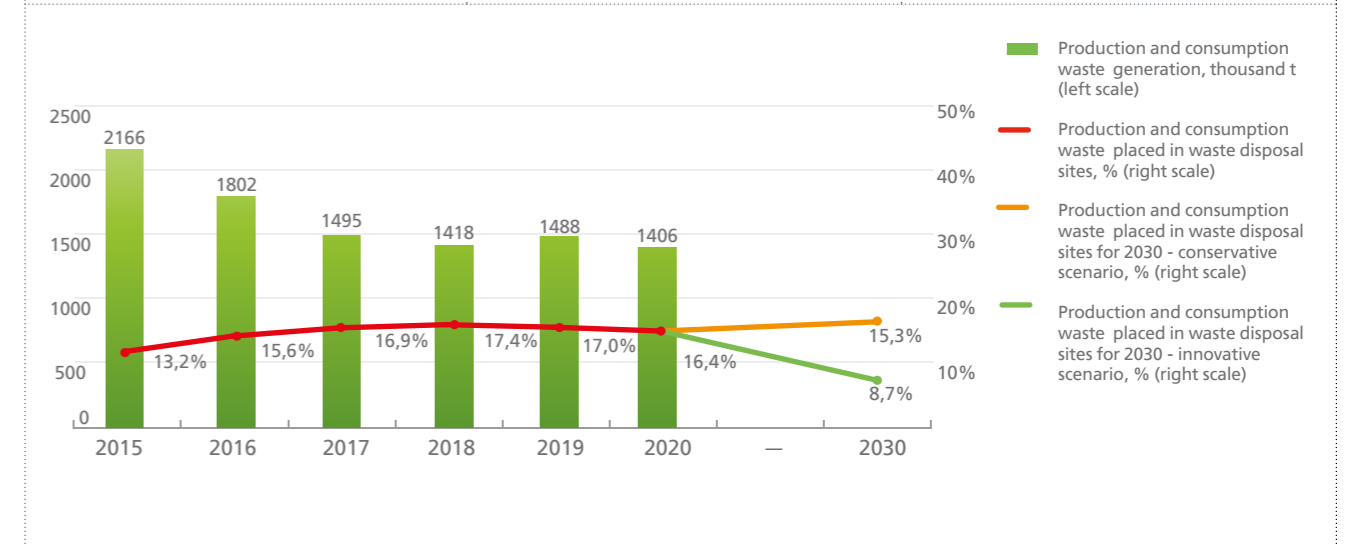


Key areas of reducing environmental footprint	Targets for 2030	
	under the conservative ⁸⁰ development scenario	under the innovative ⁸¹ development scenario
Water man-agement and water pollution reduction	<ul style="list-style-type: none"> Reduction in water consumption by 28% Reduction in wastewater discharges to surface water and land by 50% 	<ul style="list-style-type: none"> Reduction in water consumption by 33% Reduction in wastewater discharges to surface water and land by 70%

Key areas of reducing environmental footprint	Targets for 2030	
	under the conservative ⁸⁰ development scenario	under the innovative ⁸¹ development scenario
Water man-agement and water pollution reduction	<ul style="list-style-type: none"> Reduction in water consumption by 28% Reduction in wastewater discharges to surface water and land by 50% 	<ul style="list-style-type: none"> Reduction in water consumption by 33% Reduction in wastewater discharges to surface water and land by 70%



Key areas of reducing environmental footprint	Targets for 2030	
	under the conservative ⁸⁰ development scenario	under the innovative ⁸¹ development scenario
Improve-ment in production and con-sumption waste treatment by increas-ing the level of waste recycling and reuse	Reduction in production and consumption waste placed in waste disposal sites by 12%	Reduction in production and consumption waste placed in waste disposal sites by 50%



⁸⁸ The conservative scenario is based on the LDP baseline scenario for freight turnover growth, investment and other key indicators.

⁸⁹ The innovative development scenario is based on LDP optimistic scenario for the Company's key development indicators.

**ENVIRONMENTAL
PERFORMANCE**



Environmental performance



2020 performance highlights

~ **80%**

of waste generated are recycled, decontaminated and reused

RUB **4^{bn}**

spent on environment protection

by **13%**

air pollutant emissions from stationary sources reduced by 13%

10% reduced

water consumption reduced by 10%

by **4,6%**

insufficiently treated wastewater discharges to surface water and land reduced by 4.6%

1 530^t

1,530 t of paper, plastics and glass transferred for re-cycling



Eliminated untreated wastewater discharges to surface water and land



Approved the Environmental Strategy until 2030



11 wastewater treatment facilities built and put into operation

Russian Railways environmental awards for 2020

- The Company won the Russian Nationwide Competition “Reliable Partner – Environment” for selecting best regional practices in two categories:
 - Sverdlovsk Railway became the winner in the category “Best Project for Efficient Industrial Waste Treatment”;
 - West Siberian Directorate for Energy Supply became the winner in the category “Best Project for Energy Conservation and Energy Efficiency Improvement”.
- The Company won the XVI Russian Nationwide Competition “Environmental Leader – 2020”.
- The Motor Car Depot of Podmoskovnaya Station won the Moscow Government’s award for environmental protection in the category “Best Project Implemented Based on Clean Energy Technologies”.
- The Company became the winner in two categories of the international project “Environmental Culture. Peace and Harmony”:
 - West Siberian Regional Directorate for Railway Stations was the winner in the nomination “Environmental Culture in Manufacturing and Energy Industries”;
 - The Children’s Railway was the winner in the category “Environmental Awareness and Education”.
- The Company won the Russian Nationwide Competition “Leaders of Russian Business: Dynamics, Responsibility, Sustainability – 2020” held by the Russian Union of Industrialists and Entrepreneurs in the category “For Environmental Responsibility”.
- Компания стала победителем Всероссийского конкурса РСПП «Лидеры российского бизнеса: динамика, ответственность, устойчивость – 2020» в номинации «За экологическую ответственность».

ECO BEST AWARDS-2020

Russian Railways was named the award winner by ECO BEST AWARDS for implementing an efficient environmental safety system in its Sapsan high-speed train service.

An additional advantage of Sapsan segment is a programme for selective waste collection through separating plastics from other waste. The Sapsan service offers environmentally friendly disposable tableware in biodegradable packages instead of plastics.

The Company's approach to environmental performance management

GRI 103-1

As the largest natural resource user covering the territory of 77 Russia's constituents, Russian Railways is continuously working on reducing its environmental footprint to enhance efficiency of its nature protection activities.

Rail transport is the most environmentally friendly means of transportation. At present Russian Railway's share in total negative environmental impact produced by companies operating in Russia is less than 1%, including 0.7% in air pollutant emissions, 0.05% in wastewater discharge to surface water and 0.02% in waste generation.

Russian Railways performs its environmental activities in accordance with the following documents:

- Russian Railway Group's health, environmental, industrial and fire safety policy;
- Russian Railways' Environmental Strategy until 2030;
- Russia's Rail Transport Development Strategy to 2030;
- Declaration on the integrated environmental protection of Lake Baikal when implementing investment projects to develop Eastern Russia.

Key international environmental agreements used by the Company as guidelines in its environmental activity:

- Vienna Convention on Ozone Layer Protection and Montreal Protocol on Ozone Layer Depleting Substances;
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal;
- Convention on Biological Diversity;
- Bucharest Convention on the Protection of the Black Sea against Pollution;
- UN Framework Convention on Climate Change;
- Kyoto Protocol to the UN Framework Convention on Climate Change;
- Agreement on Cooperation in the Sphere of Timber Industry and Forestry;
- Agreement on Cooperation of the CIS Countries in the Field of Ecology and Environmental Protection;
- Agreement of the CIS Countries on Cooperation in the Field of Environmental Monitoring;
- Stockholm Convention on Persistent Organic Pollutants;
- Paris Climate Agreement.

In view of the government's environmental policy priorities, Russian Railways sets the following key goals:

- environmental safety enhancement;
- sustainable environmental management;
- ecological preservation.

Environmental transparency and disclosure

As an environmentally responsible company, Russian Railways contributes to the protection of the environment and voluntarily meets its environmental obligations.

As part of its contribution to protecting the environment, Russian Railways follows the principle of enhanced transparency and openness by disclosing its strategy and operating results in non-financial reports.

To demonstrate Russian Railways' environmental commitments to its stakeholders, the Company prepares and publishes annual social responsibility and sustainable development reports in accordance with GRI G4 Sustainability Reporting Guidelines, the RSPP's recommendations on using basic performance indicators in non-financial reporting and other related standards.

In order to respect the constitutional right of Russian citizens to have access to information on the environment and to increase the effectiveness of public control and transparency of data on environmental safety, Russian Railways has approved an internal regulation on environmental openness. The regulation defines the principles, forms and transparency requirements for information related to the Company's environmental footprint.

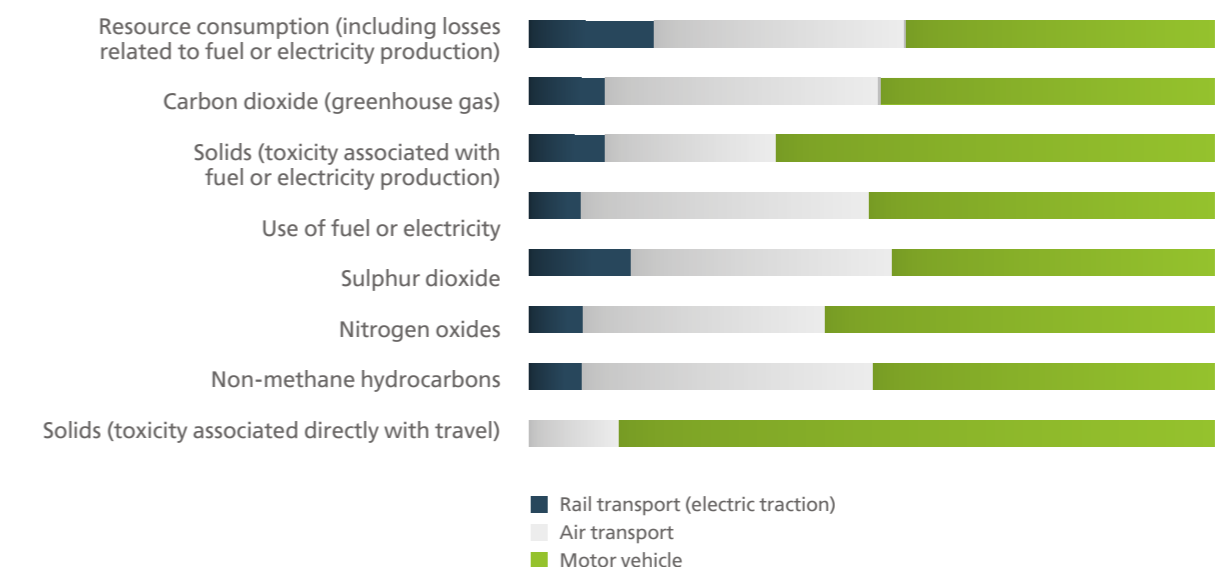
Russian Railways has established a general procedure for responding to public inquiries about its impact on the environment, as well as for disclosing environmental information.

The Company publishes and regularly updates information about its environmental activities on the Russian Railways website.

Calculating the environmental footprint of travel

The Russian Railways website includes functionality for calculating the environmental footprint of various modes of travel in the ticket purchasing section. Customers are shown charts illustrating resource and fuel consumption, CO₂, SO₂, NO₂, non-methane hydrocarbon and particulate pollutant emissions by trains, planes and automobiles. The charts clearly demonstrate that trains are more environmentally friendly than other modes of transport across all parameters.

APPROXIMATE CALCULATION OF YOUR TRAVEL FOOTPRINT (per 100 km of travel for 1 passenger)



Environmental management system

GRI 103-2, GRI 102-11

Russian Railways' environmental management system includes the Russian Railway Group's health, environmental, industrial and fire safety policy, environmental planning, the implementation of new processes, and management control and analysis. The Company's environmental policy was revised in January 2020, and no changes are expected to be made to the document in the near future.

Russian Railways follows the principle of precaution and seeks to minimise its impact on the environment by focusing on the following critical areas:

- employing innovative technology to protect the air and water, reducing the amount of industrial and consumer waste generated and curbing greenhouse gas emissions and noise pollution;
- improving the Company's environmental management system;
- monitoring the Company's impact on the environment.

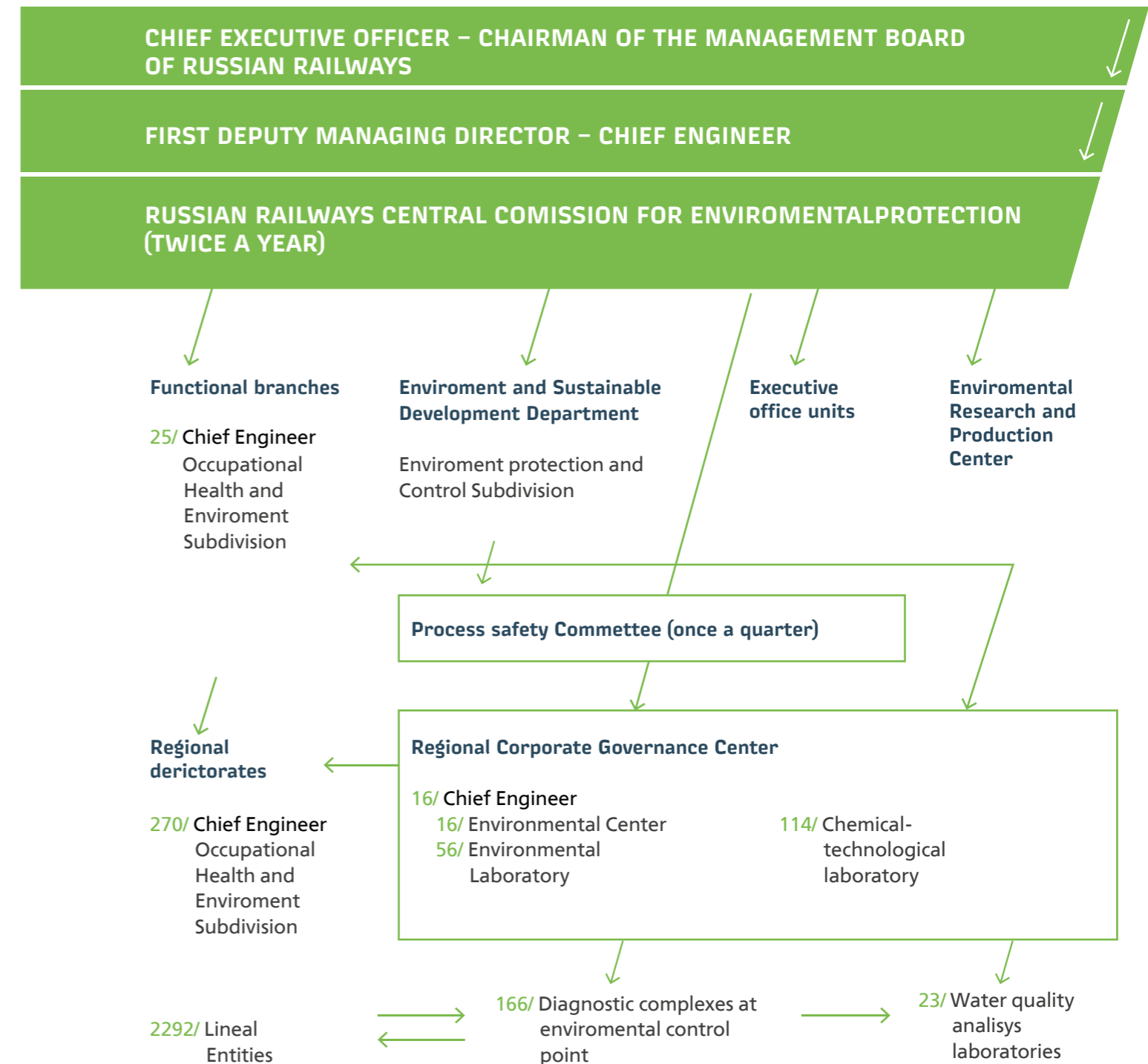
As part of the monitoring process, Russian Railways conducts annual internal environmental audits and inspections in accordance with corporate requirements approved by the Standards of the RZD Environmental Management System: Rules for Organising and Conducting Internal Audits and Inspections.

When developing investment projects, the Company performs environmental impact surveys, prepares forecasts of potential changes that could occur in the environment in the process of construction and operation, and develops recommendations on preventing ecological disturbances and performing eco-monitoring. The Company also undertakes compensatory measures to preserve natural ecosystems.

The key objectives of Russian Railways' environmental management system include:

- compliance with Russian environmental legislation and Russia's international environmental agreements;
- implementation of the Russian Railways Group's health, environmental, industrial and fire safety policy and environmental strategy;
- development of environmental methodologies, regulations and standards;
- management of the effectiveness and economic efficiency of the Company's environmental protection initiatives;
- planning and implementation of environmental projects;
- environmental stewardship initiatives;
- reduction of the impact of Russian Railways' operations on the environment;
- management of environmental aspects of the business and other activities;
- provision of industrial environmental control and environmental audits;
- implementation of green standards at the Company's facilities.

Current structure of the environmental management system



Russian Railways' environmental business units include:

- Environment and Sustainable Development Department, which is responsible for managing health, environmental, industrial and fire safety and preventing injuries to passengers.
- Environmental protection centres, including environmental laboratories and regional environmental committees (at all 16 of the Company's regional rail divisions).
- The Environmental Research and Production Centre in Yaroslavl, which is a Russian Railways branch with one of Russia's leading environmental analytical laboratories, and Environmental Training Centre for employees across Russia, a modern high tech waste treatment plant and the International Centre for Environmental Safety in Rail Transport.

In 2020, 68 Russian Railways business units were certified for compliance with GOST R ISO 9001-2001 "Environmental Management Systems" (the standard is identical to ISO 14001:2015). Sixty seven percent of Russian Railways branches have implemented environmental management and rail traffic safety systems.

In 2020, the environmental management system at the Environmental Research and Production Centre (Russian Railways branch) was reviewed and certified as compliant with ISO 14001:2015 for the transport and thermal treatment of industrial and consumer waste.

Training

Russian Railways provides advanced trainings for managers and specialists charged with environmental safety. Over 3,000 employees have completed environmental courses on issues ranging from environmental safety to hazardous waste treatment. The trainings require commitments of at least 16 hours.

The Company's environmental specialists have improved their skills at industry-based universities and under programmes offered at the Environmental Research and Production Centre. The Company also provides additional environmental safety training for employees on reducing GHG emissions and implementing environmental management systems.

Russian Railways issues internal communications to its employees on environmental issues through the distribution of posters, leaflets and brochures.

More than 3,000 employees participate in annual environmental trainings

Water resources

Russian Railways' key objective in managing water resources is to reduce water consumption and discharges of wastewater into surface water and the ground.

The Company takes water from the surface and underground sources solely as provided for by current legislation (based on water use agreements and extraction licences) with no significant environmental footprint. Russian Railways operates in regions that have no water deficit.



Water consumption

GRI 303-5

In 2020, in the course of their operating activities, Russian Railways entities consumed 84,638,000 m³ of cold water, including 51,469,000 m³ supplied from its own sources and 33,168,000 m³ supplied externally under existing contracts.

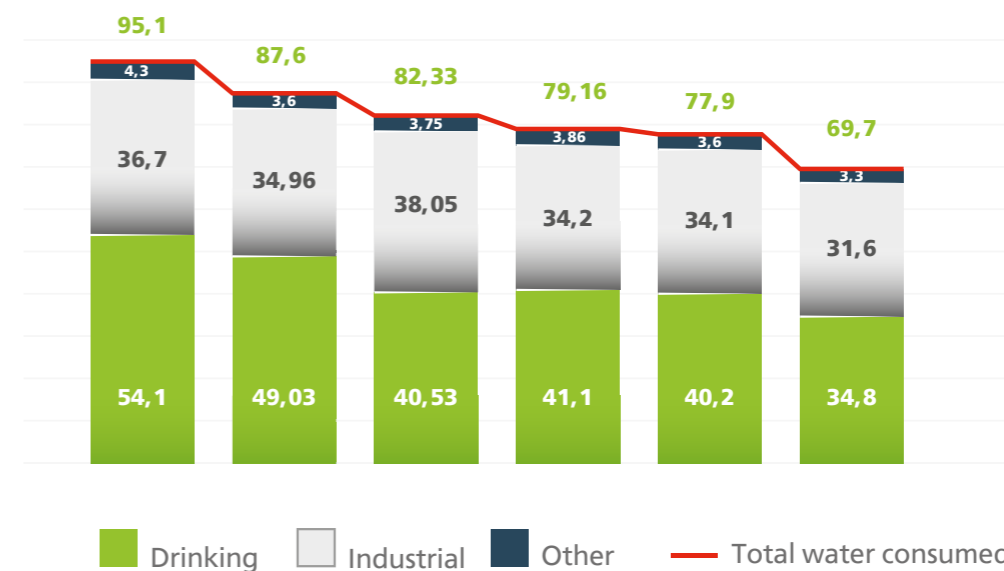
To ensure water safety, the Railway Hygiene and Epidemiology Centre performs regular quality control of drinking water at Russian Railways facilities⁹⁰.

Water consumption dropped by 10% in 2020 year-on-year

Russian Railways has launched a Clear Water project to upgrade its water supply systems and bring the quality of water supplied to consumers in line with standards set by Russian sanitation and environmental legislation. In 2020, the project documentation for facilities was developed and water supply lines were reconstructed.

The Clear Water project was implemented under Russian Railways' Programme for Improving Drinking Water Supply at Railways⁹¹. The programme includes the construction of new water supply lines and reconstruction of existing ones, the installation of deferrisation systems, and the acquisition and installation of modular water purification and local water treatment systems. The aim of the programme is to ensure the quality of the drinking water supply at Russian Railways is in line with legislative requirements.

RUSSIAN RAILWAYS WATER CONSUMPTION HIGHLIGHTS, 2015-2020, MILLIONS OF M³

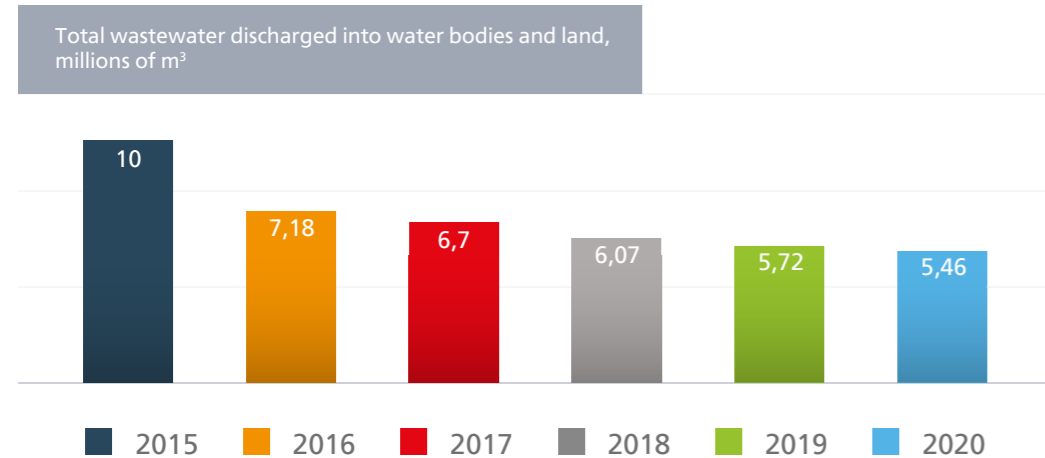


⁹⁰ In accordance with the requirements of Sanitary Regulations and Standards (SanPIN) 2.1.4.1074-01 "Drinking water. Hygienic Requirements for Water Quality of Centralised Drinking Water Supply Systems. Quality control.".

Wastewater discharge

GRI 303-4

Russian Railways performs scheduled control over wastewater discharged into surface waters and centralised sewerage networks on a quarterly basis.



In 2020, Russian Railways entities discharged 121,560,000 m³ of wastewater into surface water, including 10,138,000 m³ discharged at its own treatment facilities (including 5,340,000 m³ of insufficiently treated wastewater and 4,798,000 m³ of wastewater treated to standard quality) and 111,420,000 m³ of wastewater treated to standard quality. In addition, 38,240,000 m³ of wastewater was discharged to the centralised sewerage systems to be treated externally (municipal sewerage systems).

In 2020, the Company ended the practice of discharging untreated wastewater into surface water and reduced its discharge of insufficiently treated wastewater into surface water and the ground by 4.6%.

In 2020, Russian Railways achieved an average efficiency score of 75.7% for the treatment of wastewater discharged into water bodies.

Russian Railways achieved greater efficiency in treating wastewater discharged into surface water in 2020 (7% more efficient than in 2019)

In 2020, 11 wastewater treatment facilities were built and commissioned. In addition, technical measures were taken to reduce the generation of wastewater, including through the optimisation of equipment operation modes.

⁹¹ Agreed with the Office of the Federal Service for Consumer Rights and Human Well Being for Rail Transport.

⁹² The maximum permissible concentrations are established in Order No. 552 of the Russian Ministry of Agriculture of 13 December 2016.

⁹³ The report is provided under Article 67 of Federal Law on Environment Protection No. 7-FZ of 10 January 2002.

⁹⁴ Standards are determined according to the procedure established in Russian Government Resolution No. 149 "On the Development, Establishment and Revision of Environmental Quality Standards for Chemical and Physical Indications of Environmental Conditions and Approval of Environmental Regulations Establishing Performance Parameters for Best Technologies Available" of 13 February 2019.

Russian Railways operates 469 wastewater treatment facilities, including:

- 117 facilities that discharge wastewater into water bodies;
- 280 facilities that discharge wastewater into centralised sewerage systems;
- 72 facilities that discharge wastewater into the ground.

At 61 of the 117 treatment facilities (52%), the wastewater that is discharged into water bodies exceeds the maximum permissible concentrations of pollutants⁹².

The list of substances subject to monitoring is determined according to environmental legislation and the production processes applied at the water consuming entity, including those specified in the report on industrial environmental control results⁹³. The permissible discharge standards are calculated based on the water quality standard of the water body⁹⁴.

Russian Railways has developed a long-term programme to bring 144 wastewater treatment facilities in line with regulatory requirements. To be completed by 2025, the programme will completely halt the discharge of insufficiently treated wastewater into the environment and centralised sewerage systems.

Targets for 2021

Russian Railways has set the following targets for 2021:

- reduce water consumption by 2.3%;
- reduce wastewater discharges into water bodies and the ground by 3%.

To achieve these goals, the Company plans to allocate RUB 754m to environmental initiatives, including for the reconstruction and construction of wastewater treatment facilities and the installation of environmental equipment and network cleansing for water resource protection purposes. These measures will help Russian Railways to reduce discharges of insufficiently treated wastewater by 200,770 m³, including 158,740 m³ discharged into water bodies and 42,039 m³ discharged to centralised sewerage systems.



Waste management

In fulfilling its commitments to sustainable development, Russian Railways has set a number of waste management priorities, including minimising the volume of dumped waste, using resources efficiently, reusing disposable waste components as raw materials and converting waste to secondary raw materials for the manufacturing of new products.

The range of measures taken by Russian Railways to meet its priority objectives includes:

- limiting waste generation;
- developing and implementing zero waste and low waste technology, including BAT-based;
- adopting energy efficient technology;
- reusing or recycling waste or converting it to raw materials for use in other manufacturing processes;
- expanding the project on the collection of paper, cardboard, glass and plastics to administrative buildings and railway stations for recycling;
- reducing the use of office paper by introducing electronic document management.

Waste transportation

Russian Railways transports hazardous cargoes under licence POG No. 7706548 issued by the Federal Transport Supervisory Service of the Russian Ministry of Transport on 13 August 2013.

The transportation of hazardous cargo at Russian Railways is covered by the following regulations:

- Rules for Transportation of Dangerous Goods by Rail⁹⁵;
- Rules for Transportation of Goods in Open-top Railcars⁹⁶;
- Guidance for Safe Rail and Motor Transportation of Hazardous Substances at Hazardous Production Facilities⁹⁷.

The transportation of waste by motor vehicle at Russian Railways is covered by the following documents:

- Federal Law on Environment Protection No. 7-FZ of 10 January 2002;
- Federal Law on Production and Consumption Waste No. 89-FZ of 24 June 1998;
- Russian Railways Industry Standard 16.001-2011 "RZD Environmental Management System. General Provisions" (updated);
- Russian Railways Industry Standard 16.007-2019 "RZD Environmental Management System. Waste management. General Provisions".



The Company's regional directorate structural units in charge of transporting waste by rail operate under Russian Railways Licence No. 077 43 of 19 March 2020 for the collection, transportation, handling, disposal, treatment and dumping of class I-IV hazardous waste.

Russian Railways employees who are involved in the commercial transportation of waste and hazardous goods, the provision of services to rail transport customers in the course of transporting hazardous goods, and planning such transportation and overseeing controls over these activities, are subject to attestation.

In addition, the heads of rail stations and their deputies are required to complete training courses on emergency prevention and control, fire safety, and hazardous cargo handling and transportation.

Russian Railways employees qualified to transport class I-IV hazardous waste via motor vehicle receive certifications upon the completion of the training programme.

To ensure the objective registration and investigation of violations related to the transportation of hazardous cargo and to mitigate the risk of accidents and emergencies in the course of transporting hazardous goods via Russian Railways' infrastructure, the Company has approved:

- Temporary procedures on the registration and investigation of hazardous cargo transportation incidents;
- Methodology for registering and investigating hazardous cargo transportation incidents



⁹⁵ Approved by Minutes No. 15 of the CIS Council for Rail Transport dated 5 April 1996 (as amended on 27 November 2020).

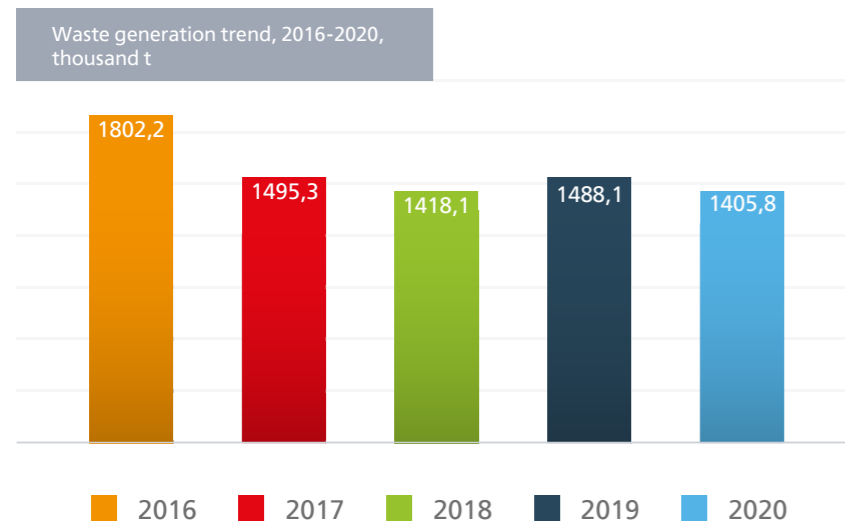
⁹⁶ Approved by Order No. 9 of the Russian Ministry of Transport dated 14 January 2020.

⁹⁷ Approved by Order No. 20 of the Federal Service for Environmental, Technical and Nuclear Supervision (Rostekhnadzor) dated 20 January 2017.

Responsible waste management

GRI 306-3, GRI 306-2

Data on waste management are collected and monitored using an automated environmental management control system. The system gathers environmental data from each business unit to generate consolidated reports



Around 79% of the waste generated by Russian Railways structural units is transferred to external specialised entities for treatment and disposal. Around 4% of the waste is disposed of and treated at Russian Railways facilities.

In 2020, Russian Railways generated 1,406,000 tonnes of production and consumption waste. Of this, 64,000 tonnes were disposed of and treated by the Company's structural units, and 1,477,000 tonnes of class I-IV hazardous waste was transferred to external entities that have waste treatment licences, including:

- 1,066,000 tonnes for subsequent disposal;
- 165,000 tonnes for treatment;
- 246,000 tonnes for dumping.

To reduce the generation of solid municipal waste, Russian Railways has adopted paperless technology, including a unified automated document exchange system, automated information systems, digital signatures and other IT solutions.

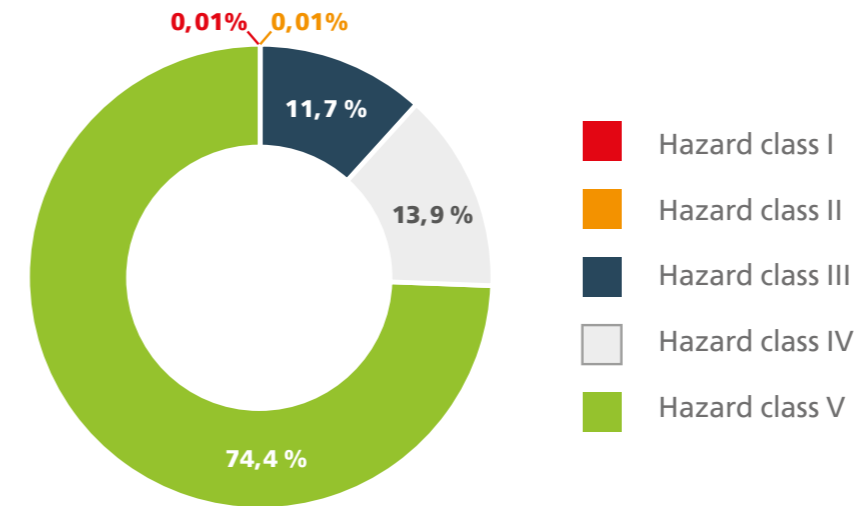
In 2020, the Company managed to reduce the amount of waste it generated as compared to 2019, in part thanks to the restrictions introduced to control the spread of COVID-19 and by shifting employees to remote work. **GRI 306-4**

All class I and II hazardous waste is treated at the Company's own facilities or transferred to specialised companies. As part

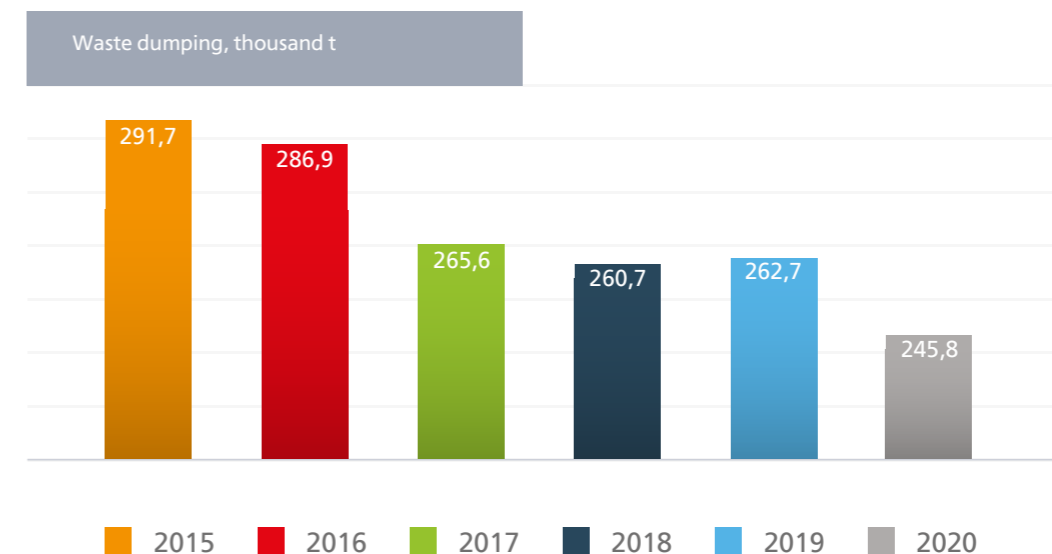
~ 80% of the waste generated by Russian Railways is treated and reused

of its Energy Savings and Energy Efficiency Programme, Russian Railways is gradually replacing its lighting with LED systems. These measures will help to reduce the generation of class I hazardous waste (lamps containing mercury) to zero.

WASTE GENERATION STRUCTURE BY HAZARD CLASS, %



To prevent soil contamination, Russian Railways reconstructs and outfits facilities for the temporary storage and treatment of waste. The Company reconstructed a dump at Orsk Station to the size of an industrial landfill, continued construction and outfitting of sites for end-of-life wooden sleepers and sites for the biological treatment of soil contaminated with oil products.



Circular economy

GRI 306-2

Most of the waste generated (ferrous and non-ferrous scrap metals and used petroleum products) is transferred to the existing waste processing market. In addition, the Company treats and disposes of class II-V hazardous waste internally.

Russian Railways has adopted and promoted new approaches to waste treatment, including circular economy principles, at its railways, including the recycling of sleepers, used oil, ferrous and non-ferrous scrap metal. This has helped the Company to reduce its environmental footprint.

As part of the gradual transition to a circular economy in waste management, Russian Railways launched two processing lines for recycling used rubber goods and car tyres at the Perm-Sortirovochnaya Station on the Sverdlovsk Railway and at the Ukladochny Station on the West-Siberian Railway. The production process generates crumb rubber, which is used in manufacturing floor coverings for the Company's internal use.

In 2020, the Company completed the

Selective waste collection

Russian Railways separates the collection of paper, cardboard, glass and plastic waste at the Company's administrative buildings and railway stations. In addition, across the entire railway network, paper, cardboard, glass and plastics are removed from waste intended for landfills and are sent for recycling.

In 2020, selective waste collection was put in place at more than 2,000 facilities. In total, 1,530 tonnes of secondary raw materials were sent for recycling.

The selective waste management initiative covers around 1% of the Company's solid municipal waste.

To extend the boundaries of the selective waste collection project, the Company is

In 2020, treated and reused production and consumption waste as a proportion of total waste generated increased vs 2019 by 0.3 p.p.

construction of a cogeneration plant operating on solid fuel made from end-of-life sleepers at Chernyakhovsk Station on the Kaliningrad Railway to supply heat to Russian Railways' production facilities.

The Company has expanded its waste treatment capacities at the Environmental Research and Production Centre in Yaroslavl for oil-contaminated, biological and medical waste and at Tagul Station on the East-Siberian Railway for end-of-life timber sleepers and oil-contaminated waste.

Ash and slag waste generated by Russian Railways is used for road filling and yard area planning. Spent oil is used for greasing terminals and insert bolts on track panels.

working with Russia regions on developing infrastructure to process secondary materials. A series of joint meetings have been held with Russian regional administrations to work on these issues in more detail.

1,530 tonnes of paper, plastics and glass were sent for recycling in 2020



Targets for 2021

As part of Russian Railways' environmental strategy, the Company's branches are undertaking a number of waste management-focused environmental activities in 2021. The Company is planning to allocate nearly RUB 1.44bn for these purposes.

for 2021 include:

- purchasing a reject compactor;
- transferring 515,362,000 tonnes of waste, including 125,081,000 tonnes of end-of-life timber sleepers, to external specialised entities for further treatment and dumping;
- purchasing 1,318 containers and tanks for waste storage and 485 de-mercurisation sets;
- equipping 209 sites for waste storage;
- purchasing petroleum sorbents and absorption mats for 153 structural units;
- treating 10,261,000 tonnes of waste at the Company's own facilities;
- extending the selective collection of paper, glass and plastic waste at 2,487 of the Company's facilities.

In 2021, Russian Railways is planning to reduce the proportion of production and consumption waste placed at waste disposal sites by 2% versus the actual parameters for 2018 (17.4%), with actual performance no more than 17.1%.

To meet the targets for reducing production and consumption waste, Russian Railways intends to develop a framework for using secondary resources as part of the waste management system, subject to the limits on secondary resources and waste generated by rail transport operations.

Air pollutant emissions

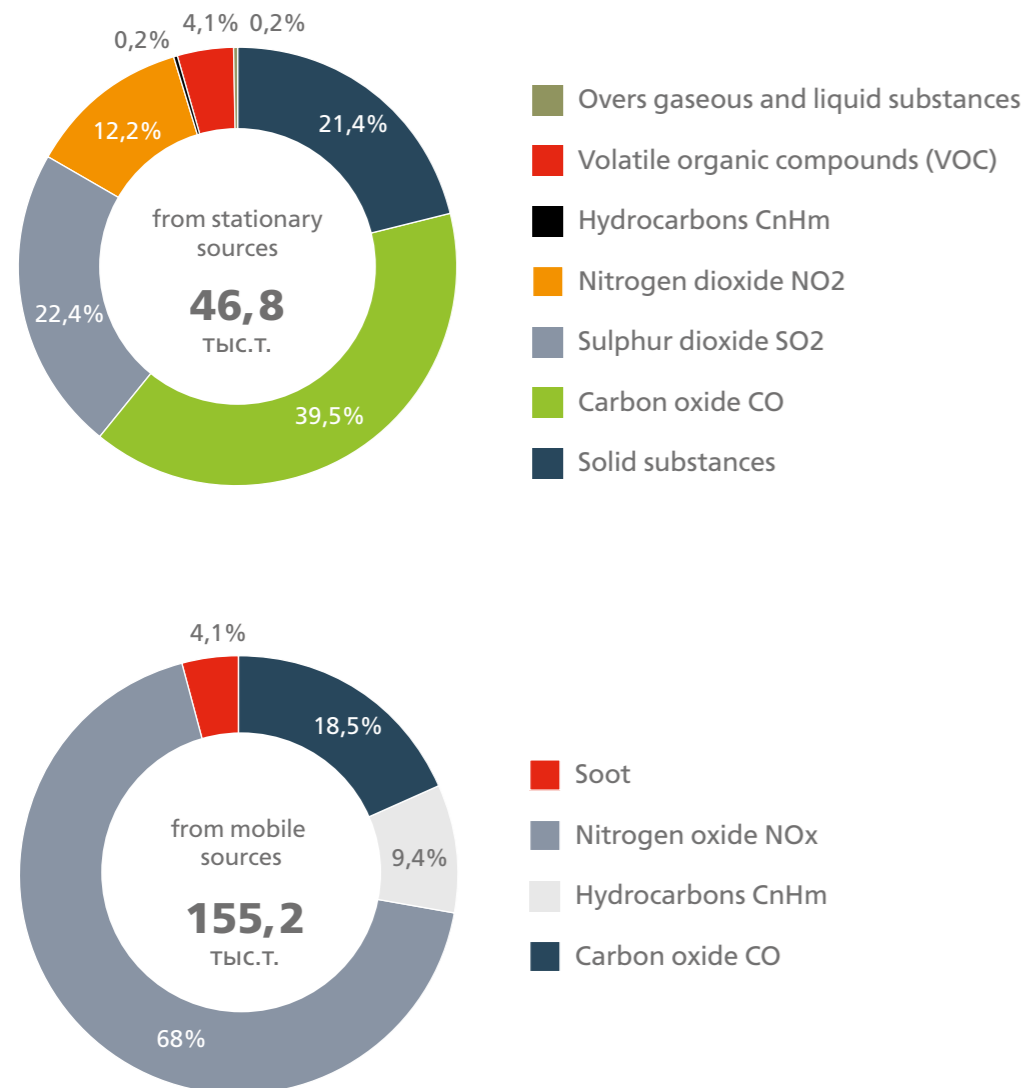
Russian Railways strives to reduce, to the extent possible, air pollutant emissions from stationary and mobile sources.

Using diagnostics facilities of environmental monitoring points, the Company carries out regular internal inspections of mainline and shunting diesel locomotives and track equipment to ensure compliance with technical standards for air pollutant emissions. Emissions are measured while testing diesel locomotives at rheostat test points after repairs.



GRI 305-7

Component structure of air pollutant emissions by type of pollutant, 2020, in thousand tonnes⁹⁸



Emissions from stationary sources

In 2020, air pollutant emissions from stationary sources were reduced by 13% vs 2019. Air pollutant emissions are reduced through the construction of new and upgrade of existing boiler houses, shift of boiler houses to more eco-friendly fuels, increased fuel combustion efficiency, introduction of electric heating, elimination of low-performance coal boiler houses, upgrade of existing and introduction of new dust and gas collectors.

In 2020, about 10% of organised emission sources were equipped with dust and gas treatment facilities. The measures taken

contributed to improved efficiency of emission treatment. Currently, it is 83%⁹⁹. While the total capacity of treatment facilities increases, the wear and tear reduces the share of facilities that are in a satisfactory condition.

By 2030, the Company expects to achieve deferred environmental effect from energy efficiency improvements, upgrade and shift of coal and oil-fired boiler houses to alternative fuels, maintaining the potential for reducing air pollutant emissions from stationary sources by reconstructing and installing dust and gas collecting equipment.

Air pollutant emissions from stationary sources are reduced by 13% vs 2019

Air emissions from mobile sources

Emissions from mobile sources constitute around 75% of gross emissions, of which nearly 90% is attributable to mainline and shunting diesel locomotives.

In 2015-2020, the Company recorded average reduction rate in gross emissions from mobile sources, with certain fluctuations due to changes in transportation volumes and consumption of fuel and energy resources. At the end of 2020, emissions reduced by 15.4% as compared to the 2015 basic level. Emissions

from mobile sources for 2015-2020 (per unit of transportation activities) reduced by 22%.

Reduction in emissions was primarily driven by replacement of rolling stock by a new one with lower diesel fuel consumption (2-diesel locomotive TEM14, diesel freight locomotive 2TE25Km, shunting diesel locomotive TEM18DM with an electronic management system of fuel feed, passenger diesel locomotive TEP70B etc.).

Targets for 2021

As compared to 2020 metrics, the target of the Company's Environmental Strategy for 2021 is to reduce air pollutant emissions from stationary sources by 2.5%. As a result of air protection activities carried out in 2021 under Russian Railways' Annual Energy Savings and Energy Efficiency Programme, the Company's

branches will reduce air pollutant emissions by 5,000 tonnes, including from stationary sources – by 1,200 tonnes, and from mobile sources – by 3,600 tonnes. Costs will total RUB 2.59 m.

⁹⁸ Emissions from mobile sources are specified for diesel locomotives.

⁹⁹ Average efficiency per industrial environmental control measurements.

Biodiversity

The Company's activities produce impact on the surrounding biocenosis. Operation of industrial enterprises, infrastructure facilities, in particular roads, results in disturbances of surrounding fauna, which lead to lower biodiversity. Given the above, the Company's priority goal is to preserve and restore natural systems.

The Strategy¹⁰⁰ to preserve rare and endangered species of animals, plants and fungi in Russia until 2030 contains provisions on introducing technologies that prevent death of wildlife species during production processes and operation of railway infrastructure facilities.

Sensitive areas with a high risk of impact on natural ecosystems and biodiversity, including rare and protected species of plants and animals, comprise specially protected natural areas adjacent to the railway infrastructure. This issue becomes more relevant in view of the 2030 prospects, taking into account the objectives set by the Long-Term Development Programme and future implementation of projects on increasing the throughput capacity of the Baikal-Amur and the Trans-Siberian main lines and approaches to the ports of the Azov and Black Seas.



Conservation of biodiversity

GRI 304-1, GRI 304-2, GRI 304-3, GRI 304-4

Russian railways cross and border on 126 specially protected natural areas along 1,844.8 km, of which:

- federal level – 984.7 km;
- regional level – 848 km;
- local level – 12.1 km;



Specially protected natural areas which border on Russian Railways or have railways running through them are protected by special units of the Company (fire and emergency trains) to ensure prompt response to emergencies.

No significant direct or indirect impact of Russian Railways on sensitive ecosystems and biodiversity was recorded in the reporting period.

Russian Railways pays great attention to conservation of biodiversity in railway infrastructure areas and next to railway stations. The Company interacts with state budgetary institutions that exercise statutory supervision over protection and use of specially protected natural areas, carries out joint activities on raising environmental awareness and landscaping,

organises fire prevention, forest restoration, sanitary and environmental activities.

Russian Railway's employees annually bring the railway infrastructure areas bordering on the specially protected natural areas into the reference sanitary condition. The Company places a special focus on fire prevention activities. The railway infrastructure areas are constantly inspected for unauthorised bulk waste discharge, the fire-barrier line is ploughed, felling residues and used rail sleepers are removed, dead wood and shrub vegetation is cut down. Parts of tracks often crossed by animals are equipped with reflective tape, and are monitored together with forestry and hunting sector representatives.

In 2020, the Company performed the following activities in line with the Russian Railways Environmental Strategy to conserve biodiversity:



equipped over-ground power lines with bird protection facilities (46 thousand pieces) across more than 500 km of the rail track;



planted more than 7 thousand seeds in the nursery greenhouses under the Forest of Baikal program;



provided charitable contributions of RUB 56 m to restore the Amur leopard and Siberian tiger populations and biodiversity in the specially protected natural areas



released young fish into rivers - nearly 7 tonnes;



launched 51 eco-friendly suburban "Green Trains";



took part in cleaning territories as part of campaigns "Green Spring", "Green Friday", "The Forest of Victory" and "All-Russian Ecological Volunteer Clean-Up "Green Russia";



planted trees and shrubs – more than 330 thousand pieces;

¹⁰⁰Russian Government's Order No. 212-r of 17 February 2014.

Action plan to protect Lake Baikal

“Each item of the Plan for joint activities on environmental safety in Lake Baikal Protected Area is of top priority. Be it construction and upgrade of treatment facilities, cleaning up of Lake Baikal shores, set-up of a unified environmental control and monitoring centre, participation in activities on raising awareness of environmental matters or implementation of programmes on conserving biodiversity of Baikal Region. I’m pleased to note that Russian Railways has been demonstrating openness of its plans, readiness to dialogue and cooperation with the community of the region since the very start of the project”

Vera Shlyonova

Chair of the Irkutsk Division of the Russian Society for the Protection of Nature

In November 2020, Russian Railways and the Ministry of Natural Resources and Environment approved the Action Plan for environmental protection in Lake Baikal’s

natural territory during the construction and upgrade of the BAM and Trans-Siberian Railway infrastructure. Its key elements include:

- a unified environmental monitoring system to oversee the works in Baikal’s natural territory (stationary environmental laboratories, video recording units, local stationary posts and mobile control units);
- cleaning up the shores of Lake Baikal between the villages of Baikal and Talovka (361 km);
- reducing the negative impact on the territory of Slyudyanskoye Lake and Shamansky Cape regional natural monuments by installing bio toilets and arranging waste collection sites at entrance;
- switching 14 heating units for track labourers from furnaces to electric energy;
- developing a separate waste collection system at 10 stations and stops of the Circum-Baikal Railway and at the BAM and Trans-Siberian Railway stations;
- restoring 20 ha of forests;
- engaging fire trains in extinguishing forest fires near the railway infrastructure.

The construction and upgrade of infrastructure facilities required to increase the throughput capacity of the BAM and Trans-Siberian Railway covers 144 facilities in Lake Baikal’s natural territory, 47 of which are already in progress. 69 facilities

have received the approvals of the state environmental and technical review boards. An environmental certificate covering compensatory measures and environmental monitoring and control data is provided for each facility.

Conservation of rare species and ecosystems

One of Russian Railways’ environmental priorities is to develop and implement measures to conserve flora and fauna species, included those listed in the Russian Red Data Book.

The target of the Company’s Environmental Strategy until 2030 is to carry out measures on conserving natural ecosystems and biodiversity in the regions of presence. Key measures include

1. General measures implemented during design, construction and operation of Russian Railways’ infrastructure facilities:

- design, construction, upgrade and operation of production facilities in strict compliance with environmental standards of Russian laws;
- introduction, upon facilities’ upgrade and construction, of best available technologies that reduce man-made impact on the environment;
- consistent environmental monitoring and control over the impact produced by the Company’s facilities on the environment;
- maintenance of railway infrastructure areas in compliance with city planning, environmental, sanitary, fire prevention and other requirements.

2. Measures to protect animals from death on rail tracks due to collision with trains and for other reasons:

- upon design and construction of new railway infrastructure facilities, parts of tracks that may be crossed by large wild animals are equipped with protective devices, and overpass or tunnel sections are constructed to ensure seasonal migration of wild animals;
- parts of tracks often crossed by animals are equipped with reflective tape, and are monitored together with forestry and hunting sector representatives.
- power lines are equipped with bird protection facilities to prevent death of birds

3. Measures implemented in Lake Baikal’s natural territory and territories adjacent to specially protected natural areas:

- maintaining railway infrastructure areas adjacent to specially protected natural areas in the reference condition in terms of compliance with sanitary, environmental and fire prevention legislative requirements;
- carrying out engineering and technical priority activities at facilities potentially dangerous for natural ecosystems within the specially protected natural areas and their protective zones;
- implementing programmes to restore rare and endangered (included in the Russian Red Data Book) flora and fauna species;
- implementing special projects, interacting with public environmental organisations and raising awareness about the need to conserve biodiversity and unique ecosystems;
- expanding activities to conserve biodiversity of unique ecosystems with the involvement of all interested public organisations, communities, institutions and authorities

4. Forest restoration activities and other measures to conserve and restore natural ecosystems.

Targets for 2021

In 2021, the Company plans to perform the following activities as part of measures to conserve and restore natural resources and biodiversity:

- bring the railway infrastructure that border on the specially protected natural areas in the reference condition in terms of environmental and fire safety;
- carry out activities to restore and conserve the population of rare endangered flora and fauna species included in the Russian Red Data Book and red data books of Russian regions;
- take part in the Forest of Victory ecological and patriotic campaign;
- plant 279,870 trees and shrubs in the railway rights-of-way, municipalities and specially protected natural areas.

Noise and vibration

Transport is a major widespread cause of acoustic discomfort in urban areas. In line with its goals and objectives on environmental development, Russian Railways focuses on reducing physical factors of adverse impact of noise, and implements measures to decrease the level of acoustic impact and vibrations.

Reducing noise and vibration is key to

implementing the Company's sustainable development framework. Russian Railways constantly determines, develops and implements new, more efficient technologies and innovative solutions that allow to minimise or eliminate the causes of noise and vibration, protect people from acoustic impact, increase passenger comfort and guarantee compliance of the



acoustic impact on the environment with relevant standards.

Russian Railways' employees of environmental laboratories undergo trainings to measure the noise impact on the adjacent residential territories with further assessment of such impact.

In addition, railway experts undergo trainings to work with the Ecologist-Noise programme to build and develop in the Company a system to monitor noise and draw maps for areas adjacent to railways infrastructure facilities.

Reduction of noise and vibration

As part of its innovative research, the Company develops various measures to reduce noise both on noise transmission paths (different types of noise protection screens are considered) and in noise emission sources.

Development and implementation of

- grinding 531 interlocked turnouts;
- grinding 12,494 km of rails;
- purchasing 6,858,000 rail pads;
- laying continuous welded rails of 1,648 km;
- installing noise protection screens (more than 61 km long).

technologies and devices to reduce and eliminate noise in territories adjacent to railways relate to the Company's priority areas where best available solutions are introduced. In 2020, the Company carried out the following activities to reduce the noise impact:

To maintain the rolling stock technical features and reduce the noise level, wheel truing is regularly performed.

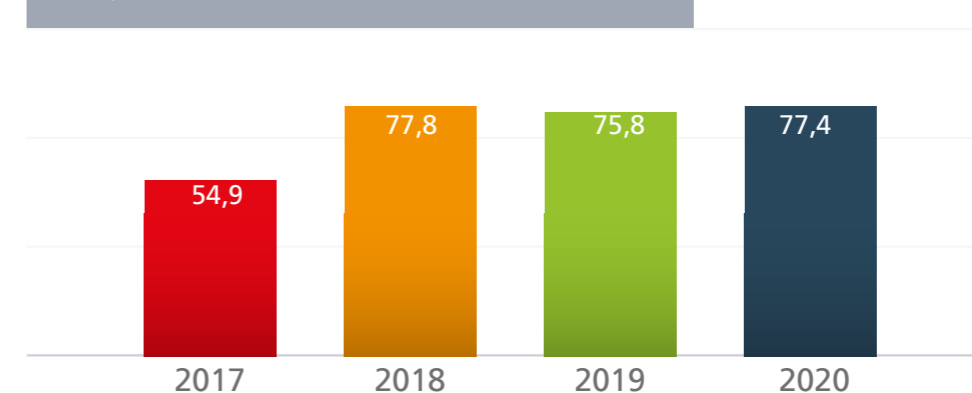
According to effective regulations, a train is viewed as a whole when assessing noise and vibration impact at wheel-rail contact points. Given the above, Russian Railways' capabilities on implementing direct measures to reduce the impact level are only limited by the Company's own rolling stock.

As for rolling stock owned by independent companies, Russian Railways

holds joint working meetings to develop solutions on noise and vibration reduction (performs tests with subsequent update of technical requirements to rolling stock).

Such requirements have not been approved yet for some types of non-traction rolling stock (carriages) and organisations that represent them. The Company also sets objectives to develop technical requirements to noise and vibration for rolling stock not owned by Russian Railways. During scheduled working meetings with rolling

Expenses on measures to eliminate noise, RUB bn



stock owners and railway equipment manufacturers, the Company discusses and determines further activities on developing technical requirements and introducing step-by-step measures to

strengthen external noise standards Russian Railways has standardised the requirements for acoustic impact from all types of railway rolling stock.

The Company has developed.

- RZD Standard 1.07.007-2010. Acoustic screens for rail transport. Rules for acceptance, commissioning and maintenance during the life cycle;
- GOST 33325-2015. Noise. Methods to calculate the levels of external noise emitted from rail transport;
- GOST 33329-2015. Acoustic screens for rail transport. Technical requirements;
- GOST 33328-2015. Acoustic screens for rail transport. Methods to control technological requirements;
- GOST R 56394-2015. Noise. Operational noise maps for rail transport. General requirements and methods of development;
- Guidelines to apply soundproofing technologies and technical requirements for soundproofing plates on the rail neck and the Album of technical solutions for designing soundproofing measures.

In 2021, it is planned to allocate RUB 5,881.23 m, including Russian Railways' costs of RUB 4,134.22 m and the Federal budget funds of RUB 1,747.01 m, to implement a set of measures aimed at reducing the noise impact on the environment.

Targets for 2021

Currently, it is impossible to set targets on noise impact reduction, taking into account effective requirements for rolling stock related to noise impact standardisation. Russian Railways takes all possible measures to reduce the noise impact.

The Environmental Strategy provides for a number of measures in 2021 to reduce the noise impact on the environment



производство укладки бесстыкового пути на 1 261,8 км;



шлифование рельсов – 27 577 км прохода;



строительство шумозащитных экранов общей протяженностью свыше 85 км.



использование подкладок под рельс в количестве 7 746,59 тыс. шт.;



шлифование 1 000 стрелочных переводов;



алюминотермитная сварка – 50 773 стыка;



CLIMATE ACTION



Climate action

2020 performance highlights



9 % reduced

carbon intensity is reduced by 9% for 2015–2020

48 %¹⁰¹ reduced

GHG emissions, taking into account indirect emissions from the use of thermal and electric energy, are reduced by 48%

17 %

– a share of consumption of electric energy for train traction generated by hydro power plants

1200 technical facilities

1,200 technical facilities for the amount of RUB 1.3 bn are introduced under the project on Introducing Resource-Saving Technologies on Rail Transport

6 566,4 TJ

fuel and energy savings resulting from implementation of the Energy Efficiency Programme

86,54%

the volume of goods transported by electric traction as compared to diesel traction

621,3 m kWh

of electric energy savings resulting from implementing energy saving measures

34500 tonnes

of diesel fuel – savings resulting from implementing energy saving measures

117,7 m kWh

of electric energy savings resulting from implementing measures on improving indicators of locomotive fleet operation

16000 tonnes

of diesel fuel – savings resulting from implementing measures on improving indicators of locomotive fleet operation

over RUB **1,7** bn

savings resulting from implementing measures on energy efficiency improvements at the stationary power facilities

¹⁰¹As compared to the 1990 level.

Russian Railways' approach to climate change issues

GRI 103-1

Transport is a key consumer of carbon-based fuel. In Russia, transport accounts for about a third (30.5%) of all GHG emissions. If personal vehicles are taken into account, this indicator will total more than a half (54.9%) of all GHG emissions.

Railway transport is the most eco-friendly type of transport with a share in total GHG emissions of 1.8%, of which Russian Railways' share is less than 1%. Such indicator is achieved as over 85% of Russian Railways' passengers and 86% of Russian Railways' cargoes are transported by electric traction. This significant advantage allowed Russian Railways to be

Climate impact management

GRI 103-2, GRI 103-3

In reducing its environmental impact, the Company follows the Environmental Strategy until 2030, Energy Strategy until 2030 and the Climate Doctrine of the Russian Federation.

GHG emissions management is an element of Russian Railway's corporate strategy. Russian Railways submits annual data for GHG emission assessment, including data required for CDP reporting as part of the assessment of GHG emissions resulting from operations in Moscow, and attends working group meetings of the Russian Union of

the first and the only Russian company to place green bonds.

Due to signing by the Russian Federation of the Paris Agreement regulating measures to reduce carbon dioxide in the atmosphere, and increased significance of climate change matters on the global and national agenda, Russian Railways' commitment to reduce, to the extent possible, the carbon intensity of its operations remains its priority goal. It is an integral part of the Company's policy on environmental protection, resource saving and energy efficiency

Industrialists and Entrepreneurs (RSPP) and the Ministry of Economic Development. The Company takes part in discussions on federal regulations, submitting proposals and comments based on specifics of the railway transport.

The Company's Environmental Strategy is aimed at ensuring Russian Railways' obligations specified in the Railway Climate Responsibility Pledge. These include carbon intensity reduction,



Carbon neutrality is Russian Railways' benchmark until 2050

advanced obligations to adopt measures on achieving carbon neutrality by 2050, as well as development of the GHG emission accounting and management system to

achieve the country's national goals on reducing GHG emissions as part of fulfilling international obligations¹⁰² under the Paris Agreement¹⁰³.

Carbon intensity reduction

Russian Railways has the lowest indicators of specific GHG emissions per unit of transportation activities among major railway companies of the world, which is primarily achieved by high level of infrastructure electrification. Currently, the length of the electrified track is 44,100 km, or over 51% of the total operational length of the railways.

The Company demonstrates a responsible approach to reducing GHG emissions in its operations. To develop the GHG emission accounting and management system, Russian Railways

adopted a programme of organisational and technical initiatives for 2020–2025 to fulfil the objective set in the Long-Term Development Programme on reducing specific GHG emissions at least by 4.5% vs 2018 (based on the 2020 results, this indicator was reduced by 1.6%).

The decline in emissions will be attributable to new solutions which reduce fuel consumption in traction and stationary power generation¹⁰⁴. The deployment of modular gas-fired boilers instead of those fuelled by coal and fuel oil significantly reduces pollutant emissions.

Russian Railways' main activities on carbon intensity reduction include:

- improving energy efficiency of transportation;
- using natural gas as a motor fuel, gradually expanding the use of gas powered locomotives;
- carrying out activities on expanding the electrified track section;
- improving efficiency of energy resources used for non-traction needs;
- building and developing the GHG monitoring, reporting and control system at the Company's facilities;
- enhancing methods to calculate indirect GHG emissions from energy depending on the consumed electric and thermal energy

Climate change risks

Russian Railways pays great attention to climate change risks, analysing the climate change impact and taking it into account when planning its activities. The key threat that can potentially affect the Company's business is the growing number of meteorological hazards that jeopardise railway operations. These include heavy

rains and snow, extremely low and high temperatures, huge temperature swings, glaze, rime and greater impact of dangerous hydrological phenomena, such as spring floods and freshets, etc. The Company regularly assesses climate change risks and develops relevant measures on their mitigation.

¹⁰² As established by the Decree of the President of Russian Federation No.666 "On reducing greenhouse gas emissions" dated 04.11.2020 № 666.

¹⁰³ Approved by Russian Government Resolution No.1228 dated 21.09.2019 "On acceptance of the Paris Agreement".

¹⁰⁴ For more information, please refer to Energy Efficiency sub-section.

Russian Railways' key external man-made and climate change risks include:

- accidents at facilities associated with the Company's operations;
- man-made accidents on related types of transport (primarily in the seaport waters and on main high-ways);
- fires, natural disasters in the areas of the Company's operations.

To address climate change risks to infrastructure, the Company implements various strengthening solutions (anti-washout slab covers, rock dumping, rock anchorage) and builds structures for protection of the track bed from natural hazards (such as mudflows, landslides, avalanches and rockfalls).

Russian Railways recognises the global importance of the climate change matters and focuses on achieving carbon neutrality in the long-term until 2050. The Company pays attention to:

- improving energy efficiency of its operations;
- limiting the use of hydrocarbon types of fuel;
- developing renewable energy (including solar power plants, heat pumps);
- implementing compensatory projects on conserving and restoring natural (including forest) ecosystems.

Under the forest restoration projects, the Company carries out annual events on planting 0.5 – 1 m trees. By the end of 2020, Russian Railways and its units planted 351,900 trees and shrubs along railway lines, in municipalities and specially protected natural areas.

Greenhouse gas emissions

GHG emissions management is an element of the Company's corporate strategy, allowing the Company to contribute to achieving the national goal¹⁰⁵ of reducing GHG emissions to 70% of the 1990 level or lower by 2030.

Russian Railways is included in the list¹⁰⁶

of companies with state participation involved in implementing measures to reduce GHG emissions and as such is actively working with the relevant ministries and departments to discuss key quantitative indicators for reducing GHG emissions from rail transport.

Emissions management

In connection with the development of a monitoring, reporting and verification system for anthropogenic GHG emissions in the Russian Federation, Russian Railways is working to develop the GHG emission accounting and management system.

In 2020, Russian Railways organised two workshops on how to reduce greenhouse gas emissions attended by 60 managers and experts of the Company working in this area.

In 2020, Russian Railways launched the GHG Emissions Sources module of the unified system to manage the Company's

activities in the Environmental, Industrial and Fire Safety area. The module will run on a continuous basis and is designed to prepare a typical classifier of greenhouse gases and generate GHG reports at all management levels.

To develop the GHG emission accounting and management system, Russian Railways adopted a pro-gramme of organisational and technical initiatives to reduce GHG emissions at Russian Railways for 2020–2025. The Programme includes the following measures:



- conducting an inventory of GHG emissions sources;
- introducing and updating existing systems for the automated accounting of GHG emissions;
- conducting energy inspections of Russian Railways facilities;
- expanding the use of renewable energy sources;
- electrifying sections of the rail infrastructure owned by Russian Railways which are subjected to heavy traffic.

In 2020, the Company performed the first automated inventory of GHG emission sources and GHG emission calculation under this programme at Russian Railways' structural units for the period from 2017 to 2019.

¹⁰⁵ Adopted by Russian President's Order No. 666 of 4 November 2020..

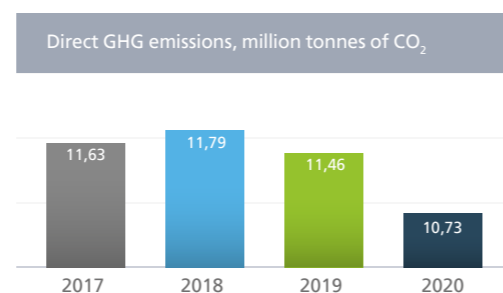
¹⁰⁶ Approved by Russian Government Instruction No. AKh-P9-5761 dated 31 August 2017.

Direct emissions

GRI 305-1

The Company has the Methodology to determine the amount of GHG emissions at Russian Railways based on the Instructions and Guidelines for the Quantitative Determination of GHG Emissions by Organisations engaged in Economic and Other Activities in the Russian Federation. The approved Methodology of Russian Railways allows a comparative analysis of GHG emissions from identical sources and provides for measures to save fuel and energy resources, and therefore reduce GHG emissions.

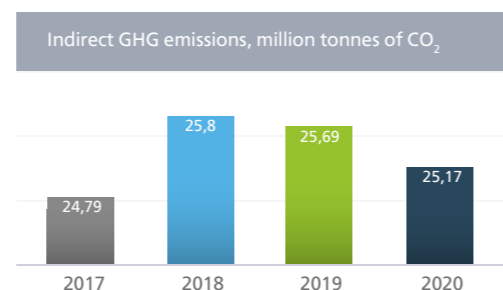
Russian Railways calculates direct GHG emissions based on data about the volumes of carbon-containing fuel burned directly on stationary and mobile equipment in Russian Railways' structural units during the production process.



Indirect GHG emissions from energy

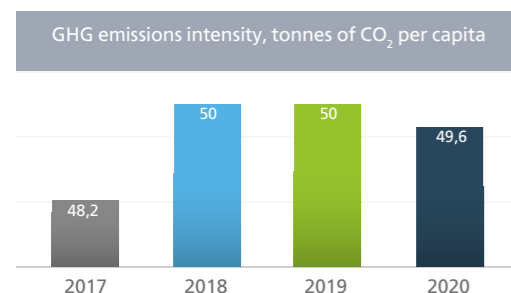
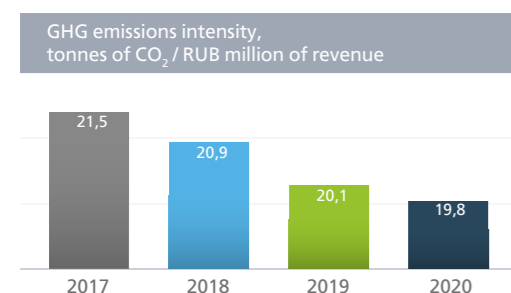
GRI 305-2, GRI 305-5

The Company calculates indirect GHG emissions from energy based on data about the amount of electrical and thermal energy received from suppliers (third-party energy suppliers), and the Guidelines for quantitative determination of indirect GHG emissions from energy¹⁰⁷.



GHG emissions intensity¹⁰⁸

GRI 305-4, GRI 305-5



¹⁰⁵ A Approved by Order No. 330 of the Russian Ministry of Natural Resources and Environment dated 29 June 2017.

¹⁰⁸ GHG emissions intensity calculation includes direct GHG emissions and indirect GHG emissions from energy.

Emissions reduction

GRI 305-5

The Company reduces GHG emissions primarily by:

- ensuring a targeted and efficient use of fuel and energy resources in the Company's subordinate structural units;
- implementing organisational and technical measures to achieve energy saving targets and improve energy efficiency;
- improving the GHG accounting system

GHG emissions, taking into account indirect emissions from the use of thermal and electric energy, are reduced by 48% compared to the 1990 level with comparable transportation volumes

As a company that has made a commitment to contribute to measures which address climate change and its consequences, Russian Railways responsibly and consistently implements the Greenhouse Gas Emission Reduction Programme in its operations. In 2020, taking into account the use of indirect emissions from thermal and electric energy in the balance sheet, the GHG emissions were reduced by 48% to 35.9 million tonnes of CO₂ compared to the 1990 level with comparable transportation volumes. This decrease was achieved by:

- reconstructing existing boiler houses and shifting them to more eco-friendly fuels;
- saving fuel and energy resources;
- replacing obsolete rolling stock with new equipment with improved environmental performance.

Shifting to new types of rolling stock is essential for reducing greenhouse gas emissions. In particular, the indicative environmental impact of Lastochka electric trains calculated by the Company showed a significant advantage of rail passenger transport as compared to motor vehicles and buses. In 2020, Lastochka emitted 105,900 tonnes of CO₂ vs 829,200 tonnes of CO₂ motor vehicles would emit for transporting the same number of passengers over the same route (7.8 times higher).

Targets for 2021

- In 2021, the Company plans to reduce CO₂ by 381,000 tonnes.
- 4.5% reduction of the specific GHG emissions by 2025 against the 2018 level under Russian Railways' Long-Term Development Programme
- The Company plans to reduce GHG emissions through implementation by the structural units of the Company's branches of Russian Railways' Energy Savings and Energy Efficiency Programme for 2021, including activities provided for by the project on Introducing Resource-Saving Technologies on Rail Transport aimed at energy savings and energy efficiency improvement.

Energy efficiency



No. 1 in the world by energy efficiency of freight services

Russia ranks first globally in terms of energy efficiency in rail freight transportation, outperforming European railways, as well as those in China, India, Japan and the USA. As regards energy efficiency in passenger transportation, Russia comes in fourth after India, China, and Japan¹⁰⁹.

Under the Russian Railways' Industry Standard "Energy Efficiency Management System for Production Processes", the Company has established certain requirements to its energy management system. The parties responsible for organisation of energy saving efforts and energy efficiency improvement include:

- at the corporate centre level – Russian Railways Deputy Managing Director – Chief Engineer, head of Russian Railways executive office unit or structural unit;
- at the head office level – Russian Railways branch Chief Engineer (in his absence, the deputy head);
- at the regional level – regional railway or regional directorate Chief Engineer;
- at the local level – structural unit Chief Engineer (in his absence, structural unit deputy head).

Energy Strategy

Every year, the Company approves and implements the Energy Strategy of Russian Railways.

In 2020, the Company set out to develop its new Energy Strategy through 2025 with an outlook through 2035, with a view to updating the priorities of the Russian Railways' energy management and the targets of the Company's energy efficiency.

The Energy Strategy priorities are:

- complete and reliable fuel and energy supply for the transportation process;
- mitigation of risks and prevention of energy supply gaps for rail transport;
- decrease of the specific consumption of fuel and energy resources across all operations of the Company resulting in reduction of energy consumption in production processes;
- optimisation of power consumption at the stationary power facilities;
- improvement of the Company's energy management structure based on state-of-the-art information technologies, fuel and power consumption metering and monitoring systems;
- reduction of carbon footprint of the Russian Railways' production operations

¹⁰⁹ According to IEA report "The Future of Rail", New Delhi, January 2019.

37,900 kWh of electric power and 170.1 tonnes of diesel fuel saved in 2020 due to implementation of computer-aided energy consumption metering, control and management systems

The key instrument applied in the Company's energy-saving actions is the project Introducing Resource-Saving Technologies on Rail Transport designed to implement science-intensive advanced energy- and resource-saving equipment and technologies in the railway networks.

As part of this project, to address reduction of specific energy consumption in train traction, a large-scale implementation of automated train driving systems is planned, combined with regulation of electric and diesel-powered locomotives' traction and auxiliary equipment capacity, and introduction of metering systems to measure performance of electric locomotives and consumption of diesel fuel by diesel-powered locomotives.

A set of actions in the stationary power facilities includes introduction of heating for railway facilities based on energy-saving technologies, energy-efficient lighting systems at the production premises, platforms, terminals, stations, railway bridges with the use of LED devices.



Energy and fuel consumption¹¹⁰

GRI 302-1

The Company's priorities in energy consumption are set in the Russian Railways' Industry Standard "Fuel and Energy Resources Management Policy".

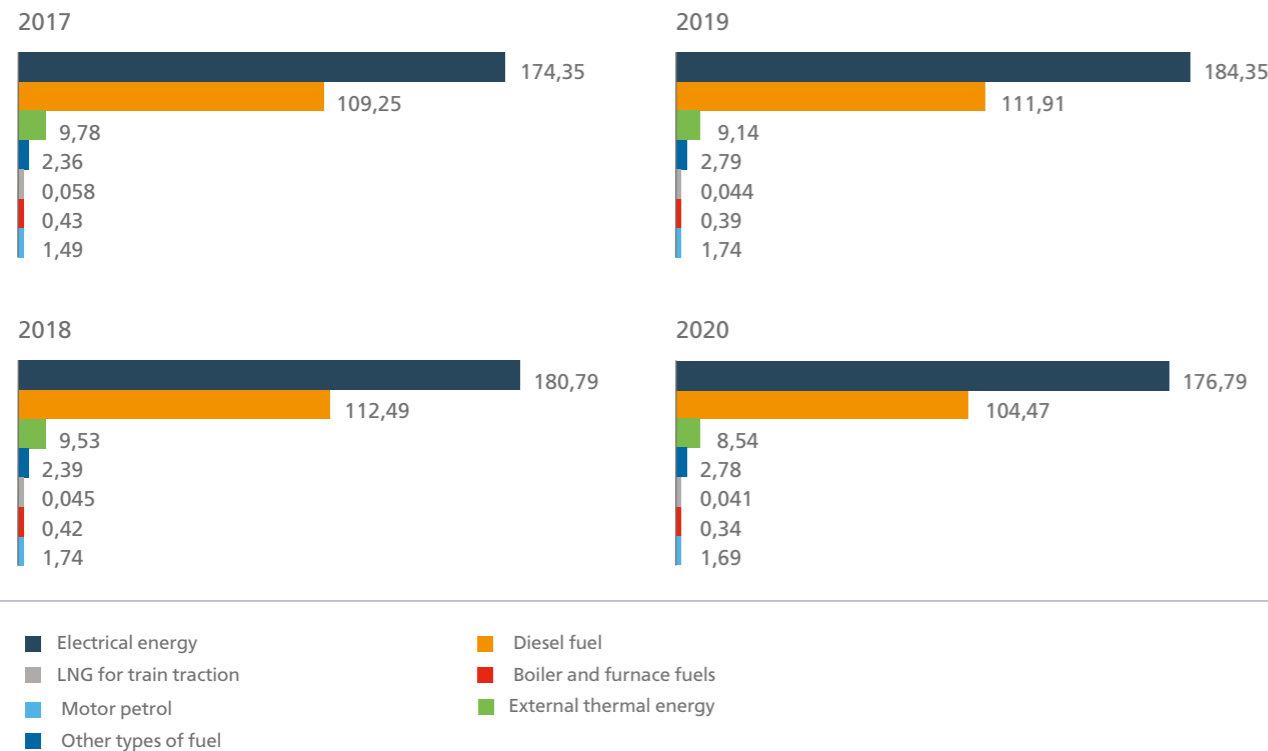
In 2020, Russian Railways' total consumption of fuel and energy resources amounted to 327.5 PJ. Fuel and energy resources are consumed by Russian Railways in:

- train traction (transportation process) – 252.2 PJ;
- non-traction needs (consumers ensuring transportation operations and infrastructure maintenance, energy transmission to internal and external consumers, traffic safety, etc.) – 75.3 PJ.

In order to reduce the specific quantity of emissions release in the air, the Company makes extensive efforts to reduce the share of diesel-powered transportation by switching it to electric power and gas. In 2020, the volume of goods transported by electric as compared to diesel traction increased by 0.5% and reached 87%.

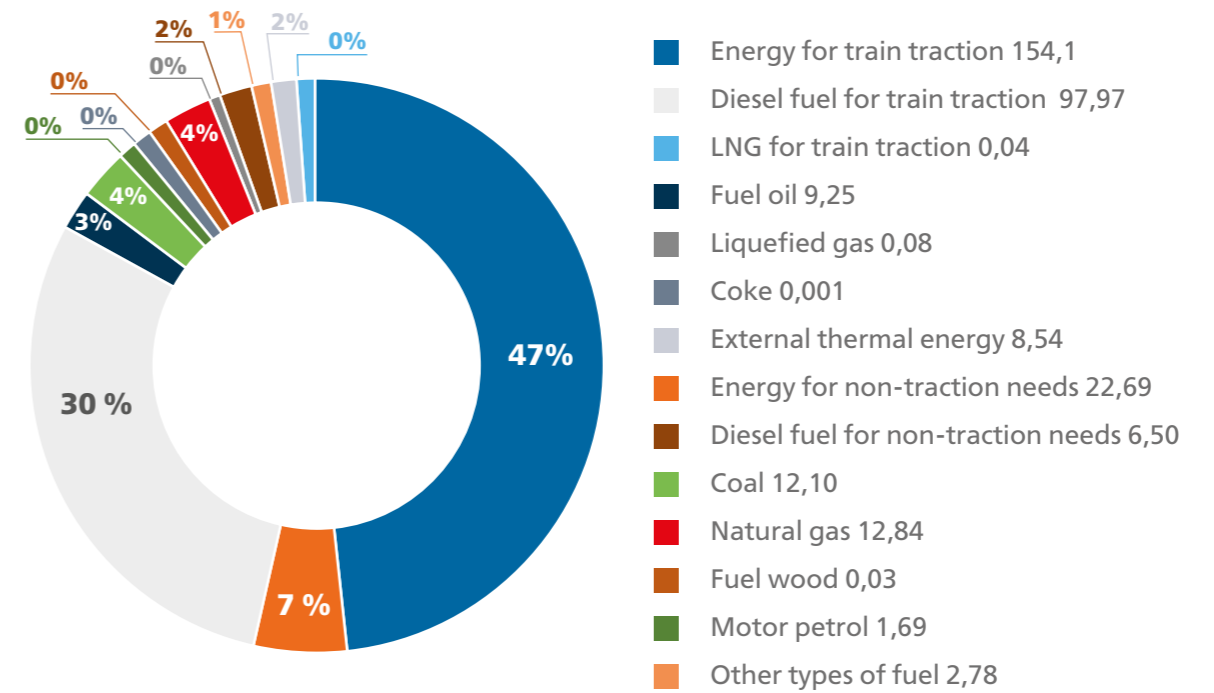
6-fold reduction of pollutant emissions into the air will be achieved upon transition of the Russian Railways' locomotive fleet to LNG e

Energy and fuel consumption in 2017–2020, PJ



¹¹⁰For more details on fuel and energy consumption during 2017-2020, see Appendix 19.

Energy and fuel consumption in 2020, PJ



Russian Railways is engaged in innovation-driven developments in implementation of LNG as an alternative fuel for traction operations. The efforts in this area are based on an agreement on cooperation signed by PJSC Gazprom, JSC Russian Railways, JSC Sinara Group and JSC Transmashinholding. The programme stipulates development, production and maintenance of new gas powered locomotives, as well as deploying liquefied natural gas supply infrastructure and drafting regulations. Two liquefied natural gas-fired turbines are in operation, with 23 more units planned for delivery by 2025.

25% of diesel fuel consumed by au-tonomous locomotives will be replaced by natural gas by 2030

Together with manufacturers, Russian Railways is also developing an electric battery-powered rail tractor, as well as locomotives operating on the gas-diesel cycle, and gas-thermal locomotives. The Company is also upgrading its main-line and shunting locomotives to enable their natural gas-powered operation. Gas powered locomotives are intended to be primarily used at the longest sections of non-electrified rail roads – Sverdlovsk and Northern Railways.

Starting from 2025, Russian Railways plans to stop purchasing diesel-powered locomotives, and in the future it intends to operate electric battery-powered locomotives, motor driven rolling stock with hydrogen fuel cells, locomotives with gas-fuelled reciprocating and gas and diesel engines.

Specific electric power and diesel consumption¹¹¹, GRI 302-3

	passenger traffic	freight traffic
Electricity consumption		
Specific consumption of electric power on train traction	199.4 kWh/10,000 tkm, gross	90.1 kWh/10,000 tkm, gross
Electric energy consumption	4,430.2m kWh	34,143.3m kWh
Diesel fuel consumption		
Specific consumption of diesel fuel per train-kilometre	74.2 kg virtual fuel / 10,000 tkm, gross	27.9 kg virtual fuel / 10,000 tkm, gross
Diesel fuel consumption	152,500 tonnes	1,536,900 tonnes

Energy saving and energy efficiency improvement

GRI 302-4

The Energy Efficiency Management System at Russian Railways is implemented in accordance with Russian Railways' Industry Standard 08.017-2012 "Energy Efficiency Management System for Production Processes. The Main Provisions" which has been developed in accordance with the requirements of the international standard ISO 50001:2011.

In 2020, the Company performed all mandatory energy-saving actions both in train traction and stationary facilities which resulted in achievement of the energy-saving¹¹² and energy efficiency improvement targets set in LDP. The general reduction of energy consumption amounted to to 6.57bn mJ.

The main areas where Russian Railways implements energy-saving measures are:

- improving train management technology;
- increasing the energy efficiency of locomotives and improving their use;
- improving the technical condition and use of the track facilities;
- improving the performance of the traction power system;
- improving the energy efficiency of heat generation facilities and other heating systems;
- improving the energy efficiency of buildings and structures;
- improving the energy efficiency of special rolling stock and special and motor-tractor technology;
- improving the energy efficiency of lighting systems;
- improving the energy efficiency of technological processes and infrastructure facilities.

¹¹⁰Without taking into account electric energy imbalance.

¹¹¹Including all types of fuel consumed by Russian Railways: electric power, diesel fuel, petrol, fuel oil, natural gas, thermal energy, coal, others.

In 2020, implementation of actions under the Energy Efficiency Programme helped to achieve the following savings¹¹³

electric power	814.7m kWh	for the amount of RUB 2,982m
diesel fuel	44,200 tonnes	for the amount of RUB 1,897m
petrol	0.900 tonnes	for the amount of RUB 40m
fuel oil	12,400 tonnes	for the amount of RUB 140m
coal	12,900 tonnes	for the amount of RUB 49m
natural gas	13.6m m ³	for the amount of RUB 74m
thermal energy	69,600 Gcal	for the amount of RUB 142m

Every year, the Company's structural units (over 2,300 units) develop and implement the Russian Railways Energy Savings and Energy Efficiency Programme aligned with the Programme on Enhancing Operational Efficiency, Long-Term Development Programme and the Energy Strategy of Russian Railways. The automated information system Energy Efficiency serves as a planning and control tool for implementation of the Company's Energy Savings and Energy Efficiency Programme. Actions under the Energy Savings and Energy Efficiency Programme are based, among other things, on the results of energy-focused inspections of structural units and due to implementation of stages of the project Introducing Resource-Saving Technologies on Rail Transport. Reports on implementation of the Energy Savings Programme are submitted to the Russian Federal Antimonopoly Service on an annual basis.

~6,6bn mJ for the amount of RUB 5.3bn represent fuel and energy savings resulting from implementation of the Energy Efficiency Programme in 2020

Energy efficiency and energy intensity of the Russian Railways' operations

Target	Target for 2020	Actual for 2020	Plans for 2021
Reduction in the energy intensity of operations, %	-0.6	-1.0	-0.6
Energy efficiency improvement, %	0.6	1.0	0.6

The level of energy returned to the overhead system due to regenerative braking decreased in 2020 compared to 2019 by 0.6% (2019: 2,639.1m kWh, 2020: 2,622.7m kWh) due to reduced transportation volumes, while relative to the budget, a 3.3% increase was reported. The share of regeneration in the total energy consumption in 2020 (only for regenerating electric locomotives) amounted to 6.1%.

Russian Railways is widely installing automatic locomotive operation and onboard driver information systems presenting the energy-optimized train motion trajectory on their displays. New rolling stock is equipped with advanced temperature regulation systems in the locomotive cabins and passenger cars (climate control). Jointly with the manufacturers of traction rolling stock, the concept of a new generation locomotives is being developed with mandatory requirements to the level of its energy efficiency.

¹¹³Reduction of energy consumption is calculated based on comparison to the similar periods before and after implementation of the related actions based on comparable operating conditions. Savings are calculated under the methodologies approved by Russian Railways..

Energy efficiency improvement of the stationary power facilities saved over RUB 1.6bn. This included:

- activities to boost energy efficiency of thermal generation and heating systems facilities, which served to save fuel and energy resources in the amount of RUB 369.2m;
- introduction of LED devices, energy-efficient lighting fixtures and control devices, optimisation of the lighting operation patterns at the station railyards, terminals, technical and administrative buildings, and warehouses, with the resulting savings of RUB 256.3m;
- initiatives aimed to improve energy efficiency of the workflow and infrastructure, resulting in fuel and energy savings in the amount of RUB 448.9m.

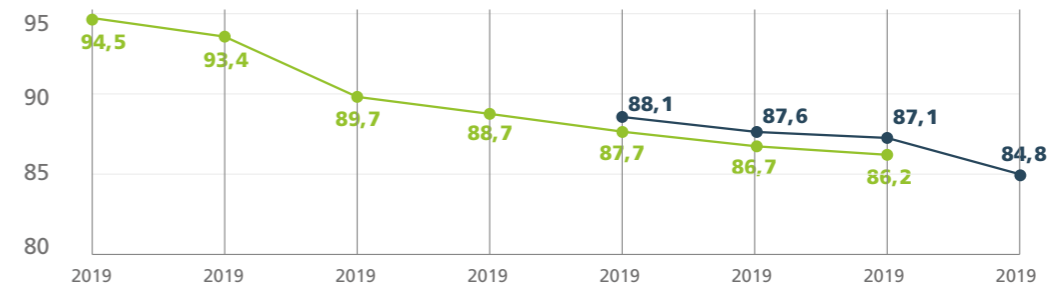
In 2020, the investment project on introduction of resource-saving technologies in railway transport covered the launch of 1,200 technical facilities for the amount of RUB 1.3bn (98% of the target), including:

- 858 resource-efficient locomotive onboard systems;
- IoT-based energy-efficient lighting systems, including those at four station railyards and two track maintenance stations;
- 164 high-mast lighting units using advanced lighting devices;
- 15 heat pumps at the domains of the Privolzhsk and North Caucasus Railways to replace the obsolete inefficient small boilers;
- 84 rolling stock jack stoppers;
- 5 scale test cars;
- 16 sets of reference equipment for metrology

The rate of Russian Railways' energy intensity reduction is quite stable against the benchmarks set by the International Union of Railways (UIC) (kJ/adjusted tkm, net), largely due to Russian Railways' investments in energy saving.



Movements in changes of energy intensity of the Russian Railways' operations, kJ / adjusted tkm



-1,0% Reduction in the energy intensity of operations in 2020

Training

Russian Railways introduced five training programmes covering relevant areas of energy efficiency improvement annually attended by the Company staff¹¹⁴. The training is carried out under Russian Railways' Industry Standard 08.020-2019 "Organisation of Russian Railways Staff Technical Training. The Main Provisions".

In 2020, specialists from the Russian Railways branches and units attended training at Omsk State University of Railway Engineering with the following syllabus:

- Energy-focused inspections and certification of entities with development of energy savings and energy efficiency programmes at rail transport;
- Energy savings and energy efficiency in water supply and heating systems;
- Management of railway structural units' energy efficiency based on the energy management systems;
- Energy savings and energy efficiency in buildings and structures;
- Improving energy efficiency in rail transport.

In 2021, it is planned to train 300 specialists.

¹¹⁴The training is carried out under Russian Railways' Industry Standard 08.020-2019 "Organisation of Russian Railways Staff Technical Training. The Main Provisions".

Targets for 2021

In 2021 and with an outlook through 2023, the following actions are planned:

- expanding domains of using thermal and electric energy generation facilities based on renewable sources;
- introducing LED devices, among other things, by attracting third-party investments, based on energy service contracts;
- equipping the locomotive fleet with energy-saving onboard systems;
- expanding IT capabilities (developing an interactive map of stationary power facilities, applying IIoT);
- expanding used materials recycling technologies

In 2021, the budgeted costs on the resource-saving project will amount to RUB 1.6bn.

Energy reduction targets

Target details	Target for 2021
Reduction in electricity consumption	446.6m kWh
Reduction in diesel consumption	30,500 tonnes
Reduction in petrol consumption	0.700 tonnes
Reduction in fuel oil consumption	1,800 tonnes
Reduction in coal consumption	8.600 tonnes
Reduction in natural gas consumption	8.4m cubic metres
Reduction in thermal energy consumption	60,100 Gcal
Reduction in consumption of other types of energy and fuel	6,200 tkt.

0.6% energy efficiency improvement under LDP until 2021 compared to 2020 in production operations in comparable conditions



Renewable energy sources

Russian Railways' renewables-based power supply is intended to replace a part of electric and thermal energy acquired from third parties by the power generated by renewable sources: sun, wind and earth.

At some Russian Railway facilities, solar power modules have been operated for over eight years. The last mini power plant with the capacity of 31 kW was put in operation at the end of 2019 at Svetlograd station of the North-Caucasus Railway. Jointly with Hevel company, a domestic manufacturer of solar panels, Russian Railways developed the calculator to calculate the payback period of investments in implementation of a solar

Heat pumps

Under the project Introducing Resource-Saving Technologies on Rail Transport, in order to reduce the branches' operating costs as well as the burden on the environment, instead of small diesel and coal boilers, heat pumps are installed which receive heat from the environment and produce no emissions into air or ground.

Targets for 2021

Russian Railways is gradually moving to the use of renewable sources of energy, including in heat supply for its infrastructure facilities. For the last three years, over fifty fuel oil and coal boilers were closed with the transition of consumers to more environmental-friendly types of fuel. Over 100 additional facilities are scheduled for the transition to alternative sources in the nearest two to three years: heat pumps, solar energy. Due to such measures, emissions to the air will be reduced by over 30,000 tonnes a year.

power plant at the railroad. Currently, such period is over 13 years.

Within the energy balance of consumption of electric power for train traction, the share of energy generated by hydro power plants amounts to 17.63%. Consumption of natural gas for train traction accounts for 0.008% and for stationary facilities' needs – 10.99%. The total share of natural gas in consumption of fuel and energy resources (traction and stationary power) is 2.04%.

Moreover, as part of the resource-saving programme, in 2020, 15 heat pumps were installed to supply thermal energy to Russian Railways facilities instead of inefficient coal boilers.

Totally, the Company has currently installed about 120 heat pumps. In particular, at the domain of the Kaliningrad Railway, the transition of all small coal boilers to heat pumps has been completed. In 2020, 50 additional facilities were selected where coal boilers could be removed, with replacement of thermal energy source by heat pumps.

In the future, it is planned to proceed with the efforts under the resource-saving programme with the use of solar generation to supply energy to facilities both as the main and the backup power source. The key facilities selected for equipment with the electric power sources based on solar modules are electrical centralized controls and crossings – over 170 facilities have been selected.



**LOCAL
COMMUNITIES**



Local communities

2020 performance highlights



In **2020**

medium-term agreements on social and economic cooperation have been signed

The first Russian

issue of social eurobonds, with the deal value of RUB 25bn at 6.598% (the lowest ever rate in the history of Russian issues of eurobonds with the maturity exceeding five years) maturing in 7.25 years

RUB **85,4** bn

RUB 85.4bn of Russian Railways own funds were invested in the projects of upgrading and expanding the long-haul infrastructure

RUB **5.5** bn

The funds allocated to charity in 2020 amounted to about RUB 5.5bn which is RUB 1bn more than in 2019.

Supported schools

40 Russian Railways supported schools opened engineering and railway-focused classes

The Programme approved

The Programme of Russian Railways' Interaction with Railway Universities until 2025 has been approved

Over **30,000** students

are studying under the employer-sponsored curriculum

The Company's approach to engagement of stakeholders

GRI 103-1, GRI 103-2, GRI 103-3, GRI 413-1

Russian Railways operate in the territory of 77 Russian constituent entities in all federal districts, and in many regions the Company is a major employer and taxpayer. The Company makes every effort to help development of the regions of its footprint, therefore a well-aligned and efficient interaction with local authorities and communities is essential for it.

Governance structure

Management functions related to interaction with the regions and local communities are allocated to several departments of the Russian Railways executive office, specifically:

- Department for Interaction with Federal and Regional Authorities in the Area of Rail Transport Functioning and Development;
- HR Department engaged in implementation of integrated youth policy, in particular, interacting with educational institutions, including universities, schools and pre-schools;
- Social Development Department – in terms of implementation of corporate social projects, interaction with culture and sports institutions, organisation of cultural and educational, sports and other events

Key documents

International documents:

- UN Global Compact
- Universal Declaration of Human Rights
- The United Nations Guiding Principles on Business and Human Rights
- International Labour Organisation conventions

Corporate documents:

- Russian Railways Group's Regional Policy
- Charity and Sponsorship Policy
- Code of Business Ethics
- Russian Railways' Youth target programme
- Framework agreements with regions
- Mid-term agreements on social and economic cooperation

Forms of cooperation with local communities are regulated by the Russian Railways Group's Regional Policy and recorded in agreements with local authorities on interaction and cooperation in the area of rail transport and in the social and economic matters. Russian Railways and Russian constituent regions have 78 effective framework agreements in place. For their development, 12 medium-term agreements on social and economic cooperation with regions have been signed in 2020. Moreover, in the regions of its footprint, Russian Railways makes unremitting efforts focused on social matters and

charity, with the key objective and principles of such efforts being set out in the Charity and Sponsorship Policy¹¹⁵.

Russian Railways build its relations with local communities on the basis of respect of their rights and freedoms and does not tolerate any forms of discrimination or infringement.

Contribution to local communities' development and charity

GRI 203-1

Russian Railways performs such vital functions as long-haul and commute passenger transportation services in the territory of 72 regions, freight transportation (including those critical like Northern Supply Haul, shipment of export freight from the regions producing raw materials) and supports social infrastructure, effectively performing governmental functions in this area. In some regions, e.g. in Archangelsk, Amur and Tomsk regions, there are destinations where rail transport continues to be the only type of transportation available.

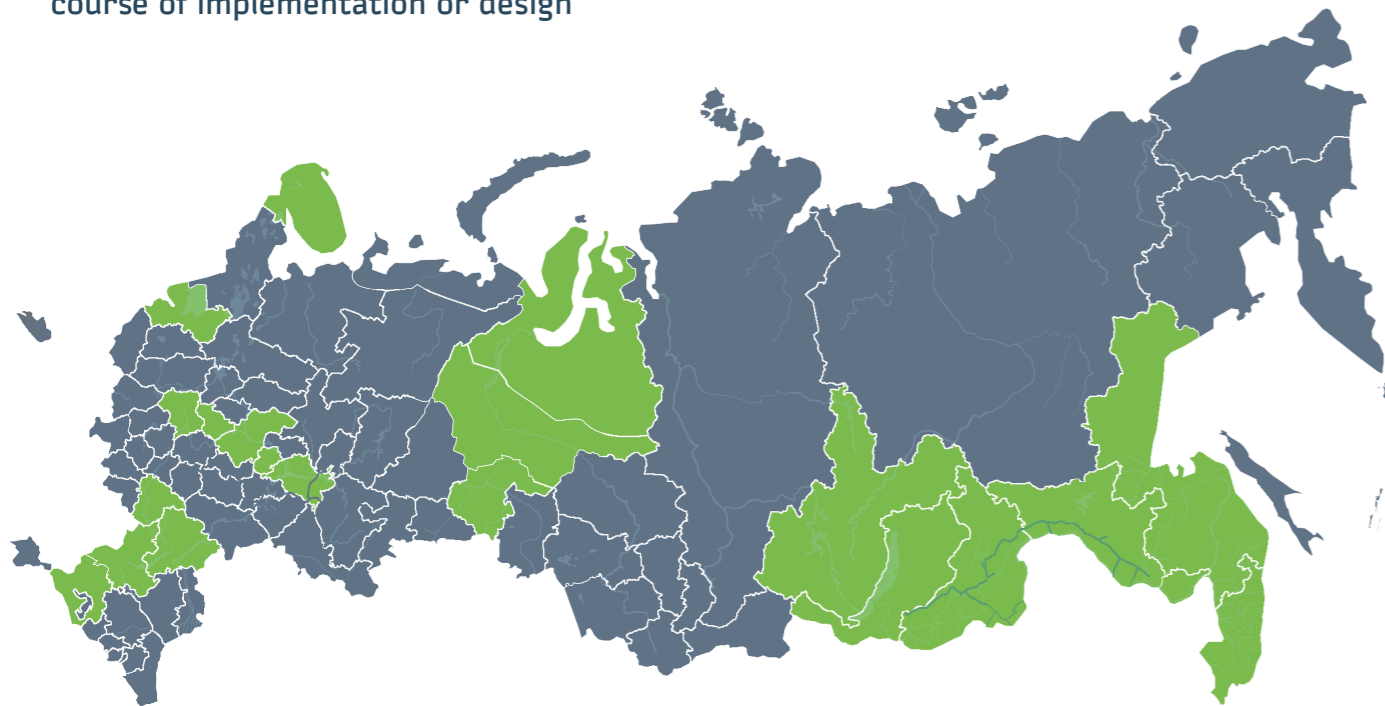
Map of the regions where rail passenger transport is the single option



¹¹⁵ Approved by resolution of Russian Railways' Board of Directors on 8 November 2016.

In some Russian regions, Russian Railways implements major investment projects in conjunction with federal and regional authorities, as well as regional-level projects in upgrading and developing the railway infrastructure facilities and improving transport accessibility. In 2020, Russian Railways invested over RUB 85bn in the projects of upgrading and expanding the long-haul infrastructure. The largest projects included continued implementation of phases 1 and 2 of the Trans-Siberian and Baikal-Amur Railways (BAM and Transsib) reconstruction and development of the Central Transportation Hub¹¹⁶, its first phase being scheduled for completion in 2021 (for more details, see Annual Report 2020, page 70).

Regions where key railway-related investment projects are in the course of implementation or design



The Company is a major taxpayer to the regional budgets accounting for 1% to 15% (Zabaykalsky Region) of the regions' internal revenues, and a major employer on average providing jobs to 1-2% working-age population in more than half of the Russian constituent regions.

Russian Railways is one of the largest consumers of goods produced by Russian enterprises, with its orders ensuring on average additional 0.1-1.5% employment rate in the Russian regions where transport machine building is concentrated.

In order to develop and maintain a favourable social environment in the regions of its footprint, Russian Railways is extensively engaged in charity and social activities in accordance with the principles set forth in the Charity and Sponsorship Policy and in compliance with all guidelines received from the Russian Railways Board of Directors. In its charity and social activity, the Company strives to move from one-off donations to implementation of an integrated policy of social responsibility.

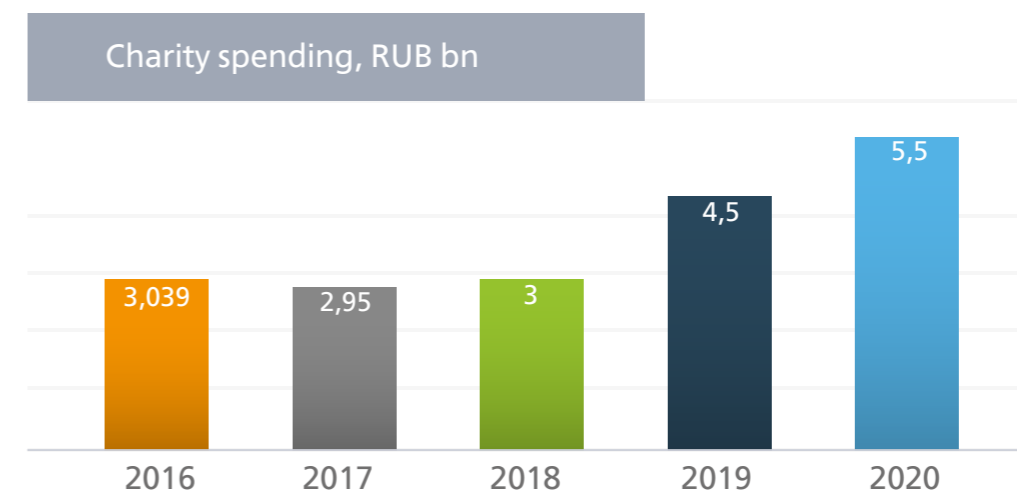
¹¹⁶ For more details of the Investment Programme, see Russian Railways Annual Report 2020.

Приоритетными направлениями благотворительной деятельности ОАО «РЖД» являются:

- social support and protection of people, primarily improvement of the financial situation of the Russian Railways staff;
- supporting professional education, primarily by providing assistance to industry-specific universities and colleges;
- implementing socially-oriented projects designed to promote mass sports, physical training and athletics, including among children and students, primarily in the form of projects carried out under Locomotive brand;
- supporting the state policy in promotion of healthy lifestyle, preventive and health care and improvement of people's moral and psychological condition, primarily among the Russian Railways staff;
- supporting professional sports clubs operating under Locomotive brand;
- promoting activities in the areas of education, science, culture, arts, awareness, as well as spiritual and patriotic development of people, primarily with an effect on maintaining a positive image of Russian Railways;
- assistance to people affected by natural hazards, environmental, industrial or other disasters, as well as social, ethnic, religious conflicts, victims of repressive crackdowns, refugees and forced migrants.

Charity support is provided not only in the monetary form, but also by payment for passenger service (children, veterans), donation of assets (equipment for school laboratories) and samples of historic machines (steam trains, railway cars). The share of employees engaged in charity activities increased from 11% in 2019 to 11.5% in 2020. The number of support recipients under charity programmes amounted to about 1,500 entities and persons. For more detail on the Russian Railways charity and social projects, see Appendix 7.

For the recent two years, the charity spending increased by over 180%



Education

[GRI 203-1]

The Russian Railways educational system includes a full cycle of educational institutions, from pre-school level to universities. Russian Railways is a founder of 97 private educational institutions (21

boarding schools and 76 kindergartens) attended by 24,000 people, 89.8% of them being children of Russian Railways employees.

Russian Railways for schoolchildren

For the purpose of early vocational guidance of schoolchildren, the Russian Railways' system includes 25 Children's Railways (DZD), unique centres of vocational guidance where children may learn about operation of railways, traffic safety and key professions, and each summer, just like adults, they provide services to passengers and organise traffic in the children's line. In 2020, such centres were attended by over 18,000 people, from which almost 1,000 entered railway-specific universities and colleges which amounted to 63% of the total number of DZD alumni.

In 2020, the Company launched its Supported Schools project – engineering and railway classes with advanced curriculum in physics, mathematics and informatics – studies under the field-specific syllabus for 8-9 graders. Specially

for such classes, Russian Railways developed an educational programme providing for over 20 types of educational and vocational guidance activities. In the reporting year, such classes were opened in 40 Russian municipal schools.

Additionally, unique supplementary educational programmes for schoolchildren are provided by six technoparks across the country. On a free-of-charge basis, their attendees may engage in programming or robotics while working on real projects designed to promote innovative and creative activities of the students and develop a new type of engineers who are able to put the boldest technical ideas into life.

Russian Railways' educational programmes for schoolchildren provide the basis for advanced engineering education:

- 97 schools and kindergartens founded by Russian Railways
- 25 Children's Railways
- Specialised classes in 40 schools across the country supported by Russian Railway

Russian Railways for students

Russian Railways extensively cooperates with nine industry-specific universities located across the country. Under the Programme of Russian Railways' Interaction with Railway Universities until 2025, efforts are made to develop their infrastructure and research potential, improve their educational process and develop management and faculty.

To ensure higher quality of the students' training and their involvement in the Russian Railways operations, as well as to provide favourable conditions for development and implementation of promising business ideas, Russian Railways established 200 grants for preparation of graduation thesis.

As an incentive for the best talents among students, Russian Railways also created 515 scholarships.

Each autumn, all industry-specific educational institutions celebrate the Company Days. The students get to know key operations of the Company, career and professional opportunities, as well as benefits and social guarantees provided to the staff. In 2020, such events were held online, including open dialogues with management of railways and with the Company's experts, career-focused master classes and interactive games. About 7,000 graduate students and young people aged 18-26 attended 28 online events.

Russian Railways is the largest national customer in employer-sponsored education. In 2020, 30,465 students sponsored by the Company studied in the industry-specific universities.

Consistent efforts are applied to attract the student audience. Each year, Russian Railways hires students from industry-based university as interns. In 2020, due to the epidemiologic situation, the number of hired students was significantly reduced.

In 2020, a student programme promoted by RZD.GENERATION which includes such formats as internship, business cases and research projects, hackathons and case championships, career days, excursions and quizzes, etc. encompassed about 37,000 students.

Russian Railways systematically works on development of the action of students' squads (Russian Students' Squads), annually attracting over 10,000 students. In 2020, due to an unfavourable epidemiologic situation, the programme has been significantly reduced, about 150 participants of students' construction brigades were attracted to construction and reconstruction of railroads and railway infrastructure facilities.

As an incentive for the best talents among students, Russian Railways also created 515 scholarships.

Russian Railways environmental initiatives

Russian Railways pays special attention to raising environmental awareness among the Company's employees, young railroaders attending Children's Railways, students and graduates of Russian Railways educational institutions, as well as to raising awareness of the population through infrastructure facilities, subsidiaries and associates.

"Green Trains"

Each of the Company's 16 railways has environment-themed "Green Trains" based on electric trains with audio-visual environmental information designed to raise awareness (posters, audio and video announcements in the electric train cars). Currently, 34 environment-themed trains are operated in the railway network.

"Ecological Squads"

The Russian Railways structure includes 25 Children's Railways where over 19,000 young railroaders gain skills related to railway professions, and 49 secondary and boarding schools, 226 kindergartens attended by over 41,000 children. 80 "ecological squads" were organised on the basis of schools and Children's Railways.

The "Ecological Squads" project is aimed to promote healthy lifestyle, protect environment, provide help to veterans and orphanages, carry out charity events, community work days and festivals.

"Green Friday"

"Green Friday" is a monthly event focused on minimisation of adverse impact on the environment. Such events have been held in the Company's units since July 2013 to increase the level of environmental responsibility, develop environmental culture of employees and are designed to save fuel and energy resources, reduce air pollutant emissions, decrease consumption of water resources and amount of waste disposal.

Such events help fostering the culture of caring attitude towards environment and resources and increase environmental responsibility.



Healthcare

[GRI 203-1]

In 2020, local public accounted for about 14.4m visits to RZD-Medicine clinics which amounts to over 50% of total visits, with 327,500 people treated in in-patient hospitals and 14,400 local citizens received specialised health intervention with the use of advanced medical technologies. In many regions, RZD-Medicine chain clinics rank among the leading non-governmental healthcare facilities. They boast advanced equipment, the staff is regularly trained and patients have access both to off-line and on-line service.

RZD-Medicine clinics and doctors deservedly win at contests and receive awards. Moreover, RZD-Medicine clinics participate in social events, e.g. in September 2020, they held master classes in first medical aid as part of the All-Russia event "Be the First to Help".

The project of setting up a Russian-Japanese centre for preventive medicine and diagnostics on the basis of RZD-Medicine clinic in Khabarovsk is in progress. The centre will apply Japanese technologies, methodologies for patients' admission and diagnostics and Japanese state-of-art R&D products. In 2020, some legal actions were carried out to set up a joint operating company and prepare a land plot for construction, including selection of the contractor to carry out reconstruction work. This project is supported at the international level, and unique diagnostics and treatment technologies will become available to local population.

RZD-Medicine, a major chain of private out-patient and in-patient hospitals is operating in 75 Russian regions providing services not only to Russian Railways employees, but also to the general public in those regions.



Assistance in fight against COVID-19



In the first half of 2020, three healthcare facilities (in Moscow) were converted for treatment of COVID-19 patients, with the bed capacity of converted clinics amounting to 1,190, including 58 ICU beds. Medical professionals were seconded from Russian Railways' network of regional clinics to staff those hospitals.



In October 2020, due to deterioration of the epidemiological situation, five RZD-Medicine clinics were converted for treatment of COVID-19 patients, and over 9,000 patients were treated there, including 1.9 people suffering from complications provoked by coronavirus.



The Company supported an All-Russia event "Help to Learn from Home" with the purpose of providing computer equipment to children from low-income families so that they could study remotely.



Financial aid was provided to an All-Russia civil society movement Medical Volunteers.



RZD-Medicine Treatment and Rehabilitation Centre hosted a seminar on rehabilitation of patients affected by COVID-19.



92% of admitted patients were dismissed as recovered.



RZD-Medicine labs handled over 1.3m PCR tests.

Sports and healthy lifestyle

GRI 203-1

Russian Railways strives to promote mass sports and healthy lifestyle and supports the following professional sports clubs operating under Locomotive brand:



Locomotive football club



Locomotive Yaroslavl ice hockey club



Locomotive Penza sports rugby club



Autonomous Non-profit Organisation Locomotive Kaliningrad Region Volleyball Club



Locomotive Novosibirsk volleyball club



Locomotive Kuban professional basketball club



Locomotive beach football club

The Company pays special attention to promotion of sports among young people through regular sports and health and fitness events for children.

With financial aid provided by Russian Railways and in cooperation with professional sports clubs operating under Locomotive brand, children's All-Russia various competitions are held: Locoball-RZD in football, Locobasket – the School League in basketball, Locovolley in volleyball, where not only children of railway employees participate, but all willing children. Totally, about 200,000 children participate in these competitions.

There is a tradition that on the Day of Railway Worker, Russian Railways arranges a sports festival for families with the key event being a charity run "Achieve the Goal!" where apart from the Company's employees, all those who wish may participate. All money raised from participation in the running event are applied for charity causes. In 2020, due to challenging epidemiological situation and related prolongation of the ban on mass events, the festivities were celebrated online. Everyone was able to run their own selected course, record results in the personal account and obtain a finalist's commemorative medal and a running tee shirt.

APPENDICES



Glossary

BIM	Building Information Modelling – digital modelling technologies in construction
CDP	Carbon Disclosure Project – an independent international non-profit organisation that developed and has been supporting a voluntary environmental impact disclosure system for companies and cities
CRM	Customer Relationship Management
COVID-19	Abbreviated English term “CoronaVirus Disease 2019” – a potentially severe acute respiratory infection from 2019 caused by SARS-CoV-2 (2019-nCoV) coronavirus
EBITDA	Earnings before interest, taxes, depreciation and amortization – an analytical indicator equal to earnings before interest, taxes, depreciation and amortization.
ESG	Environmental, Social and Governance – ecological, social and management factors
EVP	Employee Value Proposition
GRI	Global Reporting Initiative – an independent international organisation that developed global non-financial reporting standards for their voluntary application by organisations
ISO	International Organization for Standardization
ISS	Institutional Shareholder Services – a group of companies, global ESG analyst, corporate ESG rating author
MSCI	Morgan Stanley Capital Investment – a financial company, global ESG analyst, corporate ESG rating author
ROIC	Return on invested capital
SASB	Sustainability Accounting Standards Board – an independent international organisation that developed global non-financial reporting standards for their voluntary application by organisations
Sustainalytics	a company, global ESG analyst, corporate ESG rating author
TCFD	Financial Stability Board’s Task Force on Climate-Related Financial Disclosures
Vision Zero	an international movement promoting the Vision Zero concept for zero accidents and healthy work

AS	Automated system
White Book	Russian Railways Group’s Research and Development Strategy until 2025 and further until 2030
VCIOM	Russian Public Opinion Research Centre
GOST	National Standard
Freight turnover	a quantitative indicator of railway transport operations equal to the mass of transport-ed freight multiplied by the transportation distance (in tonne-kilometers)
LDP	Long-Term Development Programme of Russian Railways until 2025
Subsidiaries	Subsidiaries and affiliates
EEU	Eurasian Economic Union – an international organisation for regional economic integration including Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia
UISC	Unified Information Service Centre – Russian Railways’ contact centre for providing information and reference services to clients via all main communication channels
IS	Information Security
IRTMS	Intelligent Railway Transport Management System – a management system that automates the full production process cycle in Russian Railways’ exploitation work
Intermodal shipment	Freight transportation involving several means of transport (e.g. railway, vehicle and marine transport) organised by a single operator under a single transport document
Piggy-back shipments	Shipments performed by installing and mounting semi-trailers, trailers, demountable bodies and whole heavy-weight trucks on special railway platforms.
КПИР-2025	Russian Railways’ Comprehensive Innovative Development Programme up to 2025
KPI	Key performance indicators
KSOT-P	A comprehensive system to assess occupational health and safety at the production facility

UIC	International Union of Railways — an international organisation uniting national rail-way companies for joint solving of tasks in railway transport development
MROT	Statutory Minimum Monthly Wage
SME	Small and medium businesses
IFRS	International Financial Reporting Standards
MCC	The Moscow Central Circle
NPO	Non-profit organisation
BAT	Best available technologies
OAO, OJSC	Open Joint-Stock Company
UN	United Nations
WDS	Waste disposal site
OSJD	Organisation for Cooperation of Railways — an international organisation focused on developing international freight and passenger transportation, creating a single railway transport environment in the Eurasian region
OHS	Occupational health and safety
Passenger turnover	A quantitative indicator of railway transport operation equal to the number of passen-gers carried multiplied by the transportation distance (in passenger-kilometres)
MPC	Maximum permissible concentration
Passenger transportation (carriage)	The volume of performed passenger transportation activities. Determined on the basis of travel tickets sold and issued free-of-charge in the reporting period with regard to passenger travels during the reporting period performed on the basis of travel tickets, freight documents, season tickets and other tickets
Loading (freight shipment)	Freight mass in tonnes accepted for transportation via the railway network. The amount of this indicator is calculated as the total of all shipments accepted in the re-orting period for transportation within the country directly from shippers from other means of transport for further transportation, as well as from foreign railways.

Total (performed) work	A quantitative indicator of railway transport production represented as the sum of the freight turnover, passenger turnover and total tonne-kilometres for carriage delivery and cleaning on a non-public voyage of a carrier's locomotive. Calculated in total tonne-kilometres
OMR	Operations and Maintenance Requirements
PCR test	A molecular diagnostics method used to diagnose COVID-19
RAS	Russian Academy of Sciences
Regeneration	Return of a part of energy (heat) for re-use in the same technological process
Rospotrebnadzor	Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing — a federal executive agency performing functions for developing and im-plementing state policies and discharging statutory regulation, as well as organising and exercising state oversight for the purposes of consumer rights protection
ROSPROFZHEL	Professional Union of Railway Workers and Transport Builders
RAS	Russian Accounting Standards
RUIE	Russian Union of Industrialists and Entrepreneurs
SanPiN	Sanitary (Sanitary and Epidemiological) Regulations and Standards
DLS	Distance learning system
PPE	Personal protective equipment
TSMS	Traffic safety management system
Mass media	Mass media communications
CIS	Commonwealth of Independent States
Used materials	Rails and sleepers, fastenings removed from a railway track during repair but fit for re-laying
ISMS	Information security management system
HSMS	Health and safety management system
RMICS	Russian Railways' risk management and internal control system

SMW	Solid municipal waste
Russian FAS	Federal Antimonopoly Service — a Russian federal executive agency performing functions for adopting statutory regulations and controlling the adherence to antimonopoly law, as well as other functions such as railway transport tariff regulation
Russian SIF	Russian Social Insurance Fund — one of the state non-budgetary funds created for mandatory insurance of Russian citizens
UN SDGs	UN Sustainable Development Goals developed by the United Nations in 2015 as a “blueprint to achieve a better and more sustainable future for all”
CCTS	Centre for Corporate Transport Services
ERC	Emergency Response Centre
Operational length of rail-ways	Kilometre length of public railways which does not include the length of secondary and third main tracks, as well as station tracks
Operating fleet locomotives	Locomotives engaged in the transportation process on all types of work, as well as in technical operations and on a standby mode
FT ETP	Electronic Trading Platform “Freight Transportation”

Principles for preparing 2020 Report

[GRI 102-44] [GRI 102-54]

When we prepared Russian Railways’ Sustainability Report, we adhered to four key principles.

Sustainability context in the Report	When determining key topics to be disclosed in the Sustainability Report, Russian Railways relied on the Company’s internal documents, best Russian and foreign standards, transport and railway industry trends, as well as international standards (UN Global Compact, UN SDGs, GRI Global Non-Financial Reporting Standards, Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD)) and requirements of rating agencies (MSCI, ISS, Sustainalytics).
Stakeholder engagement	The Company cooperates with its stakeholders on an ongoing basis and engages them to discuss strategic matters (among other things, in the field of sustainable development). The results of this cooperation formed a basis for the Company’s list of critical matters. Russian Railways are always open for the feedback from stakeholders. The Company is well aware of the existing needs and ready to cooperate.
Materiality	This Report contains complete, reliable and balanced information on each critical matter which is important both for the stakeholders and for the Company’s top management.
Completeness	This Report contains accurate and complete quantitative and qualitative information. The Company monitors the reliability of the information and its timely provision. The Company annually publishes the Report on its website.

Methodology for identifying critical matters

Emphasizing what is important

The understanding of how various sustainable development matters may affect the Company's business and awareness of the stakeholders' needs serve as an important part of Russian Railways' approach to sustainability. We have applied the systematised process and methodology mentioned below to determine the Company's critical matters for 2020 that affect its strategy and stakeholders.

Defining critical matters

We have defined the critical matters based on the following:

1. Global Agenda for Sustainable Development and Best International Practices (including UN SDGs)
2. GRI Sustainability Reporting Guidelines (The Global Reporting Initiative)
3. Analysis of the Materiality Map of SASB (Sustainability Accounting Standards Board) and transport sector standard
4. Analysis of trends and developments in the transport industry (benchmark analysis and media analysis)
5. Analysis Russian Railways' strategy and respective risks
6. Analysis of Russian Railways critical matters for 2019
7. Ongoing interaction with stakeholders throughout the whole reporting period

In order to determine and prioritise the list of critical matters, as well as to disclose them, the 2020 Sustainability Report analyses activities which pertain to such impact areas of the Company as the environment, employees, counterparties, local communities etc. with regard to the industry specifics and organisational profile.

Assessing materiality of identified matters

The selected matters were evaluated in terms of their significance for Russian Railways' strategy and business processes depending on their impact area, on the one hand, and on key stakeholders' requirements, on the other hand. The purpose of such evaluation was to map the Company's most significant results for 2020 against the non-financial operations indicators which were most critical for the stakeholders. **GRI 102-42**

] The stakeholder groups were identified on the basis of internal consultations with Russian Railways' key departments. **GRI 102-40**


List of key stakeholders for Russian Railways: Employees

1. Employees
2. Passengers
3. Freight transportation customers
4. Suppliers, contractors and business partners
5. Shareholders, investors and rating agencies
6. Government authorities
7. Media and public sector entities
8. Subjects of social partnership (trade union organisations, non-profit organisations, educational institutions)
9. Local communities

The analysis of reports and surveys the work with Russian Railways' key stakeholders was complemented by additional market analysis including industrial media analysis and a benchmarking survey (a comparative analysis of competitor companies both in the Russian and western markets) in order to identify the most critical matters for the transport industry in 2020.

The Company held several interviews with heads of departments and top managers of the Company on each identified critical matter.

In the conclusion, the matters were ranked as high, medium and low priority which helped to compile a list of the most significant matters presented to the Company's top management and stakeholders.

Critical matter	UN SDGs	Chapter in the Report
1. Work during the coronavirus infection spread		The Company's contribution to combating COVID-19
2. Corporate governance		Corporate governance
3. Enhancing quality and responsible approach to services		Customers and quality
4. Business ethics and information security		Business ethics and anti-corruption
5. Innovation development and enhancing operational performance	 	Information Security
6. Personnel	    	Employees
7. Occupational health and safety	 	Health and safety
8. Environmental performance	  	Environmental performance
9. Climate action	 	Climate action
10. Relations with suppliers and contractors	  	Responsible procurement
11. Work with local communities	   	

Russian Railways are always open for the feedback from stakeholders. The Company is well aware of the existing needs and ready to cooperate.

The selected critical matters are in line with the vision of the Company's management and its strategy for the reporting period, as well as reflect the expectations of key stakeholders.

Additional information. Qualitative data

Appendix 1.

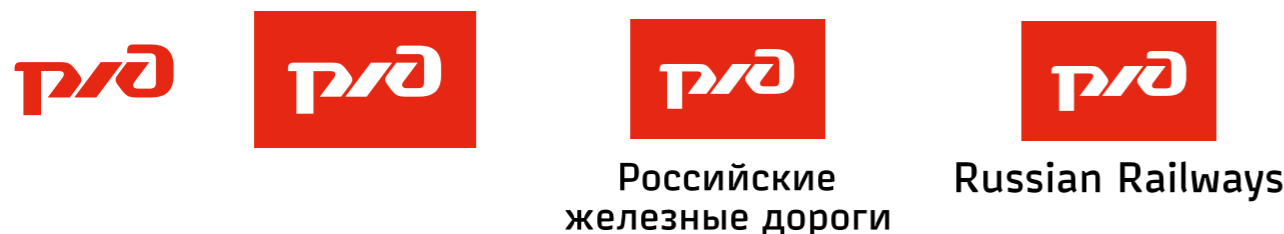
Russian Railways' awards and recognitions in 2020:

- In 2020, Climate Bonds Initiative (CBI) announced Russian Railways a winner in the nomination New Market Green Pioneer: Russia as the first Russian company to enter the green finance market.
- Russian Railways was nominated as a winner of ECO BEST AWARD – 2020, an independent public award, for implementing an efficient environmental safety system in its Sapsan high-speed train service.
- Russian Railways was acclaimed as a winner in the national ROSINFRA infrastructure development award in the nomination "Best Public Private Partnership Project in the Railway Sector" for a concession-based project on constructing and operating railway infrastructure to support the operations of SEZ Kaluga.
- Russian Railways won the 9th annual award Consumer Rights and Service Quality in two nominations: High Level of Services for Passengers With Reduced Mobility for the project Service Technologies for Passengers With Reduced Mobility at Railway Complexes, as well as Retail Services – Transport Services for the project New Format of Business Lounges.
- Russian Railways won the national award for its contribution to the Russian segment of Internet ("Runet Award") in a special 2020 year nomination Digital Tourism for its new corporate website.
- Russian Railways won the All-Russia Tourist Award "Route of the Year" in the nomination Best Railway Tours with their project of Ruskeala Express retro train.
- Russian Railways won RUIE's annual All-Russia Contest "Russian Business Leaders: Dynamics and Responsibility 2020" in the nomination For Environmental Responsibility.

Appendix 2.

Russian Railways brand

Russian Railways trademark



Russian Railways logo in the Russian language

Russian Railways logo in the English language

Branding follows strategy. Russian Railways is the leading company and a change pioneer for the whole transport sector. The idea behind Russian Railways strives to create a foreign and innovative transport company by developing and moving on to a new level of conducting business. In order to reach the new target horizons, the Company should look to certain vectors in its day-to-day operations which open the planned path to development. These vectors have been shaped up by the Brand Values represented by such dimensions as Expertise, Integrity, Renewal.

The rich red colour and progressive graphics of the Russian Railways trademark illustrate that the Company is prepared to act in the modern economic conditions. The unique monogram made of a Cyrillic abbreviation maintains an authentic display of the Company's Russian origin and creates an attractive image for international public.

Appendix 3.

Membership with organisations and associations

[102-12] [102-13]



Partnering with international organisations, supporting knowledge and experience exchange, implementing best global practices – these are the principals guiding Russian Railways Group in implementing such ambitious ESG and sustainability plans in the transport sector.

The Company's Department of Foreign Projects and International Cooperation provides assistance in establishing long-term partner relations with international organisations and associations, as well as coordinates mutual cooperation between Russian Railways Group and foreign partners.

The main activities of the department include:

- Cooperating with international organisations, foreign railway administrations and companies.
- Coordinating cooperation in the course of international transport and logistics projects, foreign infrastructure projects.
- Developing transport connections and scientific-technical cooperation.
- Assisting branches, representative offices and subsidiaries of Russian Railways to organise the work on boosting their foreign trade operations, establishing direct production, scientific and technical connections with foreign enterprises and firms.
- Conducting business related to Russian Railways' membership with international organisation and participation in their work.
- Taking part in the preparation and holding of international specialised conferences, seminars, presentations and exhibitions.

The department conducts initiatives in the transportation and logistics operations to create efficient transport routes for Eurasian railway services.

For the purposes of sustainable development, the department is actively involved in developing transit container transportation services including digitalisation and electronic workflow, cooperating with foreign railways for railway checkpoint development, creating and promoting intermodal routes and new logistics services.

One of the priorities is to migrate all transportation arrangement work to a paperless format. The department cooperates with partners from China (Russian Railways and Chinese Railways have signed an addendum on electronic data exchange) and Kazakhstan.

In Russia-Finnish railway operations, freight operations almost entirely rely on paperless

workflow. According to estimates, this helped to save approximately 20,000 trees in 2020.

Russian Railways is continuing to implement INTERTRAN, a paperless information technology. Currently, the technology has been rolled out at all Russian Railway stations accepting containers. It is also applies when arranging regular transit services from marine ports of China, Japan, Republic of Korea to the Republic of Belarus.

The efforts to attract new freight turnover at the railway, among other things by shifting from other means of transport, make a contribution to protecting the environment and climate because they help to cut emissions. Moreover, Russian railways ranks the 1st in the world in terms of freight transportation energy performance.

Russian Railways fosters positive environment for implementing transit potential of the national railway network through its active participation in operations of such international organisations as OSJD, UIC, CIS Rail Transport Council, Coordination Board for Trans-Eurasian Transportation, Inland Transport Committee of the UN Economic Commission for Europe, UN Economic and Social Commission for Asia and the Pacific (ESCAP), International Rail Transport Committee (CIT), Shanghai Cooperation Organisation (SCO), BRIC etc. The key priority for Russian Railways' work in international organisations is to harmonise transport law and improve regulatory and legal conditions for international transportation services.

The Company implemented an initiative, following which the Organisation for Cooperation of Railways (OSJD) developed draft Agreement on and Regulations for for the transportation of containers as part of container trains. the adoption of these documents will create a single plan of action for all transportation parties and ensure more attractive conditions for customers.

Also, Russian Railways continue to work on improving the Agreement on International Goods Transport by Rail (SMGS) which includes turning a SMGS consignment note into a document of title on the goods and using it at waterway sections in the course of multimodal transportation.

International Union of Railways (UIC)

UIC is the largest worldwide railway organisation.

In 2020, Russian Railways signed UIC Declaration on Sustainable Development and Transport. The Company makes an active contribution to the development of sustainable "green" transport and the implementation of the Paris Agreement provisions on climate change response.

According to OSJD's sustainability platform, Russian Railways participates in implementing the SDG Rail Index project focused on creating a ranking of railway companies by their contribution to UN SDGs. SDG Rail Index may be one of the most prospective tools to raise green finance in railway business.

During the pandemic, Russian Railways together with over 60 other members of OSJD and representatives of 14 international organisations took active part in the operations of COVID-19 Task Force created by OSJD headquarters. following the results of its work, the Task Force prepared eight practical recommendations on combating the pandemic.

CIS Rail Transport Council, an organisation chaired by Russian Railways, coordinates the basic matters of railway operation in the Area 1520. In November 2020, the Council approved draft Concept for Strategic Development of Railway Transport in the Area 1520 Until 2030 (currently, the document is being approved by CIS highest agencies). Russian Railways participated in the work of Eurasian Economic Commission (ECC) on preparing a draft roadmap to develop trade and economic cooperation between EEU, its member states and the People's Republic of China in the direction of Creating, Developing and Digitising Transport Corridors and Routes. The work on developing a mechanism for

regular meetings between heads of railway administration of SCO member states is currently continuing in the framework of SCO. BRICS Business Council continues to work on promoting the initiatives for infrastructure development, which includes railways as one of the most environmentally friendly and reliable means of transport.

Coordinating the implementation of infrastructure projects abroad

Another way to achieve UN SDGs is to implement Russian Railways Group's infrastructure projects abroad. The work structure is complex and comprehensive. It includes the construction and modernisation of the infrastructure in foreign countries complemented by supplies of machinery and reliable rolling stock. This approach is applied to promote Russia-made export products in foreign markets. Russian Railways prepares foreign specialists for the purposes of the safe operation of the facilities built or reconstructed by Russian Railways Group. Currently, Russian Railways Group develops and implements projects for constructing/modernising and managing railways in Europe (Serbia), Africa (Egypt), Asia (Mongolia), CIS (Armenia) and other countries.

Appendix 4. Composition of the Board of Directors of Russian Railways as at 31 December 2020

GRI 102-22

Representatives of the Russian Federation:	Independent directors:
	Christian Kern
Andrey Belousov	Sergey Nedoroslev
Oleg Belozerov	Sergey Stepashin
Evgeny Dietrich	
Kirill Dmitriev	
Andrey Ivanov	
Maxim Reshetnikov	
Alexander Vasyutkin	
Alexey Sazanov	
Irek Faizullin	
Sergey Frank	
Dmitry Chernyshenko	

Board members do not own equity in the share capital of Russian Railways.

GRI 405-1

As at the end of 2020, the Board of Directors was composed of 100% men. In 2021, Irina Okladnikova joined the Board of Directors.

Short biographical data about the members of the Board of Directors is available in the Company's Annual Report 2020, section "Corporate governance", and also at the [Company's website](#).

Appendix 5. Committees of the Board of Directors

GRI 102-22

Committees are consultative bodies under the Board of Directors. Committees are governed by regulations on committees of the Board of Directors.

For the purposes of preliminary consideration of the most important matters and preparation of relevant recommendations, Russian Railways' Board of Directors has the following committees in place:

- Strategic Planning Committee;
- Audit and Risk Committee;
- Personnel and Remuneration Committee;
- Digital Transformation and Innovation Committee.

The committees are elected by Russian Railways' Board of Directors and act in accordance with the regulations on the committees approved by the Company's Board of Directors. Sustainable development issues are resolved by each committee under the Company's Board of Directors based on their core expertise.

Information about the committees of the Board of Directors of Russian Railways is available at the Company's website

Appendix 6. Corporate University programmes

Name	Description
1. Talent pool development programmes	Aimed at mastering advanced management methods and improving management efficiency of Russian Railways Group managers. These programmes are completed consecutively, results from previous stages are taken into account for admittance to the next stages. These programmes are aligned with MBA-level programme requirements In 2020, development of talent pool development programmes for the Company's functional areas started.
2. Specialised programmes:	
2.1. Learner-selected programmes	Aimed at developing competencies required by the workers to successfully discharge their functional responsibilities. Learners can select a programme corresponding to their personal development curve and enrol into University-generated groups
2.2. General corporate programmes	Aimed at facilitating implementation of new management principles and methods generic for managers from different functional domains and units, and at honing key skills and competencies currently valued by the business community
2.3. Functional programmes	Aimed at developing Russian Railways Group workers along the Company's key functional areas to successfully complete units' operational tasks
3. Open learning	Aimed at providing educational opportunities of the Russian Railways Corporate University to a wider audience interested in improving their personal and professional efficiency
4. Competency evaluation programmes	Enable participants to gain a holistic understanding of their management potential and to define areas for improvement
5. Youth development policies	Aimed at developing young managers and specialists (aged below 35) to help them acquire competencies required to efficiently achieve Russian Railways Group's strategic goals and objectives given continuous internal and external change.
6. Occupational health and safety programmes	Are implemented to ensure compliance with mandatory requirements of the Russian law on occupational and health safety, environmental safety, work at height and civil defence
6. Secondments abroad	Are implemented to study international rail transport best practices and management concepts

Appendix 7. Russian Railways' charity and social projects in 2020

GRI 203-1

Project type	Examples
Combating the pandemic	Providing financial aid to an All-Russia civil society movement Medical Volunteers to facilitate the #МыВместе campaign aimed at providing assistance to the elderly, citizens with limited mobility, medical staff, employees of social institutions, non-profit organisations and others in need Supporting an All-Russia event Help to Learn from Home organised by the Agency for Strategic Initiatives to Promote New Projects and aimed at providing computer equipment to children from low-income families so that they could study remotely.
Emergency aid	Providing aid after the flood in Irkutsk Region: co-financing construction of a school in the town of Tulun, transporting children from inundated areas to summer camps and back
Supporting education, research, awareness campaigns, professional master classes	Supporting occupational education, primarily providing assistance to industry-based universities and colleges (not only financially, but also through providing equipment and industrial machinery samples for school laboratories, engaging leading industry experts in the educational process) Providing financial aid to repair and re-equip municipal educational institutions located in the vicinity of the Baikal-Amur Mainline
Promoting sport, fitness and healthy lifestyle	Promoting mass sports and healthy lifestyle including by supporting Locomotive Yaroslavl ice hockey club; Locomotive Kuban professional basketball club; Locomotive Novosibirsk volleyball club; Locomotive Russian Fitness and Sports Club, Kuban Region sports club; Krasnodar Region Basketball Federation; Krasnodar Region Centre for Young Basketball Players Training; Locomotive Kaliningrad Region Volleyball Club
Supporting green charity initiatives	Providing financial aid to charity programmes aimed at preserving biodiversity, studying and recovering rare wildlife – the Siberian tiger and the Amur leopard (Siberian Tiger Centre, Amur Leopards)
Supporting children's organisations and vulnerable groups of population	Financing participation of the Armada Cycling Club for Invalids in Paralympic cycling Providing charity support for Children's Hospice, So-edinenie ("Communion") Deaf-Blind People Support Fund Providing financial aid to Obereg ("Talisman") hubs at Moscow railway stations providing assistance to children and families with underage children in difficult straits.
Providing social support to workers and Russian Railways veterans	Providing targeted support to Russian Railways veterans, honoured railway transport employees, WWII veterans including organising events to celebrate the 75th anniversary of the victory in WWII

Contributing to recovery and preservation of cultural heritage, patronising culture and art	Supporting charity projects of cultural and historic value aimed at honing individual spirituality, contributing to recovery and preservation of Russia's historic and architectural monuments including churches and monasteries of cultural and historic value (recovery of the Holy Trinity-Saint Seraphim-Diveyevo Monastery, the New Jerusalem Monastery, the St. Righteous John of Kronstadt Parish in the settlement of Berkakit) Raising awareness about the cultural heritage, preservation of cultural traditions, supporting projects aimed at creating and developing modern forms of creativity (Yuri Bashmet's musical and theatrical performance at the Mamayev Kurgan in Volgograd on 8 May 2020 dedicated to the 75th anniversary of the Victory in WWII; Trans-Siberian Art Festival; International Platonov Arts Festival; supporting the road tour of the Mariinsky Theatre Symphony Orchestra led by maestro Valery Gergiev). Due to the pandemic restriction in Russia, cultural events agenda was adjusted, some events were postponed or shifted to TV broadcasting or online streaming formats.
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Additional information: quantitative data

Appendix 8.

Total headcount and share of new hires in 2020

GRI 401-1

Indicator	2016	2017	2018	2019	2020	Change, %
Total, persons	69,785	86,489	96,888	90,948	85,786	-5.7%
Including						
Graduates	8,177	8,693	8,410	7,721	6,759	-15.1%
Discharged Russian Army servicemen	1,857	1,950	1,954	1,797	1,643	-8.6%
For industry-focused practical training	6,309	6,944	7,696	8,174	1,821	-77.7%
For seasonal work	9,329	12,854	14,375	13,757	4,051	-70.6%

Appendix 9. Headcount

GRI 102-8

Headcount, persons:	2017	2018	2019	2020
Headcount, persons:	755,039	752,189	743,094	723,520
Headcount at 31 December, persons				
By gender	518,914	519,139	515,100	502,967
Men	236,125	233,050	227,994	220,553
Women				
By type of employment contract and gender	509,917	509,540	505,182	493,989
Men/indefinite employment contract	217,556	213,741	208,733	201,812
Women/indefinite employment contract	8,496	9,185	9,649	8,802
Men/fixed-term employment contract ¹¹⁷	18,264	19,087	19,115	18,669

¹¹⁷ Fixed-term employment contracts do not include civil law contracts and apprenticeship agreements.

Appendix 10.

Headcount by gender, age and employee category

GRI 405-1

Indicator	2019			2020		
	Managers	Specialists and office workers	Workers	Managers	Specialists and office workers	Workers
Headcount, persons	57,286	217,253	468,555	57,015	211,536	454,969
including by gender:						
Men	40,841	80,403	393,856	40,781	79,185	383,001
Women	16,445	136,850	74,699	16,234	132,351	71,968
including by age:						
Younger than 30	5,533	47,438	116,097	5,012	43,408	104,831
30-50	40,244	130,674	269,452	40,449	129,775	267,286
Older than 50	11,509	39,141	83,006	11,554	38,353	82,852
including by vulnerable groups of population:						
people with disabilities	251	1,396	1,917	247	1,389	2,125

Appendix 11.

Planned employee training indicators

Employee training, persons	2020 planned	2020 actual	2021 planned
Worker initial training	42 018	46 659	39 688
Worker upskilling	175 785	207 377	172 383
Management and office workers initial training and upskilling	184 000	214 000	206 000
Special-purpose training	6 370	6 176	6 000

Appendix 12.

OHS KPI trends

Indicator	2016	2017	2018	2019	2020
OHS expenses (labour conditions and safety improvement activities), RUB million	18 715,5	20 121,1	22 596,1	23 914,6	28 542,1
Number of workplaces with hazardous working conditions, thousand workplaces	95	88	84	81	79
Improved working conditions, thousand workplaces	32,0	37,0	41,0	40,6	41,0 ¹¹⁸

¹¹⁸ Number of workers around 187,000 persons.

Appendix 13.
Aggregated data on results of special assessment
of working conditions performed at Russian Railways
in 2020¹¹⁹

SAWC performed, number of workplaces	Working conditions classes					
	1 и 2	3.1	3.2	3.3	3.4	4
72568	48911	15404	8253			

Appendix 14.
Information on the quality of wastewater
discharged into wastewater facilities

Water disposal, million m ³	121,56
- insufficiently purified	5,34
- standard clean	111,42
- standard purified	4,798
- not treated	0

Appendix 15.
Waste generation trend by hazard class, 2016–2020,
thousand tonnes

	2016	2017	2018	2019	2020
I hazard class	0.135	0.131	0.165	0.141	0.122
II hazard class	0.167	0.131	0.147	0.163	0.154
III hazard class	105.359	135.104	147.395	199.556	164.493
IV hazard class	191.923	185.853	190.288	222.328	195.173
V hazard class	1,504.632	1,174.075	1,080.089	1,065.931	1,045.903

Appendix 16.
Structure of air pollutant emissions by type of pollutant,
2015–2020

	2015	2016	2017	2018	2019	2020
Stationary sources, thousand tonnes						
Solids	15,4	13,8	14,1	13,5	11,8	10
Carbon oxide CO	28,2	25,1	23,3	22	20,8	18,5
Sulphur dioxide SO ₂	16,9	14,4	14,2	13,3	11,9	10,5
Nitrogen dioxide NO ₂	8,9	9,3	7,4	7,1	6,8	5,7
Hydrocarbons CnHm	0,08	0,3	0,1	0,1	0,1	0,1
Volatile organic materials	3,4	3,5	2,9	2,7	2,2	1,9
Other gaseous and liquid substances	0,3	0,4	0,3	0,3	0,1	0,1
Mobile sources (diesel locomotives), thousand tonnes						
Carbon oxide CO	30,4	30,2	30,2	31	30,7	28,7
Hydrocarbons CnHm	15,6	15,4	15,4	15,9	15,7	14,6
Nitrogen oxide NO _x	112,3	111,5	111,4	114,6	113,5	105,5
Soot	6,8	6,7	6,8	7	6,9	6,4

Appendix 17.
Intensity and volume of emissions from freight
and passenger transport, 2017–2020

	2017 г.	2018 г.	2019 г.	2020 г.
Volume of freight transport emissions, tonnes				
Soot	4,475	4,627	4,594	4,349
Nitrogen oxide (NO _x)	82,756	85,576	84,972	80,442
Carbon oxide	17,788	18,394	18,264	17,290
Hydrocarbons	13,882	14,355	14,254	13,494
Volume of passenger transport emissions, tonnes				
Soot	0,497	0,482	0,465	0,342
Nitrogen oxide (NO _x)	9,192	8,919	8,608	6,319
Carbon oxide	1,976	1,917	1,850	1,358
Hydrocarbons	1,542	1,496	1,444	1,060

¹¹⁹ As at 01/01/2021.

	2017 r.	2018 r.	2019 r.	2020 r.
Intensity of freight transport emissions, g/tonne-kilometre				
Soot	1,408	1,781	1,765	1,350
Nitrogen oxide (NOx)	2,605	3,295	3,265	2,497
Carbon oxide	5,600	7,083	7,019	5,367
Hydrocarbons	4,370	5,527	5,478	4,189
Intensity of passenger transport emissions, g/tonne-kilometre				
Soot	4,043	3,724	3,485	4,379
Nitrogen oxide (NOx)	7,479	6,892	6,452	8,090
Carbon oxide	1,607	1,481	1,386	1,738
Hydrocarbons	1,254	1,156	1,082	1,357

Appendix 18. GHG emissions intensity

Intensity of GHG emissions caused by fuel and energy consumption (passenger transport)

Indicator	Unit of measurement	2016 r.	2017 r.	2018 r.	2019 r.	2020 r.
GHG emissions – passenger transport	thousand tonnes	2109,027	2118,472	2071,345	2092,815	1487,545
Passenger turnover	billion passenger-kilometres	124,5	122,9	129,4	133,4	78,1
GHG emissions – passenger transport	CO2 kg/10,000 passenger-kilometres	169,400	172,374	160,073	156,883	190,467

Intensity of GHG emissions caused by fuel and energy consumption (freight transport)

Indicator	Unit of measurement	2016 r.	2017 r.	2018 r.	2019 r.	2020 r.
GHG emissions – freight transport	thousand tonnes	22204,18	23194,89	24098,5	24084,87	23348,99
Freight turnover	billion tonne-kilometres	2997,8	3176,2	2596,9	2601,9	3221
GHG emissions – freight transport	CO2 kg/10,000 tonne-kilometres	74,068	73,027	92,797	92,566	72,490

Appendix 19. Energy and fuel consumption in 2017–2020

№ n/n	Type of energy source	2017	2018	2019	2020
		TJ	TJ	TJ	TJ
1.	Electrical energy, total	174,346.4	180,787.7	180,243.0	176,939.1
1.1.	for traction	153,619.2	159,861.0	160,393.6	154,103.9
1.2.	for non-traction needs	20,727.2	20,926.8	19,849.4	22,835.3
2.	Diesel fuel, total	109,250.0	112,493.9	111,905.3	104,418.3
2.1.	for traction	103,130.6	106,162.7	105,128.0	97,965.3
2.2.	for non-traction needs	6,119.5	6,331.2	6,777.3	6,453.0
3.	LNG for train traction	82.515	82.515	82.515	82.515
4.	Boiler and furnace fuels, total	43,395.4	42,465.6	38,577.0	35,848.7
4.1.	Coal	15,258.2	14,702.6	13,672.3	13,284.4
4.2.	fuel oil	11,596.8	11,022.8	10,280.0	9,295.0
4.3.	natural gas	16,475.6	16,658.6	14,517.9	13,170.2
4.4.	liquefied gas	32.08	50.09	77.07	76.29
4.5.	fuel wood	31.83	30.68	28.91	22.07
4.6.	other types of boiler and furnace fuels (coke)	0.8070	0.8070	0.8070	0.8070
5.	Motor petrol	1,493.0	1,630.6	1,623.5	1,592.8
6.	External thermal energy	9,781.1	9,532.4	9,144.0	8,618.9
7.	Other types of fuel	0.0	0.0	0.0	0.0
Total fuel and energy resources for traction		256,832.3	266,106.2	265,604.1	252,151.7
Total fuel and energy resources for non-traction needs		81,516.1	80,886.6	75,971.3	75,348.7
Total fuel and energy resources for all types of activities		338,348.4	346,992.8	341,575.4	327,500.4

SASB indicators

Topic	SASB code	Indicator name	Response/reference to indicators in the 2020 Sustainability Report	Documents/comments
GHG emissions	TR-RA-110a.1	Gross global direct GHG emissions	10.73 Mt CO ²	
	TR-RA-110a.2	Discussion of long-term and short-term strategy or plan to manage direct GHG emissions, emissions reduction targets, and an analysis of performance against those targets	Section "Climate action", sub-section "GHG emissions"	
	TR-RA-110a.3	(1) Total fuel consumed (2) Percentage natural gas (3) Percentage renewable	Total fuel and energy consumption amounts to 328,610.5 TJ 3.9% Indicator not disclosed	(1) For more details, see section "Climate action", sub-section "Energy efficiency" and appendix 19 "Energy and fuel consumption in 2017–2020" (2) Natural gas is used only for freight transportation (3) When purchasing
Air quality	TR-RA-120a.1	Air emissions of the following pollutants: NOx (excluding N2O) particulate matter (PM10)	Section "Environmental performance", sub-section "Air pollutant emissions" 105,500 tonnes from mobile sources (diesel locomotives) Indicator not disclosed	

Topic	SASB code	Indicator name	Response/reference to indicators in the 2020 Sustainability Report	Documents/comments
Employee health and safety	TR-RA-320a.1	(1) Total recordable incident rate (TRIR)	Indicator not disclosed	In sub-section "Occupational safety" of section "Health and safety", the Company discloses total injury rates and occupational injury frequency rate (number of the injured per 1,000 workers)
		(2) Fatality rate	0.02 ¹²⁰ (14 fatalities)	
		(3) Near miss frequency rate (NMFR)	Indicator not disclosed	Sub-section "Risks and improving labour conditions" of section "Health and safety" describes the occupational risk assessment process and activities to prevent accidents and reduce risks For more details on health and safety risks and activities to reduce them, please see sub-section "Risk management", section "Management of sustainable development"
Competitive behaviour	TR-RA-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations		
Accident & Safety Management	TR-RA-540a.1	Number of accidents and incidents	204 road accidents across railway network	
			119 total injuries	

¹²⁰ Number of fatalities per 1,000 workers.

Topic	SASB code	Indicator name	Response/ reference to indicators in the 2020 Sustainability Report	Documents/ comments
Ликвидация аварий и управление безопасностью	TR-RA-540a.2	Number of accident releases and non-accidental releases (NARs)	Indicator not disclosed	
	TR-RA-540a.3	Number of Federal Railroad Administration (FRA) Recommended Violation Defects	Indicator not applicable to the Company	На 46% уменьшено 46% decline in the number of violations of mandatory requirements identified by the State Railway Supervision Authority in 2020 vs 2019
	TR-RA-540a.4	Frequency of internal railway integrity inspections	Indicator not disclosed	

GRI indicators

GRI 102-55

GRI indicator	Indicator name/topic	Indicator/topic disclosure	Page	Comment
GRI 102: General Disclosures (2016)				
Organizational profile (2016)				
GRI 102-1	Name of the organization	Section "Russian Railways today", sub-section "About the Company"		
GRI 102-2	Activities, brands, products, and services	Section "Russian Railways today", sub-section "Key facts"		
GRI 102-3	Location of headquarters	Section "Russian Railways today", sub-section "About the Company"		
GRI 102-4	Location of operations	Section "Russian Railways today", sub-sections "About the Company", "The Company's geography"		
GRI 102-5	Ownership and legal form	Section "Russian Railways today", sub-section "About the Company"		
GRI 102-6	Markets served	Section "Russian Railways today", sub-sections "About the Company", "The Company's geography"		
GRI 102-7	Scale of the organization	Section "Russian Railways today", sub-section "Russian Railways in numbers: operating indicators"		
GRI 102-8	Information on employees and other workers	Section "Employees", sub-section "Workforce composition", appendix 9		Indicator disclosed partially
GRI 102-9	Supply chain	Section "Responsible procurement", sub-section "Relations with suppliers and contractors"		The Company describes only procurement activities
GRI 102-10	Significant changes to the organization and its supply chain	Section "Responsible procurement", sub-section "Russian Railways procurement approach"		The Company describes only procurement activities
GRI 102-11	Precautionary Principle or approach	Section "Environmental performance", sub-section "The Company's approach to environmental performance management"		
GRI 102-12	External initiatives	Appendix 3 "Membership with organisations and associations"		

GRI 102-13	Membership of associations	Appendix 3 "Membership with organisations and associations"		
Strategy (2016)				
GRI 102-14	Statement from senior decision-maker	Message from the Chief Executive Officer – Chairman of the Management Board, Russian Railways		
GRI 102-15	Key impacts, risks, and opportunities	Section "Management of sustainable development", sub-section "Risk management"		Risk categorisation methodology is defined in the Russian Railways' Methodological Guidance on Risk Management and Internal Control
Ethics and integrity (2016)				
GRI 102-16	Values, principles, standards, and norms of behavior	Section "Russian Railways today", sub-section "Russian Railways' business ethics"		
Governance (2016)				
GRI 102-18	Governance structure	Section "Russian Railways today", sub-section "Management structure of Russian Railways"		
GRI 102-19	Delegating authority	Section "Russian Railways today", sub-section "Management structure of Russian Railways"		
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	Section "Russian Railways today", sub-section "Management structure of Russian Railways"		
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	Section "Russian Railways today", sub-section "Stakeholder engagement"		
GRI 102-22	Composition of the highest governance body and its committees	Appendix 4 "Composition of the Board of Directors", appendix 5 "Committees of the Board of Directors"		The composition of the committees is defined in Annual Report 2020, pp.177–180

GRI 102-23	Chair of the highest governance body	Section "Russian Railways today", sub-section "Corporate governance"		
GRI 102-24	Nominating and selecting the highest governance body			Detailed disclosure of this indicator is provided in Annual Report 2020, sub-section "Corporate governance"
GRI 102-25	Conflicts of interest	Section "Russian Railways today", sub-section "Combating corruption and prevention of corruption offences"		
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy			Detailed disclosure of this indicator is provided in Annual Report 2020, sub-section "Corporate governance"
GRI 102-28	Evaluating the highest governance body's performance	Section "Russian Railways today", sub-section "About the Company"		
GRI 102-30	Effectiveness of risk management processes	Section "Management of sustainable development", sub-section "Risk management"		
GRI 102-31	Review of economic, environmental, and social topics	Section "Management of sustainable development", sub-section "Risk management"		
GRI 102-32	Highest governance body's role in sustainability reporting	Section "About our Report"		
GRI 102-33	Communicating critical concerns	Section "Russian Railways today", sub-section "About the Company"		
GRI 102-34	Nature and total number of critical concerns	Section "Russian Railways today", sub-section "About the Company"		
GRI 102-35	Remuneration policies	Section "Russian Railways today", sub-section "About the Company"		Indicator disclosed partially
GRI 102-36	Process for determining remuneration	Section "Russian Railways today", sub-section "About the Company"		
Stakeholder engagement (2016)				
GRI 102-40	List of stakeholder groups	Section "Russian Railways today", sub-section "Stakeholder engagement", appendix "Methodology for identifying critical matters"		

GRI 102-41	Collective bargaining agreements	Section "Employees", sub-section "Freedom of association and collective bargaining"		
GRI 102-42	Identifying and selecting stakeholders	Appendix "Methodology for identifying critical matters"		
GRI 102-43	Approach to stakeholder engagement	Section "Russian Railways today", sub-section "Stakeholder engagement"		
GRI 102-44	Key topics and concerns raised	Section "Russian Railways today", sub-section "Stakeholder engagement", appendix "Principles for preparing 2020 Report"		
GRI 102-45	Entities included in the consolidated financial statements	Section "Russian Railways today", sub-section "The Company's geography"		
GRI 102-46	Defining report content and topic Boundaries	Section "About our Report"		
GRI 102-47	List of material topics	Appendix "Methodology for identifying critical matters"		
GRI 102-50	Reporting period	Section "About our Report"		
GRI 102-51	Date of most recent report	Section "About our Report"		
GRI 102-52	Reporting cycle	Section "About our Report"		
GRI 102-53	Contact point for questions regarding the report	Section "Contacts"		
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Appendix "Principles for preparing 2020 Report"		
GRI 102-55	GRI content index	Appendix "GRI indicators"		
GRI 103: Management Approach (2016)				
GRI 103-1	Explanation of the material topic and its Boundary	Sections "Business ethics and anti-corruption", "Information security", "Customers and quality", "Employees", "Health and safety", "Responsible procurement", "Environmental performance", "Climate action", "Local communities"		

GRI 103-2	The management approach and its components	Sections "Business ethics and anti-corruption", "Information security", "Customers and quality", "Employees", "Health and safety", "Responsible procurement", "Environmental performance", "Climate action", "Local communities"		
GRI 103-3	Evaluation of the management approach	Sections "Business ethics and anti-corruption", "Information security", "Customers and quality", "Employees", "Health and safety", "Responsible procurement", "Environmental performance", "Climate action", "Local communities"		
GRI 202: Market Presence (2016)				
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Section "Employees", sub-section "Salary"		
GRI 203: Indirect Economic Impacts (2016)				
GRI 203-1	Infrastructure investments and services supported	Section "Local communities", sub-section "Contribution to local communities development and charity", appendix 7 "Russian Railways' charity and social projects in 2020"		
GRI 204: Procurement Practices (2016)				
GRI 204-1	Proportion of spending on local suppliers	Section "Responsible procurement", sub-section "Relations with suppliers and contractors"		
GRI 205: Anti-corruption (2016)				
GRI 205-1	Operations assessed for risks related to corruption	Section "Russian Railways today", sub-section "Combating corruption and prevention of corruption offences"		
GRI 205-2	Communication and training about anti-corruption policies and procedures	Section "Russian Railways today", sub-section "Zero tolerance to corruption"		
GRI 205-3	Confirmed incidents of corruption and actions taken	Section "Russian Railways today", sub-section "Combating corruption and prevention of corruption offences"		

GRI 207: Tax (2019)				
GRI 207-1	Approach to tax	Section "Russian Railways today", sub-section "About the Company"		
GRI 207-2	Tax governance, control and risk management	Section "Russian Railways today", sub-section "About the Company"		
GRI 207-3	Stakeholder engagement and management concerns related to tax	Section "Russian Railways today", sub-section "About the Company"		
GRI 300: Environmental Disclosures				
GRI 302: Energy				
GRI 302-1	Energy consumption within the organization	Section "Climate action", sub-section "GHG emissions"		
GRI 302-2	Energy consumption outside of the organization			This indicator is not measured as there are no requirements under applicable law
GRI 302-3	Energy intensity	Section "Climate action", sub-section "GHG emissions"		
GRI 302-4	Reduction of energy consumption	Section "Climate action", sub-section "GHG emissions"		
GRI 303: Water and Effluents (2018)				
GRI 303-4	Water discharge	Section "Environmental performance", sub-section "Water resources"		
GRI 303-5	Water consumption	Section "Environmental performance", sub-section "Water resources"		
GRI 304: Biodiversity (2016)				
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Section "Environmental performance", sub-section "Biodiversity"		Russian Railways does not have operational sites owned, leased, managed in protected areas and areas of high biodiversity value

GRI 304-2	Significant impacts of activities, products, and services on biodiversity	Section "Environmental performance", sub-section "Biodiversity"	No significant direct or indirect impact of Russian Railways on sensitive ecosystems and biodiversity was recorded in the reporting period
GRI 304-3	Habitats protected or restored	Section "Environmental performance", sub-section "Biodiversity"	"Action plan to protect Lake Baikal", section "Environmental performance", sub-section "Biodiversity"
GRI 304-4	Significant impact of operations, products, or services on biodiversity	Section "Environmental performance", sub-section "Biodiversity"	IUCN Red List species and national conservation list species with habitats in areas affected by operations are not counted due to the vast areas of Russian railways operations
GRI 305: Emissions (2016)			
GRI 305-1	Direct (Scope 1) GHG emissions	Section "Climate action", sub-section "GHG emissions"	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Section "Climate action", sub-section "GHG emissions"	
GRI 305-3	Other indirect (Scope 3) GHG emissions		The Company does not measure indirect (Scope 3) GHG emissions
GRI 305-4	GHG emissions intensity	Section "Climate action", sub-section "GHG emissions"	
GRI 305-5	Reduction of GHG emissions	Section "Climate action", sub-section "GHG emissions"	
GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Section "Environmental performance", sub-section "Air pollutant emissions"	Indicator disclosed partially

GRI 306: Waste (2020)			
GRI 306-2	Management of significant waste-related impacts	Section "Environmental performance", sub-section "Waste"	
GRI 306-3	Waste generated	Section "Environmental performance", sub-section "Waste"	
GRI 306-4	Waste diverted from disposal	Section "Environmental performance", sub-section "Waste"	Indicator disclosed partially
GRI 401: Employment (2016)			
GRI 401-1	New employee hires and employee turnover	Section "Employees", sub-section "Fostering, attracting and retaining talent", appendix 8 "Total headcount and share of new hires in 2020"	Indicator disclosed partially
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Section "Employees", sub-section "Social security"	
GRI 402: Labor/Management Relations (2016)			
GRI 402-1	Minimum notice periods regarding operational changes		Under the Collective Bargaining Agreement, the Company must notify its workers about new operating standards no later than two months before they are introduced
GRI 403: Occupational Health and Safety (2018)			
GRI 403-1	Occupational health and safety management system	Section "Health and safety", sub-section "Employee safety"	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Section "Health and safety", sub-section "Employee safety"	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Section "Health and safety", sub-section "Safety culture"	

GRI 403-5	Types and levels of injuries, occupational morbidities (work-related illnesses), lost days, absence, and also the number of accidents at work	Section "Health and safety", sub-section "Safety culture"		
GRI 403-6	Workers with high incidence or high risk of work-related illnesses	Section "Health and safety", sub-section "Employee safety"		
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Section "Health and safety", sub-section "Employee safety"		
GRI 403-9	Work-related injuries	Section "Health and safety", sub-section "Employee safety"		Indicator disclosed partially
GRI 403-10	Work-related ill health	Section "Health and safety", sub-section "Employee safety"		Indicator disclosed partially
GRI 404: Training and Education (2016)				
GRI 404-1	Average hours of training per year per employee	Section "Employees", sub-section "Fostering, attracting and retaining talent"		Indicator disclosed partially. The Company does not track average hours of training per year per employee by gender and age
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Section "Employees", sub-section "Fostering, attracting and retaining talent"		Indicator disclosed partially
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Section "Employees", sub-section "Fostering, attracting and retaining talent"		
GRI 405: Diversity and Equal Opportunity (2016)				
GRI 405-1	Diversity of governance bodies and employees	Appendix 4 "Composition of the Board of Directors", appendix 10 "Headcount by gender, age and employee category"		

GRI 406: Non-discrimination (2016)				
GRI 406-1	Incidents of discrimination and corrective actions taken	Section "Employees", sub-section "Diversity and inclusion"		
GRI 408: Child Labor (2016)				
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor			In 2020, no incidents of child labor were registered in the Company.
GRI 409: Forced or Compulsory Labor (2016)				
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor			In 2020, no incidents of forced or compulsory labor were registered in the Company.
GRI 411: Rights of Indigenous Peoples (2016)				
GRI 411-1	Incidents of violations involving rights of indigenous peoples			In 2020, no incidents of violations involving rights of indigenous peoples were registered in the Company.
GRI 413: Local Communities (2016)				
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Section "Local communities", sub-section "The Company's approach to engagement of stakeholders"		
GRI 415: Public Policy (2016)				
GRI 415-1	Political contributions			Under Russian Railways' Code of Business Ethics, para 25, Russian Railways does not fund or otherwise support any political parties and non-profit organisations engaged in political activities. The Company also does not fund or otherwise support political activities of any individuals including Russian Railways workers

GRI 416: Customer Health and Safety (2016)				
GRI 416-1	Assessment of the health and safety impacts of product and service categories	Section "Customers and quality", sub-section "Traffic safety"		Indicator disclosed partially
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Section "Customers and quality", sub-section "Traffic safety"		Indicator disclosed partially
GRI 418: Customer Privacy (2018)				
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Section "Russian Railways today", sub-section "Information security"		
GRI 419: Socioeconomic Compliance (2016)				
GRI 419-1	Non-compliance with laws and regulations in the social and economic area			In the reporting period, no violations causing significant financial implications for Russian Railways were identified

GRI 102-53

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