

SUSTAINABILITY DEVELOPMENT MANAGEMENT

Recognising the strategic value of integrity in business and sustainable development, JSC FPC endeavours to continuously enhance the effectiveness of its corporate governance framework, as well as the way in which decisions are made and the perspectives of every relevant stakeholder.

JSC FPC’s operations are guided by the principles of sustainable development, and all decisions – strategic, managerial, and operational – are made with these concepts in mind.

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

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

FPC’s management structure for sustainable development is divided into three tiers.



The tier of the Board of Directors	Approval of the strategy, methodology and regulations regarding environmental, social and corporate governance aspects
Executive tier	Creating guidelines, regulations, and instructions to implement the principles of sustainable development in the operational activities of the Company Assigning the responsible subdivisions
Operational tier	Implementing the sustainable development decisions

Key sustainable development decisions taken by the Board of Directors in 2022

Decision taken	Implications for the promotion of the sustainable development principles
Approval of JSC FPC’s Informatisation Programme for 2022	- Import substitution (Sabre): a new tariff setting system that was designed to automate the existing production business processes using domestic software and eliminate manual event accounting - Digitalisation of train crew operations: we plan to automate the existing business processes of the structural divisions of JSC FPC’s branches and reduce the amount of paper work - CRM: targeted offers to customers Business objectives of the project: a better quality of passenger service through the creation of a unified customer base and, as a result, streamlining the complaint handling and unification of passenger service standards as part of the product analysis - Introduction of an electronic queue management system: letting passengers manage their own time
Approval of JSC FPC Investment Programme for 2022–2024	- Projects to renew the fleet and upgrade the existing rolling stock, including furnishing the carriages with water and air disinfection facilities - Digital HR, which aims to increase employee satisfaction with the Company’s HR services and improve HR management efficiency by implementing modern IT solutions - Depot infrastructure development projects aimed at improving the work environment for employees
Approval of the operational efficiency and cost optimisation programme for 2022–2024	The programme includes measures to equip carriages with diesel fuel consumption meters, which will reduce the consumption of diesel fuel
Approval of a number of corporate governance documents	In 2022, the Company continued to improve its regulatory framework in order to achieve progress in adherence to the principles of the Corporate Governance Code and compliance with best practices
Approval of the key risk register, risk map and risk appetite for 2022	- The perimeter of the Company’s key risks includes corruption risks and the risk of unlawful interference in long-distance trains operated by JSC FPC. Both risks have zero tolerance, which indicates the Company’s high standards in combating corruption and ensuring carriage safety - A compliance risk appetite statement has been formulated. It includes 10 domains, including risks in environmental protection, industrial and fire safety, ecology (environmental protection), and occupational safety
Corporate KPIs for Company operations were approved	Sustainability KPIs included: Passenger Satisfaction Index, Safe Travel, Dispatched Passengers, Ensuring Good Corporate Governance Practices

Sustainable development governance structure

Tier of the Board of Directors						
Board of Directors						
The Strategic Planning, Digital Transformation and Information Technology Committee handles issues pertaining to:		The Human Resources, Remuneration and Corporate Governance Committee handles issues pertaining to:		The Audit and Risk Committee handles issues pertaining to:		
• occupational safety • environmental responsibility • stakeholder engagement		• ethics • human capital • labour protection		• anti-corruption • supply chain management • customer relations		
Executive tier						
General Director		First Deputy General Director in charge of Production		Deputy Deputy General Director in charge of Economics and Finance		
• Deputy General Director in charge of the security unit • Deputy General Director in charge of human resources management and social development		• Deputy General Director in charge of value-added services and quality of passenger service • Deputy General Director – Chief Engineer in charge of Production Development		• Deputy General Director in charge of marketing		
Operational tier						
Functional areas and divisions						
Ethics and anti-corruption	Human capital	Occupational health and safety	Environmental responsibility	Supply chain management	Consumers engagement	Stakeholder engagement
Corporate Security Centre	Personnel and Social Development Office	Occupational Safety and Health Department	Industrial, Fire and Environmental Safety Department	Procurement and Contract Management Centre	Passenger Service Department	Communication and Government Relations Centre
Anti-Corruption Hotline	Personnel Development Centre	Transport Safety Department	Strategic Development and Risk Management Office	Control and Analysis Centre	Passenger Transport Quality Control Centre	Agency and Partner Network Development Department
Personnel and Social Development Office	Youth Council	Chief Supervisor for Traffic Safety				
	Coordination Council for the Improvement of Working Conditions, Recreation and Social Support for Women					

STAKEHOLDER ENGAGEMENT

FPC is aware of its high responsibilities to all stakeholders and strives to maintain an ongoing constructive dialogue with them.

The Company is focused on meeting the expectations of all stakeholders in the JSC FPC’s economic, social, and environmental development in a sustainable manner.

Stakeholder engagement mechanisms

Stakeholders	Engagement mechanisms	Key communication channels
Internal stakeholders		
Our people	- Labour relations under the Collective Bargaining Agreement - Management functions - Social partnership - Personnel development - Corporate surveys - Reporting to stakeholders - Dispute resolution procedures - Employee recognition	- Addresses from top management - E-mail - Corporate publications - Corporate website - Social networks, Telegram channels - Internal regulations
Governance and control bodies	Descriptions of governance and control bodies, as well as interaction principles and governance procedures, are set forth in JSC FPC’s Articles of Association and other internal documents of the Company. For more details, please see page 89 of the Report in the Corporate Governance Model and Practice section	- Management reporting and financial statements - Ongoing interaction in business processes
External stakeholders		
Shareholders	- Direct dialogue through general meetings of shareholders - Reporting to stakeholders - Disclosure of information on material facts of the Company’s operations	- Mandatory disclosure of information, including issuer reports, RAS and IFRS financial statements, statements of material facts, registers of affiliates through an authorised disclosure agency (disclosure.skrin.ru/disclosure/7708709686) - Voluntary disclosure of additional information on the Company’s website (eng.fpc.ru) - Meetings of the management of the Parent Company with the Company’s management