



Russian Railways

A FORCE FOR GOOD



Sustainable Development Report

2022

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ABOUT THE REPORT

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Russian Railways Sustainable Development Report 2022 (the “report”) highlights our contribution to the country’s economic development, well-being of employees and the general population, combating climate change and protecting the environment.

Russian Railways designated 2022 as the Year of Corporate Volunteering. Hence, the report centres around the advancement of this movement within

the Company, providing an overview of our major volunteering projects carried out during the reporting year.

The report has been prepared with reference to the GRI Standards 2021 and in accordance with the disclosure requirements of the Sustainability Accounting Standards Board (SASB) for the railway industry. It also discloses the Company’s contribution towards the UN Sustainable Development Goals (the “SDGs”).

The report aligns with the Recommendations on Disclosure by Public Joint-Stock Companies of Non-Financial Information Pertaining to Their Activities (Annex to Information Letter of the Bank of

Russia No. IN-06-28/49 dated 12 July 2021); Recommendations for the Board of Directors (Supervisory Board) of a Public Joint-Stock Company to Consider ESG Factors and Sustainable Development Issues (Information Letter of the Bank of Russia No. IN-06-28/96 dated 16 December 2021); as well Moscow Exchange’s Guide for Issuers.

The Russian Railways Sustainable Development Report 2022 is the seventeenth annual report on the Company’s sustainable development activities (pre-2014 – corporate social responsibility report). The previous report was published in December 2022.

The reporting period extends from 1 January 2022 to 31 December 2022.

The Company determined the report content using the applicable standards and guidelines in collaboration with its stakeholders. The report’s material topics are listed in the Material Topics annex. The report describes a general management approach to sustainable development (Sustainable Development Management section). Management approaches in key sustainability areas are presented in the respective subsections. The Managerial Aspect section gives an overview of general corporate governance matters.

The report was prepared under the supervision of the Russian Railways Environment and Technosphere Safety Department.



Independent professional audit certification



The corporate website offers a wealth of information about the Company, including access to its internal regulations



The Company’s annual report provides essential details about its operations.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER – CHAIRMAN OF THE MANAGEMENT BOARD OF RUSSIAN RAILWAYS

GRI 2-22



Russian Railways remains committed to going forward, continuously evolving, and achieving a leadership standing in everything we do. The past year was no exception. It proved the Company’s ability to rise to unprecedented challenges and operate and grow robustly while honouring all its obligations.



CORPORATE VOLUNTEERING

In the reporting year, we held

over **2,400** corporate volunteering campaigns

Dear partners and colleagues,

With a focus on corporate volunteering, the year 2022 was a testament to just how important it currently is to stay together and care for people around us. Today, over 85,000 employees of Russian Railways regularly engage in volunteering. Coming from diverse professional backgrounds and representing all age groups, they all share the same commitment to helping people, our society, and our nation. Our volunteers are our most treasured asset. In the reporting year, we held over 2,400 corporate volunteering campaigns, including 42 network-wide activities. It is my firm belief that a kind heart and willingness to make a difference are a strong and powerful driver of transformation, with small deeds being one of the best social strategies ever. For Russian Railways, support for volunteering remains an absolute priority.

Care for the environment is another major aspect of our corporate culture. In today’s world, we aim to create a new paradigm, one where social responsibility is closely intertwined with the environmental security of

present and future generations. The way we as a society approach environmental issues has changed fundamentally – they are now a real concern for many people. Employees of Russian Railways do their part in addressing this major challenge. 2022 saw campaigns marking the World Environment Day across the entire railway network in Russia. These included environmental clean-ups as volunteers worked to keep our local spaces, rivers, parks, and other urban locations clean. The large-scale Clean Shores campaign was also part of these efforts.

In the reporting year, Russian Railways once again reaffirmed its status as an attractive employer with a strong social focus: we raised our salaries and wages three times in 2022 and analysed our performance under the Collective Bargaining Agreement. All mutual obligations have been honoured in full. Russian Railways’ new Collective Bargaining Agreement for 2023–2025 was signed, retaining all the existing social guarantees,

benefits, and support programmes for our employees and their families, veterans, and retirees.

We continue improving our framework for social support to women by providing them with comfortable and flexible working conditions that meet the needs of today’s world.

Russian Railways is firmly committed to sustainable development. Care for people, environmental responsibility, and economic development are all our major priorities and the pillars of our successful performance going forward. I am convinced that the decisions made in 2022 will help Russian Railways to continue to excel and benefit our society and nation at large

Oleg Belozеров,
Chief Executive Officer – Chairman of the Russian Railways Management Board

COMPANY PROFILE

GRI 2-1, 2-6

Russian Railways is the largest railway carrier in the Russian Federation, the owner and developer of common-use railway infrastructure.

In 2022, container transportation exceeded the record year of 2021 to reach

6.52 m TEU¹

Container shipments departing for Far Eastern Railway ports **added 24%**

Container transportation from Far Eastern seaports and off-dock dry terminals grew **by 13%**



Container solutions

In 2022, loaded freight turnover in the Eastern Operating Domain reached an all-time high daily average of

2,376 m tkm +3.5 %

The loaded car delivery speed across the network increased

to 444.7 km/day +2.7 km/day



Freight transportation, locomotive traction and infrastructure

In 2022, the Company transported

1,135.2 million +7.7% passengers

We opened

19 new suburban routes and six long-haul routes

New tourist trains have been launched



Long-haul and suburban passenger transportation



Railway engineering and infrastructure development



Railway R&D

As part of Russian Railways' comprehensive innovation support programme, a total of

72 projects have been successfully implemented

The Russian Federation is the founder and sole shareholder of Russian Railways.

With a focus on advancing the national transportation infrastructure and enhancing economic links among Russian regions, the Company implements its Long-Term Development Programme until 2025.

Our operations are of utmost importance in fostering sustainable economic growth in the country.

- The Company created a conceptual design of the first domestic high-speed electric train for a high-speed railway line.
- Work continued to implement the automated control system for the Lastochka electric trains on the Moscow Central Circle.
- Work continued to develop railway track design and maintenance technology for railway tracks capable of accommodating a gross throughput of 2.5 billion tonnes.
- At the request of Federal Freight Company, the production of a six-axle flat wagon (model 13-6704), capable of reaching speeds of 140 km/h, for the transportation of large containers has been launched.

Our operations and achievements

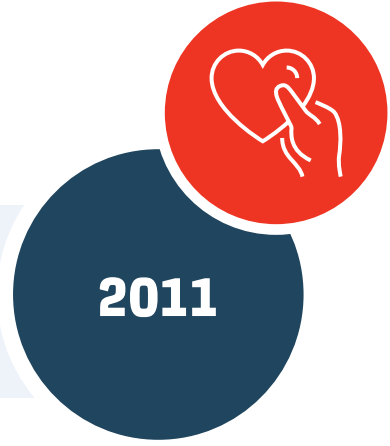
in 2022

¹ The twenty-foot equivalent unit is an inexact unit of cargo capacity.

CORPORATE VOLUNTEERING

Movement history

Our corporate volunteering started with the Russian Railways Youth programme at the South Urals Railway. In 2011, the railway's young employees became the first corporate volunteers when they launched the Baton of Kindness project, which is now held annually across all of the Company's branches.



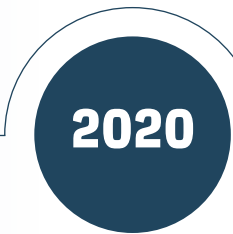
The Oktyabrskaya Railway held the first grant competition of social projects called Conductor to Good Deeds that has since become an annual event.



The Company developed a corporate volunteering framework.



Railway retirees joined the movement: they created teams of silver volunteers, secretaries of railroad commissions received their first training, and the first ever event uniting volunteers of various ages, including retirees, took place.



- The Company adopted a three-year corporate volunteering plan.
- Organised 85 volunteer centres that keep running to help unemployed retirees.
- The first online volunteering forum and conference took place on the Black Sea coast.
- The Company developed and approved a Russian Railways Volunteer badge, granting it to the first hundred of volunteers.



- The Company approved a procedure to support corporate volunteering.
- With 2021 being designated as the Year of the Environment, the Company placed particular focus on environmental volunteering.



The Year of Corporate Volunteering at Russian Railways.



NO TIME TO WASTE

The Nature and Health Trails project was awarded a grant from Russian Railways to organise eight weekend outings, including for the students of secondary school No. 56 from Artemovsky. As a result, children and adults got a chance to visit the natural reserves of the region.



“In 2022, Russian Railways’ year of corporate volunteering, we implemented a number of significant projects. I refer to the Nature and Health Trails project in the first place, but also to the Fatherland military and sports game, the Hero Race and Character of Steel competitions, hiking tours, and collective sports activities. All these projects have not only helped to promote healthy lifestyles among our employees but also strengthened our team spirit and given us an opportunity to get to know each other better.”

“For me, volunteering is a lifestyle. Even though I cannot afford to waste a single minute, I still find time to hike with my friends and colleagues, do sports and take GTO physical fitness tests. When you live a full and interesting life, you have no time left for dumb things or sadness.”



Alexander Ponomarev,
electric locomotive driver at the
Sverdlovsk-Sortirovochny locomotive depot

- Deputy chair of the youth council at the Sverdlovsk Traction Directorate.
- Leading head of the Sverdlovskaya Railway volunteering headquarters.
- Member of the Volunteer road team, supervisor of sports activities.
- Started volunteering as far back as school years.

FROM HEART TO HEART

During the pandemic, volunteers sought to strengthen partnership with railway healthcare professionals. They provided assistance in procuring the necessary equipment and mounted a challenge to support medical staff with a #Thankyoudoctors hashtag.

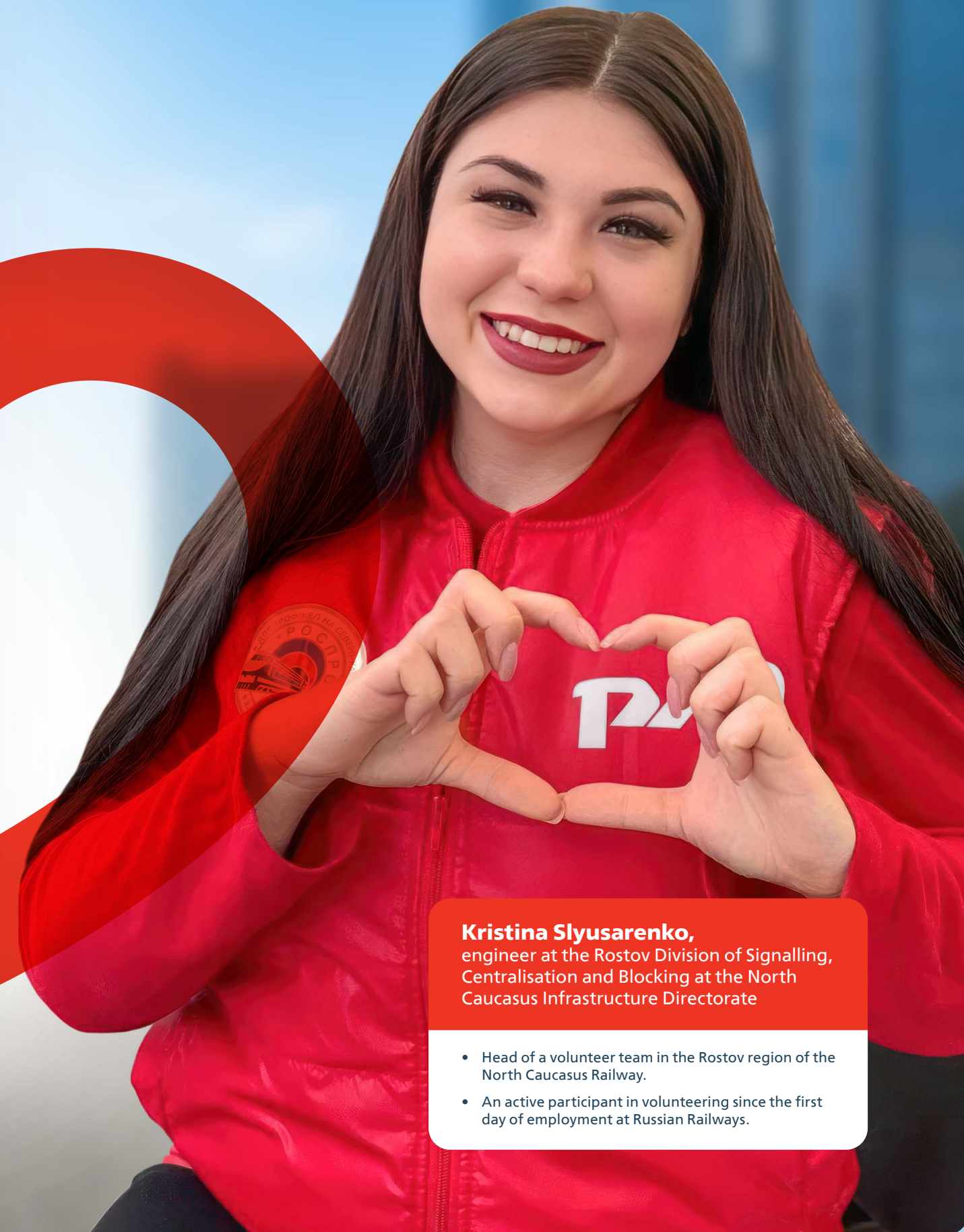
The volunteers collected donations and delivered them to a boarding house for disabled retirees in Novocherkassk.



“I work with interesting people who are always happy to help you out. Today, I can also help young employees adapt to the working environment, including through our youth council.

As the head of a volunteer team, I see it as my priority to keep our team closely knit and strong. I had known some team members before the start of our work, but there are also many people whom I met here for the first time. All of them are different, and that is normal. I can see how they are changing. Being able to make a difference in this world changes our personality.

Our volunteering motto is “What comes from your heart is bound to reach another person’s heart”.”



Kristina Slyusarenko,
engineer at the Rostov Division of Signalling, Centralisation and Blocking at the North Caucasus Infrastructure Directorate

- Head of a volunteer team in the Rostov region of the North Caucasus Railway.
- An active participant in volunteering since the first day of employment at Russian Railways.

INSPIRE BY EXAMPLE

Earlier on, during her time as assistant head of the Taganrog-1 station, Kristina Pilipenko had voluntarily spent her days off visiting countryside schools to give career guidance classes to schoolchildren, introduce them to railway professions, and explain transport safety rules.



“Once, after I got promoted to the head of the station, I was examining a railway facility. At a certain point, a train stopped and a young man hailed me from the cab. It turned out that he had attended my career guidance classes and decided to become a train driver.

Now he works as a driver and enjoys his occupation. This encounter meant a lot to me, as I realised that I had helped this man find a path in life and also helped the Company get a valuable employee.”



Kristina Pilipenko,
head of Khasan station

- Kristina is a fourth generation railway worker.
- She has always been engaged in social initiatives and actively contributed to the development of the volunteer movement across the North Caucasus Railway.
- Kristina was the mastermind behind many social campaigns, ranging from career guidance initiatives for schoolchildren to campaigns seeking to provide assistance to the elderly or people facing challenges in life.
- She promoted environmental volunteering among the young people of the Rostov Region.
- In 2022, Kristina became head of the Khasan station in the Primorye Territory.

GREEN LIGHT TO ENVIRONMENTALISTS

The school is open to everyone and the classes are free of charge. It is designed to become a platform for building environmental awareness and imparting practical skills. The school has sparked interest not only in the residents of Vologda but also people from other regions.

Last year the Vologda Region’s headquarters organised 130 events, including 73 environmental activities which helped collect and recycle 85 kg of plastic lids, 170 kg of batteries, and 9 tonnes of waste paper.



“Each year people are becoming increasingly aware of the fact that environmental pollution is a matter of concern for everyone. Many would like to change their lifestyle so as to minimise their negative environmental impact, but they do not know where to start. At the Green Street School, we teach an eco-friendly way of living and responsible consumption. Guest experts provide engaging and accessible explanations about various types of household waste and educate attendees about separate waste collection arrangements. We discuss how to give things we no longer use a new lease on life and tell students about organisations that will gladly accept these items as donations. Finally, we introduce attendees to new interesting people – environmental activists whose lives are unthinkable without responsible consumption.”



Regina Udalova,
 technician at the Vologda Division of Civil Structures

- Volunteering track record of over 10 years.
- Since 2018, head of the Vologda Region’s corporate volunteering headquarters of the Northern Railway.
- Regina actively promotes the environmental agenda across the facilities of the Northern Railway.
- In 2021, Regina established Green Street, a public school for urban environmentalists in Vologda.

A BOOST OF ENERGY

Velvet Way offers active outings for groups of five to ten people several times a month. The club members frequently travel to the Republic of Altai to do mountain climbing, river rafting, rock climbing, and potholing. Apart from that, they have travelled to Mount Elbrus, Kamchatka, Khakassia.

Alexander organises these trips selflessly, considering it his mission. The trade union offers him some funding to purchase hiking equipment.



“Volunteering gives me a boost of energy. I want people to relish the beauty of nature, enjoy various places, get revved up by the mountains, cleanse themselves, and change their attitude towards nature, just like I do.

It all started in 2010 when I began rock climbing and fell totally in love with it. I met some guys and started hiking with them to explore the region and the Altai Republic. I enjoyed it so much that I decided to share it with my colleagues and organise something similar at work. I approached our company’s trade union, and they supported me. That is how the tourist club came about.”



Alexander Fadeyev ,
electric locomotive driver

- Alexander Fadeyev started volunteering six years ago when he decided to establish the Velvet Way tourist club.
- In addition to the club, Alexander participates in other volunteer activities such as visiting orphanages, helping veterans and pensioners, and contributing to clean-up efforts.

OUTCOMES OF THE YEAR OF CORPORATE VOLUNTEERING

The Company named 2022 the Year of Corporate Volunteering



In 2022
2,455
volunteering initiatives
were organised across the railway network



Corporate volunteering gives us an opportunity to fulfil our commitment to social responsibility to society and country at large. Fostering corporate volunteering is deeply rooted in our social policy.

There is always someone who needs help, that is why there is no end to doing good deeds

Seven domains of corporate volunteering:

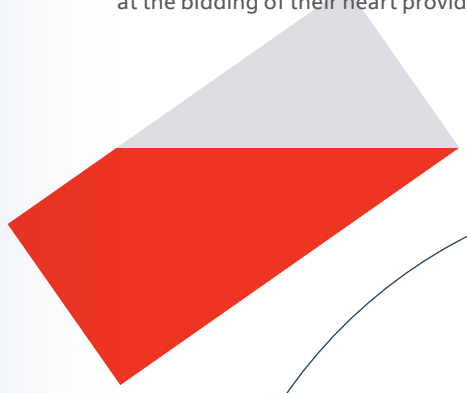
- Heart icon: Social volunteering
- Building icon: Advancing cultural and historical heritage
- Graduation cap icon: Education and mentorship
- Leaf icon: Environmental protection
- Cross icon: Healthy lifestyle
- Shield icon: Railroad safety
- Checkmark icon: Assistance to railway passengers

By being engaged in activities in those seven domains, the Company's employees build dedicated communities enabling everyone, regardless of their age, to achieve personal growth together with their colleagues, family, friends and industry retirees. Corporate volunteers who contribute to various projects at the bidding of their heart provide a boost to the Company.



The Company launched the rating of railway corporate volunteering councils:

- the West-Siberian Railway was rated first and awarded with Russian Railways' perpetual cup in corporate volunteering;
- the Northern Railway came second;
- and the South-Eastern Railway became third.



The year gave strong impetus to the movement, making the team more tight-knit and productive:

85,000 employees are regular volunteers
135,000 employees attend at least one volunteering campaign yearly

Russian Railways awarded
100 most active corporate volunteers with special badges



▶ For more details on the outcomes of the Year of Corporate Volunteering, see the [Personnel Development](#) section on p. 62

GOODNESS STATIONS



In 2022, the first Goodness Station social initiative centres were opened on the Privolzhskaya and Oktyabrskaya railways.



Goodness Stations bring together volunteers and activists and welcome anyone who wants to share ideas and get support in implementing them. This is a place of attraction for everyone – from railway employees to those in need of help and support.

These dedicated spaces were launched to provide a platform for railway workers to gather and discuss volunteering initiatives, including creative projects, as well as to foster patriotism and promote intergenerational interaction among Company employees, their children, labour veterans, and partners.

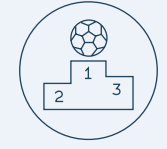
Event formats include



Workshops, lectures



Environmental campaigns



Sports competitions



Thematic meetings



Quizzes



Excursions

At Goodness Stations, volunteers show retirees how to use the Service Portal, software and the internet.

Young people can take part in training and business games.

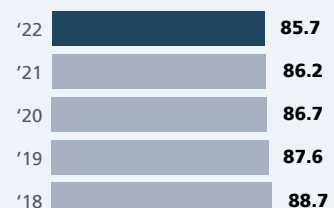
KEY HIGHLIGHTS

Environmental performance

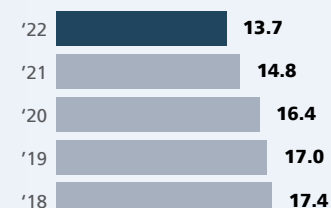
Aggregate direct and indirect energy-related emissions, mt of CO₂



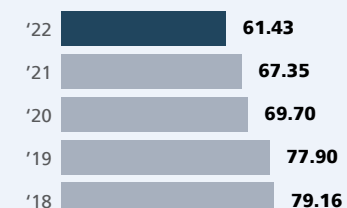
Energy intensity of Russian Railways' operations, kJ/virtual tkm net



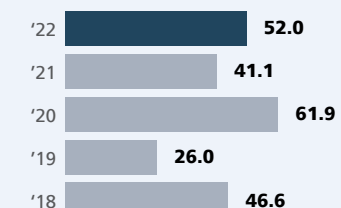
Share of production and consumption waste sent to landfills, %



Changes in water use, million cu m

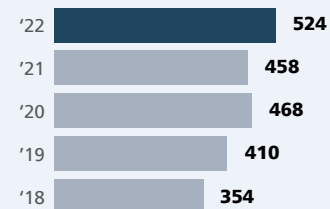


Installation of noise protection screens, km

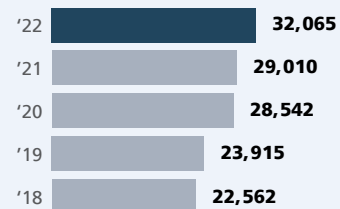


Social performance

Employees who completed training¹, thousand people

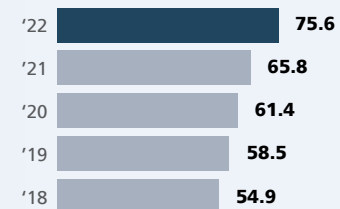


Occupational safety expenses, RUB m

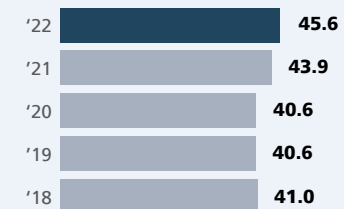


¹ Overall indicator for Managers and Office Workers, and Blue- and White-Collar Employees.

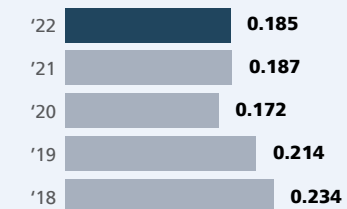
Average wages, RUB '000



Number of workplaces with improved working conditions, '000



Evolution of workplace injury frequency rate



MANAGEMENT APPROACH

The Company's strategic priority in terms of sustainability is to contribute to the achievement of the Sustainable Development Goals (SDGs) adopted by the UN General Assembly. Russian Railways' commitment to the UN SDGs is reflected in its efforts to ensure economic stability, environmental safety and social security. Russian Railways is committed to the

principles of the UN Global Compact. The Company is a member of the Global Compact National Network Association.

The Company complies with the principles of socially responsible business practices enshrined in the Social Charter of the Russian Business adopted by the Russian Union of

Industrialists and Entrepreneurs (RSPP) and is a regular contributor to the RSPP's Corporate Practices Collection.

In pursuing its sustainable development policy, the Company complies with international treaties, laws and regulations of the Russian Federation, as well as its own policies and procedures.

Russian Railways in 2022 ESG rankings and indices



National Credit Ratings

ESG Index of Russian Business is an expert comparison of Russian companies from different industries reflecting their alignment with ESG practices.

Russian Railways' ranking: category II, above average.



Expert RA rating agency

ESG Transparency Ranking of Russian Companies and Banks is an expert assessment focusing on the scope of ESG disclosures (transparency) in the annual and sustainability reports of major Russian companies and banks.

Russian Railways' ranking: No. 69 out of 100 (No. 74 in 2021).

ESG Transparency Ranking of Russian Transportation Companies seeks to identify leaders among the country's major transportation and infrastructure companies in terms of their ESG transparency (quality of non-financial disclosures published in relevant annual and sustainability reports).

Russian Railways' ranking: No. 4 out of 9.



Expert Media Holding

Expert's Sustainability Ranking of Russian Companies seeks to identify Russian businesses championing the sustainable development of the country and implementing relevant ESG practices.

Russian Railways' ranking: No. 38 out of 100 (No. 51 in 2021).



Russian Union of Industrialists and Entrepreneurs (RSPP)

RSPP's Sustainable Development Vector Index is an assessment reflecting the social, economic and environmental performance of major Russian companies.

Russian Railways' ranking: Leader Group A.



RAEX Analytics

ESG ranking of Russian companies comprehensive assessment of the ESG profile of the largest Russian companies who published their 2021 non-financial statements.

Russian Railways' ranking: No. 47 out of 160.

Participation of the Board of Directors in sustainable development management

GRI 2-9, 2-12, 2-13

Sustainable development management is an essential part of activities pursued by the Board of Directors as a governance body responsible for the general steering of the Company's operations. Within its scope of authority, the Board of Directors reviews and approves the basic internal documents and monitors their implementation.

The remit of the Board of Directors is set out in the Charter of Russian Railways¹. Pursuant to Clause 68.1 of the Company's Charter, the Board of Directors shall determine the Company's business priorities, and approve its long-term plans, core programmes and function strategies, including the long-term development programme, financial plan, investment programme, and innovative development programme.

The said strategic documents of Russian Railways approved by the Board of Directors address the matters of sustainable development of the Company.

As part of their sustainability agenda in 2022, the Board and its Committees:

- approved Russian Railways' investment programme for 2022–2024, which provides for a number of investment projects to improve the lives of Russian citizens, create a comfortable and safe environment for life and development of tourism (infrastructure development projects at Central and St Petersburg transport hubs, and the South cluster);

- approved the size of Russian Railways' charity and sponsorship fund and the key initiatives to be supported;
- resolved to donate social, educational, sports and cultural facilities to municipal and regional public law entities;
- the Board's Strategic Planning Committee reviewed the report on the progress against Russian Railways' Long-Term Development Programme until 2025 and KPI achievement in 2021, addressing, among others, the matters of the Company's sustainable development.

Pursuant to Clause 68.1 of the Company's Charter, the Board of Directors shall consider reports on progress against the Company's core programmes and function strategies, encompassing, among others, the matters of sustainable development.

The Board of Directors regularly reviews reports on the implementation of the Company's Charity and Sponsorship Policy and Comprehensive Innovative Development Programme.

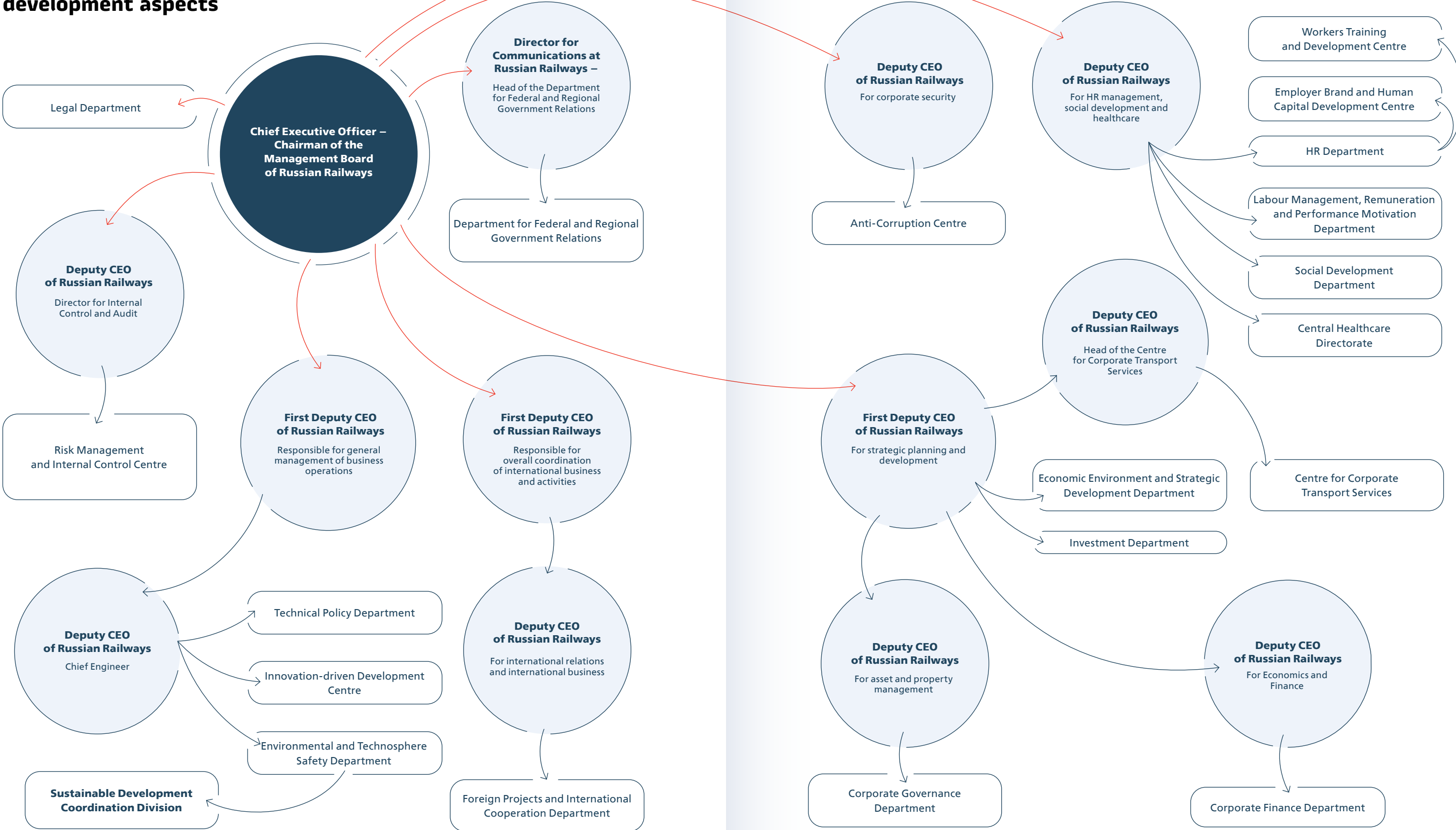
In addition to that, the Board's Audit and Risk Committee shall regularly consider the risk appetite metrics of Russian Railways, including but not limited to the assessment of acceptable risks related to the sustainable development of the Company (environmental, health and safety risks, etc.).

Share of sustainable development matters reviewed at the meetings of the Board of Directors, %



¹ Approved by Order of the Russian Government No. 1838 dated 27 October 2021.

How we manage sustainable development aspects



THE COMPANY'S CONTRIBUTION TO THE ACHIEVEMENT OF THE UN SUSTAINABLE DEVELOPMENT GOALS

Russian Railways contributes significantly to the UN Sustainable Development Goals in accordance with the nature of its business.

3 GOOD HEALTH AND WELL-BEING



The health of Russian Railways' employees, passengers, and all people in Russia is a matter of special attention and one of the top priorities of the corporate social policy. Employees of Russian Railways have voluntary health insurance entitling them to outpatient, inpatient and dental care, including hi-tech medical services. The Company has put in place target programmes to reduce cancer and cardiovascular diseases. Efforts are made to promote healthy lifestyle and create opportunities for sports activities.

To contribute to the SDG, in 2022 the Company:

- had 98% of its employees undergo annual preventive medical examination;
- put in place a new five-year voluntary health insurance agreement;
- completed Health Voyage across the far-flung stations of the Baikal–Amur Mainline;
- maintained the rate of accidents caused by abruptly deteriorating health conditions at zero;
- held about 9,000 events in nine areas under the Russian Railways Healthy Lifestyle Concept for 2020–2025;
- conducted health training sessions attended by over 105,000 people;
- spent RUB 6.379 bn to acquire more than 1,100 medical equipment sets for RZD's private healthcare facilities, including RUB 360 m to achieve targets under the Far Eastern Railway as an Accelerated Development Domain programme.



4 QUALITY EDUCATION



The Group is a founder of 98 educational institutions and operates 25 children's railways. The Company's professional training framework relies on 15 education centres. Our Corporate University trains specialists with higher education and secondary vocational education in cooperation with industry-based higher education institutions.

- offered its employees over 1,100 courses on a wide variety of topics through the distance learning system;
- established cadet classes at five RZD lyceums, with 96 schoolchildren enrolled;
- upgraded training and laboratory facilities at sectoral universities and their branches, with 16 simulation training facilities equipped to train railway professionals.

To contribute to the SDG, in 2022 the Company:

- put in place 10 industry-specific on-site training centres (clusters) as part of the Professionalitet federal project, with over 700 sponsored students admitted to training;



5 GENDER EQUALITY

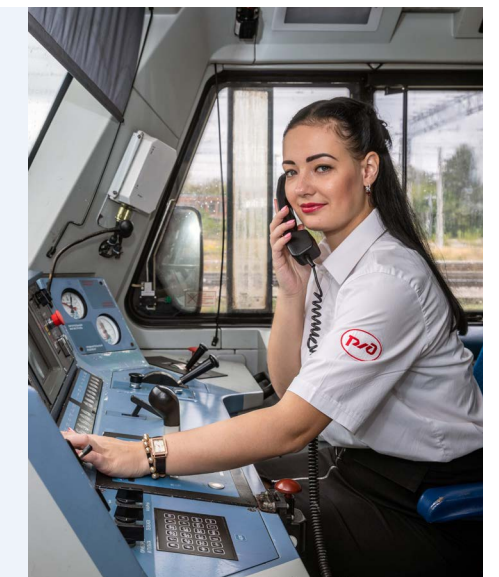


Russian Railways has zero tolerance for any types of discrimination, including gender discrimination, in recruitment, staff development and promotions.

The Company implements the Action Plan to improve the conditions of work, leisure, and social support of women in 2021–2025. Russian Railway consistently expands the list of railway jobs available to women, including managerial positions.

To contribute to the SDG, in 2022 the Company:

- continued efforts as part of the Coordination Council and regional railway coordination councils tasked with improving the conditions of work, leisure, and social support for women;
- held the Forum to Improve the Conditions of Work, Leisure, and Social Support of Women;
- trained 64 women as train drivers and assistant drivers, and offered them employment.



6 CLEAN WATER AND SANITATION



Russian Railways is implementing a Clear Water investment project to upgrade water supply systems and bring the quality of water supplied to consumers in line with the standards set by Russian sanitation and environmental laws.

To contribute to the SDG, in 2022 the Company:

- commissioned five treatment facilities;
- completed a project to launch a mobile facility to treat tank water, spills, and storm drain water contaminated with emulsified and dissolved petroleum products.



7 AFFORDABLE AND CLEAN ENERGY



Russian Railways is working on transitioning to alternative and renewable energy sources to make the railway transport even more environmentally friendly.

To contribute to the SDG, in 2022 the Company:

- was implementing energy efficiency improvement projects;
- equipped 72 locomotives with the ISAVP-RT-M auto driving system offering a virtual coupling option, upgraded

220 locomotives furnished with the ISAVP-RT system to enable the use of virtual coupling – a wireless inter carriage link technology;

- introduced dispatching services at seven heat supply facilities;
- implemented the Autonomous Energy Supply System project to minimise environmental impacts;
- achieved an actual value of the Energy Efficiency Improvement KPI of 0.6% in 2022, which is in line with the target.



8 DECENT WORK AND ECONOMIC GROWTH



Russian Railways has a Collective Bargaining Agreement covering all of the Company's employees and runs corporate programmes supporting certain categories of personnel, including young, retired and soon-to-be-retired employees.

To contribute to the SDG, in 2022 the Company:

- signed the Collective Bargaining Agreement of Russian Railways for 2023–2025;
- indexed employee salaries three times (by a total of 14.9%) and increased non-state pensions and zone-specific increments;

- implemented projects to improve labour productivity;
- took measures to reduce youth unemployment rates;
- set up five business incubators for students.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Russian Railways' investment programme for 2021–2023 is focused on developing and upgrading the railway infrastructure and promoting high-speed and ultra high-speed railway transportation. The Group's Comprehensive Innovative Development Programme and the Digital Transformation Strategy until 2025 include projects to develop transportation management systems based on artificial intelligence, introduce innovative rolling stock, and other initiatives. The Group promotes partnerships with scientific institutions, manufacturing enterprises, and small and medium-size businesses based on the principle of open innovation.

To contribute to the SDG, in 2022 the Company:

- expanded the portfolio of innovative projects under the Comprehensive Innovative Development Programme until 2025 by 25% vs 2021;
- created regional innovation-driven development centres across the railway network;

- held the annual Russian Railways Innovation Day;
- held the first PRO//Motion. Innovations conference;
- reviewed over 1,900 innovation projects and startups;
- won the BRICS Solutions for Sustainable Development Goals awards in the Technical Innovations and Their Application category for

- outstanding achievements under the projects Moscow Central Diameters and Reconstruction of the Track Superstructure and Drainage and Transportation Adit of the Severomuysky Tunnel;
- was running the Far Eastern Railway as an Accelerated Development Domain programme.



11 SUSTAINABLE CITIES AND COMMUNITIES



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

To contribute to the SDG, in 2022 the Company:

- continued developing multimodal routes and transport interchange hubs to enhance the mobility of urban population;
- expanded the network of Lastochka electric trains in the Perm urban agglomeration helping to link

- some of its remote areas: the satellite city of Krasnokamsk and the Kirovsky, Dzerzhinsky and Ordzhonikidzevsky districts.
- opened a new building of the Toksovo railway station, which maintains the historical look of the station constructed in 1916.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Company divisions use waste disposal technologies to reduce the negative environmental impact of railway industry-specific waste. The Company recognises its environmental and social responsibility and fulfils a self-assumed obligation to ensure selective collection of secondary materials (paper, glass, plastic, and household aluminium waste) in its office buildings and at railway stations.

To contribute to the SDG, in 2022 the Company:

- installed 26 reverse vending machines to collect plastic and aluminium cans at railway stations;
- voluntarily assumed an obligation to ensure selective collection of paper (cardboard), glass, plastic, and household aluminium waste by engaging cleaning and outsourcing companies;
- signed an agreement with the Russian Environmental Operator to implement circular economy principles in the Company.



13 CLIMATE ACTION



GHG emissions reduction is an integral element of Russian Railways' Environmental Strategy. To this end, shifting to innovative types of rolling stock and using liquefied natural gas as an alternative energy source for train traction are essential. The Company also pays great attention to climate change risks.

To contribute to the SDG, in 2022 the Company:

- continued shifting to innovative types of rolling stock;
- signed an agreement to set up a Bauman GoGreen consortium with Bauman Moscow State Technical University; as part of the initiative, the Company is looking into potential climate action projects;
- took steps to develop Russian Railways' Comprehensive Methodology for GHG Emissions Volume Measurement based on international standards and national carbon footprint requirements.



15 LIFE ON LAND



Russian Railways is a major natural resource user operating in Russia. Its environmental impact is associated with the operation of railways, as well as industrial and infrastructure facilities. The Company makes every effort to reduce its environmental footprint, focusing, among other things, on the preservation and rehabilitation of ecosystems.

To contribute to the SDG, in 2022 the Company:

- planted 572,000 trees on a territory that equals 145 football fields;
- delivered on the Action Plan to protect Lake Baikal's natural territory;
- continued eliminating accumulated environmental damage.



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Zero tolerance for corruption in any form or manifestation is indispensable for the Company's sustainable development. We take all necessary steps to ensure compliance with Russian anti-corruption laws and applicable international requirements.

To contribute to the SDG, in 2022 the Company:

- was for the third year running recognised as one of the best-performing major Russian companies by the Anti-Corruption Rating of Russian Business;
- won the first National Anti-Corruption Compliance Leader award recently established by the RSPP.



17 PARTNERSHIPS FOR THE GOALS



The Group's business abroad helps build long-term partnerships with international organisations and associations, and coordinates interaction with foreign partners with a view to developing Russian Railways' infrastructure and promoting sustainable development.

The Company's 2022 SDG contribution:

- its Agroexpress project won the BRICS Solutions for Sustainable Development award for outstanding achievements;
- its Baikal International School project won the BRICS Solutions for Sustainable Development Goals award in the International Cooperation category for outstanding achievements;
- the Company shared expertise to help develop RsindeX, a universal tool for assessing the contribution of the railway sector to the UN SDGs;
- initiated efforts to improve the legally binding IMO/ILO/UNECE Code of Practice for Packing of Cargo Transport Units by adding a chapter on stowage and securing of cargoes in containers;
- helped the Group develop proposals for the UNECE and OSJD to improve regulatory documents governing transportation of hazardous cargoes and perishable foods to ensure safety of transportation and the lives and health of people;
- continued its activities as part of the UN ESCAP Regional Action Programme for Sustainable Transport Development in Asia and the Pacific (2022–2026).

STAKEHOLDER ENGAGEMENT

GRI 2-29

At Russian Railways, we know that trust and open dialogue help to respond promptly to expectations and demands and strengthen our reputation as a responsible company. Stakeholder engagement principles:

- transparent, reliable, and complete information about the Company's operations;
- focus on both external and internal stakeholders, such as employees;
- a balanced and all-inclusive approach to stakeholder interests, and prompt response to stakeholder concerns, most importantly, when it comes to government tariff regulation and active introduction of innovation.

Employees

What they expect	Areas of engagement	How we engage
<ul style="list-style-type: none"> • Decent pay and benefits • Equal professional and career growth opportunities • Protection of human and civil rights in line with the Russian law • Occupational health and technosphere safety • Professional training and development opportunities 	<ul style="list-style-type: none"> • Ensuring decent pay • Additional social benefits available under the collective bargaining agreement • Establishing an efficient human capital training and development system • Full compliance with employment contracts • Ensuring occupational health and technosphere safety • Transparency and efficient feedback • Comfortable working environment and equal opportunities • Environmental education and awareness raising for all staff members 	<ul style="list-style-type: none"> • Russian Railways' Employee Service Portal (blogs, chat, news feed, Active Worker channel, surveys, and Manager's Online Desk) • Communications events • Corporate messengers and social media • Forums and trade union meetings • Hotline for Russian Railways' employees • Social surveys of the Company's employees • Townhall and personal management meetings • E-mail communications • Corporate media (including the <i>Gudok</i> newspaper, RZD TV)

Passengers

What they expect	Areas of engagement	How we engage
<ul style="list-style-type: none"> • Fair and reasonable pricing • Accessible, comfortable, and reliable services • Railway safety • User-friendly services • Compliance with environmental and social responsibility standards and best practices 	<ul style="list-style-type: none"> • High-quality and safe services • Competitive pricing • Railway station services • Passenger transportation services • Catering on board • Passenger satisfaction surveys • Compliance with regulations 	<ul style="list-style-type: none"> • Russian Railways Customer Support Centre • Service Center for Railway Passengers / Service Center of Russian Railways • Passenger surveys and interviews at railway stations • Enquiries via the mobile app • Russian Railways' website • Surveys on www.opros.fpc.ru and on Sapsan trains • Passenger satisfaction surveys • Personal meetings with the public



Freight customers

What they expect	Areas of engagement	How we engage
<ul style="list-style-type: none"> • Fair and reasonable pricing • High-quality products and services • Uninterrupted supply of goods and services • User-friendly services • Compliance with HSE standards 	<ul style="list-style-type: none"> • High-quality and safe services • Competitive pricing • Basic freight transportation services • Transportation and logistics services related to basic freight transportation services, including public railway infrastructure services • Russian Railways' information services • Customer satisfaction surveys • Introduction of sustainability best practices • Calculation of the cost and environmental impact of freight transportation • Non-financial reporting 	<ul style="list-style-type: none"> • Unified Freight Transportation Call Centre, part of Russian Railways Customer Support Centre • Customer's personal account • RZD-Gruz 2.0 mobile app • Freight section of the Russian Railways website • Sales offices • RZD Market platform • Freight Transportation electronic trading platform • ETRAN system for transportation documents • Shipper satisfaction surveys

Suppliers, contractors, and business partners

What they expect	Areas of engagement	How we engage
<ul style="list-style-type: none"> • Compliance with contractual obligations • Transparent selection process • Ethical approach to doing business 	<ul style="list-style-type: none"> • Competitive tenders • SME partnership programme • Engagement of contractors and suppliers in OHS • Recognition and assessment of environmental requirements for products, raw materials and supplies purchased by Russian Railways' business units • Non-financial reporting 	<ul style="list-style-type: none"> • Electronic trading and procurement platform • Conferences, forums, industry unions and associations • Supplier hotline • Russian Railways' website



Shareholders, investors, and rating agencies

What they expect	Areas of engagement	How we engage
<ul style="list-style-type: none"> Economic and financial stability Funding and delivering green/ environmental and social projects Focus on solvency and compliance with contractual obligations Solid reputation Corporate governance excellence Credit quality Transparency of information and disclosure of key facts Prudent dividend policy 	<ul style="list-style-type: none"> Financial reporting (RAS and IFRS) Annual public non-financial reporting on the Company's operations (Annual Report and Sustainable Development Report) Timely disclosure of key information on the Russian Railways' website and on the websites of accredited news agencies Open dialogue and efficient feedback 	<ul style="list-style-type: none"> Corporate reporting and disclosure Conferences and investor meetings E-mails, conference calls and video conferences Regular working meetings at various levels Disclosures on the website, including through press releases Rating agency questionnaires



Government authorities

What they expect	Areas of engagement	How we engage
<ul style="list-style-type: none"> Statutory compliance Timely payment of taxes Social and economic development of local communities Reducing environmental impact Uninterrupted cargo and passenger transportation 	<ul style="list-style-type: none"> Statutory compliance and contribution to improving the legislative framework related to the Company's operations Transparency of tax payments and tax disclosures Accessible and comfortable transport services 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 new jobs Annual public non-financial reporting on the Company's operations (Annual Report and Sustainable Development Report) 	<ul style="list-style-type: none"> Input to the law-making process Social and economic cooperation agreements with local authorities Regular working meetings, transport coordination boards, committees, etc. Participation in federal and regional events Organising train days



Community partners

What they expect	Areas of engagement	How we engage
<ul style="list-style-type: none"> Open and meaningful dialogue Enabling a socially beneficial environment Social protection of employees and retirees 	<ul style="list-style-type: none"> Engagement with national and international NGOs as regards achieving the UN SDGs Joint events with national and international NGOs Consideration of initiatives, including those related to federal laws governing social and employment relations Liaising with industry trade unions in ensuring social security of employees and retirees Advancement and support of education across our footprint Support of vulnerable groups, environment-related and awareness-raising projects Non-financial reporting 	<ul style="list-style-type: none"> Corporate reporting and disclosure Participation in conferences and industry-specific events Creation of specialised RZD classes for secondary schools Support for industry-specific universities as part of the Programme of Russian Railways' Interaction with Railway Universities until 2025 Regular meetings with trade unions Input to the work of educational institutions from Russian Railways' employees Joint academic, educational, and sporting events Support for non-profit organisations



Local communities

What they expect	Areas of engagement	How we engage
<ul style="list-style-type: none"> Local jobs Minimising environmental impact Support in addressing social, environmental, and economic issues 	<ul style="list-style-type: none"> Providing accessible and comfortable transport services Local employment Infrastructure development across our regions of operation Support for vulnerable people, emergency assistance Volunteering and charity projects, philanthropy 	<ul style="list-style-type: none"> Development of healthcare infrastructure Volunteering and charity projects Educational initiatives Promotion of sports and healthy lifestyle

VOLUNTEERS HELP CLEAN BAIKAL



Clean Baikal Shores, a volunteering environmental campaign, ran for the second time.

In 2022, it was timed to coincide with the 48th anniversary of the start of the Baikal-Amur Mainline construction.

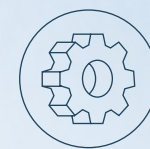
158
Russian Railways' volunteers

took part in the campaign



Over two days in July, railway workers removed an unauthorised roadside garbage dump in Severobaikalsk while also cleaning the shores and bed of the lake. In addition, they beautified a municipal beach and put in order tourist trails.

Campaign outcomes



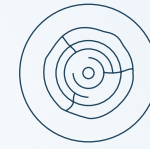
24 cu m of metal
lifted from the bottom of Lake Baikal



6 dump trucks engaged, each carrying 12 cu m of garbage to the dump



65 cu m of mulch
made by volunteers from dry trees



10 cu m of waste wood
collected by volunteers

ENVIRONMENTAL MANAGEMENT

Russian Railways maintains leadership in energy efficiency and environmental friendliness generating only 1% of all polluting emissions coming from all transport segments. In 2022, Russian Railways initiated adding a clause on the need to prioritise railway as one of the greenest modes of transport to the BRICS Business Council recommendations to the leaders of member states. To put the initiative to work, the parties involved consider creating a coordination mechanism for the exchange of experience and the development of joint railway projects.

Management approach

Russian Railways put in place the following policies to guide its environmental practices:

- Health, Environmental, Industrial and Fire Safety Policy of the Russian Railways Group;
- Russian Railways' Environmental Strategy through 2030 with an outlook through 2035;
- Russian Railways' Environmental Transparency Regulations;
- Declaration on Comprehensive Approach to the Protection of Lake Baikal when Implementing Investment Projects for the Eastern Operating Domain Development.

Key international environmental treaties followed by the Company in its environmental management:

- Vienna Convention for the Protection of the Ozone Layer and Montreal Protocol on Substances that Deplete the Ozone Layer;

- 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;
- United Nations Framework Convention on Climate Change;
- Kyoto Protocol to the United Nations Framework Convention on Climate Change;
- Agreement on Cooperation in the Sphere of Timber Industry and Forestry;
- Agreement on Cooperation in the Field of Environmental Protection among the Member States of the CIS;
- Agreement on Cooperation in the Field of Environmental Monitoring;
- Stockholm Convention on Persistent Organic Pollutants;
- Paris Climate Accords.

In 2022, Russian Railways updated its corporate policies governing the Company's environmental efforts as follows:

- approved standard solutions for separate accumulation of solid waste and secondary materials at the Central Directorate for Multiple Unit Trains and Central Directorate for Passenger Service;
- approved Methodology for Measuring Efficiency of Russian Railways' Environmental Activities;
- approved the Procedure for Accumulating and Selling Discarded Electrical and Electronic Equipment, Other Than Mercury-Containing Devices, at Russian Railways¹ for a more systematic approach to handing electronic waste and transferring it for disposal.

¹ Approved by Russian Railways' Order No. 2574/r dated 5 October 2022.

Environmental management framework

Russian Railways' environmental management framework includes Health, Environmental, Industrial and Fire Safety Policy of the Russian Railways Group, its Environmental Strategy through 2030 with an outlook through 2035, as well as planning, implementation of new processes, control and analysis by the management.

One of the most important focus areas of the Company's environmental protection efforts is

ensuring industrial environmental control and monitoring of the Company's environmental impact. Russian Railways established an environmental monitoring system that includes stationary and mobile environmental laboratories providing reliable information on the environmental impact of pollutant sources.

The monitoring exercise involves internal environmental audits and inspections in line with corporate

requirements. When developing its investment projects, the Company conducts environmental impact surveys for a better understanding of natural and human-related conditions on the site, evaluating the environment and its vulnerability to human impact, forecasts potential changes in the environment due to the construction and operation, and prepares recommendations for preventing environmental disturbance and conducting environmental monitoring.

Russian Railways operates:

- 56** stationary industrial environmental laboratories
- 12** train car laboratories
- 64** motor-vehicle laboratories



The laboratories have up-to-date analytical equipment, as well as express analysis equipment for scheduled and unscheduled site visits to monitor environmental pollution by Russian Railways' units.

The laboratories collect samples and conduct quantitative chemical analysis of natural and waste water

samples, soil, waste, and industrial emissions, measure natural physical factors in residential housing areas and habitable areas.

In 2022, the Company conducted over 167,000 measurements, including more than 74,000 wastewater quality and water treatment equipment efficiency tests, more than 39,000 measurements

of pollutant emissions by stationary and mobile sources, over 52,000 screenings of railway infrastructure impact on adjacent territories, and 2,000 soil tests.

Plans for 2023:

- verifying competence of industrial environmental laboratories and expanding their accreditation scope;
- exercising industrial environmental control over air, water, and soil quality, and measurement of natural physical factors as scheduled.

voluntary environmental stewardship. As part of its contribution to environmental development, Russian Railways adheres to the principle of transparency and openness by disclosing its environmental strategy and performance in annual sustainable development reports.. To demonstrate its environmental commitment to stakeholders, the Company prepares and publishes annual sustainable development reports.

the effectiveness of public control and transparency of data on environmental protection and safety. In 2022, the Company approved its Environmental Transparency Regulations. The Regulations define the principles, forms and transparency requirements for information related the Company's environmental footprint.

Environmental transparency

As an environmentally responsible company, Russian Railways contributes to the protection of the environment and is committed to

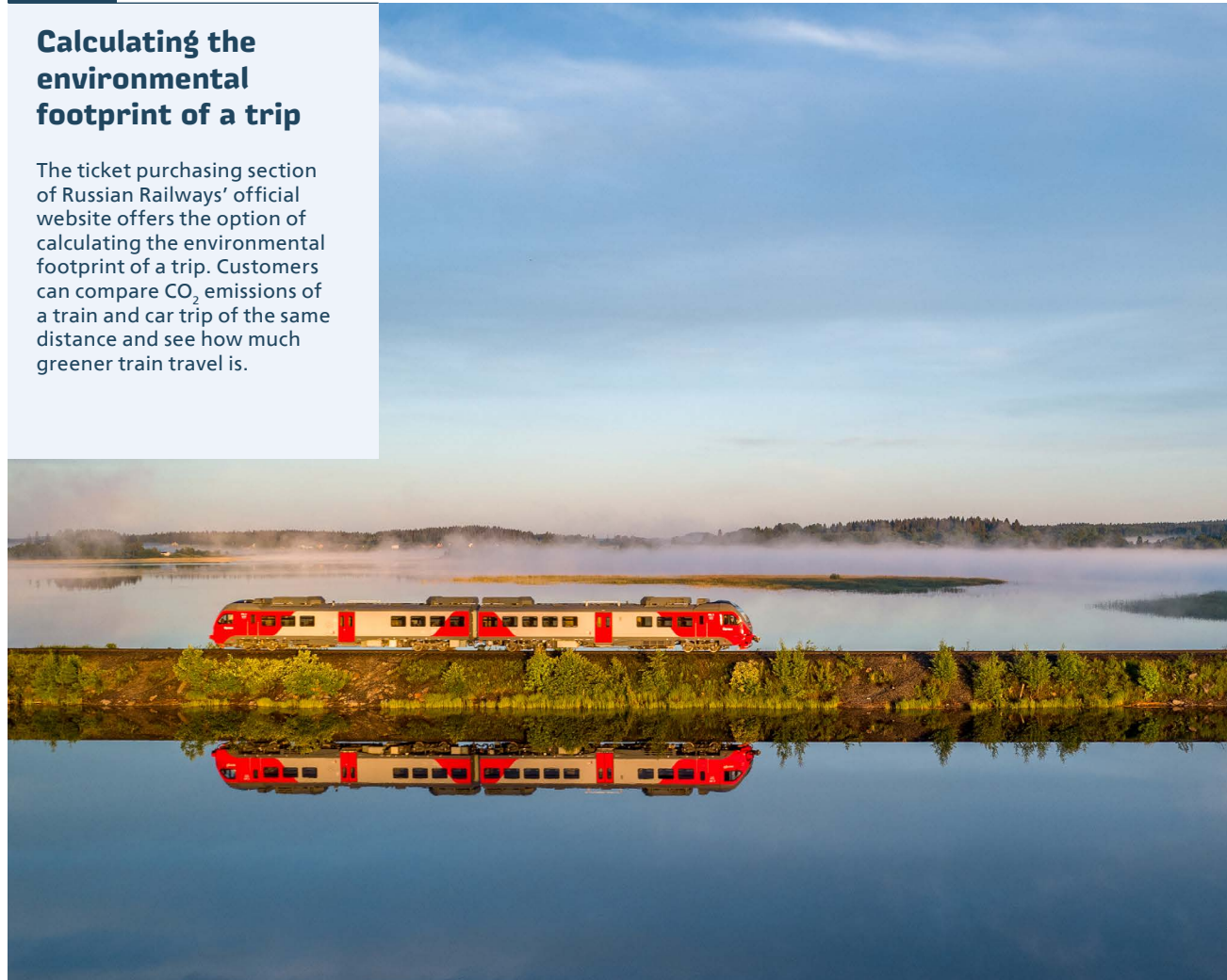
The Company respects the constitutional right of individuals to have access to information on the environment and seeks to enhance

Emergencies with environmental implications

In 2022, the Company's infrastructure saw no major emergencies with environmental implications.

Calculating the environmental footprint of a trip

The ticket purchasing section of Russian Railways' official website offers the option of calculating the environmental footprint of a trip. Customers can compare CO₂ emissions of a train and car trip of the same distance and see how much greener train travel is.

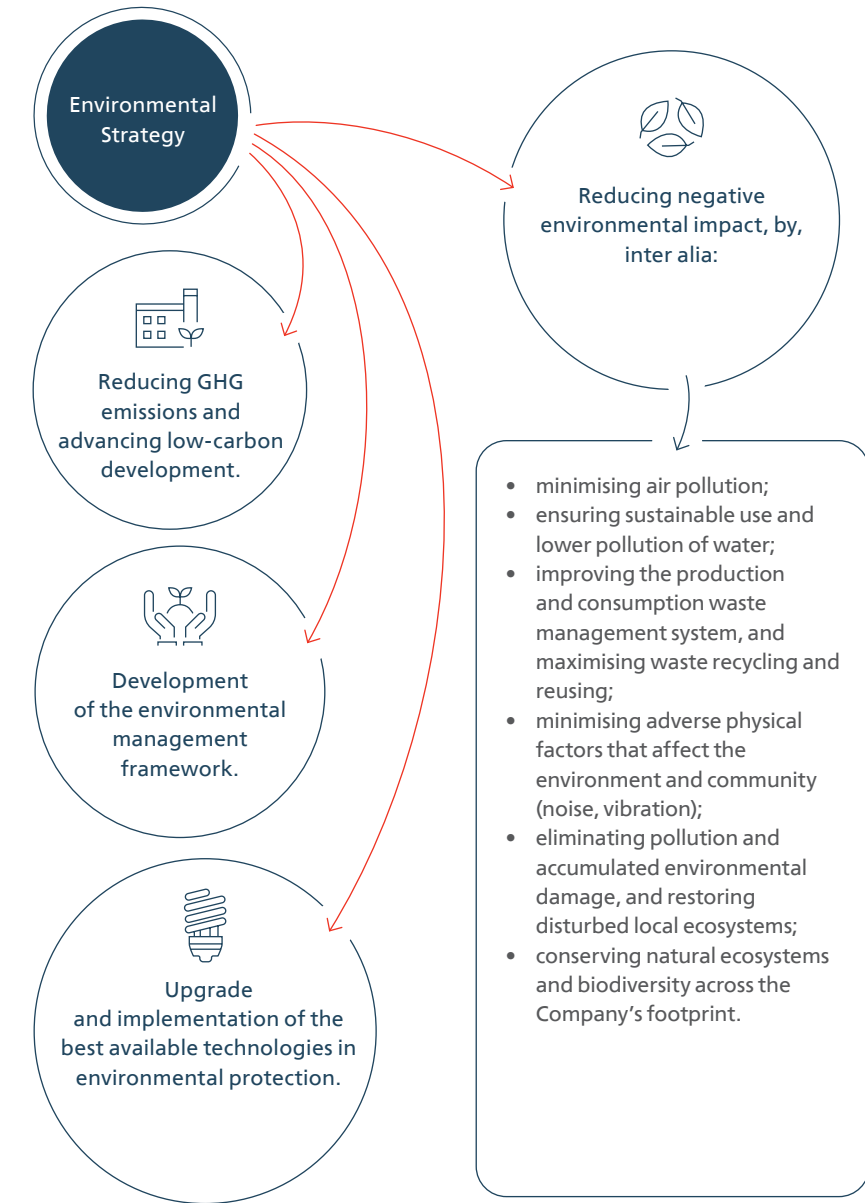


Environmental Strategy

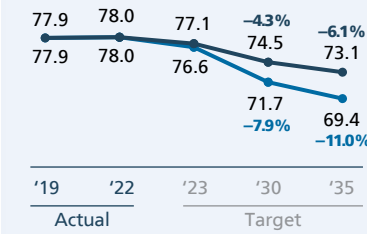
GRI 2-23

In 2022, the Company's Management Board approved Russian Railways' Environmental Strategy through 2030 with an outlook through 2035.

The Environmental Strategy focuses on four priority areas

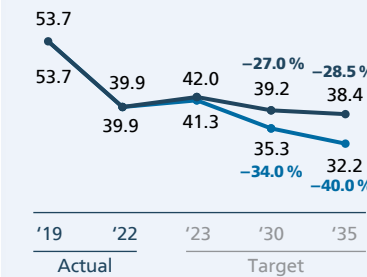


Target greenhouse gas emissions per unit of work¹, kg of CO₂ equivalent / 10,000 gross virtual tkm



- Conservative scenario
- Innovative scenario

Target air pollutant emissions from stationary sources², t



- Conservative scenario
- Innovative scenario

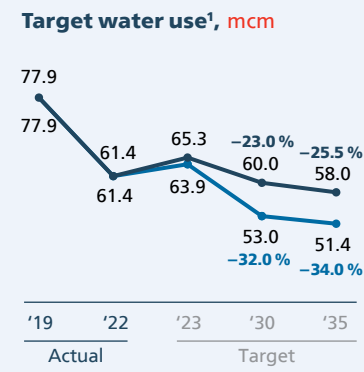
Environmental Strategy targets³

The Environmental Strategy provides for a conservative and an innovative scenario, depending on which

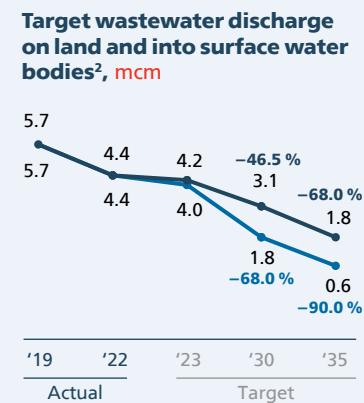
the targets will be met. Under the conservative scenario, the Company's transportation volumes will grow at

a relatively low average annual rate (+0.8%), while the innovative scenario assumes growth at a higher rate (+2%).

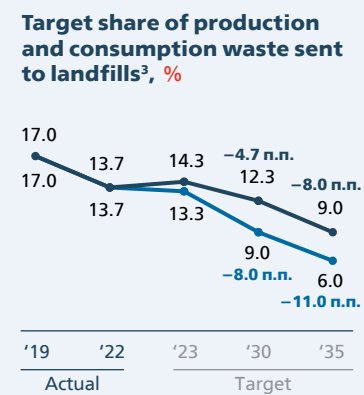
¹ Target values depend on the forecast consumption of fuel and energy resources and can be revised in accordance with Russian Railways' Energy Strategy through 2030 with an outlook through 2035.
² Emissions from stationary sources do not include emissions from shunting and mainline locomotives, special self-propelled rolling stock and other mobile equipment, including idling operation. These emissions are treated as coming from mobile sources. Targets may be revised in case of changes in the procedure for assessing air pollutant emissions.
³ The baseline year is 2019 as it came before the COVID-19 pandemic and was representative in terms of the key economic and environmental performance metrics. Change in targets is with reference to the 2019 level.



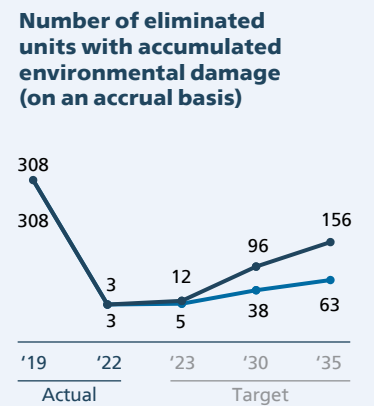
- Conservative scenario
- Innovative scenario



- Conservative scenario
- Innovative scenario



- Conservative scenario
- Innovative scenario



- Conservative scenario
- Innovative scenario



- Conservative scenario
- Innovative scenario

Key environmental initiatives in 2022

- Purchased 602 modern traction rolling stock units with improved environmental performance.
- Transitioned 16 boilers to alternative heat supply sources, including 12 shifting from coal to electric heating, three from fuel oil to electricity, and one more from diesel fuel to gas.
- Commissioned five treatment facilities, including reconstruction of a major treatment plant (Solvychegodsk station) with an annual capacity of more than 1 mcm.
- Ensured transition to a new waste management system for waste of hazard classes 1–2, including registration with the national system of accounting and control for the management of wastes of hazard classes 1–2, held extended webinars involving the federal operator.
- Installed 26 reverse vending machines to collect plastic bottles and aluminium cans at 17 railway stations.
- Launched a facility to process industrial rubber products at the Tulun station of the East Siberian Railway.
- Purchased equipment to support operations of the industrial environmental laboratories.
- Took care of 21 sites of accumulated environmental damage, including engineering surveys undertaken with respect to 16 sites.

Environmental excellence awards

- In 2022, Russian Railways won the following awards:
- Vernadsky National Environmental Award in the Sustainable Business category;
 - All-Russia Environmental Leader Award 2022 in the Digital Environment Projects category;
 - Reliable Partner – Environment, a contest for the nation’s best environmental practices, in the Best Ecotourism Project category.

Black Sea’s Clean Shores

The event took place in October 2022 in Sochi’s Lazorevsky District and was dedicated to the International Black Sea Day celebrates each 31 October.

The volunteers cleaned more than 5 km of coastline from unauthorised dumps and garbage remaining after the summer season, and did a clean-up after the disaster that occurred in the Lazorevsky District in autumn 2022.

They also participated in restoring a footbridge over the Tsuskhvdzh river destroyed during a summer rain storm: they renovated the deck and painted the railing.

In addition, WEARETOGETHER Volunteers Walk was inaugurated with 70 young trees planted.

Children’s health resort Express received a unique art piece and a gift certificate to build a sports centre.

Environmental training

Russian Railways attaches particular importance to the professional development of its managers and employees responsible for environmental safety.

Key topics of the training programmes:

- fundamentals of environmental safety;
- environmental safety of facilities;
- environmental safety in treating classes 1–4 waste.

All employees of the Company dealing with environmental matters enhance their qualifications at specialised educational institutions, Research and Production Centre for the Environmental Protection – a branch of the Company, and Russian Railways’ Corporate University.

In addition, the Company provides its employees with additional environmental safety training related



70 Russian Railways’ volunteers

took part in the Black Sea Clean Beach campaign

>200 railway workers

supported a call for charity donations at the Let’s Help Together fundraising platform to plant the trees.

>5 km

of coastline was cleaned by volunteers in the Lazorevsky district in the autumn of 2022.

to GHG emissions reduction and implementation of the environmental management system. Further in-house communication on environmental issues is provided through posters, leaflets, and booklets.

>3,000

people are trained in environmental programmes every year.

¹ Targets may change reflecting updates to the 2030 Development Plan for the Heat and Water Supply and Wastewater Discharge System.

² Given the same financing conditions.

³ Given the same financing conditions.

CLIMATE ACTION

Management approach

Due to the increased importance of climate protection for the international and domestic agenda, lower GHG emissions and climate action were singled out as an independent area of the Environmental Strategy, which is a priority for the development of Russian Railways and an integral part of the Company's policy in the field of environmental protection.

The reduction of GHG emissions, as an independent area of Russian Railways corporate policy, was included in the

Environmental Strategy as a target parameter back in 2008. The climate is a comprehensive aspect that covers all elements and stages of the transportation process and railway infrastructure development.

GHG emissions monitoring, reporting and control

Russian Railways has in place and develops a system of GHG emissions monitoring, reporting and control. Since 2017, Russian Railways has been

listed among state-owned companies involved in reducing GHG emissions¹ and submits annual progress reports to the authorised agencies of the Russian Federation.

Russian Railways' structural units take an inventory of GHG emissions, with data aggregated at higher governance levels (branches and the Company).

The key driver of reducing GHG emissions is the Company's balanced development as regards energy consumption and saving. Russian Railways' Energy Strategy through 2030 with an outlook through 2035 sets out relevant goals, objectives and focus areas.



GHG emissions calculation methodology

In 2022, Russian Railways calculated GHG emissions on the basis of the Methodology for GHG Emissions Volume Measurement at Russian Railways¹ prepared in line with the Russian guidelines on the calculation of direct emissions², and indirect energy-related emissions³, as well as methodological guidelines of the Intergovernmental Panel on Climate Change (IPCC). Emissions were calculated in relation to CO₂, without taking into account other

greenhouse gases, according to data on the consumption of energy resources. Such approach is permitted by both Russian regulations and methodological guidelines of the IPCC.

The methodology involved the calculation of two GHG emissions categories:

- direct emissions from burning fuel on stationary and mobile equipment in Russian Railways' operations (Scope 1 under the Greenhouse Gas Protocol⁴);

- indirect energy-related emissions associated with Russian Railways' structural units purchasing electricity and heat from third parties (Scope 2 under the Greenhouse Gas Protocol).

Currently, the Company does not calculate any indirect GHG emissions associated with the purchase of construction materials, rolling stock and supplies, as well as any other goods (Scope 3 under the Greenhouse Gas Protocol).

Prospects for reducing GHG emissions

National strategic plans view the advance of railway transportation as a prerequisite for the country's social and economic development and a key step towards decarbonisation of Russia's transportation system. That said, Russian Railways expects an increase in freight and passenger turnover to be followed by growing energy and fuel consumption. In the near future, the Company will actively use low-carbon sources and take further steps to improve energy saving and efficiency.

Russian Railways' Environmental Strategy through 2030 with an outlook through 2035 envisages the following initiatives.

- Traction energy:
 - large-scale electrification of diesel-driven railway sections;
 - transitioning to natural gas for autonomous locomotives;
 - creating experimental passenger trains using hydrogen fuel cells;
- Non-traction energy:
 - shutdown of fuel oil and coal boiler houses and transitioning to clean energy sources;
 - a wider use of renewable energy.

Energy efficiency and saving projects will enable the Company to reduce per unit electricity and diesel consumption in train traction, per unit energy and fuel consumption for heat supply in boiler houses, wear and tear of heating, water supply and disposal infrastructure, and losses in heat networks. An ongoing electrification of key routes in freight and passenger transportation will further increase the share of electricity and low-carbon energy in the Company's energy and fuel mix.

Climate change risks

The Company pays special attention to climate change risks, analysing the climate change impact and taking it into account when planning its activities.

The key potential threat to the Company's business is the growing number of meteorological hazards that jeopardise railway operations, including heavy rains and snowfalls, very low and high temperatures, extreme temperature swings, glaze, rime and greater impact of dangerous hydrological phenomena, such as

spring floods and freshets. The Company regularly assesses climate risks and develops response measures to mitigate them. Russian Railways is regularly exposed to the following anthropogenic and natural external risks:

- damage and accidents at sites supporting the Company's operations;
- industrial accidents involving associated transport modes (primarily in sea port water areas and at highways);

- fires and natural disasters in the Company's areas of operation.
- more frequent hydrometeorological hazards (frost, heat, snowfall, heavy rainfall);
- natural phenomena affecting the railway infrastructure more frequently (washaway, landslide, washout of slopes, rockfalls, etc.).

To mitigate these risks to infrastructure, the Company constructs various strengthening solutions (anti-washout

¹ Approved by Russian Railways' Order No. 1602r dated 8 August 2017. In 2023, Russian Railways approved a new Comprehensive Methodology for GHG Emissions Volume Measurement (Russian Railways' Order No. 726/r dated 24 March 2023).
² Approved by Order of the Russian Ministry of Natural Resources and Environment No. 300 dated 30 June 2015.
³ Approved by Order of the Russian Ministry of Natural Resources and Environment No. 330 dated 29 June 2017.
⁴ Greenhouse Gas Protocol. Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

¹ Approved by the Russian Government's Instruction No. AKh-P9-5761 dated 31 August 2017.

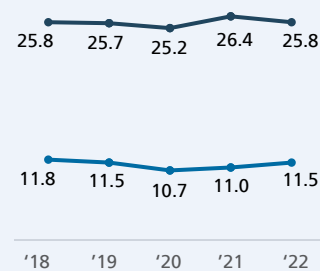
slab covers, rock dumping, rock anchorage) and structures for the protection of the track bed from natural hazards (such as mudflows, landslides, avalanches and rockfalls).

Conscious of the danger that climate change poses to the world, Russian Railways has set a long-term goal of growing its business with potential to achieve carbon neutrality by 2050.

GHG emissions

GRI 305-1, 305-2, 305-4, 305-5

Direct and indirect energy-related emissions, mt of CO₂



● Indirect emissions
● Direct emissions

GHG emissions per transportation volumes, kg of CO₂ equivalent / 10 thousand gross tkm



over **45%** reduction in total GHG emissions in 2022 vs 1990

In 2022, Russian Railways cut its total GHG emissions to 37.3 mt of CO₂, which is a more than 45% reduction vs 1990.

Indirect energy-related emissions make up more than half of the aggregate emissions in terms of mass. In 2022, their share reached 69%.

The parameter of Russian Railways' carbon intensity is a specific indicator of total direct and indirect energy emissions of greenhouse gases per unit of work performed (gross tkm). This indicator most accurately reflects the Company's efforts related to low-carbon development, as it does not depend on the volume of services provided.

In 2022, Russian Railways' carbon intensity reached 77.95 kg of CO₂ equivalent / 10 thousand gross virtual tkm. This is currently one of the lowest levels of GHG emissions per unit of work among the world's largest railway companies. This is mostly driven by a high degree of electrification of Russian Railways' infrastructure, with more than 51% of the total operating length of railways electrified.

The Company is implementing an Energy Savings and Energy Efficiency Programme. The following two areas made the most significant contribution:

- enhancing traffic control methods and technologies;
- optimisation of operation patterns and upgrade of heating systems in stationary power generation.

Other important contributors were efforts to improve energy efficiency and the performance of locomotives; higher energy efficiency of processes and infrastructure facilities; and higher level of energy recovery on electric traction. Electrification of railway infrastructure reduced the volume of diesel-powered operations on a number of railways.

Shifting to new types of rolling stock is essential for reducing GHG emissions. To reduce emissions, Russian Railways purchases modern Russian-made rolling stock with improved environmental performance.

Along with upgrading its traction fleet by putting new locomotives into operation, the Company runs projects to create eco-friendly traction rolling

stock. The Company is also designing shunting and mainline locomotives, passenger trains powered by hydrogen fuel cells, and hydrogen production and storage infrastructure.

In 2022, we also purchased steel rails made domestically with a 75% carbon footprint reduction compared to blast furnace and converter processes.

Energy efficiency

Russian Railways maintains leadership in energy efficiency and environmental friendliness among freight and passenger railway companies.

GRI 302-3

To achieve our strategic targets in reducing carbon intensity, we take steps outlined in the Energy Strategy through 2030 with an outlook through 2035, annual Energy Savings and Energy Efficiency Programme, industry investment programmes of our branches, and a programme of organisational and technical initiatives for 2020–2025¹.

Key areas in energy saving and efficiency:

- improving energy efficiency of transportation;
- developing the power grid to reduce energy losses and make it more energy efficient;
- using stationary and non-traction energy more efficiently.

Tools for the Company's efforts to save energy are its investment programmes aimed at upgrading the Company's fixed assets and its investment project titled "Introduction of Resource-Saving Technologies in Railway Transport".

The Company is actively preparing for climate projects. In 2022, Russian Railways and Bauman Moscow State Technical University signed an agreement to set up a Bauman GoGreen Consortium. As part of that agreement, Russian Railways' initiatives implemented from 2017 were reviewed to determine which of them may be classified as climate-related

In 2022, the Company went through with all of its essential energy saving activities covering both train traction and stationary units, which made it possible to achieve the targets for energy savings and energy efficiency improvement under the Long-Term Development Programme until 2025.

In the reporting year, the Energy Efficiency Programme helped to achieve fuel and energy savings of 7,308.6 TJ, or RUB 6.505 bn compared to RUB 4.0 bn in 2021.

projects according to Russian laws. The selected projects are subject to further assessment to confirm their eligibility.

The activities improving energy efficiency of the transportation process served to save RUB 4.5 bn compared to RUB 2.9 bn in 2021. The bulk of savings was achieved by improving traffic management procedures (42.3%) and locomotive operation (42.2%).

The improved performance of traction power supply saved RUB 88.8 m.



¹ Approved by Russian Railways' Order No. 2651/r dated 27 November 2019.

Energy efficiency improvement of the stationary power facilities saved more than RUB 2.0 bn, including:

- activities to boost energy efficiency of thermal generation and heating systems facilities, which served to achieve RUB 787.3 m in fuel and energy savings;

- initiatives aimed at improving energy efficiency of process flows and infrastructure, resulting in fuel and energy savings worth RUB 395.9 m;
- introduction of LED devices, energy-efficient lighting fixtures, optimisation of the lighting

operation patterns at the station railyards, terminals, technical and administrative buildings, and warehouses, with the resulting economy of RUB 341.0 m.

Performance against energy saving and energy efficiency targets

Target	Unit of measurement	Performance against targets			
		2021		2022	
		Plan	Actual	Plan	Actual
Energy intensity of operations	kJ / virtual tkm net	86.2	86.2	85.7	85.7
Reduction in the energy intensity of operations	kJ / virtual tkm net	-0.5	-0.5	-0.5	-0.5
	%	-0.6	-0.6	-0.6	-0.6
Energy efficiency of operations	10,000 virtual tkm net / kJ	116.0	116.0	116.7	116.7
Energy efficiency improvement (ΔE)	10,000 virtual tkm net / kJ	0.7	0.7	0.7	0.7
	%	0.6	0.6	0.6	0.6

Russian Railways is carrying out innovative development to use liquefied natural gas as an alternative energy source for train traction, in line with the Russian President's and the Russian Government's instructions. These efforts are part

of the cooperation agreement with locomotive manufacturers that focuses on using natural gas as a motor fuel.

The programme stipulates development, production and maintenance of new gas powered

locomotives, as well as deploying liquefied natural gas supply infrastructure and drafting regulations. Another work stream envisaged by the programme is the upgrade of mainline and shunting locomotives, which will enable them to run on natural gas.

AIR PROTECTION



In its operations, Russian Railways seeks to minimise air pollutant emissions from stationary and mobile sources. The Company conducts regular internal checks of mainline

and shunting diesel locomotives and track maintenance equipment for compliance with technical standards for air pollutant emissions through the use of environmental monitoring

points furnished with diagnostics facilities. Emissions are also measured following diesel locomotive rheostat testing.

Emissions by category, kt

GRI 305-7

	2017	2018	2019	2020	2021	2022
STATIONARY SOURCES						
Solids	14.1	13.5	11.8	10	9.3	8.2
Carbon monoxide (CO)	23.3	22	20.8	18.5	17.4	16.9
Sulphur dioxide (SO ₂)	14.2	13.3	11.9	10.5	9.5	8.8
Nitrogen oxides (NO _x)	7.4	7.1	6.8	5.7	4.9	4.5
Hydrocarbons (C _n H _m)	0.1	0.1	0.1	0.1	0.1	0.1
Volatile organic compounds	2.9	2.7	2.2	1.9	1.5	1.3
Other gases and liquids	0.3	0.3	0.1	0.1	0.1	0.1
MOBILE SOURCES (DIESEL LOCOMOTIVES)						
Carbon monoxide (CO)	30.2	31	30.7	28.7	29.4	25.6
Hydrocarbons (C _n H _m)	15.4	15.9	15.7	14.6	15.1	15.5
Nitrogen oxides (NO _x)	111.4	114.6	113.5	105.5	108.8	103.2
Soot	6.8	7	6.9	6.4	6.6	6.0



Stationary sources

Emissions from stationary sources make up around 21% of all emissions by Russian Railways.

The decrease is due to energy efficiency and saving initiatives, including upgrades and the use of

alternative fuel in boilers. At present, gas boilers produce as much as 45.7% of heat energy.

We are also increasing the share of alternative energy used in hot water and heat supply systems (solar

collectors and heat pumps). We replaced small coal and diesel boilers with 45 boilers running on pellet fuel. The Company is also reconstructing and installing new dust collection and gas purification facilities.

Mobile sources

Emissions from mobile sources make up around 79% of gross emissions of which approximately 88% come from mainline and shunting diesel locomotives. Initiatives to make transportation more energy efficient helped us reduce diesel driven transportation, cut downtime and time to cover delay for passenger trains, and decrease per unit diesel consumption in train traction. These steps resulted in lower per unit air emissions from mobile sources.

Modern rolling stock with improved environmental performance

In 2022, Russian Railways' fleet received 19 special self-propelled vehicles, 11 railbuses, 66 electric trains, 360 railway cars, and 602 locomotives, including 292 new series diesel locomotives and 310 electric locomotives, (275 freight and 35 passenger locomotives). The purchase of new traction rolling stock in 2022 serves to bring down air emissions.

Today, Russian Railways uses electric traction to transport more than 86% of cargo and 85% of passengers. For instance, CO₂ emissions generated by one passenger travelling from St Petersburg to Moscow by train are nearly four and five times lower than those from the same trip by car and plane, respectively.



WASTE MANAGEMENT



GRI 306-2

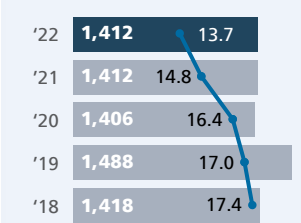
Russian Railways views efficient waste management as a prerequisite for transitioning to the circular economy.

In the long run, the Company seeks to minimise waste sent to landfills by increasing its processing.

Production and consumption waste

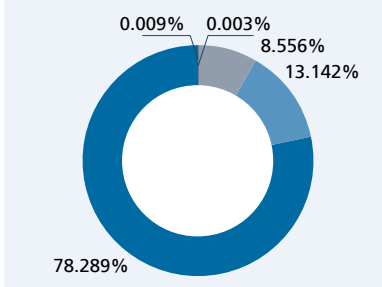
GRI 306-3

Waste generation and waste sent to landfills¹, kt



- Production and consumption waste
- Share of waste sent to landfills, %

Structure of waste generation by hazard class in the reporting year



- Hazard class 1
- Hazard class 2
- Hazard class 3
- Hazard class 4
- Hazard class 5

In 2022, Russian Railways generated 1.41 mt of production and consumption waste.

- Hazard class 1 – 123.33 t;
- Hazard class 2 – 48 t;
- Hazard class 3 – 120,780 t;
- Hazard class 4 – 185,510 t;
- Hazard class 5 – 1,105,100 t.

>80% of waste generated by Russian Railways is reused or recycled

0.05 mt of the total volume of waste was disposed of or decontaminated by the Company's units. Given the waste generated by other business units in 2022, 1.45 mt of waste was transferred to third parties, including:

- 1.08 mt for subsequent disposal;
- 0.16 mt for decontamination;
- 0.21 mt for burial.

In 2022, the share of production and consumption waste sent to be buried amounted to 13.7%, which is 1.1 pp below 2021 (14.8%).

Over 80% of the waste generated by Russian Railways is decontaminated, reused or recycled. Most of it (ferrous and non-ferrous scrap metals and

used petroleum products) is handled by waste processing professionals. In addition, waste is disposed of and decontaminated in accordance with the classes 1–4 waste management licence obtained by Russian Railways².

¹ The share is calculated based on waste generated (taking into account waste accumulated as at the beginning of the period) and sent to be buried (including municipal solid waste transferred to a regional operator) in the reporting period in accordance with the 2-TP federal statistic form (waste) as regards reporting of industrial and consumer waste generated, processed, disposed of, decontaminated and sent to landfills.
² Minutes No. L020-00113-77/00114264 dated 21 December 2021.

Waste management

We are progressively implementing a policy to foster sustainable waste management practices relying on circular economy principles. In 2022, we took various steps to increase the share of reused or recycled waste:

- Reshetnikovo, Yanaul and Podvoloshnaya railway stations of the October, Gorky, and Sverdlovskaya railways operate facilities to recycle reinforced concrete sleepers into crushed aggregate for construction and clean scrap reinforcement steel. In 2022, we processed 21,300 reinforced concrete sleepers.
- The Ukladochny and Perm-Sortirovochnaya railway stations (the West-Siberian and Sverdlovskaya Railways) operate two disposal units for industrial rubber products. In 2022, the units recycled 610.6 t of waste, producing 365 t of rubber granules and 17,000 sq m of rubber flooring. In December 2022, a plant to process industrial rubber products was commissioned at the Tulun station of the East Siberian Railway.
- Thermal neutralisation facilities of the Research and Production Centre for the Environmental Protection located in Yaroslavl and at the Tagul railway station decontaminated 7.9 kt of industrial and medical waste, including 92,000 used wooden sleepers.
- The reporting year saw a cogeneration unit at the Chernyakhovsk railway station of the Kaliningrad Railway consume hard fuel made of 31,900 wooden rails, generating 4,551 Gcal of heat and saving 618,35 cu m of natural gas.

Russian Railways implements standard solutions for separate waste accumulation by engaging cleaning and outsourcing companies. In 2022, amendments were made to the Standard Cleaning Technology for Railway Station Complexes of the

Railway Station Directorate to ensure separate accumulation of secondary materials and unsorted municipal solid waste.

To reduce the amount of landfilled waste, we engaged cleaning and outsourcing companies to take part in the selective collection of paper, glass and plastic.

In 2022, there were 2,191 t of waste paper (cardboard), glass, plastic and household aluminium sent for recycling, up 337 t or 18% y-o-y (1,854 t in 2021). Among secondary materials, it is paper and cardboard waste that is most often sent for recycling.

To reduce the volumes of waste paper, we take steps to introduce electronic workflow.

In 2022, 17 railway stations were furnished with 26 reverse vending machines collecting plastic bottles and aluminium cans. The reporting year saw some 200,000 containers accepted for recycling, including 80% of plastic waste and 20% of household aluminium.

We developed a project to install waste collection bins in the vestibules of ED electric trains for separate waste accumulation.

Project to process industrial rubber products at the Tulun station

In December 2022, a facility to process rubber waste products was launched at the Tulun station.

Rail pads are collected as part of a procedure to disassemble old year dual gauge track. They can now be recycled along with waste tyres to make rubber granules, which are used in rubber tiles flooring, both for the Company's own needs and for sale.

Annual processing volumes are estimated at 680 t of rubber products translating into 476 t of rubber granules, or 8,164 sq m of tiles.

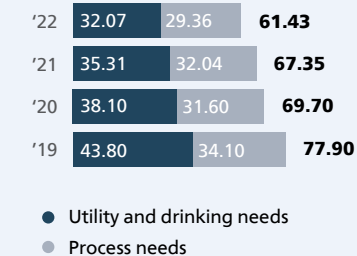
This is the third such project introduced at Russian Railways.



WATER RESOURCES

GRI 303-2

Changes in water use, mcm



Key elements of Russian Railways' approach to water use management:

- lower water consumption through efficient water use;
- reduction in wastewater discharge;
- prevention of water bodies pollution.

The Company withdraws water from surface and underground sources solely in accordance with the applicable laws (under water use agreements and extraction licences), without causing any significant environmental impact.

None of the regions of the Company's operations are classified as areas with water stress.

Targets set by Russian Railways' Environmental Strategy are being met under the Clear Water and Environmental Safety investment programmes. To decrease the discharge of insufficiently treated wastewater, we prepared a medium-term target programme to bring the treatment facilities up to the regulatory standards by 2025.

Water consumption

GRI 303-5

In 2022, Russian Railways used 61.43 mcm of water, a reduction of 5.9 mcm or 8.8% y-o-y (target – 1.6%), including 52% for utility and drinking needs and 48% for process needs.

To ensure sanitary and epidemiological safety for consumers, the Railway Hygiene and Epidemiology Centre performs regular drinking water quality checks at the Company's facilities.

The Company is running a Clear Water project to upgrade railway water supply systems. The project seeks to align the quality of water supplied to consumers with standards set by the Russian sanitation and environmental laws. It is part of Russian Railways' Programme for Improving Drinking Water Supply at Railways. The programme features the construction of new and renovation of existing water supply networks; the implementation of de-ironing systems; the procurement and installation of both modular water treatment plants and local industrial water treatment systems.

In 2022, the Privolzhskaya Railway saw wells reconstructed at the Anisovka station and a modular water treatment plant installed at the Atkarsk station. Water treatment equipment was

supplied to Naugolnaya, Gzhel, and Drachevo stations of the Moscow Railway and Partizansk station of the Far Eastern Railway.



Wastewater discharge

GRI 303-4

In 2022, the Company's wastewater discharge totalled 153.62 mcm, including 116.60 mcm of wastewater released into the environment and 37.02 mcm – into centralised water disposal systems.

In the reporting year, the Group's wastewater discharges into surface water bodies and on land amounted to 4.418 mcm, with:

- insufficiently treated wastewater coming in at 4.417 mcm;
- untreated wastewater at 0.001 mcm.

As compared to 2021, wastewater discharge went down by 5.2% (target – 4.5%).

As of the end of the reporting year, there were 457 treatment facilities at the Company's units, including 294 local and 163 sewage treatment facilities, of which 294 (65%) are treatment facilities releasing wastewater into disposal networks, 129 (28%) – into water bodies, and 34 (7%) – on land.

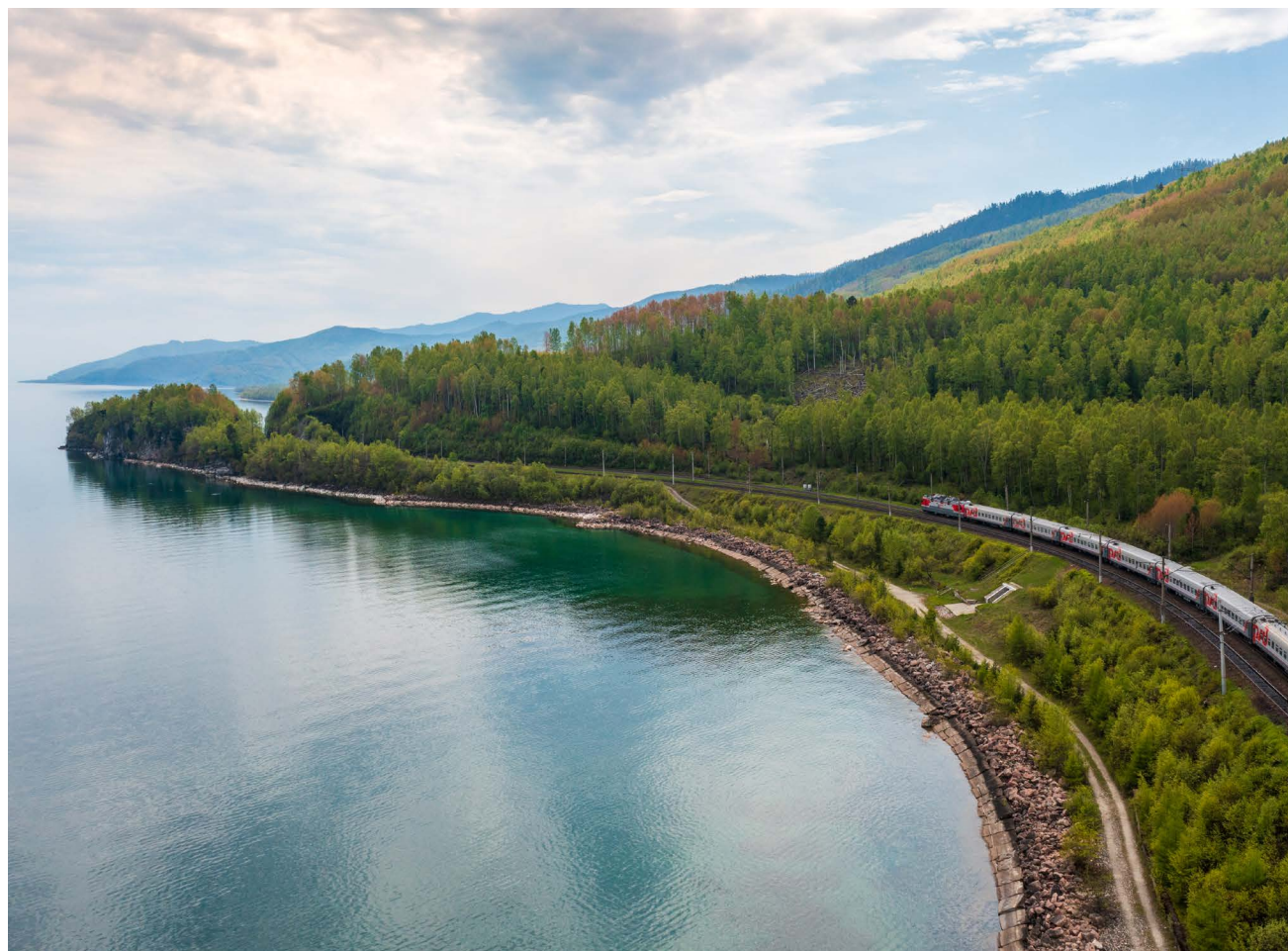
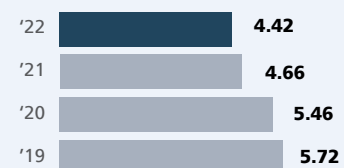
Plans for 2023

The Company set the following water management targets for 2023:

- reducing water use by 1.3% compared to 2022;
- cutting wastewater discharges into surface water and on land by 4.0% compared to 2022.

To that end, there are environmental protection measures slated for 2023, including renovation and construction of treatment facilities, introduction of environmental protection equipment and flushing of water pipelines. Once implemented, they will allow the Company to reduce wastewater discharges into water bodies and on land by 183,000 cu m.

Wastewater discharge into surface water bodies and on land, mcm



NOISE AND VIBRATION

Urban density comes with certain physical pollutants, primarily noise. Transport is one of the acoustic discomfort sources in urban areas. In view of this, the Company places special emphasis on minimising adverse physical factors and takes steps to reduce acoustic impact and vibration.

Minimising noise and vibration is a top priority for the Company's Environmental Strategy.

Russian Railways keeps launching new, more efficient technologies and cutting-edge solutions to minimise the causes of noise.

Every year, we implement measures to reduce noise and vibration both at the noise source (wheel-rail interface) and along the route of transmission to the protected site.

In 2022, we put in place the following initiatives to reduce noise impact from railway transport infrastructure facilities:

- laid 4,323 km of continuous welded rails;
- ground 27,900 km of rails;
- ground 700 interlocked turnouts.
- installed 19.7 m high-elasticity rail pads;
- laid 26,900 sq m of sub-ballast vibration isolators;
- planted 10,000 trees and 27,600 shrubs.

In 2021, Russian Railways launched a large-scale project of noise mapping in the most critical areas to assess the noise pollution impact and distribution in urban areas near railway infrastructure. Work continued in 2022, with 33 noise maps developed for the most critical areas.

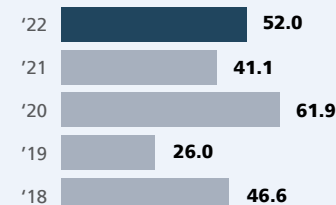
The Company regularly handles public queries and outlines comprehensive measures to mitigate acoustic discomfort within metropolitan areas. This includes checking and adjusting the loudspeaker operation modes, etc.

>52 km of noise protection screens installed as part of railway upgrade and construction

In December 2022, Russian Railways introduced a project to install sound insulation materials on the internal surfaces of VL10 and VL11 locomotives.

One two-section VL10U locomotive of the Rybnoye operating locomotive car shed of the Traction Directorate was equipped with soundproofing material and is currently undergoing trial runs on the Moscow Railway.

Installation of noise protection screens, km



BIODIVERSITY CONSERVATION

GRI 304-2, 304-3

As part of its environmental effort, Russian Railways places a special focus on the development and implementation of measures to preserve natural ecosystems and flora and fauna, primarily rare and protected species.

In 2022, the Company carried out a number of biodiversity conservation projects aimed at protecting rare and endangered species placed on the Red Lists.

2022 highlights:

- 15 feeders installed in the Irkutny and Kochergatsky regional nature reserves to support the population of moose, Siberian roe deer and red deer;

- 20 information signs and boards installed;
- 572,000 trees planted on a territory the size of 145 football fields;
- rootballed seedlings of the Scots pine planted on an area of 4.5 ha located in Slyudyanka Forestry in September 2022.

Environmental conservation in Lake Baikal's natural territory

In 2022, we carried out the following initiatives under the Action Plan to protect Lake Baikal's natural territory:

- the environmental control and monitoring system was integrated with the digital system of the

- Russian Ministry of Natural Resources and Environment, the data on atmospheric air control is publicly available via Rosgidromet information service;
- a facility to process industrial rubber products was launched at the Tulun station;
- Russian Railways' volunteers took part in six full-scale environmental events to clean up territories and plant trees;
- A comprehensive waste management solution from waste collection and sorting to the production of finished products using secondary materials was put in place on the Circum-Baikal Railway.

Tankhoy Mile

The opening of the Tankhoy Mile nature trail took place on 4 September 2022 in the village of Tankhoy on the Baikal coast. The event was combined with cleaning the shores of Lake Baikal as part of the Water of Russia campaign and planting trees along the trail.

The Tankhoy Mile trail was established at Russian Railways' initiative by the Zapovedniki Environmental Education Centre jointly with the Baikal Nature Reserve.

The trail connects the Tankhoy railway station with the Baikal Nature Reserve visitor centre. The new trail is part of the tourist infrastructure in the Baikal Reserve. It forms a loop around the perimeter of the already existing trails, offering an eight kilometre walk to see all the sights.

The trail lets tourists step back 100 years when Tankhoy was crucial for the railway development thanks to its ferry line between two sections of the Trans-Siberian Railway. Later it became the place where the Circum-Baikal Railway was built. For its complexity, the Circum-Baikal Railway was called the Golden Buckle of the Trans-Siberian Railway. Fifty years later, Tankhoy became home for the Central Estate of the Baikal Nature Reserve.



Tiger-themed Rossiya train on the Vladivostok–Moscow route

On 5 September 2022, a special ceremony was held to present the themed train dedicated to the Amur tiger.

The campaign aims to raise environmental awareness and contribute to the protection of endangered animal species. One of the Rossiya trains running between Vladivostok and Moscow is

tiger-themed. Outside, 12 carriages are decorated with images of tigers and tiger cubs. The train interiors feature posters familiarising passengers with Russia's rare animal species that require priority restoration measures. In addition to the Amur tiger, these are the Persian and Amur leopards, snow leopard, saiga, European bison, argali and

others. All of them are included in the 13 priority animal species of the Environment national project.

It is only natural that the Rossiya train was chosen for the campaign as it runs along the longest railway passenger route in the world stretching from Vladivostok to Moscow.



VOLUNTEERS FOR CHILDREN



In 2022, a large-scale Bring Joy campaign was launched to celebrate the International Children's Day.

at **50** railway stations across the country

volunteers congratulated over 4,000 passengers with children.



The celebrations featured:



Mini-quizzes on railway safety



Various workshops



Balloons, candy, gifts, and leaflets with railway safety tips

The Bring Joy campaign was run at

all the **16** railways

over **300** Russian Railways' volunteers took part in the campaign

PERSONNEL DEVELOPMENT

HR management

Approach to HR management

A key focus of Russian Railways' social and HR policy is to develop human capital. The Company runs projects promoting continuous training, employee motivation and occupational health, as well as projects aiming to shape a stable and favourable working environment.

Russian Railways' HR management system

Seven key principles

1. respect: for employees, the Company's business units, and the state;
2. feedback: constant monitoring of feedback from employees and business units;
3. efficiency: prompt response to business unit requests and external challenges;
4. proactivity: providing employees with proactive services;
5. engagement: involving managers in HR management processes;
6. innovation: using advanced technologies and practices;
7. digitalisation: focus on maximum digitisation of routine operations and increased process efficiency.

Underlying HR management documents

International and domestic documents:

- UN Universal Declaration of Human Rights
- UN Global Compact
- International Labour Organisation (ILO) Conventions
- Labour legislation in the countries of operation
- Social Charter of the Russian Business developed by the Russian Union of Industrialists and Entrepreneurs (RSPP)

Corporate documents:

- Russian Railways Group's 2030 Development Strategy
- Russian Railways' Human Capital Development Programme until 2025¹
- Russian Railways' Collective Bargaining Agreement
- Russian Railways' Code of Business Ethics²
- Programme of Russian Railways' Interaction with Railway Universities until 2025³
- Russian Railways' Youth Target Programme for 2021–2025⁴
- Regulation on Private Pension Schemes for Employees of Russian Railways⁵
- Russian Railways' Housing Policy Framework⁶
- Regulation on Organising Employee Training and Professional Development at Russian Railways⁷
- Russian Railways' Action Plan to Enhance the Quality of School Education Provided by Private Educational Institutions Through 2030⁸
- Russian Railways' Framework for Promotion of Professional Guidance until 2025⁹

Russian Railways provides jobs for about 1% of employed Russian citizens, which makes it the largest employer in the country and imposes high requirements on its social and HR policy.

HR management structure

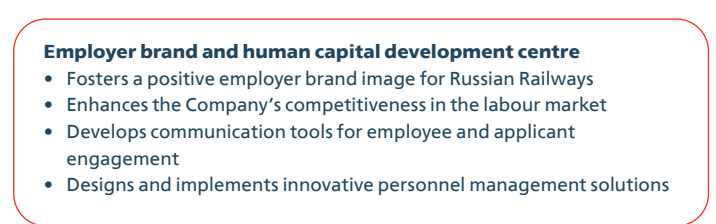
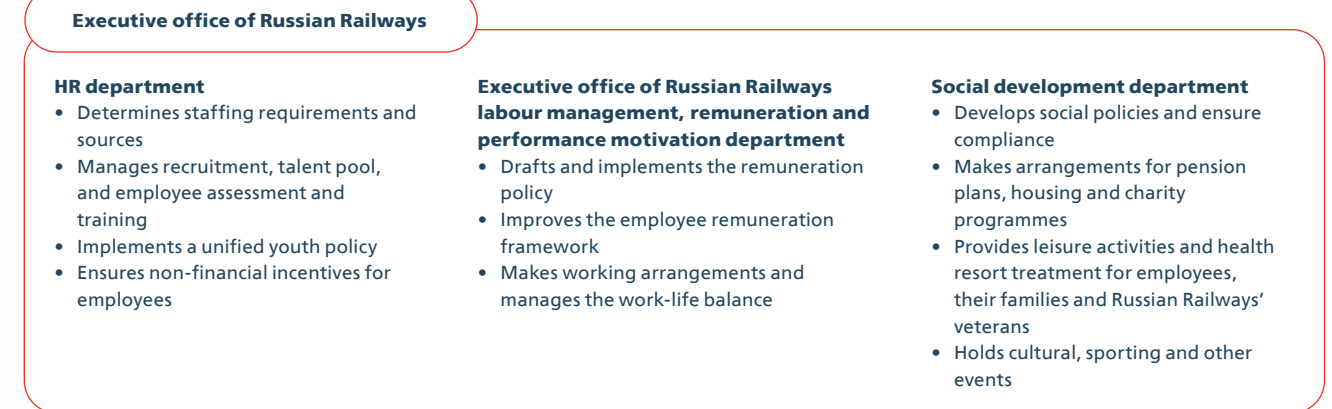
Progress against strategic HR management goals is monitored by Russian Railways' Board of Directors. The Personnel and Remuneration Committee is primarily designed to assist Russian Railways' Board of Directors in setting up governance bodies and developing transparent remuneration policies for their members.

Russian Railways' Deputy CEO for HR Management, Social Development and Healthcare is in charge of managing

human capital in the Group, whereas key human capital management responsibilities are distributed between the HR Department, Labour Management, Remuneration and

Performance. Motivation Department, Social Development Department, Central Healthcare Directorate, Centre for Labour Management and Design of Economic Standards, Workers

Training and Development Centre, and Employer Brand and Human Capital Development Centre.



¹ Approved by Russian Railways' Order No. 2757/r dated 14 December 2020.
² Approved by Russian Railways' Order No. 1143/r dated 6 May 2015.
³ Approved by Russian Railways' Order No. 58 dated 22 January 2020.
⁴ Approved by Russian Railways' Order No. 2767/r dated 15 December 2020.
⁵ Approved by Russian Railways' Order No. 2580r dated 28 December 2006.
⁶ Approved by Russian Railways' Order No. 1555/r dated 21 July 2020.
⁷ Approved by Russian Railways' Order No. 675/r dated 21 March 2022.
⁸ Approved by Russian Railways' Order No. 658/r dated 30 March 2021.
⁹ Approved by Russian Railways' Management Board (Minutes No. 9 dated 11 February 2019).

Social risks

The Company addresses social risks with regard to its employees and retirees as well as other social partnership entities. As regards the risk of ineffective social policy, we primarily aim at creating sustainable working environment, fulfilling obligations under the Collective Bargaining Agreement and supporting a positive image of Russian Railways to prevent weakening of labour productivity, staff motivation and overall performance, as well as to avoid collective labour disputes and

strikes. The key areas of social risks include HR management, incentives and compensation, social development and healthcare.

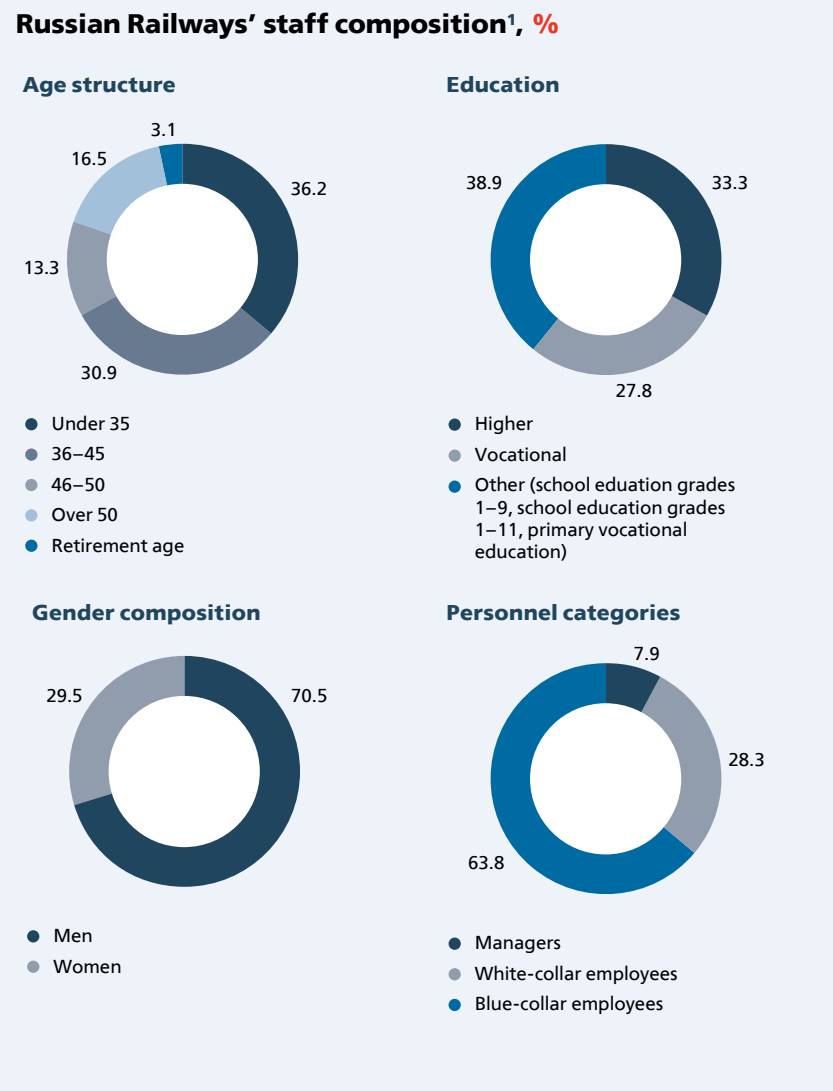
In 2022, the following measures were taken to mitigate these risks:

- employee training;
- improvement and development of social benefits and guarantees for Russian Railways' employees and retirees;
- revision/update of Russian Railways' regulations;
- analysis of performance under the Collective Bargaining Agreement;
- adjustment of the strategy for the social policy to factor in external and internal factors;
- staff monitoring, continuous information sharing through corporate media, addressing public queries, participation in employee meetings.

Personnel structure and turnover

GRI 2-7

As of the end of 2022, Russian Railways had a headcount of 701,200 people. The share of employees under 35 years of age was 36.2% of the total headcount, which is in line with the targets of Russian Railways Human Capital Development Programme. The share of employees with higher education was 33.3%, those with secondary professional education – 27.8%, and employees with school education (grades 1–9 and grades 1–11) and primary vocational education – 38.9%.



¹ As at 31 December 2022.

Russian Railways' personnel structure with a breakdown by gender, age, education and category, people

GRI 405-1

Indicator	2020	2021	2022
PERSONNEL STRUCTURE BY AGE AS AT THE END OF THE REPORTING YEAR			
Women (under 30)	40,821	36,887	36,794
Men (under 30)	112,443	102,471	103,840
Women (31–50)	136,894	127,603	126,963
Men (31–50)	300,524	295,982	296,417
Women (over 50)	42,844	41,929	43,225
Men (over 50)	89,924	91,433	93,925
PERSONNEL STRUCTURE BY CATEGORY AS AT THE END OF THE REPORTING YEAR			
Women (managers)	16,244	14,600	14,763
Men (managers)	40,761	40,319	40,656
Women (office workers and white-collar employees)	132,345	121,772	121,330
Men (office workers and white-collar employees)	79,161	76,939	77,074
Women (blue-collar employees)	71,970	70,047	70,889
Men (blue-collar employees)	382,969	372,628	376,452
PERSONNEL STRUCTURE BY EDUCATION AS AT THE END OF THE REPORTING YEAR			
Higher	242,999	230,713	233,555
Secondary vocational	203,285	195,719	195,999
Other	277,166	269,873	271,610

Russian Railways' personnel structure with a breakdown by gender, age and category as at the end of the reporting year, %

Category	Gender	Age group		
		Under 30	30-50	Over 50
Managers	Men	0.51	4.09	1.19
	Women	0.11	1.47	0.53
Office workers	Men	2.25	6.25	2.36
	Women	2.68	9.60	2.57
White-collar employees	Men	0.05	0.04	0.03
	Women	0.44	1.41	0.60
Blue-collar employees	Men	11.99	31.89	9.81
	Women	2.02	5.63	2.46

In 2022, the Company hired 102,000 people, including 7,100 graduates of sectoral educational institutions that train specialists under higher and

vocational education programmes in accordance with the needs of Russian Railways' branches.

The headcount goes up in May to September as the Company takes on seasonal workers and students under internships.

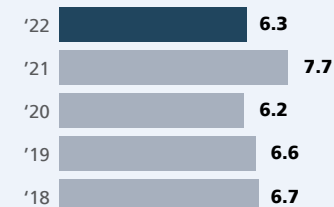
New employee hires in 2022 by gender and age, people

GRI 401-1

New hires	2018	2019	2020	2021	2022
Men	67,477	64,911	42,012	56,335	73,546
Women	27,425	26,037	14,739	23,956	28,507
Under 30	54,159	50,385	30,386	44,095	56,297
31–50 years of age	32,494	31,788	21,370	28,911	37,098
Over 50	8,249	8,775	4,998	7,285	8,658

Staff turnover is one of the Company's key performance indicators, with its threshold set at 8% as per the internal calculation methodology. In 2022, it remained below the threshold, within the set target values, and amounted to 6.3%.

Personnel turnover, %



GRI 401-1

Russian Railways monitors employee turnover by business unit on an ongoing basis. In addition, the Company carries out a detailed analysis of the reasons behind staff turnover in the first year of employment, by personnel category, and by age group (under 35 years of age). Questionnaires filled out by quitting and dismissed employees are used to collect data on staff turnover causes and develop roadmaps and retention programmes.

Quitting and dismissed employees, people

GRI 401-1

Quitting and dismissed employees in the reporting year	2020	2021	2022
Women	22,029	38,228	27,995
Men	54,013	70,065	71,499
Employees under 30	22,958	36,693	37,962
Employees aged 31–50	30,693	47,288	39,034
Employees over 50	22,391	24,312	22,498

Stronger employer brand

Russian Railways ensures the consistency of its communications as an employer by conveying the key attributes of its value proposition such as scale, opportunities, technological sophistication and care.

In a bid to improve its competitiveness on the labour market and become more visible for job applicants, in 2022 the Company developed and approved the employer's value proposition

– Russian Railways: Empowering Action-Minded Professionals. The document sets out the employer's mission and vision, four key brand advantages (scale, technological edge, care and opportunities), and the role of textual and visual images in communications focusing on job opportunities at Russian Railways.

In 2022, we continued our ongoing engagement with university students

and introduced new forms of career guidance activities sponsored by the Company.

- As part of the Russian Railways Week held on the sidelines of the nationwide Your Turn competition, the Russian Railways Team Telegram channel posted online lectures by the Company's experts. The participants were also offered a variety of quizzes and challenges. Over 16,000 people took part in the event.

- The Company became the general partner of Changellenge Cup Moscow 2022, a business challenge championship, and offered Russian students a business case problem from Russian Railways – they had to develop a strategy for promoting railway tourism in Russia and making domestic travels more attractive for young people. The championship brought together 3,800 participants who came up with 30 potential solutions to the challenge.

- The Company organised career guidance meetings with the students of over 50 technical schools and vocational colleges.

In 2022, Russian Railways continued promoting its Career Portal (team.rzd.ru) as the key information platform for job applicants, university and school students.

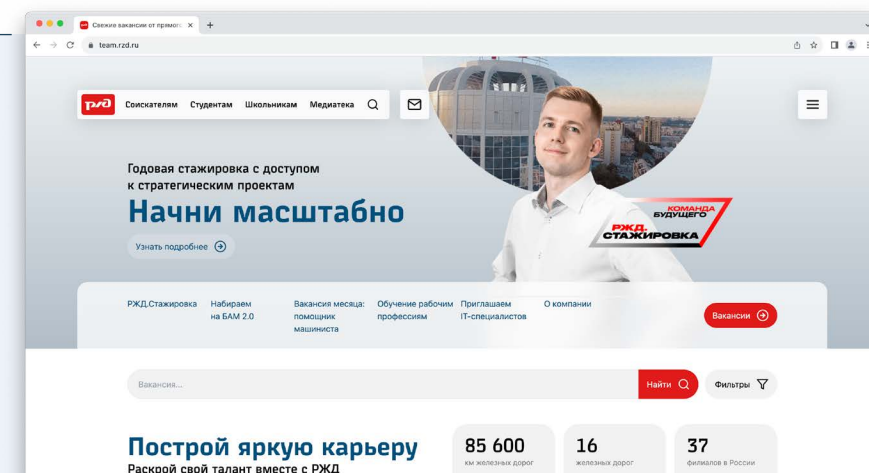
Each month the portal posts some

5,000
job openings,

with its monthly traffic coming in at over 180,000 users.

Total traffic in 2022 exceeded 1.8 million people, while the number of application submissions doubled compared to 2021.

The main goal of building a stronger employer brand is to enhance the appeal and competitiveness of Russian Railways on the labour market, while also communicating the Company's values to the outer target audiences (job applicants, university and school students).



The Company continues to strengthen its clout as a leading employer among major Russian companies. In 2022, 12 projects of our social and HR division won a number of prestigious awards. Listed below are the most important of them:

- HR Team of the Year according to the Crystal Pyramid awards held on the sidelines of the annual Summit of Russian and CIS HR Directors, an event sponsored by the RSPP;
- Dream Job according to InterComm 2022, the main intracorporate communications and corporate culture award in Russia and the CIS.

Attractive employer

In 2022, Russian Railways continued to ride high in the rankings of Russia's best employers:

- for the fourth year running, the Company came in second in the people's rating of Russia's best employers compiled by VCIOM (Russian Public Opinion Research Centre);
- for the first time, Russian Railways made it to the Top 3 most attractive companies for young people according to the people's rating of Russia's best employers compiled by VCIOM;
- for the third year running, the Company tops the Changellenge rating of the best employers for students among logistics companies.

Employee training and development

The Company has a comprehensive ongoing training and development system for its employees, from entry level to top management.

Key documents:

- Russian Railways' Human Capital Development Programme until 2025¹;
- Regulation on Training and Development of Russian Railways Managers and Office Workers²;
- Russian Railways' Programme on Employee Development and Training System Improvement until 2025³;
- Rules for Organising Employee Training and Professional Development at Russian Railways⁴;
- Regulation on Organising Employee Training and Professional Development at Russian Railways⁵.

Key achievements in 2022:

- The Company continued to improve its remuneration and qualification system by developing (updating) ten professional standards for the main professions and positions in railway transport.
- Russian Railways' Corporate University started developing and implementing new educational solutions aimed at fostering professional competencies of managers at key production branches.
- The number of courses offered by Russian Railways' distance learning platform exceeded 1,100. We created a separate training area for the quick onboarding of new employees. Seven sectoral universities joined the platform.
- The Company continued its Knowledge Hour project with more than 750 courses involving over 250,000 employees.

Personnel onboarding and mentorship

GRI 404-2, 404-3

Onboarding is a comprehensive procedure to help new hires adapt to workplace practices and rules, develop professional knowledge and skills and learn about the corporate culture, as well as encourage them to be diligent, responsible, hard-working, loyal and proud to be part of the Russian Railways team.

All Russian Railways employees undergo onboarding in line with a dedicated plan.

Employees responsible for traffic safety and the most sophisticated technological processes complete an onboarding internship (a type of job onboarding).

In 2022, 15 railways held corporate Onboarding Days for Young Professionals (47 events with over 7,400 attendees) to provide a holistic view of the Russian Railways Group, its corporate culture and values.

Professional mentoring is a traditional part of Russian Railways' processes: seasoned professionals immerse newcomers in the process intricacies and familiarise them with the corporate culture. 2022 saw seven branches of the Company pilot a new approach to organising professional mentoring in their dedicated units with the aim of improving employee training efficiency.

Highlights of Russian Railways' new approach to mentorship:

- developing a set of skills (specific actions to be taught by the mentor);

- freedom of the mentor to determine the way of teaching key skills;
- a demo day where mentees demonstrate how they use their new knowledge in practice;
- financial and non-financial incentives.

To promote professional mentoring, we automated the maintenance of the sets of skills to be learned, the creation of order forms, and downloading of demo day checklists.

The Company also develops distance learning courses in mentoring methodology and mentoring process in information systems.

Training and development of blue- and white-collar employees

The corporate vocational education system is based on

15 vocational education centres

with 67 branches covering the whole country, from Kaliningrad to Sakhalin.

In 2022, the Company trained 40,000 employees in key jobs, including 32,800 in vocational education centres. 169,200 employees completed training as part of professional development programmes, including 137,800 in vocational education centres. Teaching skills and technology courses were offered to 448 vocational centre instructors.

In 2022, the Company arranged and carried out the following measures to improve its employee training and development system:

- 165 educational programmes with teaching and learning packages and sets of assessment tools were developed and approved (64 programmes for basic training and 101 programmes for professional development);
- flexible training formats were developed for simultaneous training in two professions (diesel locomotive operator's assistant and electric locomotive operator's assistant) allowing for on-site and distance learning in the evening and during weekends;
- availability equipment at training grounds for improving practical skills was increased by 14%;
- modern equipment was procured, including 43 simulator complexes and 46 interactive panels for digital educational resources;
- to create a modern educational space, vocational education centres created and approved albums of standard design solutions for training buildings and dormitories of training centres.

Management and office workers training

According to Russian Railways' Human Capital Development Programme until 2025, the main goal of white-collar employees training development is to boost efficiency by ensuring accessibility, quality and focus of educational opportunities aimed at building all kinds of corporate and professional competencies.

In 2022, over 315,000 managers and office workers received training, including over 191,000 trained at the Russian Railways Corporate University.

The number of trained employees went up by

27 %

in 2022 y-o-y.

Talent pool

The Corporate University serves as a centre of excellence in carrying out programmes to develop the Russian Railways Group talent pool, personnel assessment, methodology of new educational programmes, implementing innovative technologies in education, and promoting best management practices and business initiatives.

The Corporate University has established a comprehensive system for the development of managers included in the Company's talent pool. The system consists of:

- levels of improving managerial competencies;
- functional programmes to develop high-potential managers in the Company's key business areas;
- a corporate MBA programme.

In addition to the framework for talent pool development, we also have in place a set of programmes to support management tools upon request from relevant business units and in line with the Company's strategic goals (for example, digitalisation, process approach, traffic safety culture, risk management, and customer focus).

Developing managers and specialists in 2022

- More than 1,700 managers received training under programmes for comprehensive development of the Russian Railways talent pool.
- To increase coverage of linear managers, more than 1,300 employees were trained at regional railway universities under partner programmes of the Russian Railways Corporate University.

- We also continued the Master-Club Programme for the Management Board members, directors, heads of units of the Executive Office, railways and regional directorates of Russian Railways. In 2022, the Company launched a new format of the Master Club: Practice programme – a series of master classes by leading experts focused on finding solutions to specific production or management tasks of Russian Railways divisions.
- We work consistently to develop high-potential managers to cover all functional areas of the Russian Railways Group's operations. In 2022, managers of the construction, transport, logistics and economic business divisions were trained under the Functional Management programme; qualifiers were held to select managers of the locomotive fleet and the Company's property management division.
- Russian Railways Corporate University came up with a new educational solution: exchange internship of managers at railway enterprises of different railway domains. In the reporting year, management teams from the Far Eastern and West-Siberian railways took part in the internships.
- We continued with our training programmes for managers and office workers to support Russian Railways' Digital Transformation Strategy until 2025.
- Educational solutions dedicated to sustainable development were implemented: an e-course in Management of the Company's Sustainable Development, Social Well-Being master classes as part of the Knowledge Express open learning format, Technological Transformation of Railway Transport as a Key Factor of Sustainable Development for students of talent pool development programmes.

¹ Approved by Russian Railways' Order No. 2757/r dated 14 December 2020.

² Approved by Russian Railways' Order No. 1241/r dated 9 June 2020.

³ Approved by Russian Railways' Order No. 2827/r dated 18 December 2020.

⁴ Approved by Russian Railways' Order No. 493/r dated 5 April 2021.

⁵ Approved by Russian Railways' Order No. 675/r dated 21 March 2022.

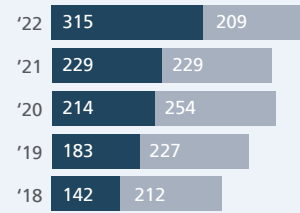
- The Company continued its project to form a community of in-house coaches from among the Company's employees who were selected, trained and certified to conduct educational events for their colleagues. At the request of branches, certified business coaches with proprietary programmes can conduct training sessions to develop employee competencies. Russian Railways certificated 74 in-house coaches.
- The Company continued its Knowledge.Express project based on the continuing education concept. Over three years, 92 masterclasses were held, 16,000 students took part online, and the number of masterclasses viewed on the platform exceeded 110,000

Distance learning

To improve personnel performance and ensure continuous professional development, we have a distance learning system in place, offering more than 1,100 training courses.

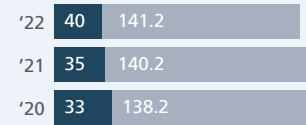
The Company also launched a Knowledge Hour project to develop professional competencies. It focuses on keeping the personnel competencies at a required level by dedicating one working hour per month to training. In 2022, we introduced over 750 courses attended by more than 250,000 employees from eleven branches. In 2022, the project was joined by the Central Directorate for Multiple Unit Trains and the Directorate for Traction Stock Repair.

Employees who completed training, thousand people



- Further professional education as part of reskilling and upskilling programmes
- Professional training as part of training, reskilling and upskilling programmes

Average hours of training per year per employee trained, hours per employee



- Further professional education as part of reskilling and upskilling programmes
- Professional training as part of training, reskilling and upskilling programmes

ESG training for employees

In 2022

1,479 employees of Russian Railways

took an e-course in sustainable development management, which aimed to provide managers and line personnel with basic insights into sustainable development. Developed by Russian Railways'

Corporate University, the training programme comprised 32 teaching hours across seven educational modules on various ESG matters supported by case studies of Russian Railways and other companies. At the end of the course, all students took the final test and received their further training certificate. The Company plans to continue providing training in sustainable development management.

Remuneration and incentive system

As part of its social policy, the Company makes an ongoing, focused effort to improve its remuneration and incentive system. This results in increased labour productivity and higher operating performance, while also helping us retain highly qualified personnel.

Amid significant inflationary pressure, the Company seeks to improve the competitiveness of salaries by fulfilling its obligations under Russian Railways' Collective Bargaining Agreement. In 2022, the Company indexed employee salaries three times: by 4.2% starting 1 March, 5% starting 1 May, and 5% starting 1 August.

The average monthly salary across all Russian Railways' operations amounted to RUB 75,600, up 15% compared to 2021 (RUB 65,800). Real salaries increased by 1%.



Russian Railways holds its position in terms of salary levels on the labour markets. The Company offers salaries 16% above the national average and the average pay level across Russian regions¹.

The Company's approach to the financial incentive system is a classic combination of regular and additional bonuses. The former is aimed at financially motivating employees to achieve both individual and collective KPIs, while additional bonuses serve to laser-focus personnel on specific tasks. The Russian Railways applies 33 types of additional bonuses. In 2022, the Company paid the following bonuses to:

- 101,300 people for ensuring traffic safety;
- 113,700 people for saving fuel and energy resources;
- 9,400 people for preventing occupational injuries²;
- 2,200 people for identifying hard-to-detect defects in freight and passenger trains;
- 1,700 people for identifying violations committed in the operation of traction stock;
- 1,600 people for reducing unproductive losses of working time of locomotive crews;
- 7,300 people for the implementation of JIT production projects;
- 6,300 people for mentoring;

- 3,100 people for promoting invention and efficiency proposals;
- and other.

The corporate remuneration system, including its hourly rates (for blue-collar jobs) and monthly salaries (for management and white-collar jobs), compensation and incentive payments, applies to all Russian Railways employees regardless of their gender.

Labour productivity

Increasing labour productivity is a major priority for Russian Railways, which it advances through its Labour Productivity Improvement Programme that includes deploying cutting-edge equipment and devices, improvement and modification of processes, organisational measures, multi-skilling, and expanded roles.

In 2022, productivity in transportation operations increased by 2.8% y-o-y.

¹ Except for the Yamal-Nenets Autonomous Area and the Sakhalin Region.

² Including 2,700 people for preventing occupational injuries associated with hitting by rolling stock and 6,700 people for preventing occupational injuries with disability of employees (including fatalities), authorised persons (proxies) of the Russian Trade Union of Railway Workers and Transport Builders, Russian Railways' primary trade union.

Intracorporate communications

The key objective of developing intracorporate communications is to improve employee satisfaction and engagement levels by raising personnel awareness, enhancing feedback channels within the Company, and promoting corporate values among staff.

Russian Railways' Employee Service Portal

Russian Railways' Employee Service Portal remains one of the key personnel communication channels. A shared information space facilitates contacts between the employer and workers, provides staff with corporate updates, and serves as a one-stop shop for over 50 services.

In the reporting year, we continued upgrading the portal by launching more than 10 new features, including online communication services (such as the Press section, an interactive tour and the Events service). Furthermore, we added the following new sections: Onboarding, Russian Railways' Youth, Bonus Package, and Benefits.

Daily traffic grew by 33% compared to 2021 and hit

200,000 unique users.

In December 2022, the portal set a new record in terms of traffic with

216,800 daily active users.

As part of new electronic services developed by Russian Railways, the Service Portal now offers the Company's employees a new digital tool to communicate with the employer – Electronic Workflow for Labour Relations. The electronic workflow enables employees to submit applications, request necessary documents and review them online 24/7.

In 2022, Russian Railways commenced a gradual shift to electronic labour relations document management. By year-end, more than 100,000 employees transitioned to electronic labour related workflow.

Feedback

To improve the quality of feedback, we continued upgrading the Manager's Online Desk service available on Russian Railways' Employee Service Portal. With this service, employees can reach their line managers directly to ask them questions, make a request or submit a proposal. In 2022, the online desk registered over 2,700 submissions from employees, nearly three times more than in 2021.

Apart from that, Russian Railways has a 24/7 hotline to report social and HR issues (+7 800 250 1520, calls are toll-free). In 2022, we registered over 40,000 requests, 87% of which were handled by operators in real time thanks to the vast knowledge base.

Social surveys

In 2022, the Company completed 36 corporate social surveys covering

520,000 employees,

including 160,000 people who took part in the annual Job Satisfaction and Personnel Engagement Levels survey at Russian Railways. The survey showed that general satisfaction had grown by 2.8 p.p. compared to 2021.

In addition to that, the Company conducted over 120 local surveys covering 100,000 employees and focusing on the assessment of social and psychological aspects of teamwork, employees' attitude to the healthy lifestyle, women's satisfaction with working conditions, and monitoring of key social and HR processes and projects.

Corporate culture

The corporate culture of Russian Railways rests on our rich history and traditions, the scale and global nature of our business, knowledge and experience continuity, and expertise and skills of the Company's employees.

The Company has a Code of Business Ethics in place, which sets forth unified corporate values, norms and rules of conduct for employees. The Code establishes the corporate standards and rules of business conduct mandatory for the Board of Directors and all employees, and sets out the relations of Russian Railways with shareholders, government authorities, legal entities and individuals.

The Business Ethics Committee participates in resolving conflicts, including violations of the norms and rules established by the Code, and develops recommendations and proposals on business ethics for Russian Railways' employees.

Brand values and ethical principles

Every employee of Russian Railways is guided by the brand values and ethical principles.

Our brand values



People

We create an effective environment to develop and support our big team and nurture everyone's self-fulfilment and recognition. We put a primary focus on people, collaboration and attention to the needs of customers, colleagues and partners.



Partnership

We strive for creative and successful partnerships based on mutual respect and trust coupled with a responsible attitude towards nature and resources. We value everyone's contribution to a common goal.



Openness to innovation

We are open to innovation and keep advancing our competencies to meet the challenges of an ever-evolving world. For us, innovation is key to shaping the quality of our work.

The ethical principles of Russian Railways underpin the Company's corporate culture and ensure trust and mutual respect, fair competition, social responsibility, objectivity and honesty when making personnel-related decisions.

In 2022, we drafted a new version of the Code of Business Ethics¹ to add new sections addressing such trending topics as contribution to the national goals and priorities of the Russian Federation, sustainable development, regulation of user behaviour on social and digital media, and the

value proposition of the Company as an employer. The new Code is fully consistent with the previous version, with additions made serving to elucidate important aspects of the Company's strategy and corporate culture.

Ethics advice and ethical issue prevention mechanisms

GRI 2-26

The Business Ethics Officer is in charge of ethics advice and ethical issue prevention mechanisms in Russian Railways.

All employees who have grounds to believe that someone's actions violate the Code of Business Ethics of Russian Railways, as well as the Russian laws, the Company's Charter or regulations must inform their immediate superiors or the Business Ethics Officer.

The Company guarantees confidentiality of any report made and anti-retaliation protection. The Company does not consider anonymous reports regarding violations of Russian Railways' Code of Business Ethics.

¹ In 2023, the new Code was approved by the resolution of the Board of Directors of Russian Railways (Minutes No. 13 dated 23 June 2023).

One can report violations of the Code of Business Ethics by calling Russian Railways' Hotline for employees (an integrated information and counselling service) or by emailing etics@rzd.ru.

In 2022, the Hotline operators received and processed

- 185 reports regarding business ethics issues (0.5% of all reports)
- 5,613 reports regarding the Company's treatment of its employees (14% of all reports)
- 15 reports on anti-corruption (0.04% of all reports)

The rest were requests for information and questions not related to the Company's business ethics, social responsibility and corporate culture; those were handled by operators in real time thanks to the vast knowledge base.

Ensuring equal rights for employees

GRI 406-1

In its operations, Russian Railways adheres to the principles of the UN Global Compact and the Social Charter of the Russian Business developed by the Russian Union of Industrialists and Entrepreneurs (RSPP).

- The Company strictly complies with the Russian labour and civil laws and builds relations with employees based on mutual respect and commitment.
- The Company encourages and supports the social and cultural diversity of its employees, providing them with equal opportunities for employment, remuneration and promotion regardless of their differences and beliefs.

In accordance with Russian Railways' Code of Business Ethics, heads of the Company's branches and business units ensure equal rights and opportunities for all persons when they apply for a job or work their way up the career ladder, regardless of their gender, age, race, ethnicity, language, origin, financial and employment status, place of residence, religious and political beliefs. The Company takes a tolerant

attitude towards ideological, personal and physiological differences of its employees.

Russian Railways does not tolerate harassment, insults, threats, or psychological abuse. In the event of human rights violations or discrimination, employees are entitled to contact the Hotline and make a complaint.

Improving conditions of work, leisure, and social support of women

Ensuring equal rights and opportunities for employees is one of the Company's top priorities in HR management. In December 2020, Russian Railways approved the Action Plan to improve the conditions of work, leisure, and social support of women in 2021–2025¹ with the Coordination Council being in charge of improving the conditions of work, leisure, and social support of women. The Council holds regular on-site meetings, online and offline

events for female employees and organises video conferences with railway coordination councils. These are effective ways of interacting with female employees and then developing and taking measures to improve their working conditions.

The Company participates in the Target Gender Equality programme of the UN Global Compact, which is based on the Women's Empowerment Principles, seeks to enhance women's contributions to the Sustainable Development Goals, and is aimed at optimising the corporate gender equality policy.

In 2022, we carried out an annual survey of the working conditions of Russian Railways' female employees. The survey showed that 78.2% women were satisfied with their employment at the Company.

The Company considers changes in the list of jobs available to women to be an important step towards equal opportunities. Russian Railways offer women an opportunity to work as train drivers and assistant drivers on certain types of traction rolling stock, as well as choose other professions that had traditionally been associated with men – from lorry driver to overhead lines repair personnel. In the reporting year, 64 women were trained and employed as train drivers and assistant drivers.

2022 results in improving the conditions of work, leisure, and social support of women

- We improved sanitary conditions and amenities for women and opened 30 new rooms for functional and emotional unwinding.
- Over 2,000 women were transferred to flexible working hours and remote work.
- Over 3,000 female employees were provided with a "woman's leave"¹.
- 14 models of special workwear and footwear were developed for women. The Company approved nine technical specifications for models of overhauls and smocks made of lightweight fabrics,

insulated waistcoats, high-visibility waterproof cloaks, lightweight and textile footwear.

- Over 2,000 female employees took part in the How To Be Successful and Happy corporate social event for improving the quality of women's lives and expanding their areas of interest and competencies.
- The Company continued to equip its sports, cultural and recreational facilities with children's rooms.

In total, more than 6,000 events were held across all six areas of the regional councils' plans in 2022. Apart from women, the Company's measures across its footprint cover their families, children and industry veterans.

In 2022, the How To Be Successful and Happy project ranked second in The Best Corporate Programme (Project) for Women's Leadership Development category at The Leaders in Corporate Philanthropy, a national contest for socially responsible businesses.



¹ One extra unpaid day off per month to which all female employees of the Company are entitled under the Collective Bargaining Agreement.

Youth policy

Employees under 35 years of age account for 36.2% of Russian Railways' total headcount. This makes social support of young talent even more important.

2022 saw over 1,200 activities and projects carried out as part of Russian Railways' Youth targeted programme (2021–2025) in order to ensure comprehensive development of and acquisition of industry-specific competencies by young employees, engage them in improvement of Russian Railways' operations, and build a youth-oriented corporate culture. About 206,000 young employees from across the Group took part in the events.

To develop engineering and technical potential and engage young people in solving corporate tasks and innovative development, the Company organised a youth project contest titled New Link – 2022, involving over 4,000 young employees who presented more than 2,000 projects.

A key youth event was the 14th Annual Youth Conference of Russian Railways, which was attended by more than 600 young employees, representatives of seven foreign railways, and young employees from ten state-owned corporations and large companies. The conference was focused on the role of a young employee as a citizen, an active employee and a member of the youth community.

One of the conference's main deliverables was a statement prepared by young people to declare their main principles, goals and objectives. The participants also presented more than 60 initiatives and ideas aimed at both improving the Company's processes and developing the youth community.

In order to build a direct, open dialogue between associations of active young people and the management of Russian Railways, youth affairs committees were set up at the railways and the Company's branches.

In 2022, more than

120
young employees

took part in the National Forum Campaign of the Federal Agency for Youth Affairs (Rosmolodezh) and presented over 60 projects.



Social support

Collective Bargaining Agreement

GRI 2-30

Russian Railways' Collective Bargaining Agreement covers 100% of the Company's employees and is an important motivation tool within its recruitment and retention framework.

Its key functions include:

-  social protection of employees
-  maintaining social stability among employees
-  boosting Russian Railways' attractiveness as an employer
-  developing social partnership

Basic social package:

- free annual travel by public railway transport for employees and their dependent children up to 18 years of age:
 - for personal needs on long-haul trains,
 - from the place of residence to the place of work or study and back,
 - from the place of residence to the place of medical treatment and back,
 - from the place of residence to the place where goods can be purchased for family needs – for employees living at stations, passing loops, or transport stops not covered by retailers;

- accident insurance of children during their stay in children's recreational camps;
- lump-sum remuneration for diligent work upon retirement;
- guarantees and benefits when an employee is discharged;
- employee insurance providing for payments to families of deceased employees.

Co-financed social package:

- private pension plans;
- health resort treatment and recreation for employees and their family members;
- providing places for employees' children in educational institutions established by the Company;
- corporate support for those acquiring their own housing;
- financial compensation for the cost of fitness sessions.

Compensated social package:

- An employee can be refunded, within a certain limit, for their expenses related to social services included on the approved list.

Bonus package:

- Financial and non-financial incentives through the mechanism of accrual and exchange of bonus points for activity, involvement in solving corporate tasks, or participation in important corporate projects.

Overall, Russian Railways delivered on its obligations for 2022 under the Collective Bargaining Agreement 2020–2022, meaning the Company maintained its status as a socially responsible employer. There were no collective labour disputes. The decisions on securing employment and personnel earnings ensured social stability among employees.

- financial support for motherhood and childhood:
 - supplement to the maternity allowance to raise the total payment to the average monthly earnings,
 - financial assistance in excess of the allowance established by laws in the event of the birth of a child (or adoption of a child),
 - monthly allowance for those on leave to care for a child aged 1.5 to 3 years;

Social support of employees

GRI 401-2

As a socially responsible employer, Russian Railways offers an extended social package in the following areas.

- voluntary health insurance;
- supporting employees in need of household fuel;
- financial assistance for those taking an annual paid leave;

Russian Railways' corporate pension is operated by the **Благосостояние Private Pension Fund.**

The key principles of the corporate pension system:

- shared employee/employer contribution to the employee's future pension;
- full financial security of corporate pensions;
- lifelong payments under the programme.

Corporate pension system

All of the Company's employees can benefit from the private corporate pension system. In terms of its goals and purpose, a private (corporate) pension is an additional measure of social support for workers, independent of the state pension system. Its strategic target is to ensure a replacement rate of at least 40% of an employee's lost earnings.

In 2022, the number of the Company participants to the plan exceeded 569,000. Over 288,000 retired railway workers currently receive corporate pensions in addition to the state ones.

In 2022, pensions were granted to 10,367 Russian Railways employees. The average corporate pension granted in 2022 was RUB 9,291.

Support for retirees

The Company's social responsibility efforts include benefits to senior retirees of railway enterprises not eligible for a private corporate pension. They receive monthly social support from the Honour charitable foundation.

In 2022, over 57,000 people received monthly financial aid for a total of RUB 383.7 m, with an average payment currently standing at RUB 556.

Retirees receive medical care at Russian Railways' corporate health centres in line with local compulsory health insurance programmes, and high-cost treatment according to the list of services stipulated by the Company.

Retirees in need can have their household fuel expenses compensated by the Company. In 2022, we covered RUB 569.4 m in household fuel expenses for over 34,000 veterans.

We provide premises, phone connection, and office supplies for veteran councils and arrange for car transportation to visit disabled people and lonely retirees.

Chairpersons of the veteran councils receive monthly financial aid. In 2022, a total of RUB 156.1 m was allocated to support 4,256 council chairpersons and deputy chairpersons.

The Company also provides monthly financial aid to keepers of local and site railway museums. In 2022, a total of RUB 16.8 m was paid to 243 keepers.

The Company holds corporate celebrations of the Victory Day and Day of Older Persons, organises trains to visit the sites of labour and battle glory,

and holds workshops to exchange field experience between veteran organisations.

In 2022, the Company provided financial support of over RUB 13.4 m to 11,400 veterans of the Great Patriotic War, prisoners of concentration camps and home front workers to mark the Victory Day.

All in all, financial support paid to veterans by the Honour charitable foundation exceeded RUB 1.3 bn. Russian Railways' Veterans targeted programme received RUB 45 m.

In the reporting year, the Unified Social Operator was introduced across the entire railway network to combine the provision of benefits, guarantees and compensations to Russian Railways retirees through remote services. 78,000 retirees registered with the Pensioner Service Portal and can now receive updates on events and apply for benefits online.

Housing policy

The Company cares about the comfort and well-being of its employees, offering corporate benefits to help improve their living conditions and buy housing:

- reduced mortgage rate of 2–4.5%;
- partial compensation of a subsidised mortgage loan for families with new-born or adopted children;
- corporate housing for employees of rare and sought-after professions;
- compensation of up to 70% of rental fees for employees renting third-party housing;
- subsidies to purchase housing for vulnerable population groups: single parents, multichild families,

people with disabilities caused by a workplace injury, and employees who lost their housing as a result of an emergency or a natural disaster.

In 2022, 1,990 employees improved their living conditions with the Company's support, including:

- 1,006 employees received subsidies for a portion of mortgage interest. The subsidies totalled RUB 81.73 m;
- 14 employees of certain categories (single parents, large families and others) received non-repayable subsidies totalling RUB 36.08 m.

1,488 employees received non-repayable subsidies for the birth of children during the period of subsidised mortgage repayment. The subsidies totalled RUB 304.2 m.

In the reporting year, five residential buildings with a total area of 4,902 sq m were built for Russian Railways' designated housing under investment projects. The Company commissioned residential buildings at the stations of Yezdotsky in the Belgorod Region, Karymskaya and Novaya Chara in the Trans-Baikal Territory, and Krymskaya in the Krasnodar Territory.

Volunteer movement

Russian Railways designated 2022 as the Year of Corporate Volunteering.

Throughout the year, we held a total of

2,455

corporate volunteering activities

exceeding the planned target by four times (initially planned: 616 activities).

The Company has a dedicated volunteer base of more than 85,000 employees who engage in corporate volunteering on a regular basis. Furthermore, in 2022, over 135,000 employees, accounting for 19% of the workforce, participated in at least one volunteering activity.

To support volunteering, an electronic volunteer logbook was introduced, enabling external volunteers to join the Company's volunteering initiatives.

To engage and empower volunteers, the Company provides them with a range of resources and rewards, both on an individual and team basis. These include:

- the Corporate Volunteering Cup competition (team basis);
- silver Russian Railways' Volunteer badges;
- corporate training programmes;
- co-working spaces (Goodness Station railway workers' social initiative centres on the Privolzhskaya and Oktyabrskaya railways);
- network-wide team-building volunteering campaigns;
- the Conductor to Good Deeds grant competition, and more.

2022 highlights:

- In 2022, a large-scale Bring Joy campaign was launched to celebrate the International Children's Day. Volunteers at 50 railway stations across the country

offered best wishes to over 4,000 passengers with children, organised mini-quizzes on railway safety and distributed balloons, gifts, and leaflets with railway safety tips.

- In July and October 2022, the Company ran large-scale Clean Shores clean-up campaigns on the shores and Lake Baikal and the Black Sea. A total of 260 corporate volunteers joined these initiatives to clear unauthorised shore-side garbage dumps, improve social infrastructure, plant trees, and create art installations.
- In August 2022, the first Goodness Station social initiative centres were opened on the Privolzhskaya and Oktyabrskaya railways. These dedicated spaces were launched to provide a platform for railway workers to gather, discuss, and hold volunteering initiatives, including creative projects, as well as to foster patriotism and promote intergenerational interaction

- among Company employees, their children, labour veterans, and partners.
- Regional volunteer forums were conducted for the first time across the railway network, enabling volunteers to share experiences and participate in workshops on social design.
- In collaboration with the Honour charitable foundation, Russian Railways became one of the winners of the Young at Heart all-Russian grant competition and was awarded a grant of RUB 1.85 m to open a Young at Heart Goodness Centre set to be launched at its Goodness Station social initiative centre in Krasnoyarsk in 2023.
- The 3rd Railway Volunteer Forum recapped 2022 as the Year of Corporate Volunteering.
- Russian Railways' Corporate Volunteering target programme for 2023–2030 was approved¹.

3rd Railway Volunteer Forum: a platform for like-minded individuals

The 3rd Railway Volunteer Forum was held in Moscow from 30 November to 6 December 2022.

The event brought together 200 top volunteers from across the railway network.

The grand opening of the forum was attended by Oleg Belozеров, CEO of Russian Railways.

Over the course of seven days, the delegates immersed themselves in a wealth of positive energy, new knowledge and ideas to energise them for the entire upcoming year.

The event's extensive programme featured talks with the Company's management, business games and workshops in areas such as

leadership, emotional management, social design, and building effective team communication.

Russian Railways' volunteers connected with peers from other companies, including Nornickel, Rosatom and Metalloinvest, and discussed potential joint projects.



Health protection

GRI 403-6

Protecting the health of the Company's employees is one of the top priorities of the corporate social policy. We operate a broad range of healthcare facilities, health resorts and children's recreational camps all across Russia, which are available for the Company's employees and retirees.

Currently, in 71 Russian regions, medical care is provided by 132 private healthcare facilities of Russian Railways, including 94 inpatient hospitals operating 24/7 with 15,100 beds and 336 outpatient facilities with a capacity of 80,300 visits per shift.

In 2022, the RZD-Medicine network had an outreach of 2.4 m people, of whom 29.8% were Company employees, 13.5% were Russian Railways retirees, and 56.7% were members of local communities.

In 2022, doctors made over

29 m

visits.

Starting 29 December 2021, the Company has a new Voluntary Health Insurance Agreement in place. The new programme also covers obesity therapy, assistance in quitting smoking, drug addiction treatment and psychiatric care, genetic diagnosis of predisposition to certain diseases, and diagnosis and treatment of male and female infertility.

Occupational health and safety

GRI 403-10

221 medical assessment boards are in place at RZD-Medicine private healthcare facilities. In line with their work plans, they completed 1.68 m medical examinations in 2022.

To enhance the quality of medical support for traffic and occupational safety, the Company has been working for several years to establish occupational pathology and occupational suitability centres (the "Centres") on the basis of private health facilities of RZD-Medicine to provide in-depth medical check-ups for exposed employees¹ on internship with the Company. There are currently 33 Centres operating on the rail network, including eight opened in 2022. The Centres coordinate the organisation and conduct of compulsory medical check-ups in their regions. The Centres operate to extend career longevity of employees and prevent and detect occupational and work-related diseases early.

In 2022, Russian Railways and the Russian Social Insurance Fund continued their cooperation to implement a pilot project for the prevention of occupational diseases, with the first stage of the project successfully completed in 2021.

Preventing cardiovascular diseases

In line with Presidential Decree No. 474 On the National Development Goals of the Russian Federation through 2030 dated 21 July 2020, the Company developed and approved the Plan for Implementing a Risk-oriented Approach to Reducing Cardiovascular Diseases among Russian Railways Employees until 2030.

The Plan sets a target to increase the share of Russian Railways employees with a low or no risk of cardiovascular diseases from 18.1% in 2021 to 20.8% in 2030.

The Plan has four focus areas:

- creating and maintaining a single register of patients with the risk of cardiovascular diseases;
- improving cardiovascular services within the RZD-Medicine system,
- preventing cardiovascular diseases;
- improving the talent pool of the RZD-Medicine system.

The Plan sets measures to help forecast and prevent the disease risks, and reduce morbidity, disability and fatality from cardiovascular diseases.

¹ Exposed employees are those that have had exposure to harmful and/or hazardous substances or factors at work for more than five years.

Health resort treatment

Health resort treatment, recreation and rest are available at 54 corporate health resorts, holiday hotels, recreational centres and camps across Russia (from Kaliningrad to the Far East).

In 2022, 89,100 employees and their family members received recreational services. When distributing and

subsidising health resort treatment stays, the Company places a special focus on employees directly responsible for railway traffic safety. For most employee categories, the share of the health resort stay price offset by the Company may range depending on the facility, position, and dates (10–50% for employees and 20–60% for their family members).

Children’s recreational facilities

In 2022, Russian Railways organised children’s recreational activities at 61 corporate children’s camps, 12 third-party children’s camps, including two on the Black Sea coast, and 12 corporate schools and children’s railways. A total of over 50,000 kids took part in the children’s summer recreational campaign (up 32% compared to 2021).

Following the call of the heart

The first network-wide campaign called the United Blood Donation Week lasted from 18 to 22 April 2022.

Blood donation at Russian Railways gathers pace, with the number of employees wishing to donate blood growing every year. The Unified Blood Donation Week once again showed that the Company has many people who want to make a difference.

Mobile blood donation points worked all week across the railway network. In a comfortable and friendly environment, every

employee could take a responsible and important step for society – donate blood.

2,661 employees took part in the initiative, donating some 1,197 litres of blood.

Every day thousands of people all over the country need donor blood, so the campaign has become a tradition. Today, each railway arranges regular donation days where any employee or volunteer can become a blood donor.

In 2022, Russian Railways received the Leader of Corporate Blood Donation Movement award as part of the Russian Red Cross competition.

Over 30,000 employees donated blood in 2022. Since 2022, Moscow and the Moscow Region have been actively cooperating with military hospitals, and 36 events have already been organised, involving 2,500 employees.

Over 30,000

employees took part in blood donation campaigns across the railway network in 2022.



Healthy lifestyle

The Company implements the Russian Railways’ Healthy Lifestyle Concept for 2020–2025 with nine focus areas:

- living tobacco-free;
- reducing alcohol consumption;
- healthy diet at workplace;
- doing more physical exercise;
- maintaining mental health and well-being;
- preventive medicine;
- healthy working conditions;
- raising awareness;
- motivation.

2025 targets:

- increase the share of Russian Railways employees doing sports and exercising regularly to 55%;
- reduce the share of smokers among employees by 10%.

In 2022, we held over 9,000 events in all focus areas of the Concept, attracting around 3 m attendees from among the Company’s employees, their family members, and industry veterans.

To promote corporate healthy lifestyle culture and motivate our employees to follow it, we organise dedicated events, volunteer campaigns to raise awareness about healthy living, Healthy Lifestyle Week and Summer,

health marathons, and the Strong Health programme at children’s recreational camps. All the events are announced and covered by the zozh_rd Telegram channel.

We also conduct health training sessions and hold sports events for the Company’s employees and their families. Major competitions include championships in cross-country skiing, football, chess, badminton, table tennis, basketball and cross-country running.

In 2022, eleven Company-wide competitions were held among railway teams, including Russian Railways employee championships in chess, table tennis, badminton, cross-country running and orienteering, Spartakiada, Russian Railways Cup in football, volleyball and ice hockey, as well as the Russian Railways online chess cup and spring online marathon.

800 mass sports events took place across Russian regions, bringing together around 45,000 people.

The Company has sports clubs in place to encourage our employees to exercise regularly. There are currently 583 sports clubs across the railway infrastructure attended by some 26,000 railway workers.

Employees’ mental health

We place a special emphasis on maintaining employees’ mental health and well-being as part of the Healthy Lifestyle Concept.

During the Mental Health Week traditionally held in October, we arrange master classes on emotional intelligence, neurographics, breathing practices, yoga and qigong training, individual consultations with psychologists, and master classes for medical professionals. During this period, over 600 events were organised with more than 43,000 participants.

Russian Railways branches and business units open dedicated rooms for emotional unwinding. In 2022, we made available 86 such rooms.

During this period, **over 600 events** were organised with more than 43,000 participants.



HEALTH AND SAFETY

Management approach

GRI 403-1

Health and safety is among the most important HR priorities for Russian Railways. The implementation of new instruments and measures to prevent workplace injuries within Russian Railways' health and safety management system helps to reduce the annual injury frequency rates regardless of severity.

One of the key health and safety goals for Russian Railways is improvement of working conditions:

- construction, upgrading and repairs of sanitary amenities and facilities;
- setting up warming facilities and lunch rooms;
- installation, upgrading and repairs of lighting, ventilation, etc. systems;
- equipping locomotive cabs with improved durability glasses, vibration isolated seats, etc.;
- reduction in the share of manual labour, including work to mechanise operations, track maintenance and construction.

On an annual basis, health and safety activities account for at least 0.7% of Russian Railways' total annual expenses by main type of activity not including the costs related to workwear, PPE, and medical check-ups.

Below are some of the Company's steps to improve working conditions and occupational safety.

- State-of-the-art certified personal protective equipment helps to considerably reduce occupational morbidity and workplace injury rates. Russian Railways complies with Model Industry Standards for Free Provision of Workwear, Footwear and Other Personal Protective Equipment to Employees of Federal Railway Enterprises.
- Reduction in workplace injury rates, inter alia, by removing employees from hazardous operating areas and by implementing technical solutions that prevent injuries.
- Reduction in occupational morbidity. To that end, mobile occupational pathology and occupational suitability expertise centres are set up at hospitals of the railways' sector, with modern medications and latest diagnostic and treatment equipment in place for early identification of occupational diseases and for taking measures as needed.

The Company's environmental, industrial, and fire safety is underpinned by the following practices:

- the Safety First rule is observed, with safety placed above other performance indicators;

- employees receive training and improve their skills and competencies in health and safety;
- individual and collective responsibility for compliance with health and safety principles is nourished and promoted;
- each employee is aware of their individual responsibility for compliance with health and safety principles;
- health and safety risks are managed.

Health and safety management system

The health and safety management system is part of the governance framework and helps ensure a comprehensive approach and a single health and safety procedure across all Company levels. Russian Railways manages health and safety at three levels: central, regional, and linear. Corporate health and safety management is the responsibility of the Corporate Governance Centre and regional centres for corporate governance. Health and safety matters are within the remit of the Environment and Technosphere Safety Department, while at railways, these are the responsibilities of occupational health and safety services.

Policies and procedures

The health and safety management system is aligned with the Company's Health, Environmental and Industrial Safety Policy approved by the Management Board of Russian Railways, and prioritises the lives and health of employees.

On an annual basis, the Company develops a list of internal regulations on health, environmental, industrial and fire safety and non-occupational injuries.

In the reporting year, Russian Railways had more than 250 in-house regulations on health and safety. In 2022, the Company developed and updated 41 in-house regulations on health and safety (standards, rules, instructions, etc.). The following documents came into force:

- Russian Railways' Health and Safety Management System. Special Assessment of Working Conditions industry standard;
- Russian Railways' Health and Safety Management System. Control Arrangements and Procedures industry standard;

- Regulation on Arrangements under Russian Railways' Person on Train Tracks Information System;
- Methodology for Analysing and Assessing Occupational Risks of Russian Railways' Employees;
- Methodology for Calculating the Needs for Sanitary Amenities (Equipment) at Russian Railways;
- Guidelines for Providing the Workplaces of Russian Railways' Employees with Drinking Water during Periods of High Air Temperature.

Analysis and assessment of occupational risks

GRI 403-2

The health and safety management system is based on a risk-oriented approach that provides for a shift from reactive (i.e. damage compensation) to proactive measures by minimising employee exposure to production risks, and harmful and hazardous factors.

Branches of Russian Railways conduct annual assessments of occupational risks for the main types of hazardous occupations.

Occupational risks are calculated and assessed for each branch of the Company with a breakdown

by regional directorate and their structural unit using the Occupational Risk Analysis and Assessment for Russian Railways Employees automated system.

In the reporting year, we updated the Methodology for Analysing and Assessing Occupational Risks of Russian Railways' Employees¹.

Structural units of Russian Railways branches carried out a comprehensive assessment and laid down acceptable

levels of occupational risks for 2022 and developed lists of unacceptable and undesirable risks.

The measurement results were then evaluated and rated by the structural units of regional directorates and summarised in risk matrices for the main types of hazardous occupations.

Based on the assessment, the structural units of regional directorates developed activities to manage occupational risks as part of the Health and Safety Improvement Programme for 2023.

¹ Approved by Russian Railways' Order No. 952/r dated 8 April 2022.

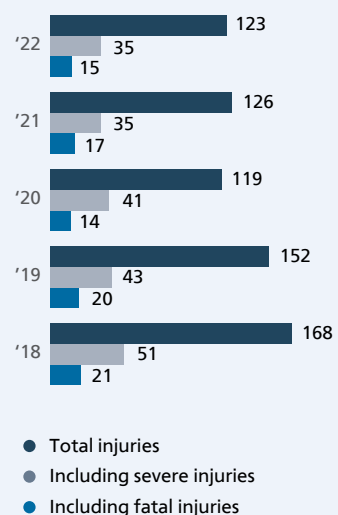
Occupational injuries

GRI 403-9

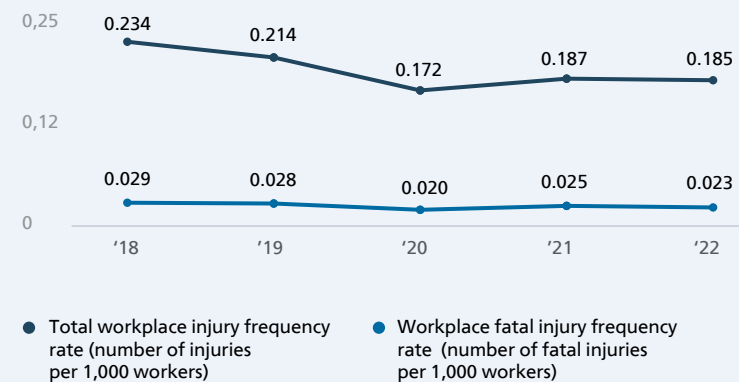
The consistent policy of Russian Railways

in health and safety seeks to ensure zero fatal occupational injuries caused by employees. The Company engages in comprehensive efforts to prevent accidents and occupational diseases.

Workplace injury rates at Russian Railways in 2018–2022



Workplace injury frequency rate in 2018–2022



Workplace injury rates continue to go down at Russian Railways. In 2022, workplace injury metrics were as follows:

- overall injury rate (total number of injuries) down by 2%;
- fatal injury rate (number of fatal injuries) down by 12%;
- severe injury rate flat y-o-y;
- workplace injury frequency rate (number of injuries per 1,000 workers) down by 1%;
- fatal workplace injury frequency rate (number of fatalities per 1,000 workers) down by 8%.

Workplace injuries caused by the Company's employees were also down in the reporting year:

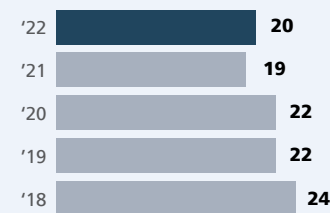
- total injuries (number of injuries in accidents confirmed to be caused by employees and managers of Russian

Railways) down by 3%;

- fatal injuries (number of fatalities in accidents confirmed to be caused by employees and managers of Russian Railways) up by 11%;
- severe injury rate up by 4%;
- frequency rate of workplace injuries caused by Russian Railways (number of injuries per 1,000 workers) down by 1%;
- frequency rate of fatal workplace injuries caused by the Company's employees (number of fatalities per 1,000 workers) up by 15%.

The lost time rate, which is a measure of the number of lost working days per 1,000 workers (due to workplace injuries), was up 5% y-o-y.

Lost time injury rates in 2018–2022



In the reporting year, the number of group accidents went down to five (vs six in 2021). The number of workplace injuries dropped from 14 in 2021 to 12, while the number of fatalities saw a twofold decrease from 6 in 2021 to 3.

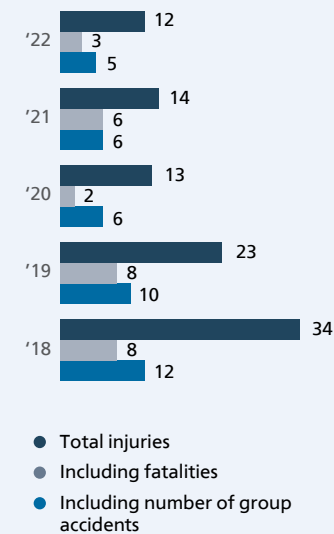
Primary causes of occupational injuries are:

- poor procedures of, and control over, operations;
- violations of operational procedures;
- violations of labour and operating discipline.

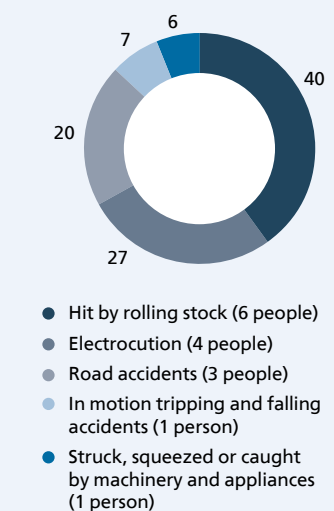
The share of accidents that were not caused by Russian Railways' employees (accidents not attributable to the employer or the responsible employee) came in at 29%.

Following each severe or fatal injury involving a Russian Railways employee, all Company branches receive updates about the injury and its causes. Each fatality is reviewed by branch managers, with development of preventive steps and identification of employees who caused the accident.

Group injury rates in 2018–2022



Fatal injuries (15 people) by accident type in 2022, %



Injuries of contractors

Accidents involving contractors at Russian Railways sites are at all times reviewed by the Company. However, due to its size and structure, Russian Railways keeps no records of contractors' injuries. The procedure of contractor authorisation is always aligned with the Company's in-house regulations.

For more details on the safe work of contractors on Russian Railways sites, see the Sustainable Development and Supplier Engagement subsection.

Prevention of occupational injuries

Health and safety management mode depending on occupational injury rates

In 2022, units of Russian Railways branches continued introducing contingency health and safety management modes depending on occupational injury rates as a tool to prevent occupational injuries.

In order to prevent future occurrences of the circumstances and root causes of workplace accidents, an additional set of measures was carried out whenever a contingency health and safety management mode was put in place.

Control over health and safety management system

In 2022, six targeted inspections (at the Central Directorate for Multiple Unit Trains, Directorate for Overhaul and Renovation of Railway Electrification and Energy Supply Facilities, Central Directorate for Procurement and Supply, and three railways) and one internal audit (at the Main Computing Centre) were held.

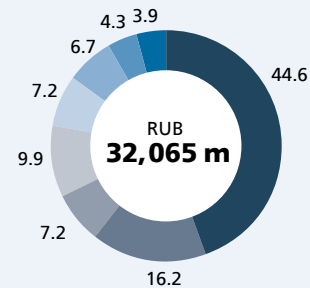
The results of the targeted inspections and internal audits were reported to and reviewed by senior executives of the units under review, with summary reports submitted to heads of relevant branches, corrective measures put in place, and disciplinary action taken against employees who caused violations of health and safety requirements.

Public control over health and safety compliance
The Company has positions of a health and safety officer of the primary trade union organisation of Russian Railways. In 2022, there were a total of 13,100 health and safety officers at the Company.

Those of them who are strongly engaged in measures to ensure the safety of Russian Railways employees are recognised as the Best Health and Safety Officers in Railway Industry. In 2022, the award was given to 49 employees of Russian Railways branches.

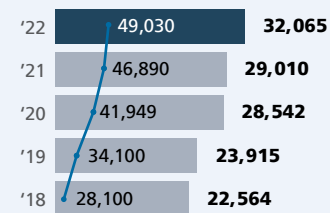
Labour conditions and occupational safety improvement

Breakdown of expenses on working conditions and occupational safety improvement in 2022, by category¹, %



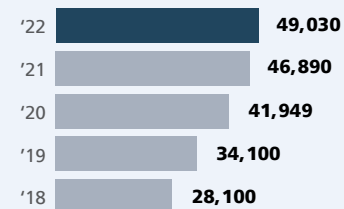
- Provision of workwear and personal protective equipment
- Improved working conditions and prevention of occupational diseases
- Better sanitary conditions for employees
- Medical check-ups
- Protection of employees from being hit by rolling stock
- Prevention of electrical injuries
- Prevention of other workplace injuries
- Other

Working conditions and occupational safety improvement expense, RUB m



- Total expenses, including:
- PPE procurement expenses

Occupational safety expenses per employee, RUB



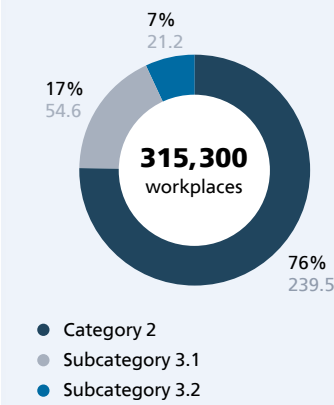
In the reporting year, expenditures related to working conditions and occupational safety improvements at Russian Railways exceeded RUB 32 bn, coming in at an average of RUB 49,000 per employee (compared to RUB 46,900 in 2021).

Working conditions improvement

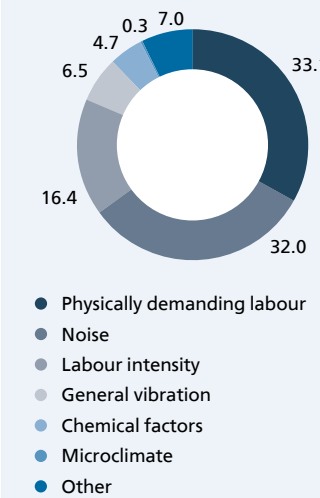
As at the end of 2022, Russian Railways had 75,700 workplaces with hazardous working conditions (down 1% compared to 2021).

The number and share of positions with hazardous working conditions were as follows: 54,600 workplaces, or 17% of total, in category 3.1, 21,200 workplaces, or 7% of total, in category 3.2. The largest share of the total number of workplaces with hazardous working conditions is made up by those characterised by the following factors: physically demanding labour – 33.1%, noise – 32%, labour intensity – 16.4%, general vibration – 6.5%, chemical factors – 4.7%, microclimate – 0.3%, other – 7%.

Workplace breakdown by working conditions, '000



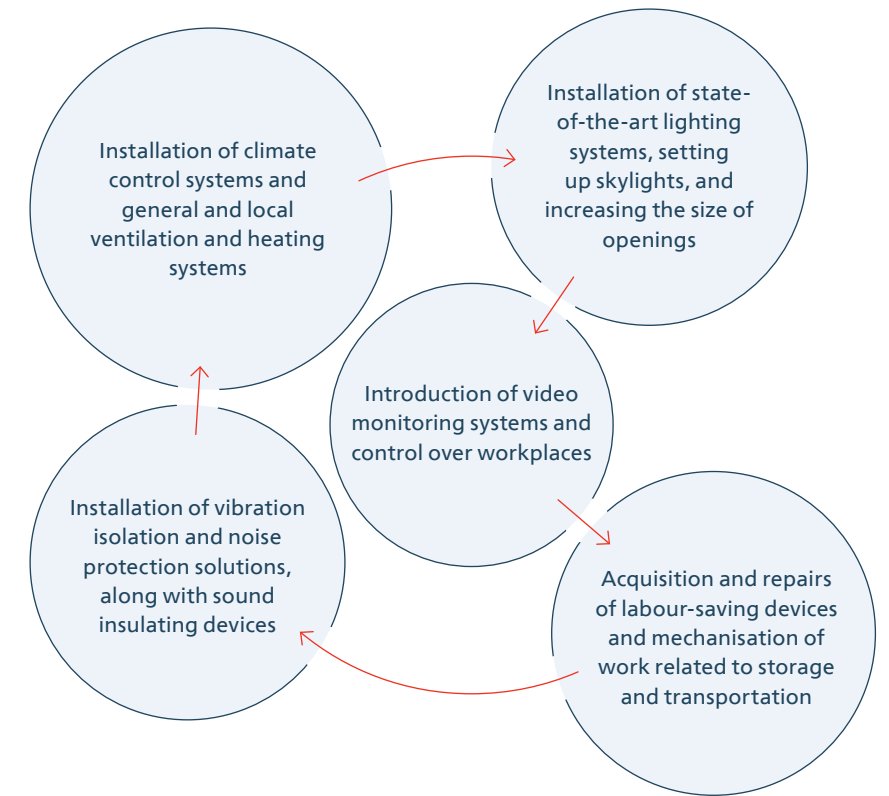
Breakdown of workplaces with hazardous working conditions by factor, %



Number of workplaces with improved working condition, '000



List of key activities to improve working conditions



In the reporting period, the Company improved working conditions at

45,600 workplaces

covering a total of 212,200 employees.

In the reporting period, a special assessment of working conditions was carried out at

48,300 workplaces

which comprised 112% of the plan for the year.

In 2022, the Company's improvement initiatives focused on:

- creating a microclimate that complies with all applicable requirements, activities to reduce workload and work intensity, and activities to align lighting levels with applicable requirements;
- aligning noise and vibration levels with applicable requirements;
- reducing the impact of hazardous chemical factors and aerosols;
- reducing the impact of non-ionising radiation.

¹ Including mitigation of impact from hazardous chemical factors and non-ionising radiation, maintenance of microclimate, lighting, noise and vibration levels as required by applicable standards, reduction in workload and work intensity.

Control over working conditions

In line with a respective plan, in 2022, branches of Russian Railways held laboratory tests at 250,300 workplaces, with financing allocated to that end totalling RUB 175.9 m. Laboratory tests held as part of control over working conditions and special assessments of working conditions covered all workplaces with hazardous working conditions.

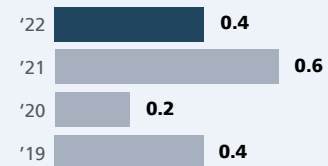
Work-related ill health

GRI 403-3, 403-10

Workplaces classified as category 3.1 or higher¹ following a special assessment of working conditions are deemed hazardous for the health of employees.

In 2022, 23 employees and 34 retirees of Russian Railways developed 57 occupational diseases as a result of exposure to work-related hazards (compared to 41 employees and 17 retirees in 2021). In 2022, the level of occupational morbidity stood at 0.4 per 10,000 employees (vs 0.6 in 2021 and 0.2 in 2020). In the reporting year, Russian Railways had no fatalities related to occupational diseases.

Level of occupational morbidity per 10,000 workers



The main types of occupational diseases were:

- sensorineural hearing loss caused by extreme noise pollution;
- hand-arm vibration syndrome;
- myotonic syndrome.

The Company constantly strives to improve the quality of healthcare services for traffic and occupational safety. For several years running, Russian Railways has been working to open occupational pathology and occupational suitability centres at the healthcare facilities of RZD-Medicine. The centres focus on the prevention and early detection of occupational diseases, extended medical check-ups and coordination of mandatory staff check-ups across the Company's regions of operation. Russian Railways currently has 33 such centres, including eight opened in the reporting year.

221 medical assessment boards are in place at RZD-Medicine private healthcare facilities. In line with their work plans, they completed 1.68 m medical examinations in 2022.

In 2021, in partnership with the Ministry of Transport, Ministry of Labour and Social Protection, and the Russian Social Insurance Fund, Russian Railways took part in a pilot project in line with Decree No. 401 of the Russian Government dated 18 March 2021 On Pilot Project to Establish Interagency Interaction to Prevent Occupational Diseases and Create A System for Employee Health Monitoring. 70 members of locomotive crews were classified as at risk for developing sensorineural hearing loss at their regular medical check-ups, and they were selected for the project. The interagency interaction efforts under the pilot project continued in 2022.

Provision of personal protective equipment

In 2022, Russian Railways spent RUB 14.5 bn on procuring workwear, footwear and other PPE, which makes up 45% of all expenses on health and safety activities. Employees of Russian Railways are fully provided with workwear, footwear and other PPE.

In the reporting year, Russian Railways unveiled a new workwear collection. The clothing pieces are designed to meet the specific requirements of each workplace and climate zone where our employees work. The collection was produced using modern textile and insulation materials and includes special high-visibility models. Over 2 m new workwear and footwear items were supplied to the Company's branches.

Russian Railways continues to enhance the quality of its workwear and footwear. In 2022, we developed and approved nine technical specifications for 14 models of women's workwear and footwear (overhauls and smocks made of lightweight fabrics, insulated waistcoats, high-visibility waterproof cloaks, and textile footwear).

In 2022, the Company approved the Action Plan to Design and Introduce a Collection of High-Visibility Workwear for Russian Railways' Employees. The plan provides for the development of 20 technical specifications.

In 2022, the Company reviewed the results of performance tests conducted on summertime and wintertime models to check their resistance to induced voltage and the thermal component of the electric arc and the efficiency of integrated electronic safety control device. The monitoring

of insulated PPE focused on 12 workwear and 14 footwear models and covered a total of 2,151 employees from eight railways.

The monitoring of summertime workwear was conducted on 12 summertime models and covered 3,554 employees from six railways.

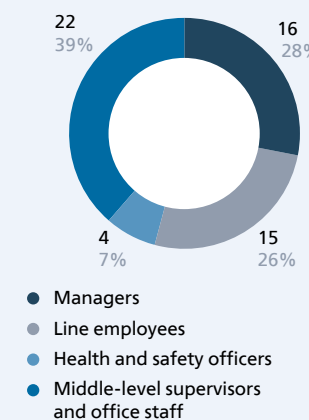
All models received the Full or Partial Customer Satisfaction status, with 75% of employees rating the workwear as excellent or good.

Health and safety training for employees

GRI 403-5

In 2022, more than 57,000 Company's employees took mandatory health and safety training with a subsequent knowledge check at education centres (up 21% y-o-y).

Structure of personnel trained in health and safety, thousand people



After Federal Law No. 311-FZ¹ and other health and safety regulations adopted in Russia in pursuance of the law went into force, the Company conducted an unscheduled assessment of health and safety knowledge covering more than 380,000 of Russian Railways' employees.

In the reporting year, the Company arranged for 200 of its line employees and managers to take advanced professional training in New Approaches to Managing Health and Safety at the Russian Academy of Railway Transport of the Russian University of Transport (MIIT) focusing on practical recommendations for providing a safe operational environment.

To improve employee competence in health and safety compliance, Russian Railways has put in place a system of assessment sessions for middle level managers. In 2022, 124 assessment sessions were held covering 2,500 middle level managers. The Company trained 307 assessment session moderators selected from the Company's health and safety specialists.

Efforts continued to test managers of Russian Railways upon their appointment. In 2022, at the Environment and Technosphere Safety Department, a total of 11 managers were tested, while at the branch level 686 managers were covered by the testing.

In 2022, the Central Committee of the Russian Railways on Health and Safety Examinations among Managers held seven meetings. In addition, the Central Committee invited for ad hoc examination 17 managers of Russian Railways units where fatal occupation injuries took place or health and safety violations were identified. Regional committees take similar efforts.

In 2022, **194 employees** of the Company's branches underwent retraining in health and safety taking a 256 hour programme at the Corporate University.

¹ According to the classification of working conditions as per Federal Law On Special Assessment of Working Conditions No. 426-FZ dated 28 December 2013.

¹ Federal Law No. 311-FZ On Amendments to the Labour Code of the Russian Federation dated 2 July 2021.

In the reporting year, training sessions continued with a view to fostering a safety culture. In 2020–2022, these covered 300 employees of the Company’s central and regional management levels.

Health and safety railcars
Russian Railways has 14 health and safety railcars, which are part of a single system to train railway employees. Health and safety railcars are mobile training facilities designed to provide

on-site methodology and organisational support in training and examinations in health and safety using audio, video and computing equipment, as well as help with prevention measures in health and safety.

Industrial and fire safety

- In order to ensure the Company’s industrial and fire safety:
- the Safety First rule is observed, with safety placed above other performance indicators;
 - employees receive training and improve their skills and competencies in health and safety;
 - individual and collective responsibility for compliance with health and safety principles is nourished and promoted;
 - each employee is aware of their individual responsibility for compliance with health and safety principles;
 - health and safety risks are managed.

Industrial safety of hazardous facilities
The industrial safety management system of Russian Railways determines the key functions and responsibilities for ensuring industrial safety at all management levels. The industrial control structure covers all management levels and ensures control over compliance with

industrial safety requirements at the Company’s hazardous production facilities.
Russian Railways operates 5,674 hazardous facilities, including 565 facilities of hazard class 3 and 5,109 facilities of hazard class 4. None of these facilities reported any accidents in 2022.

Fire safety
Russian Railways has a fire safety management system aligned with the Company’s “to-be” state. Various units within the Company follow a unified approach to fire safety thanks to the efforts of central and regional fire safety commissions. Fire prevention activities at the Company’s facilities and rolling stock, along with fire extinguishing in the traffic area, are the responsibility of the Departmental Security Service of the Railroad Transport.

Fire trains
Fire trains are classified as part of a single public system for emergency prevention and response and are

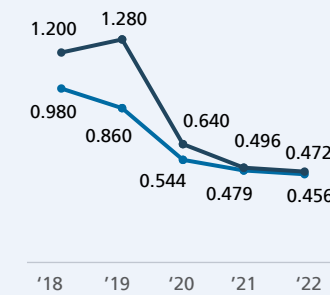
engaged by the EMERCOM of Russia in order to extinguish fires across the country. Fire trains are designed for fire extinguishing and ensuring fire safety as part of response to emergencies with hazardous cargos at facilities of structural units of Russian Railways branches, at all types of rolling stock, and in railway infrastructure areas where possible. A total of 310 fire trains are on standby 24/7. The rolling stock of fire trains is updated as part of the Fire Safety project.

During 2022, fire trains responded to 79 fires at on-site facilities and rolling stock, 71 fires in railway infrastructure areas, 89 incidents at on-site facilities and rolling stock, and responded to further 263 incidents at the request of territorial fire and rescue units of the EMERCOM of Russia to assist in extinguishing fires at facilities that are not part of the railway transportation infrastructure and natural fires.

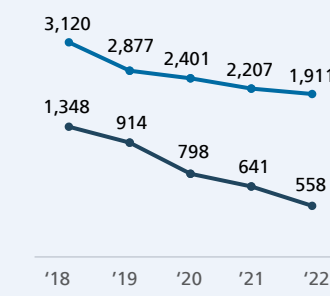
Traffic safety

The Company’s Collision Prevention System project received an excellence award from the international BRICS Industrial Innovation Competition.

Traffic safety target, accidents per million train kilometres



Safety violations across Russian Railways infrastructure



Russian Railways has in place the Strategy for Guaranteed Transportation Safety and Reliability, which lays out the general principles that are underpinned by safety management and culture. The strategy seeks to develop a safety management system throughout the life cycle of infrastructure facilities and rail vehicles and to create a methodological framework for transportation safety management by introducing digital platforms and improving the offering of quality, highly reliable and safe services.

- Traffic safety priorities include:
- 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 property damage and other losses;
- preventing any adverse environmental impact.

2022 results
In 2022, the target safety level across the Russian Railways Group was achieved, with a 3.4% reduction vs the target and a 4.8% reduction vs 2021. The number of traffic accidents and incidents caused by the Russian Railways Group and across the overall railway infrastructure shrank by 13% and 13.4%, respectively.

The risk level with respect to traffic safety across Russian Railways’ infrastructure is by 29% below the acceptable level. This testifies to a great degree of confidence and quality of railway traffic safety efforts.



Non-occupational injuries

Every year, the Company implements measures to prevent non-occupational injuries in the train traffic area. Accident prevention efforts are structured along the following lines:

- organisational action: raids (together with local police and railway security teams) on places of unauthorised congregation; in collaboration with municipal authorities – themed events, including those designed to prevent child injuries, and lectures and talks, as well as sending letters to educational institutions, businesses, executive bodies, and the State Traffic Safety Inspectorate (GIBDD);
- awareness solutions: informing the public about the dangers inherent in train traffic through things like posters, signs, videos, booklets, messages at railway stations, in trains, and in the media;
- technical solutions: construction, fit-out and maintenance of pedestrian crossings, footbridges and underpasses, putting up guardrails around train traffic and so on;
- legal solutions: legislative proposals, participation in the development of new regulations.

The organisational and technical measures taken, and the awareness campaign aiming to promote safe behaviours on and around the rail network, coupled with the initiatives implemented as part of the Prevention of Injuries among the Public at Railway

Infrastructure Facilities investment project allowed the Company to reduce non-occupational injuries, including severe ones.

From 2018 to 2022, injuries decreased by 21.1% (from 2,390 in 2018 to 1,886 in 2022), and fatal injuries dropped by 19.4% (from 1,610 in 2018 to 1,298 in 2022)..



Technical measures in 2022:

- 31 railway track-level pedestrian crossings equipped with light and sound alarms, and 34.8 km of fences along railway lines commissioned;
- three footbridges put into operation;

- three footbridges, two crossings, 28 passenger platforms and one platform exit reconstructed;
- 1,231 pedestrian crossings, 87 footbridges and underpasses, 127 passenger platforms overhauled (repaired); 49,000 linear metres of railway fences built;
- 199 train approach announcers and 60 video surveillance devices installed, 230 systems of sound and light auto alarms at pedestrian crossings brought in line with the specifications;
- lighting on 1,856 pedestrian crossings and 5,496 platforms improved.

The Company's total costs to finance these projects amounted to RUB 2,340.8 m.

The Company is actively engaged in injury prevention public awareness and outreach activities. In 2022, the following initiatives were delivered:

- four promotion campaigns dedicated to safety at the Company's facilities;
- videos on safe behaviour around the railway scripted and filmed: 220 broadcasts on children's TV channels (STS Kids, Mult, Karusel), 50,000 broadcasts on Children's Radio, advertising on VK and MyTarget social networks launched;
- more than 3,500 rail safety posters and stickers developed and placed on trains, at transport stops and railway stations.

CUSTOMER RELATIONS

Passengers

The primary objective of Russian Railways is to provide all Russian regions with affordable passenger transportation. Along with suburban transportation comprising multimodal routes, the Company is developing long-haul passenger services, including high-speed and ultra high-speed transportation between metropolitan areas. The Company's priorities include continuous improvement of customer experience, development of new products and services, digitalisation, and creation of a comfortable transport environment affordable to all categories of passengers.

- In 2022, the Company transported 1,135.2 million people (up 7.7% y-o-y). Passenger turnover stood at 122.8 bn pkm (up 18.7% y-o-y).
- Amid airport closures in the summer of 2022, we maximised the number of seats to and from resorts in southern Russia.
- The Company continued to foster domestic railway tourism. Passengers can now benefit from 35 interregional routes to tourist destinations, including four special projects, and 25 suburban routes.
- The travel.rzd.ru tourist service was launched.
- We opened 19 new suburban routes and six long-haul routes.
- The Company proceeded with the development of multimodal transportation, including water transport.
- New rolling stock hit the rails on suburban routes in 34 regions.
- To pay for their tickets, passengers can now use QR codes or the Faster Payments System (FPS) technology.
- We harmonised the regulation on free suburban train travel for children aged seven years old and younger with that on urban transportation services.

Development of railway station infrastructure

In 2022, the Company renovated and repaired 80 railway station infrastructure facilities (45 railroad stations and 35 passenger platforms).

The Naberezhnye Chelny, Yekaterinburg, Bologoye, Finlyandsky, Moskovsky and other railway stations saw repairs, and the Stary Oskol railway station area was renovated to mark the 80th anniversary of the Battle of Kursk.

The passenger platforms of the Yekaterinburg, Yaroslavl-Glavny and Kursk railway stations were fully renovated.

The Novaya Chara railway station saw a complete interior refurbishment with new wall finishes, floor coverings and ceilings, roofing, renovated rafters and utility systems; the exterior of the station building was refurbished using advanced materials, and the forecourt was beautified.

The Skovorodino station was overhauled, including the façade insulation, interior renovation, partial roof repairs, and the replacement of windows and doorways.

The Veliky Ustyug railway station had its interior renovated to create a special atmosphere for guests arriving at the residence of Ded Moroz (Grandfather Frost).

Care for people with reduced mobility

In 2022, 70 passenger-intensive railway stations were made fully accessible for passengers with reduced mobility, which accounts for 27.5% of the total number of such stations. Other facilities are partially accessible, with functional areas made available for certain categories of passengers with reduced mobility.

Long-haul trains include administrative cars specifically designed for passengers with disabilities (94% of all administrative cars). The share of suburban electric trains adapted for people with reduced mobility was increased to 23% while 100% of high-speed and

ultra high-speed passenger trains were made fully accessible. In 2022, the number of passengers with reduced mobility serviced by the Mobility Assistance Centre exceeded 312,500 people, up 37.5% y-o-y. Assistance and support services are provided at more than 10,000 passenger infrastructure facilities. Specialised waiting areas of the Company's Mobility Assistance Centre were opened in Moscow (Vostochny and Kazan railway stations), Kazan and Naberezhnye Chelny.

They are equipped with everything necessary for reduced mobility passengers' comfort. Uniforms of employees responsible for servicing passengers with reduced mobility at railway stations got a special design, and so did advertising and information products.

Russian Railways' website has a dedicated section for passengers with disabilities or reduced mobility where they can find a railway station accessibility map containing

information on the accessibility of functional areas for the main categories of passengers with reduced mobility featuring photos and necessary explanations. Passengers with hearing impairment can get video consultations in the Russian sign language on Russian Railways' website and at major railway stations. Video information kiosks were installed at 194 railway stations, enabling the servicing of hearing-impaired passengers, including in the Russian sign language.

The Railway Stations Directorate (branch of Russian Railways)

won the 2022 Transport Safety of Russia, the Quality of Service and Consumer Rights award in the Retail Services category for the Innovative Business Lounges at Railway Stations project, and Russia's Best Social Projects 2021–2022 award in the Help for People with Reduced Mobility category for the Video Information Kiosks project.



Customer service

The Company aims to offer its customers a new level of service quality in a timely manner. Russian Railways Customer Support Centre provides information on the Company's passenger services.

In 2022, the Company placed a great emphasis on the development of new services for passengers, including digital services.

To improve the call centre's performance, we added AI technologies to our mobile app, the website, the most popular messenger platforms, and the hotline. Our virtual assistant provides quick and accurate FAQ answers.

Russian Railways keeps integrating its digital services with state information systems. Together with the Russian

Social Insurance Fund and the Pension Fund, the Company launched online sales of suburban train tickets via the Russian Railways Passengers mobile app for passengers entitled to federal benefits.

Our passengers are increasingly using QR code and Faster Payments System (FPS) technologies to pay for their tickets. The sales of e-tickets for long-haul trains reached a record 74% of total ticket sales. Today, passengers have the opportunity to purchase both long-haul and suburban tickets using Russian Railways' online tools.

Monitoring of service quality

The results of passenger satisfaction surveys represent a target indicator for assessing the performance of passenger services. Passenger surveys are conducted in the form of personal

interviews on trains using a special questionnaire. The questions are grouped to match the eight types of services provided by Russian Railways to its passengers. The surveys are conducted on a quarterly basis.

In 2022, the respondents ranked the following criteria as the most important:

- long-haul routes – optimal schedule, train speed, cost of travel and services, technical condition of the train, comfort during travel, convenient ticket purchase, safety;
- suburban routes – optimal schedule, train speed, cost of travel and services, safety, technical condition of the train, convenient ticket purchase.



Consolidated customer satisfaction index in 2022, points

Indicator	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Long-haul	84.9	84.5	86.5	87.5
Suburban	81.4	84.1	86.8	85.8

RZD Bonus loyalty programme
RZD Bonus is Russian Railways' loyalty programme that enables long-haul passengers to earn points by making trips and exchange them for tickets. In 2022, RZD Bonus celebrated its tenth anniversary. Over this period, the programme has had 8.2 million people as participants who made more than 52 million travels. In 2022, RZD Bonus added 1.2 million people – a record annual increase ever. The audience of the Discount Railcar Telegram channel grew to 270,000 people (up 1.8 times y-o-y). We launched a new Travellers' Club incentive programme offering additional benefits as part of RZD Bonus.

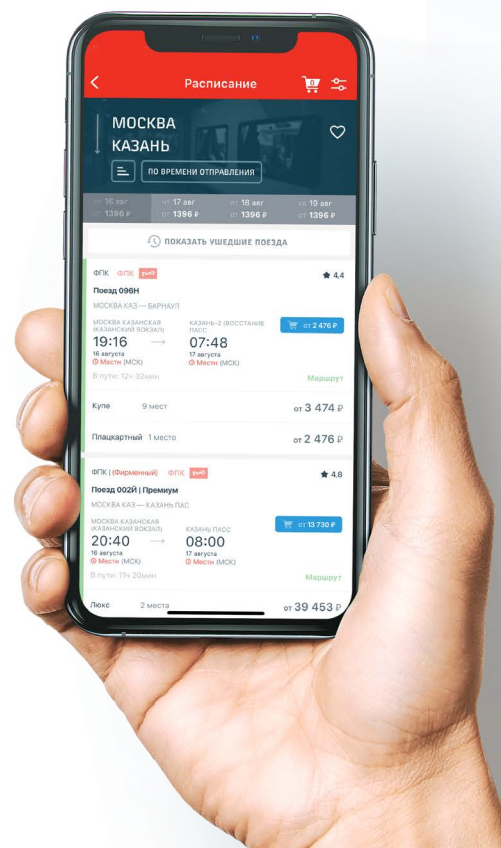
RZD Bonus website

Russian Railways' mobile app for passengers

The RZD Passengers mobile app has all a traveller would need and more:

- long-haul and suburban train schedules;
- ticket sold for long-haul and suburban trains;
- refund for tickets purchased via the website or mobile app;
- information about railway stations;
- real time train travel monitoring;
- Russian Railways' information and news.

The RZD Passengers mobile app is one of the Company's best IT products. In 2022, it was downloaded over 43 million times and earned very high scores from the Apple and Google stores (4.8 and 4.4, respectively).



Freight customers

Operating in a highly competitive and volatile market, Russian Railways seeks to provide comprehensive services across all transportation types and expand the range of services available to customers. Advanced logistics technologies lie at the centre of our business, ensuring our ability to serve the maximum number of consumers.

In 2022, loaded freight turnover in the Eastern Operating Domain reached an all-time high of 2,376 m tkm/day (up 3.5% y-o-y). The loaded car delivery speed increased to 444.7 km/day, up 2.7 km/day y-o-y.

In 2022, container transportation exceeded the volume of the record year of 2021 to reach 6.52 m TEU. Container shipments departing for Far Eastern Railway ports added 24%. Container transportation from Far Eastern seaports and off-dock dry terminals grew by 13% y-o-y.

Improving the quality of transportation services

In 2022, Russian Railways' project to create and promote RoLa services won the Formula for Movement national award for accomplishments in transportation and transport infrastructure in the Best Freight Logistics Solution category.

Freight Transportation electronic trading platform

The Freight Transportation electronic trading platform (FT ETP) integrates transportation, rolling stock supply, terminal, warehousing and logistics services of Russian Railways' subsidiaries into a single marketplace. The platform provides shippers with non-discriminatory access to handling,

transit, and other transportation services. It offers end-to-end logistics solutions, including multimodal transportation, warehousing and cloud services.

The service currently connects 141 providers (up 13% y-o-y), including 129 rolling stock operators. The number of registered FT ETP clients went up by 10% to 9,000. In 2022, FT ETP saw 890 customers (94.6% of the 2021 figure) using the platform's services, 986 new users, including 283 identified by paying an invoice (44% of the 2021 figure), and 103,488 railcars provided to customers (87.2% of the 2021 figure). In 2022, the millionth railcar shipment was made via the platform. In total, there were over 209,000 railcars or more than 13 mt of freight transported, including 31,000 plus railcars dispatched in the international segment.

In 2022, Russian Railways expanded its transportation geography and streamlined the logistics for remote and hard-to-reach Russian regions. Online services were launched for railway delivery to Sakhalin using the Vanino–Kholmsk ferry line, as well as to the Yamal Nenets Autonomous Region. We launched a Freight Lots project enabling freight owners and forwarders to register goods to be transported and get market rates online. The Company established a mechanism for non-resident foreign companies to join the platform and implemented a settlement tool for export/import and transit freight shipments. The Group introduced a service for issuing transit declarations for goods transiting through Russia.

Development of cargo transportation in specialised containers

In line with Russian Railways' strategic goals of setting up a new segment for freight transportation in specialised containers of various

formats, projects were developed to provide customers with cars and specialised containers, including hard-top containers for steel coil, open-top containers for coal products, solid municipal waste removal and precious metal ore concentrate, along with bulk containers for pellets and mineral cargo. In October 2022, we transported ore concentrate in big bags using a pilot batch of open-top containers.

Improving the quality of transportation services

In 2022, the Group's railway network comprised 89 sales offices employing over 250 people. Since their inception in September 2017, sales offices have helped boost our revenues (RUB 41.8 bn in 2022, or up 72% y-o-y). In the reporting period, Russian Railways acquired 4,015 new customers who signed contracts for opening unified personal accounts (up 14% y-o-y). An intensive effort is underway to improve sales offices' competences in active sales and customer service. The Company keeps expanding the range of its one-stop-shop services. In 2022, the one-stop-shop for locomotive lease on non-public routes using a unified billing account yielded an 18 times y-o-y revenue increase.

In February 2022, we launched an automated CRM system for employees selling the Company's services in freight transportation.

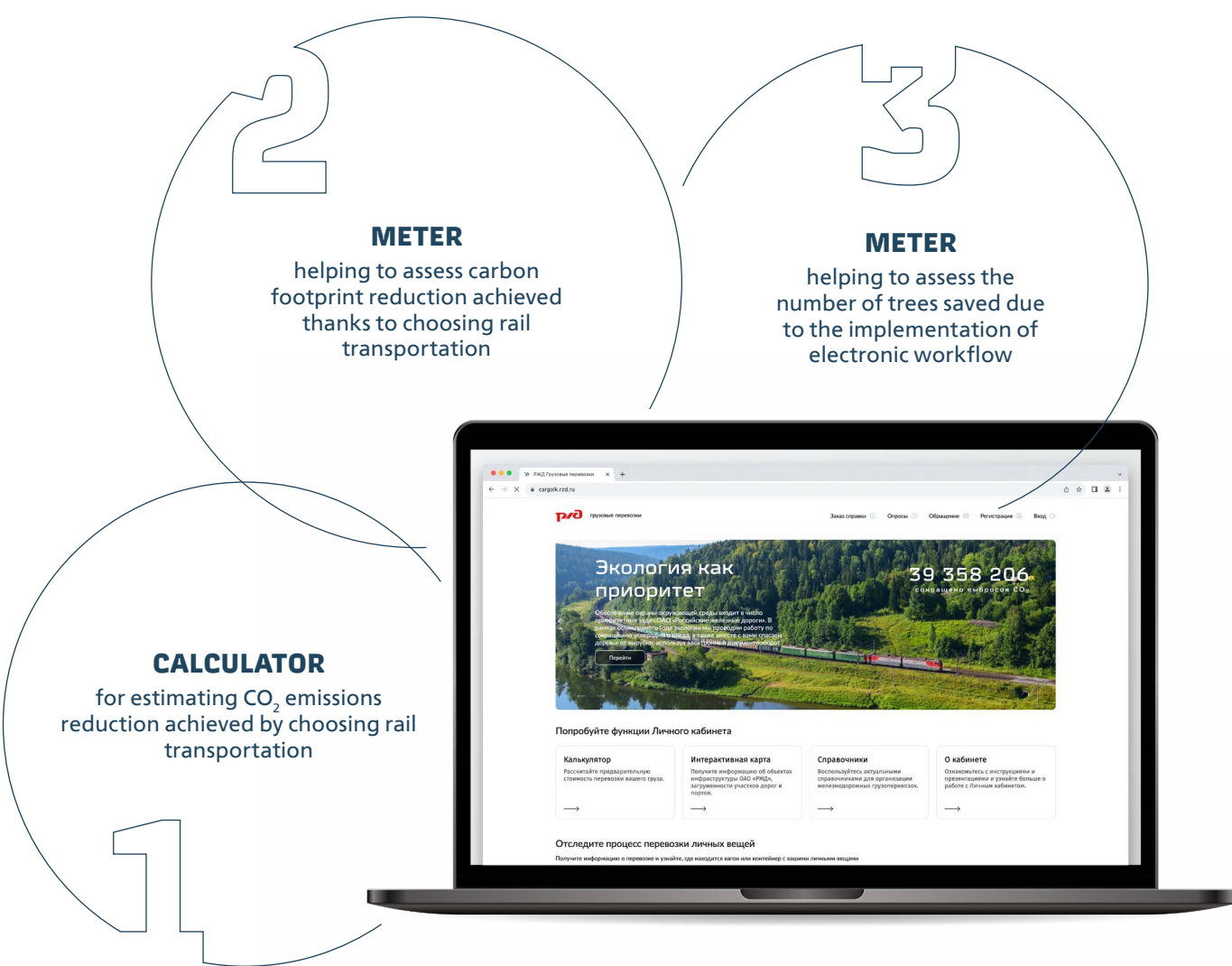
In 2022, we processed more than 105,000 customer complaints using the FOCUS technology, while the number of customer enquiries returned for revision went down to 8.0% of all enquiries, which is well below 13.3% in 2021.

We set up customer hotlines and provided information to over 550 shippers and consignees in 2022. Dedicated chat rooms were created for businesses operating in key industries and critical transportation areas.

Environmental Calculator
Russian Railways attaches great importance to environmental issues, this is why we gave shippers an opportunity to calculate their environmental impact.

The Company offered its customers the Environmental Calculator in their personal accounts. This tool helps to determine the extent to which GHG emissions are reduced if rail transportation is preferred for any

given shipment. We also launched a meter telling customers how many trees they saved by switching to electronic workflow. As a result, more than 90% of shippers chose to use electronic workflow.



LOCAL COMMUNITIES AND CHARITY

In many regions, the Company is a major employer and taxpayer.

Management responsibilities related to contacts with local communities are distributed among several business units of Russian Railways' Executive Office, including:

- Corporate Communications Department for Charitable and Social Activities;
- Department for Federal and Regional Government Relations (in matters related to the operation and development of rail transport);

- HR Department (focusing on the comprehensive youth policy, specifically contacts with educational institutions, including universities, schools and pre-school facilities);
- Social Development Department (in matters related to the implementation of corporate social projects, contacts with culture and sports institutions, and organisation of awareness-raising, sporting and other events).

- Corporate documents:
- Russian Railways' Charity and Sponsorship Policy;
 - Russian Railways' Code of Business Ethics;
 - Russian Railways' Youth Target Programme for 2021–2025;
 - framework agreements with regions of operation;
 - medium term agreements on social and economic cooperation.

Cooperation with local communities

The details of cooperation with local communities are set out in partnership and collaboration agreements signed with Russian regions to support rail transport, social and economic development. There are two types of such agreements – framework (perpetual contracts formalising the key aspects of cooperation) and medium term agreements (focusing on the key areas of cooperation with amendments made when and if needed: cooperation in transportation services for the public

and industrial enterprises in the regions, joint projects, development of railway infrastructure, ensuring transport safety and socio-economic growth). So far, Russian Railways and Russian regions have entered into 78 framework agreements. In 2022, we signed twelve medium term agreements (Republic of Buryatia, Krasnoyarsk, Perm and Stavropol territories, Khanty-Mansi Autonomous Area – Yugra, Ryazan, Smolensk, Omsk, Sverdlovsk, Tyumen, Kemerovo and Irkutsk regions).

In its regions of operations, Russian Railways is actively involved in socially focused charity in line with the objectives and principles set out in its Charity and Sponsorship Policy. The Company builds relations with local communities based on respect for their rights and freedoms and does not tolerate any forms of discrimination or infringement.

Contribution to local communities

GRI 203-1, 203-2

Russian Railways is the largest taxpayer to local treasuries and Russia's biggest employer. The Company is also the largest consumer of goods produced by Russian businesses, with its orders providing employment to an average of 0.1–1.5% of labour force in the Russian regions hosting transport engineering hubs.

Russian Railways is responsible for long-haul and suburban passenger traffic and freight traffic (including such critical transportation operations as the Northern Supply Haul and shipment of commodities from the regions producing raw materials). The Company also maintains local social infrastructure, effectively acting in the capacity of a government agency. In some regions, for example, Archangelsk, Amur and Tomsk, there are destinations where railway remains the only available type of transportation. The Company and its subsidiaries are the main providers of suburban passenger transportation in Russia. They are integrating suburban transport into urban transport systems and actively developing multi-modal routes and transport interchange hubs to enhance the mobility of urban population.

Russian Railways' investment programme for 2021–2023 focuses on developing and upgrading the railway infrastructure and promoting high-speed and ultra high-speed railway transportation. As approved by the Russian Railways Board of Directors, the 2022 investment programme

totalled RUB 846.7 bn. In the reporting year, actual implementation of the investment programme came in at RUB 870.63 bn, up 23.8% y-o-y.

Improving the quality of life in local communities

Russian Railways contributes to the creation of new jobs across its footprint and the implementation of social projects to improve the quality of life in local communities. Jointly with regional governments, Russian Railways is pressing ahead with a development plan for population centres, under which it pays close attention to places with the greatest concentration of the Company's employees. The plan is designed to improve the quality of life in local communities. It is of particular relevance for inhabited areas located far away from administrative capitals.

The plan sets out

411 initiatives

to be implemented in 2021–2035 in 68 localities from 33 Russian regions.

These initiatives focus on improvements in culture, sports, healthcare, education, and social environment. Some 261 initiatives are expected to be financed by the governments of Russian regions, while the remaining 147 will receive funding from the Company.

In 2022, the Company completed 62 activities, including:

- building a sports ground at school No. 3 in Inzer (former railway school No. 24);
- repairing the football field of the Lokomotiv municipal stadium in Taiga;
- repairing RZD-Medicine Outpatient Clinic in Mogocha.

The plan's implementation on the railways is coordinated by working groups chaired by the first deputy heads of the railways and also involving relevant heads of the railway governance body, structural units of branches, and representatives of the Russian regions.

In addition to the community development plan with a focus on local communities where Russian Railways' employees live, the Company is implementing three other target programmes to develop social infrastructure and improve the quality of life of its employees:

- national programme for the socio-economic development of the Far East until 2024 and further until 2035;
- Far Eastern Railway as an Accelerated Development Domain (programme until 2025);
- Plan to Attract and Retain Personnel at Russian Railways' Facilities along the Baikal–Amur Mainline.

Social responsibility of the Company in charity and sponsorship activities

In 2022, our charity and sponsorship initiatives focused on:

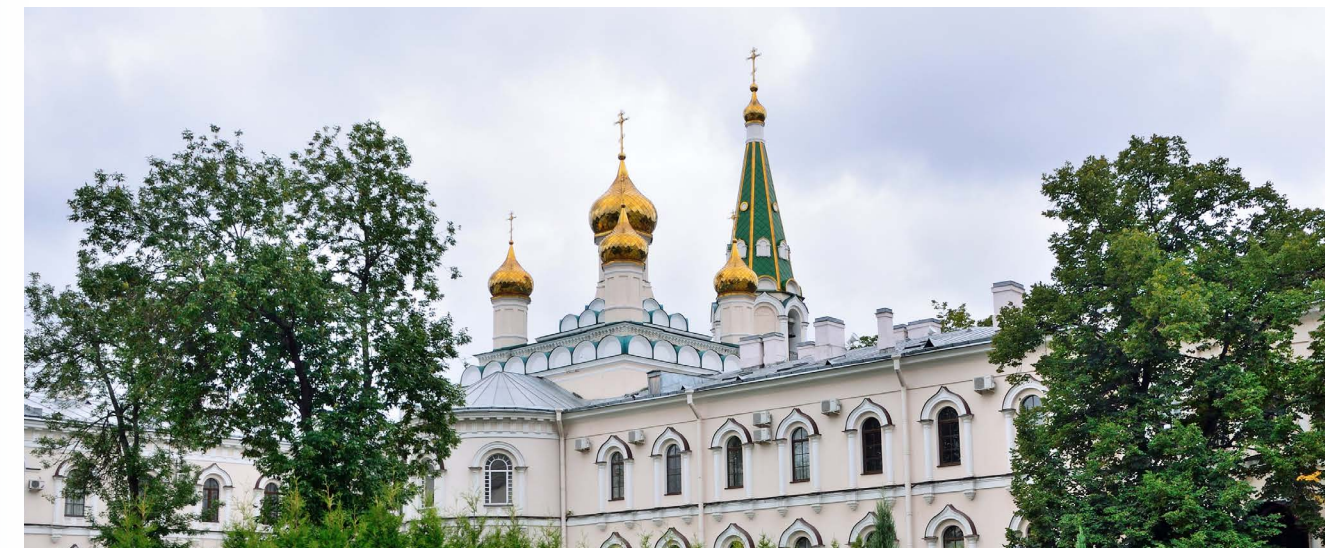
- providing financial support to Baikal–Amur towns and population centres in connection with upcoming events to mark its anniversary;
- implementation of social projects and activities to support the infrastructure of Tynda;
- financing expensive surgical treatment, medication, and rehabilitation of Russian Railways employees, including those retired, providing social support for victims of natural disasters or other calamities, promoting family values;
- promoting education, facilitating vocational education and improving education quality through financial help to sectoral universities and vocational schools, providing equipment and samples for laboratory classes;
- providing assistance to children's organisations, supporting people with physical disabilities and people with incurable and life-limiting illnesses, including support for the Children's Hospice autonomous non-profit organisation, So-Edinenie Support Fund for the Deaf-Blind, Obereg autonomous

non-profit organisation, the Life Line charity foundation for saving seriously ill children, the Russian Paralympic Committee, and the National Monitoring Centre for Missing and Injured Children;

- supporting charitable projects for restoration and conservation of Russian historical and architectural landmarks, including churches and monasteries of cultural and historical significance (St Seraphim of Sarov Charitable Foundation, Voskresensky Novodevichy Convent in St Petersburg, Trinity Lavra of St Sergius, Donskoy Monastery);
- supporting environment-related causes;
- implementation of projects to advance mass sports, physical training and healthy lifestyle: assistance to the Become a Champion fund for supporting physical training and sports and allocation of funds for improving the Lokomotiv Stadium in Nizhneudinsk;
- supporting the organisation of the national children's competition Lokoball (football), Lokobasket – School League (basketball), and Lokovolley (volleyball);

- promoting healthy lifestyle, children's and mass sports, including by providing support for Lokomotiv Football Club, Locomotive ice hockey team based in Yaroslavl, Locomotive-Kuban professional basketball team, Locomotive-Novosibirsk volleyball team, Lokomotiv Russian Fitness and Sports Society, Kuban-Region Sports Club, Krasnodar Territory's Basketball Federation, Locomotive-Kaliningrad Region volleyball team, Beach Soccer Club Lokomotiv, Lokomotiv Rugby Club, Krasnodar Territory's Centre for Young Basketball Players, Lokomotiv School Basketball League, Locomotive – Green Hill Judo Sports School for Children, and Lokomotiv-Angara Volleyball Club.

Russian Railways continued to follow a good tradition of providing support for the work of Valery Gergiev, Yuri Bashmet, and for Tovstonogov Bolshoi Drama Theatre.



Children and youth policy

Russian Railways for schoolchildren

Russian Railways' educational system encompasses an entire range of educational institutions – from pre-school to higher education facilities.

The Company supports

98
educational establishments

77 kindergartens and 21 RZD schools attended by more than 22,000 children.

To attract young people motivated to pursue railway professions and specialties, Russian Railways offers systematic career guidance to schoolchildren and students. In 2022, over 77,000 children took part in the Company's educational and vocational navigation projects.

Russian Railways has 25 children's railways, which can be called unique career guidance centres in Russia. Schoolchildren can also visit six RZD Kvantorium children's science parks designed as hi-tech platforms for training young highly skilled engineers, and developing, testing and implementing cutting-edge technologies and ideas.

The number of young talents enrolled in children's railways in 2022 was almost 15,000, of whom about 600 became students of railway transport universities and technical schools (59% of the total number of children's railway graduates).

To help children get a better understanding of Russian Railways, the Company launched RZD class, an educational project offering a wide range of opportunities, including more than 20 learning and professional guidance activities. The schools participating in the project have railway engineering classes with in-depth study of physics, mathematics and computer science

and a focus on career guidance and patriotic education. By the end of 2022, RZD classes were available in 102 educational institutions from 39 Russian regions.

In the modern educational system, aspiring engineers need to be professionals with highly developed research, design, and entrepreneurial skills. That is why all of the Company's projects and programmes for young talents nurture innovative and creative approaches in children, while also teaching them how to conduct research and complete design assignments.

On 1 September 2022, Russian Railways inaugurated its first cadet classes. Five Russian Railways schools

located in the Republic of Buryatia, Primorye and Khabarovsk territories, Amur and Sverdlovsk regions were selected for the start of the new academic year.

Partnership with universities

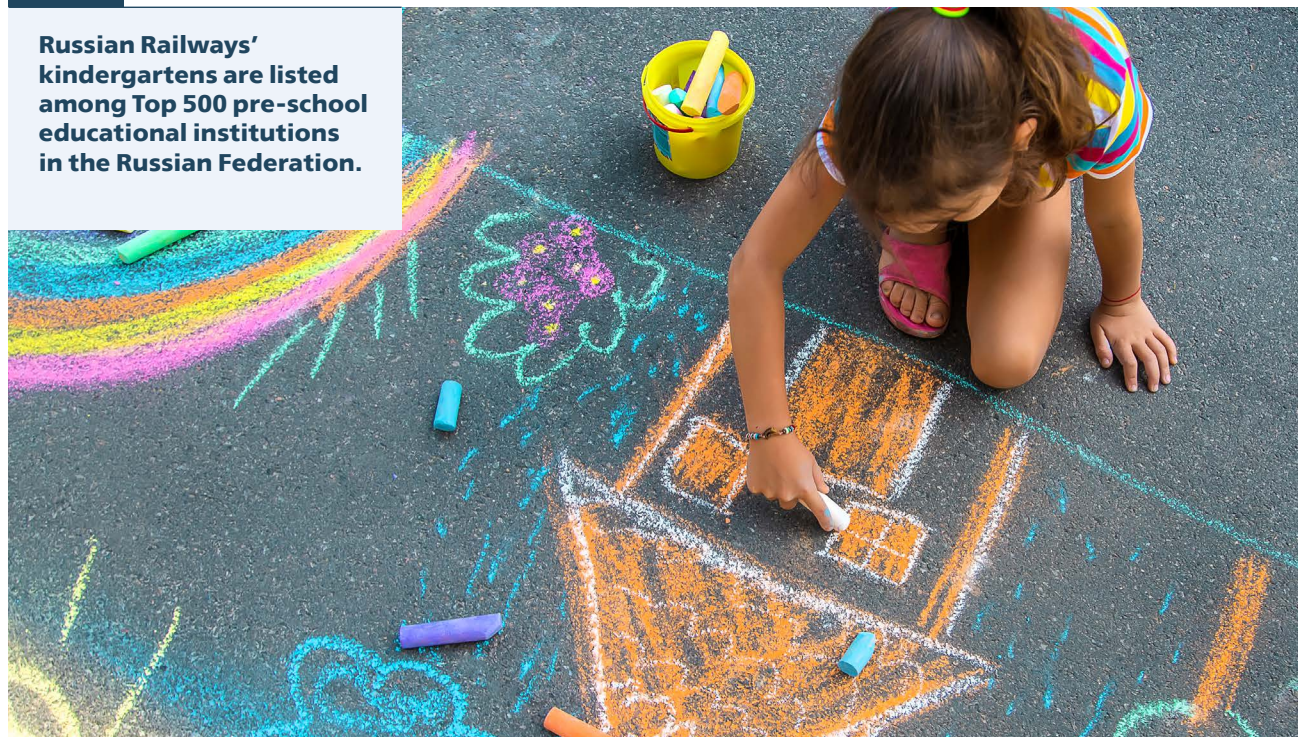
Russian Railways actively cooperates with nine sectoral universities across Russia. Under the Programme of Russian Railways' Interaction with Railway Universities until 2025 the Company works to upgrade the universities' infrastructure and R&D capabilities, streamline learning processes and improve the skills of university management and professors.

As a result of the 2022 admissions campaign, 5,607 students were enrolled in educational institutions under contracts with Russian Railways, with the total number of Russian Railways' students reaching 27,417.

In 2022, Russian Railways approved orders increasing the amount of scholarships for academic achievement by 15% and social scholarships by 30% starting 1 January 2023.

At sectoral universities and their branches, the Company created 16 simulator training facilities to prepare railway professionals, as well as eleven lecture halls and co-working and recreational spaces decorated in Russian Railways' corporate style.

Russian Railways' kindergartens are listed among Top 500 pre-school educational institutions in the Russian Federation.



In 2022, ten branches of railway universities supported by Russian Railways won the competition held as part of the Professionalitet federal project. Educational and production centres (clusters) equipped with modern simulator training facilities, and training and laboratory equipment were set up at those branches. More than 700 applicants joined the new educational programmes of Profesionalitet.



YOUNG AT HEART



Retired railway workers joined the Company's volunteering movement in 2019

by creating the first teams of "silver" volunteers.

This way they strengthen the ties between generations and transfer main corporate values – respect, team spirit and passion for work.

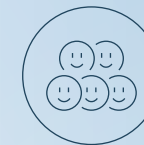


Our retirees continue to contribute to the Company's activities as they become mentors to the young generation.

"Silver" volunteers



Are actively engaged in social life



Take part in projects to stay positive



Help young talent at railway facilities

In 2022, Russian Railways' volunteers participated in the 6th Russian forum of silver volunteering, the main event in this area for seniors.

20 people

from 10 domains took part in the forum to exchange experience and gain new knowledge.



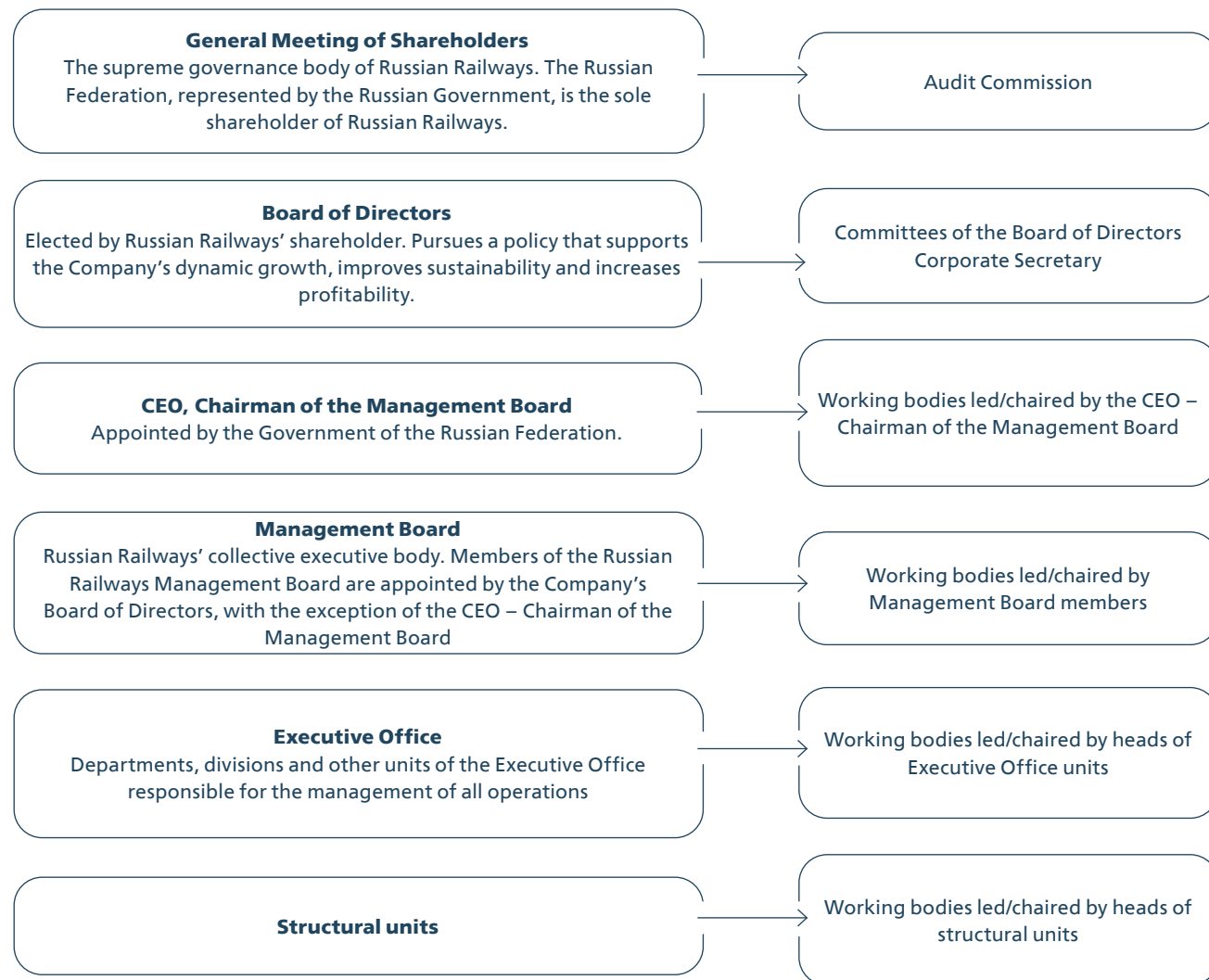
The forum named the winners of the Russian grant competition called Young at Heart, with Olesya Inokova, a coordinator of the Silver Track Gauge team from the South Urals Railway, coming first in the social projects category.

CORPORATE GOVERNANCE

The Company's approaches to ensuring effective corporate governance are underpinned by applicable standards and take into account the nature of its operations and governance as a 100% state-owned single economic entity¹. Instructions of the Russian Government, which seek to improve the quality of corporate governance in state-owned companies, are of critical importance for shaping the corporate governance practice in the Company. In implementing its corporate governance framework and tools, Russian Railways also complies with documents issued by the Bank of Russia as the regulator and the Federal Agency for State Property Management as the corporate governance methodologist for state-owned companies.

GRI 2-9

Governance structure of Russian Railways



General Meeting of Shareholders

The supreme governance body of Russian Railways is its General Meeting of Shareholders. As all of the Company's voting shares belong

to the sole shareholder, the Russian Government, all resolutions on matters reserved to the General Meeting of Shareholders are adopted in writing by

the Russian Government and take the form of the sole shareholder's orders and resolutions.

Board of Directors

The Board's key objective is to ensure the Company's general management and determine its business priorities and development strategy. The Board of Directors defines general principles of and approaches to risk management in the Company and approves:

- the Company's long-term development plans;
- core operating programmes and functional development strategies;
- a financial plan and an investment programme.

In line with international corporate governance practices, independent directors have been elected to the Board of Directors of Russian Railways since 2008. Independent directors shall have the professional skills, competencies and experience to form their own opinions and make objective judgements not influenced by the Company's executive bodies and shareholder.

Independent directors are members of all committees of the Board of Directors of Russian Railways.

Remuneration of the Board of Directors

In 2022, the Annual General Meeting of Shareholders of Russian Railways adopted a resolution to pay remuneration for the 2021–2022 corporate year to the Company's directors who are non-government employees. The remuneration size meets recommendations by the Board of Directors' as prescribed by the Regulation on Remuneration and Compensation Paid to Members of the Russian Railways Board of Directors².

Remuneration of a member of the Company's Board of Directors consists of the basic and additional components.

The basic component is calculated depending on the participation of directors in Board meetings. The maximum basic remuneration for a member of the Board is RUB 4,000,000.

For taking on additional responsibilities, Board members are paid additional remuneration calculated as the basic portion of remuneration multiplied by the following ratios:

- 3.5 – for the functions performed by the Chairman of the Board of Russian Railways (excluding

- individuals who perform the functions of the Chairman of the Board of Directors of Russian Railways in the chairman's absence);
- 1.5 – for the functions performed by the chairman of a Board committee of Russian Railways;
- 0.5 – for the functions performed by a member of a Board committee of Russian Railways;

Additional remuneration for participation in the work of the Board committees is paid subject to the director personally attending or producing a written opinion for at least 75% of in-person committee meetings held over the course of the corporate year.

If a member of the Board of Directors performs the functions of a member and/or the chairman of a Board committee on more than two committees, additional remuneration is paid for the functions performed on two committees only.



For more details on the Board of Directors see [Russian Railways' 2022 Annual Report, Board of Directors section.](#)

¹ Approved by resolution of Russian Railways' Board of Directors dated 20 June 2022, Minutes No. 19.

² Approved by resolution of Russian Railways' Board of Directors dated 26 June 2018, Minutes No. 25.

¹ As defined by Federal Law No. 29-FZ On the Specifics of Administration and Disposal of Railway Transport Property dated 27 February 2003.

Additional remuneration is calculated and paid for the period of actual performance of additional functions.

A Board member 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 directors who are members of the executive bodies of Russian Railways or who are restricted

or prohibited by Russian laws from receiving any payments from commercial organisations.

Committees of the Board of Directors

For the purposes of preliminary consideration of the most important matters and preparation of relevant recommendations, the 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 the Russian Railways Board of Directors and act in accordance with the regulations on relevant committees¹.

Management Board

The Company's Management Board is a collective executive body responsible for the general management of business operations, except for matters reserved to the General Meeting of Shareholders or the CEO and Chairman of the Management Board as per the Federal Law On Joint-Stock Companies and the Company's Charter, unless otherwise stated by the Charter.

The Management Board's key responsibilities:

- developing proposals on the Company's business strategy;
- implementing its financial and business policy;
- making decisions on the most important matters of its day-to-day operations;
- coordinating activities between its divisions;

- reviewing and approving the Company's risk reporting;
- reviewing and verifying (approving) the Company's risk appetite and the approach to its determination for submission to the Board of Directors;
- protecting shareholder rights and legitimate interests.

Documents regulating the Management Board's activities:

- Russian laws;
- the Company's Charter;
- resolutions of the General Meeting of Shareholders and the Board of Directors;
- the Regulation on the Russian Railways Management Board;
- the Company's internal regulations.

The Management Board acts in the Company's interests and reports to the Company's General Meeting of Shareholders and the Board of Directors.

Members of the Russian Railways Management Board are appointed by the Company's Board of Directors, while the Chairman of the Management Board is appointed by the Government of the Russian Federation.



Russian Railways' Charter is available on its website

Remuneration of the Management Board

Focused on improving the effectiveness of the individual and collective performance of the Management Board members, the remuneration system relies on the following three components:

- KPI achievement;
- personal performance assessment of each member;
- performance assessment of the Management Board and Russian Railways as a whole.

In 2022, the Company updated the Regulation on Key Performance Indicators¹ setting out:

- KPI development principles;

- KPI structure and list;
- procedures for approving and controlling KPI achievement.

In 2022, to regulate the remuneration payable to the Management Board, the Company relied on the Regulation on the Total Annual Personal Remuneration for Members of Russian Railways' Executive Officers² developed in accordance with the Regulation on the Remuneration to Chief Executive Officers, Their Deputies, Chief Accountants and Members of Collective Executive Bodies at State Corporations, Companies and Enterprises in which Shares in the Charter Capital are Owned by the Russian Federation³.



For more details on the Management Board see Russian Railways' 2022 Annual Report, Management Board section.

For details on the Audit Commission, internal control and audit see Russian Railways' 2022 Annual Report, Audit and Control section.



¹ Approved by resolution of Russian Railways' Board of Directors dated 14 September 2022, Minutes No. 1.

² Approved by resolution of Russian Railways' Board of Directors dated 22 December 2022, Minutes No. 7.

³ Approved by Decree No. 1127 of the Russian Government dated 23 June 2022.

RISK MANAGEMENT SYSTEM

Risk management and internal control system

In managing its risks the Company is guided by sustainability principles to prevent negative events and/or minimise their impact on financial performance as well as its social and

environmental activities based on relevant goals and objectives. Thanks to such approach our risk management and internal control system ("RMICS") provides reasonable assurance that the

Company will achieve its goals while balancing costs and benefits, and ensures its sustainable development.

Risk management process

The overall coordination and methodological support of RMICS risk management process at Russian Railways are led by the Risk Management and Internal Control Centre.

Risk management process is governed by internal regulatory documents of the Company.

As part of risk management and internal control, the Company generates risk reports containing information on risks, mitigation plans and RMICS performance. The reports are subject to review and approval

by executive bodies, the Board of Directors and its Audit and Risk Committee. The Board also sets the risk appetite, among other things, for sustainable development areas such as:

- procurement from small and medium-sized businesses;
- health, safety and environment;
- industrial and fire safety;
- traffic safety;
- information security;
- anti-corruption;
- finance and social policy.

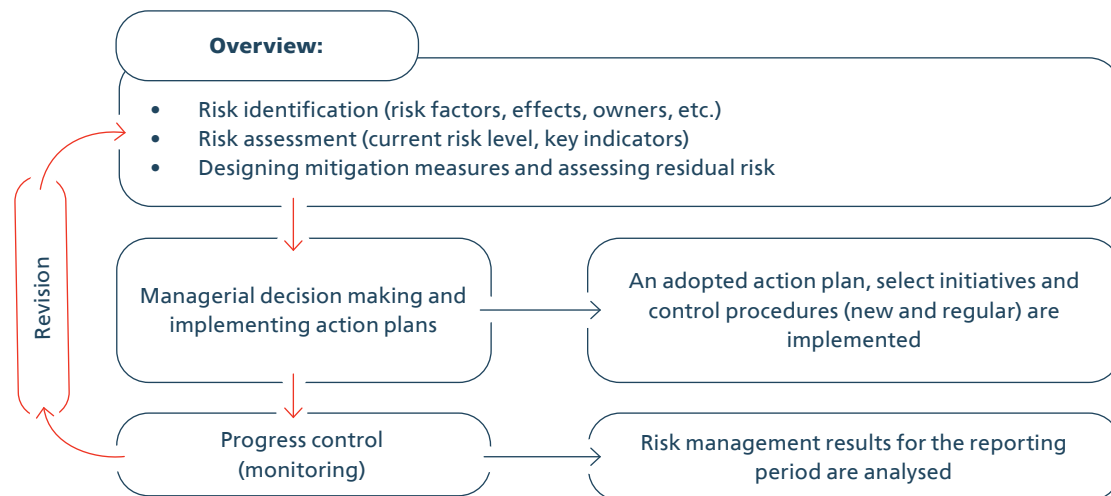
As risk management and internal control are ongoing and integrated into business processes, information

exchange, consultations, vertical and horizontal interaction of participants are not limited by reporting periods.

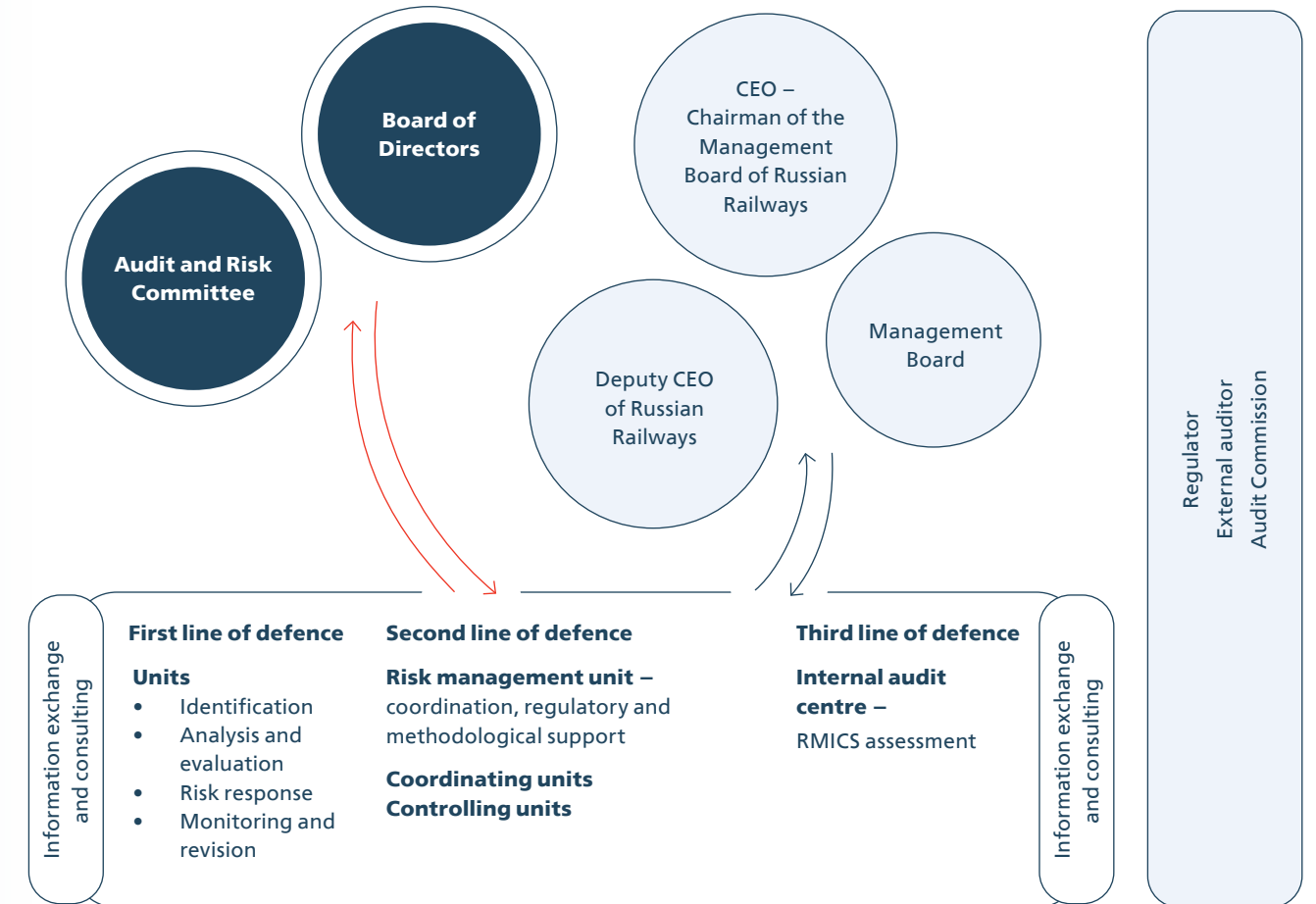
We keep improving our risk management in line with current limitations and trends, which is confirmed by internal audit, among other things.

In particular, when identifying and assessing risks and designing response measures, we pay increasing attention to achieving sustainable development goals based on ESG criteria and the approved risk level.

Risk management stages



Risk management and internal control participants



Sustainability risks

As a leader of the global railway transportation market and one of Russia's backbone local players, Russian Railways helps achieve important social and economic goals and ensure transport accessibility of cities and regions. Being a major taxpayer we place special emphasis on the professional development and safety of our employees.

We take into account all stakeholder interests, analyse risks, monitor and adopt global trends, and take stronger effort towards sustainability. This

helps us identify growth points and take advantage of new opportunities while striking a balance between such opportunities and related risks.

Information on sustainability risk management is available in the respective sections of the report:

- Social risks (Personnel Development section)
- Health and safety risks (Health and Safety section)

- Corruption risks (Anti-Corruption section)
- Procurement risks (Procurement Management section)
- Climate change risks (Climate Action section)
- Information security risks (Innovations and Efficiency Improvement section)

ANTI-CORRUPTION

GRI 205-3

Russian Railways' anti-corruption policy¹ is a set of interrelated principles and procedures designed to prevent and combat corruption and minimise corruption risks. It also enables the Company to achieve its sustainability goals.

Russian Railways' anti-corruption policy outlines the following priorities:

- to ensure that the Company's employees, directors and stakeholders have a uniform understanding of the zero tolerance approach to corruption in all its forms and manifestations;
- to communicate the importance of publicly declaring zero tolerance for corruption and bribery in business;
- maintain compliance with the Russian anti-corruption laws.

Russian Railways' anti-corruption policy is underpinned by the following principles:

- the Company declares zero tolerance for corruption and is committed to compliance with Russian laws, international treaties signed by Russia and generally accepted standards;
- the Company takes a systematic approach to assessing corruption risks as a way to form an adequate response to corruption;
- the Company regularly monitors the effectiveness of its anti-corruption practices;
- the Company exercises due diligence in all its activities and managerial decision-making;
- the Company's employees receive regular training in anti-corruption.

Preventive measures are based on the following two components:

- implementing anti-corruption standards that establish responsibilities, limitations and bans integrated into employment contracts;
- ensuring compliance by employees and management at all levels.

In accordance with the law, the Company's employees may be subject to disciplinary, administrative and criminal liability for committing corruption offences.

Number of confirmed incidents of corruption,

Indicator	2021	2022
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	0

Incidents when the Company was subject to administrative liability for violating Russian anti-corruption laws,

Indicator	2021	2022
Number of incidents when Russian Railways was subject to administrative liability under Article 19.29 of the Russian Code of Administrative Offences	12	8

The incidents when the Company was subject to administrative liability were caused by non-compliance with applicable restrictions in employment of former government and municipal officials. Entities hiring former officials are required to report signing respective employment (civil law) contract to the official's last known

employer. Notification to that effect must be sent within ten days after respective contract is signed.

To prevent violations in this area, Russian Railways implements a number of measures. Letters with clarifications are sent to heads of units. The Company distributes visual

aids describing an algorithm of what must be done when hiring former government and municipal officials. A respective notification form was added to the Human Resource UCAS¹, with the system also displaying a pop-up window to remind the user to send the notification to the new hire's previous employer.

The principle of zero tolerance for corruption set out in Russian Railways' anti-corruption policy prohibits Russian Railways' directors, employees and counterparties, acting directly or through third parties, from engaging, or inducing anyone to engage in corruption, whatever the business practices are in any particular country.



¹ Russian Railways' Order No. 472r dated 24 February 2015 (as amended by Russian Railways' Order No. 2277r dated 8 November 2017).

¹ Human Resource Uniform Corporate Automated System.

Governance structure

To address and prevent corruption, the Company has a vertically integrated organisational and functional structure with designated officers responsible for streamlining work at all corporate governance levels¹.

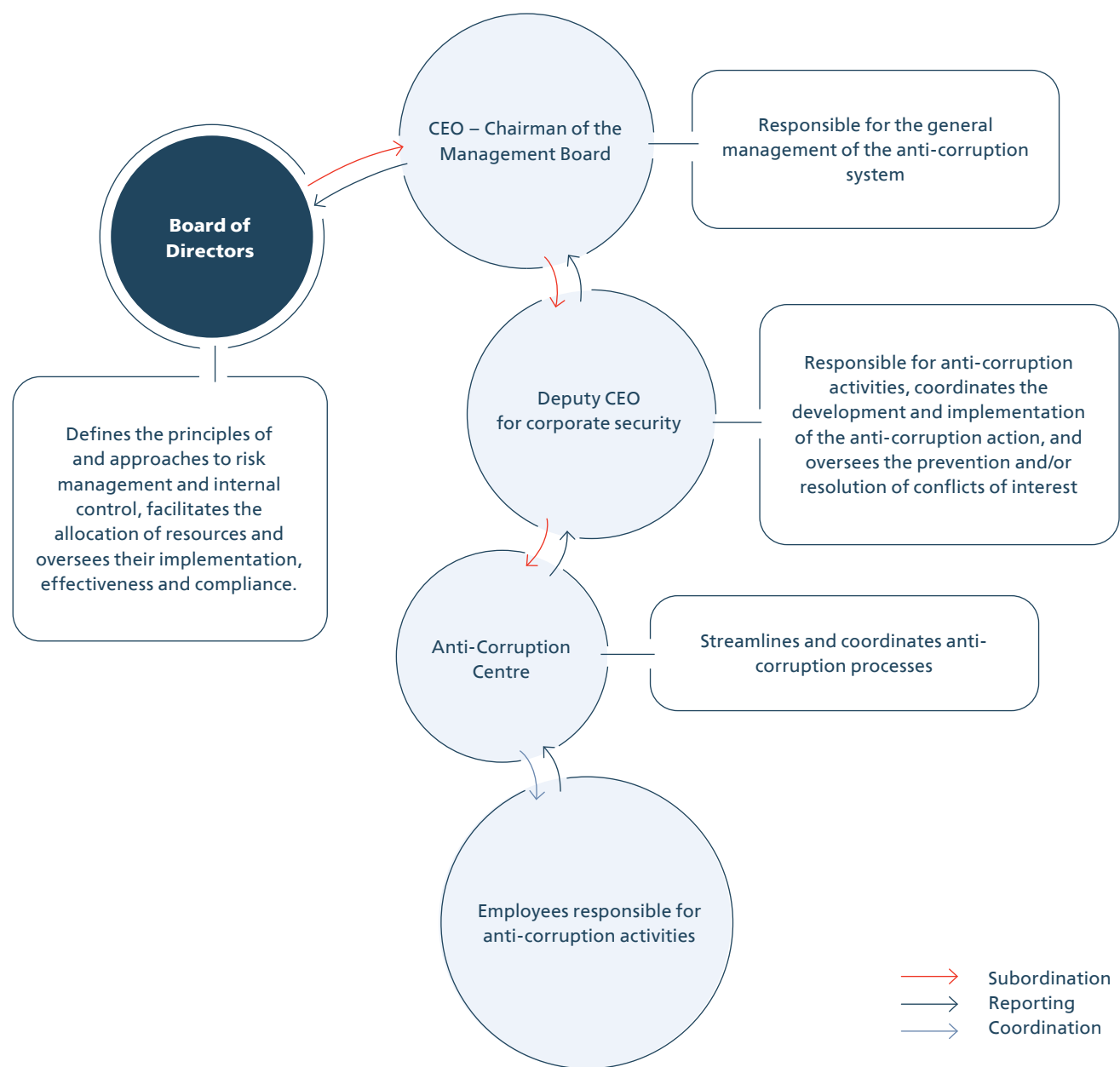
The Group seeks to ensure a uniform approach to implementing the anti-corruption policy. To that end it approved the following:

- criteria for identifying Russian Railways' controlled entities

required to comply with the Company's anti-corruption regulations;

- a list of such companies and a list of the binding regulations.²

Governance structure



¹ Russian Railways' Order No. 2051/r dated 16 September 2019.
² Russian Railways' Order No. 2063/r dated 22 September 2021.

Russian Railways' Anti-Corruption Action Plan

Russian Railways' Anti-Corruption Action Plan approved for the relevant period in accordance with the National Anti-Corruption Plan¹ and

the respective Instructions of the Russian Government provides a legal and organisational framework for the Company's anti-corruption action.

Key focus areas of Russian Railways' Anti-Corruption Action Plan for 2021–2024²:

- corruption risk management;
- prevention and resolution of conflicts of interest;
- reporting any inducement to corruption to the employer;
- reporting receipt of gifts by an employee;
- anti-corruption compliance in real estate management;
- engagement with law enforcement agencies;
- analysis of anti-corruption measures in procurement;
- expert review of draft contracts to identify and eliminate corruption risks;
- assessment of RMICS from an anti-corruption perspective;
- Anti-Corruption Hotline;
- anti-corruption awareness raising;
- staff training and development;
- improvement of digital technologies in anti-corruption activities;
- social surveys on anti-corruption.



Corruption risk management

Russian Railways' corruption risk management is an integral part of the Company's risk management and internal control system. We streamline and harmonise risk management approaches in line with the Guidelines for Corruption Risk Management³, Risk Management and Internal Control Policy⁴ and other documents.

Across the Company's business units, employees responsible for anti-corruption practices at all governance levels perform regular and consistent assessment of corruption risks, exercise multi-tier control and take corrective actions.

In 2022, the units performed an annual assessment of corruption risks, with the registers for the year compiled

after such assessment, response plans implemented and the Russian Railways' consolidated register of corruption risks updated.

We also perform an annual internal audit to check the RMICS performance in preventing and combatting corruption.

¹ Approved by the Russian President's Decree No. 478 dated 16 August 2021.

² Russian Railways' Order No. 2106/r dated 28 September 2021.

³ Approved by Russian Railways' Order No. 192/r dated 1 February 2021.

⁴ Approved by the Company's Board of Directors (Minutes No. 17 dated 27 May 2019) and enforced by Russian Railways' Order No. 1223/r dated 18 June 2019.

The Code of Ethics for Internal Auditors¹ establishes:

- main ethical norms and rules, including the objectivity principle and the 'no conflict of interest' principle;
- unified mandatory rules of conduct for internal auditors.

The Board of Directors' Audit and Risk Committee is regularly informed on monitoring outcomes for RMICS as regards anti-corruption performance and the effectiveness of relevant measures.

We conduct due diligence on companies intending to enter into contracts with Russian Railways, including bidders competing in a

tender or auction for a contract to supply goods, work or services for Russian Railways' needs.

To sign a contract with Russian Railways, counterparties must submit, among other documents, a beneficial owner certification form as provided for in the contract. All draft contracts require approval of the Security Department that can be granted after the successful completion of a security audit.

Contracts with counterparties also include anti-corruption clauses stipulating the following:

- guaranteed compliance with the relevant regulations;
- termination of the contract if the counterparty is found to engage in corruption.

In 2022, Russian Railways fully implemented the anti-corruption action plan for the reporting period, focusing on managing corruption risks and conflicts of interest and making its educational, awareness raising and other anti-corruption initiatives more efficient.

Compliance monitoring and control are key elements of anti-corruption practices. Russian Railways' business units and subsidiaries conducted over 110 audits of its regional and structural units, with follow-up corrective measures developed and put into action.

Conflict of interest prevention and management

GRI 2-15

Prevention and resolution of conflicts of interest remain Russian Railways' overarching priority in combatting corruption.

In 2022, the Board of Directors approved the Corporate Governance Code² featuring a dedicated anti-corruption section, which includes provisions on preventing and resolving conflicts of interest, among other things. They are mandatory for all governance bodies.

In 2022, to eliminate causes and conditions conducive to corruption, the Company approved a new version of the Regulation on Prevention and

Resolution of Conflicts of Interest³. This document serves the following purposes:

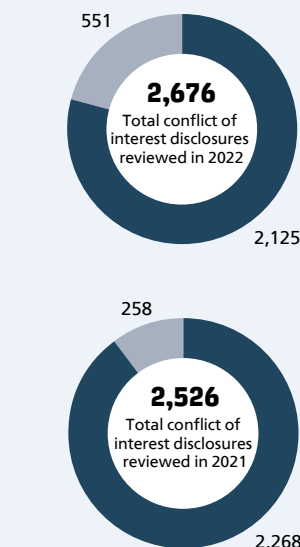
- setting out the timeline for reviewing conflict of interest reports;
- explaining the meaning of a potential and actual conflict of interest;
- listing those whose personal interest may lead to a conflict of interest;
- describing the response procedure for employees in charge of reviewing such reports at business units and Russian Railways management;
- stipulating criteria for determining a disciplinary action.

All the Company's employees must do their best to prevent and resolve conflicts of interest.

In 2022, the number of conflict of interest disclosures at all corporate governance levels increased by 6% y-o-y to 2,676.

A total of 551 conflicts of interest were identified compared to 258 in 2021. The Company applied disciplinary actions for failure to comply with anti-corruption rules to 52 employees (23 employees were admonished, 23 employees were reprimanded, and 6 were dismissed).

Conflict of interest resolution at Russian Railways



- No conflict of interest
- Conflict of interest identified

'22	1,856	863
'21	1,930	615

- Requested by the person in charge
- Unsolicited disclosures

As part of the efforts to identify and eliminate the causes and conditions for conflicts of interest and with a view to their timely and objective resolution, the Conflict of Interest Commission had a meeting on implementing corporate anti-corruption requirements and corruption restrictions.

Number of employees subjected to disciplinary action

34
people
in 2021

52
people
in 2022

Regional conflict of interest commissions set up by the 16 railways of the Company held 22 meetings on 46 employees.



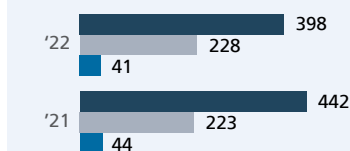
Anti-Corruption Hotline

GRI 205-3

The Company has a whistleblowing hotline in place to report corruption in the Russian Railways Group, including anonymously. The contact channels are available in the Anti-Corruption section of Russian Railways' website.

The Anti-Corruption Hotline is open 24/7 and has a voicemail service. The Anti-Corruption Centre, Russian Railways' structural unit, receives and processes the incoming reports. At the end of each quarter, information on investigation results and actions taken is submitted to Russian Railways' Deputy CEO for corporate security.

Complaints for 2021–2022



- Total complaints received
- Reported corruption violations
- Confirmed violations

¹ Russian Railways' Order No. 3034/r dated 25 December 2019.

² Minutes No. 1 dated 14 September 2022.

³ Russian Railways' Order No. 1929/r dated 26 July 2022.

In 2022, we received 398 reports, down 10% against the previous year, 228 of which (57%) were on suspected offences. Following the investigation, the Company took disciplinary action (reprimands or disciplinary penalties) against 26 employees and dismissed 10 employees. Another 13 reports were escalated to law enforcement agencies.

In accordance with Russian Railways' Code of Business Ethics and the Company's anti-corruption policy, we ensure confidentiality and protect whistleblowers from negative consequences arising from their reports of potential corruption in the Company.

Reports can be submitted in the following way:

- via the virtual reception desk at the Company's official website (Corruption to be chosen as the topic)
- via e-mail anticorruption@center.rzd.ru;
- by mail at 2/1 Novaya Basmannaya St., Bld. 1, Moscow 107174, Anti-Corruption Centre, Russian Railways' structural unit
- by phone 8 (800) 775-65-66



Anti-Corruption Hotline

Zero tolerance for corruption

GRI 205-2

Staff training

Russian Railways' centralised system of mandatory anti-corruption training is one of the key instruments for fostering responsible conduct culture.

Training targets various staff categories, with over 70,000 employees completing relevant

courses on Russian Railways' distance learning platform in 2022. On top of that, 565 employees responsible for anti-corruption activities upgraded their qualifications through an educational programme at the Law School of the Russian University of Transport (MIIT) and the Higher School of Economics.

All new hires are required to read and sign Russian Railways' Code of Business Ethics, anti-corruption policy and other internal anti-corruption regulations when accepting employment and to get acquainted with any amendments thereto by reading and signing them in a hardcopy, digital¹ or electronic format.

Anti-corruption promotion programme

In 2022, we continued to implement the Comprehensive Anti-Corruption Promotion Programme for 2021–2023².

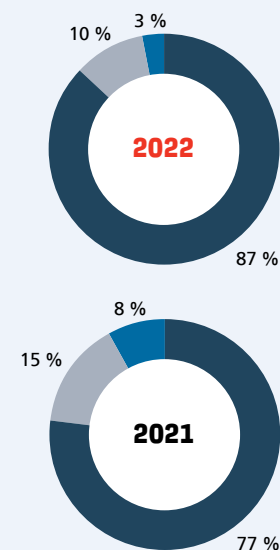
We paid special attention to educating employees, promoting ethical values, supporting young activist movements and cooperating with controlled entities on combatting and preventing corruption.

To raise employee awareness the Company distributed anti-corruption infographics. Our corporate media featured news, interviews and other materials on anti-corruption compliance, and RZD TV broadcast themed videos and satirical articles.

The Group's quarterly almanac Anticorr and a dedicated blog on the Employee Service Portal focus on anti-corruption efforts.

In 2022, we also organised a contest on social anti-corruption advertising called #RZDWITHOUTCORRUPTION³ with over 200 advertisements submitted.

How do you rate the response to your query?



- **SATISFIED**
Received all the required information and clarifications
- **PARTIALLY SATISFIED**
Questions remain
- **NOT SATISFIED**
Did not receive the required information and clarifications

The Groups actively engaged with the youth, expanding the membership of Anticorr, a voluntary union of the Russian Railways Group employees fostering a culture of zero tolerance to corruption among the Group's teams. The community regularly discusses draft anti-corruption promotion materials and tests some of them on site.

We also paid attention to promoting anti-corruption practices among future railway employees at the MIIT. Our representatives gave speeches on the topic at two conferences and held two meetings as part of educational work with students. Students participated in the Anti-Corruption Readings nationwide campaign timed to coincide with the International Anti-Corruption Day.

The Company also conducted a survey to explore how Russian Railways' employees perceive its anti-corruption activities. The majority of respondents (60%) consider the Company's anti-corruption policy to be effective, and 87% of those who requested clarifications in 2022 were satisfied with the outcome and received all the necessary information.

In 2022, the anti-corruption awareness index improved across the Company.

Serving to assess employee knowledge on what to do in case of corruption, the index came in at 5.9 points out of 10, an increase of 0.7 points vs 2021.

To make its anti-corruption activities open and transparent, the Company publishes all anti-corruption regulations, rules, guidelines and information in the Anti-corruption section of its website. The Company's employees can also access these materials from their personal accounts on the Service Portal.



Anti-corruption at Russian Railways website

Anti-Corruption Rating of Russian Business

Seeking independent due diligence, the Company took part in the Anti-Corruption Rating of Russian Business awarded by the Russian Union of Industrialists and Entrepreneurs based on compliance with the ISO 37001:2016 international anti-corruption standard (Anti-bribery management systems – Requirements with guidance for use) and the provisions of the Russian Anti-Corruption Charter for Business.

The rating recognised Russian Railways as a leader and one of the best-performing major Russian companies for the third year running.

In 2022, the Company won the first National Anti-Corruption Compliance Leader award recently established by the RSPP. The award recognises the Company's efforts in this area and excellent results of implementing the relevant policy across its controlled entities.

¹ Via the single automated document management system.

² Approved on 24 December 2020 (Minutes No. 1955).

³ In accordance with Russian Railways' Order No. 1175/r dated 28 April 2022.

RESPONSIBLE TAX POLICY

GRI 207-3

As a systemically important company, a large employer and a major taxpayer, Russian Railways is a key contributor to Russia's social and economic progress. We are aware of our responsibility towards the government and society, and are committed to fulfilling our tax liabilities in good faith. Russian Railways pays all applicable taxes, insurance contributions, levies and charges required by the Russian laws, including VAT, corporate income, property, land, and transportation taxes, insurance fees, MET and others.

The Company adopted the Declaration on Tax Strategy Objectives and Principles (tax strategy)¹, which is in line with the Russian Railways Group's values, mission, strategic priorities, and growth targets.

In its tax strategy, the Company relies on the following principles:

Taxpayer's good faith.

The Company complies with all tax laws and pays all applicable taxes and levies on time and in full, as well as files tax returns and other documents in a timely manner.

Tax disclosure.

We disclose tax information in accordance with the laws of our countries of operation and international treaties.

Higher tax transparency.

The Company takes measures to enhance tax transparency, including through tax monitoring to ensure accurate calculation and timely payment of taxes, levies and insurance fees.

Tax risk management.

The Company uses a comprehensive system to identify and manage tax risks.

Consistency of tax accounting methodology.

Russian Railways seeks to adopt consistent approaches to taxation to ensure the consistency of tax accounting and fair presentation of taxes in its reporting. The Company mitigates tax risks among other things by requesting clarifications from relevant government agencies and reasoned opinions of tax authorities as part of tax monitoring.

Tax burden planning.

The Company has a tax planning system in place to have tax authorities informed of planned tax accruals and to ensure the complete and timely payment of taxes and levies. The Company collaborates with the Russian government agencies to determine a fair tax burden on the rail transportation industry.

Due diligence and mitigating risks of unjustified tax benefits.

Russian Railways exerts every effort to stay within the limits as regards the right to determine tax base and calculate taxes when entering into transactions with its counterparties. The Company's internal controls and procedures serve to mitigate tax risks.

Tax function automation and digitalisation.

Russian Railways seeks to improve its tax management processes by means of continuous automation and digitalisation.



For more details on Russian Railways' tax strategy, see the [Company's website](#)

PROCUREMENT MANAGEMENT

Management approach

In its relations with suppliers and contractors the Company seeks to provide equal access to procurement, ensure openness and transparency and foster fair competition.

Russian Railways' procurement activities are governed by:

- Federal Law No. 223-FZ On Procurement of Goods, Work and

Services by Certain Types of Legal Entities dated 18 July 2011;

- other procurement laws and regulations for state-owned companies;
- Regulation on the Procurement of Goods, Work and Services for the Needs of Russian Railways¹.

Russian Railways complies with anti-corruption and tax clauses, and no conflict of interest requirements. Suppliers may be included in the register of bad faith suppliers only on the grounds and in the manner set forth by applicable Russian laws.

Procurement risks

The Company's key procurement risks include:

- procurement of materials and resources at inadequate prices;
- procurement of materials and resources in volumes insufficient for Russian Railways' units;
- failure to procure from small and medium-sized businesses as required;
- violation of laws when arranging and holding procurement procedures;
- violation of laws when making procurement disclosures;
- improper preparation of documents for competitive procurement.

To manage these risks, the Company:

- analyses market prices and monitors initial (maximum) prices;
- considers/plans procurement taking into account the requirements for purchases exclusively from small and medium-sized businesses;
- monitors if its units fulfil the requirements for procurement from small and medium-sized businesses;
- monitors legislative changes and amends its procurement regulations;
- monitors changes in the functions of information systems;
- standardises documents to arrange and hold procurement procedures;

- trains its employees;
- makes sure that planning, procurement and contracting are timely;
- automates processes and improves the functions of information systems;
- provides timely responses to queries on procurement.

¹ Approved by Russian Railways' Order No. 1309/r dated 15 June 2021.

¹ Approved by the Board of Directors of Russian Railways on 28 June 2018.

Procurement in 2022

In 2022, we amended our regulations aiming to improve, streamline and increase the transparency of our procurement activities, as well as engage more players from various economic sectors.

The Regulation on the Procurement of Goods, Work and Services for the Needs of Russian Railways was amended as follows:

- a new method of sourcing from SMEs via an e-procurement marketplace for procurement amounts not exceeding RUB 20 m was introduced¹;
- specific procurement provisions and procedures were put in place in response to political and/or economic sanctions imposed on Russian Railways by foreign countries²:
 - the procedure for disclosing details on procurement, participants and persons selected to be awarded contracts was defined,
 - timeframes for reviewing bids and announcing results were reduced and internal procedures for approving and amending contracts simplified,
 - requirements were put in place for non-competitive procurement to follow the same procedure as that for competitive procurement,
 - the application scope of simplified procurement procedures was expanded, including their use for the purchase of domestic products;
- the contract payment periods were shortened³:
 - for contracts with SMEs, the payment period was reduced from 15 to 7 business days from the date of signing the acceptance documents (for goods delivered, work performed or services rendered),
 - for other contracts, deadlines were set for payments for delivered goods, performed work (its results) or rendered services. The maximum payment period was set at 60 consecutive days, with the payment procedure and terms required to be set out in the procurement documentation and draft contracts⁴;
- amendments entitling the customer to require a specific country of origin of goods were introduced⁵;
- uniform requirements were put in place for independent guarantees of SMEs participating in competitive e-procurement⁶;
- pursuant to the directives of the Government of the Russian Federation⁷:
 - the list of grounds for single-source procurement was extended to include procurement of goods with no Russian analogues from defence companies;
 - specific contract execution provisions were put in place in connection with economic restrictions imposed against Russia by unfriendly foreign states and in connection with partial mobilisation in Russia announced based on Presidential Decree No. 647 dated 21 September 2022.

To secure a uniform procurement approach, amendments were made to procurement documents to factor in antitrust measures:

- the list of documents and information required to be submitted by the bidder was reduced (with document forms simplified, the requirement to declare compliance with mandatory requirements and to provide publicly available documents (e.g., licences) eliminated and the customer required to carry data checks on their own);
- foreign agents were banned from taking part in procurement⁸;
- the procedure for rejecting bids due to the provision of inaccurate information was clarified;
- mandatory criteria for requesting additional information from the bidder were established, including in case of discrepancies or the need to clarify the information provided.



For more details on Russian Railways' procurement activities, see the [Procurement and Bidding section on the Company's website](#)

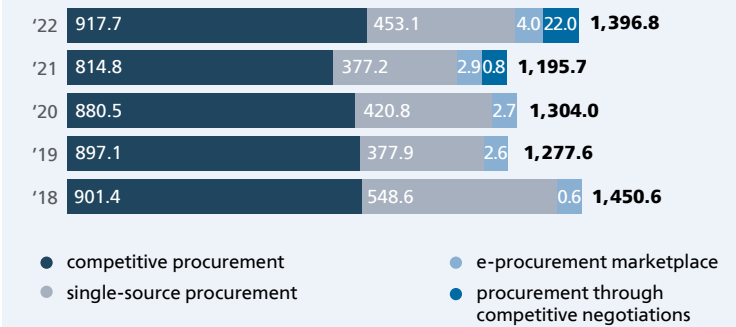
2022 performance

In 2022, a total of 12,362 competitive procurements (lots) were conducted, with an average number of bidders of 2.9 (3.1 among SMEs).

Competitive procurement continued to account for the largest share in the total procurement volume. Nearly one third of all procurements were sourced from a single supplier. Procurements through competitive negotiations and online marketplace combined were below 2.0% of the total procurement volume.

Procurement savings totalled 3.0% of the sum of initial (maximum) bidding prices.

Procurement in 2022, RUB bn



¹ In line with Decree No. 2323 of the Russian Government dated 16 December 2021.

² Pursuant to Decree No. 301 of the Russian Government dated 6 March 2022.

³ Pursuant to Decree No. 417 of the Russian Government dated 21 March 2022 and Federal Law No. 104-FZ dated 16 April 2022.

⁴ According to the standard payment terms of Russian Railways as approved by Russian Railways' Order No. 1594r dated 1 August 2006.

⁵ In line with Federal Law No. 104-FZ On Amendments to Certain Legislative Acts of the Russian Federation dated 16 April 2022.

⁶ Under Decree No. 1397 of the Russian Government dated 9 August 2022.

⁷ Directives No. 14241p-P13 dated 23 December 2021, No. 2182p-P13ks dated 6 March 2022, No. 12061p-P13 dated 14 October 2022.

⁸ In accordance with Federal Law No. 255-FZ On Control over Activities of Persons Under Foreign Influence dated 14 July 2022.

Import substitution

GRI 204-1

Russian Railways continued to replace foreign products with domestic ones of equivalent performance and properties in line with its Comprehensive Import Substitution Programme through 2025¹.

Priority import substitution areas:

- reducing dependency on imported complex technical systems such as railway automatics and telematics equipment;
- reducing railway industry dependency on imported transportation machinery;

- preferred use of domestic software;
- equipping railway infrastructure with import-independent hardware and software;
- scheduled replacement of foreign products with domestic ones.

To facilitate the procurement of domestic goods and services from Russian suppliers, the Company:

- introduced amendments to procurement documents entitling the customer to require a specific country of origin of supplied goods;

- put in place new mechanisms for prompt procurement, including non-competitive procurement (tenders, auctions, requests for quotations, requests for proposals), competitive negotiations, and an increased e-procurement cap (to RUB 3 m);
- allowed for domestic goods being prioritised over foreign ones in the course of procurement².

In 2022, the share of procurement contracts for domestically sourced equipment, work and services was

97.1%
of the total number of contracts.

Russian-made goods accounted for

94.5%
of the total volume of goods procured in the reporting period.



Procurement from small and medium-sized enterprises

In its procurement activities, Russian Railways complies with legislative requirements for sourcing from SMEs. We run a permanent partnership programme for SMEs¹, which serves to provide information and methodological support to our partners.

On the margins of the St Petersburg International Economic Forum, the Company signed a 2022–2024 cooperation roadmap with OPORA RUSSIA and SME Corporation². Among other things, it provides for fostering SME development with a view to engaging SMEs in major customers' procurement.

To this end, the Company:

- approved instructions on setting up programmes to foster SME development with a view to engaging SMEs in the Company's procurement, which set out key requirements for the said programmes to be set up by the Company's units as customers³;
- approved the SME Development Programme to Foster SME Participation in Procurement through 2025⁴, which sets forth measures to support SMEs with respect to a certain range of goods and is available on the official websites of Russian Railways⁵ and SME Corporation⁶.

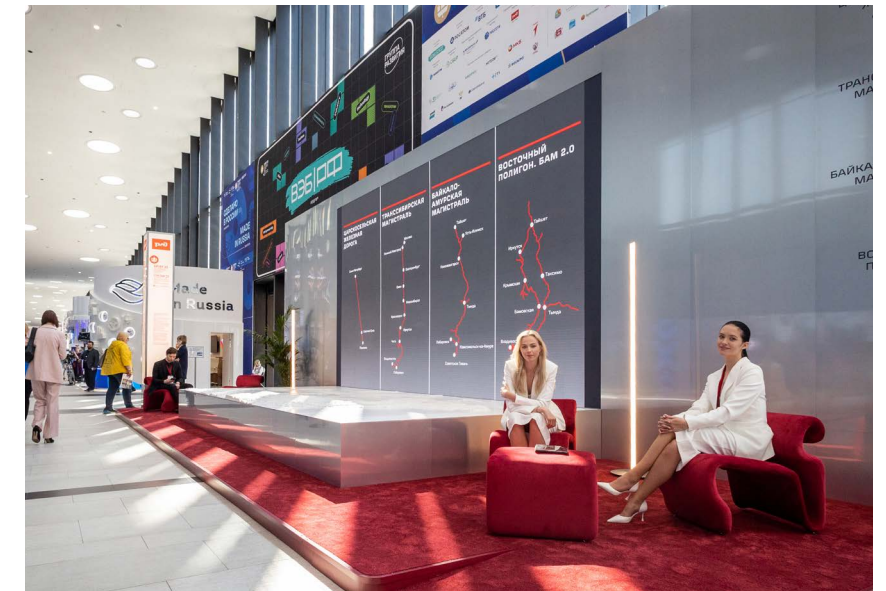
To create a pool of suppliers meeting the Company's key procurement needs, Russian Railways seeks to make its procurement process more accessible for market players by:

- training procurement participants, including SMEs;
- publishing procurement guidelines in the Procurement and Bidding section of its website;

- participating in workshops for SMEs run by SME Corporation across Russia (the reporting year saw 33 open workshops which welcomed 2,895 participants);
- helping nurture future suppliers from among SMEs and maintaining a list of potential production sites across nearly all regions of Russia (the list is available on SME Corporation's website).

In 2022, the total share of procurement from SMEs stood at 74.7% against the annual statutory requirement of 25.0%. The share of procurement involving only SMEs came in at 20.6% exceeding the annual statutory requirement of 20.0%.

Russian Railways' efforts to promote a favourable competitive environment for suppliers, including SMEs, was recognised at the 26th St Petersburg International Economic Forum with a number of accolades and rewards.



Awards

won at the 26th St Petersburg International Economic Forum:



No. 1 in the Top 20 most loyal major customers (for the fourth year running)



2022 leader in procurement from SMEs

¹ Approved by Russian Railways' Order No. 276r dated 5 February 2014.

² No. 1081 dated 16 June 2022.

³ Russian Railways' Order No. 3368/r dated 19 December 2022.

⁴ Russian Railways' Order No. 3473/r dated 27 December 2022.

⁵ The programme is available at <https://company.rzd.ru/ru/9416/page/103290?id=1232#main-header> under item "The SME Development Programme to Foster SME Participation as Providers in Russian Railways' Procurement" (in Russian).

⁶ The programme is available at <https://corpmsp.ru/obespechenie-dostupa-k-goszakupkam/programmy-razvitiya-postavshchikov-podryadchikov-ispolniteley-krupneyshikh-zakazchikov/> under item "Russian Railways' Supplier Development Programme" (in Russian).

¹ Approved by Russian Railways' Order No. 3125/r dated 31 December 2019.

² In accordance with Decree No. 925 of the Russian Government dated 16 September 2016.

Sustainable development and supplier engagement

Occupational health and safety

The Company relies on the Regulation on OHS Relations of Russian Railways with Contractors to ensure safe work of contractors on its sites.

It stipulates OHS requirements for contractors in service contracts, putting relevant branches where contractors perform work in charge of overseeing compliance. In case of violations, the contractor is penalised as provided for in the contract.

Contracts for work on Russian Railways sites and premises include the following:

- OHS provisions regulating responsibilities of the customer and contractors, including contractor liability for breaching safety rules;

- provisions on contractor staff compliance with Russian Railways' OHS requirements;
- provisions on the timely notice to the Company of all accidents, injuries, health impairment and illnesses of employees, and other work-related emergencies.

Supplier environmental responsibility

The Company adopted an in-house methodology to assess supplier environmental responsibility.

To monitor contractor compliance with environmental requirements, we use the Methodology for the Recognition and Assessment of Environmental Requirements for Products, Raw Materials and Supplies Purchased by Russian Railways' Business Units. This methodology regulates compliance with additional requirements and helps:

- reduce the environmental footprint;
- improve working conditions;
- increase the Company's economic performance through better energy and resource efficiency.

Supplier hotline

GRI 2-26

A dedicated hotline is available for suppliers of Russian Railways to address any enquiries related to procurement. It ensures that legal entities and individuals can exercise their right to access information about the Company's procurement of goods, work and services and participate in procurement.

The hotline is available 24/7, with enquiries published in the Q&A section.



Supplier hotline



INNOVATIONS AND EFFICIENCY IMPROVEMENT

Innovation-driven development

Russian Railways' R&D activities and innovation-driven development follow the priorities set forth in the Company's Long-Term Development Programme until 2025, as well as the Group's Research and Development Strategy until 2025 and further until 2030 (the White Paper)¹, in line with the country's strategic development goals and global R&D trends.

Key areas of the Group'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 Comprehensive Innovative Development Programme (CIDP) until 2025² is the key tool for unlocking the innovation potential of the Long-Term Development Programme. It includes 11 groups of projects and proposals for streamlining innovation activities and establishes partnership mechanisms underpinned by open innovation principles.

In 2022, the Interdepartmental Taskforce on Technology Development under the Government Commission for Economic Modernisation and Innovative Development of Russia assessed progress against the CIDP at an all-time high of 98.3% (out of 100%).



¹ Approved by Russian Railways' Order No. 769/r dated 17 April 2018.

² Approved by the Company's Board of Directors (Minutes No. 13 dated 26 February 2020).

Quantum communications

The Russian Government assigned Russian Railways responsibility for the development of the hi-tech Quantum Communications sector as part of the Digital Economy of the Russian Federation national programme. Advances in this area will help achieve two important objectives:

- create integrated secure infrastructure for digital economy;
- contribute to Russia's R&D growth strategy.

In November 2022, the Praesidium of the Government Commission¹ approved a roadmap for developing the hi-tech Quantum Communications sector through 2030. The roadmap sets out three key objectives to help Russia achieve a leading position in quantum communications:

- creating an infrastructure for quantum communications networks;
- developing quantum communications technology;
- building a relevant ecosystem.

We created the Monitoring and Control Centre for Russian Railways Quantum Networks responsible for managing the main quantum network and monitoring its metrics and overall performance.

1,147 km
total length of Russian Railways' quantum network

As part of the roadmap, 25 R&D projects are underway to localise the production of equipment and components in Russia and develop up-and-coming technologies. Seven of these projects focus on the manufacturing of optical components that are of critical importance for the industry.

The quantum communications ecosystem brings together over 100 organisations ranging from government agencies to startups. Systems integrators, potential

consumers, service developers and communications service providers are gradually joining the ranks of existing R&D and educational organisations, hardware and software developers and manufacturers.

Russian Railways and Digital Transformation Centre developed two professional standards in the realm of quantum communications. One of them has already been approved by Russia's Ministry of Labour and Social Protection, while the other one is pending approval scheduled for 2023.

over 100 events
held within the ecosystem in 2022

over 20 Russian universities
run educational programmes on quantum communications and related topics



Support for innovation projects

One of the Group's objectives is to become a hub for innovations and bring innovative momentum to the Russian economy. To this end, the Company builds partnerships with R&D institutions, industrial players, SMEs, and other national innovation champions.

The Company's infrastructure for promoting innovations seeks to integrate the development of human capital with the use of tools facilitating engagement with external players. These tools include:

- one-stop shop for innovations;
- open queries;
- corporate acceleration programme;
- regional innovation platforms;
- innovation support programme and partnership agreements.

In 2022, the Company held four competitions scouting for innovation projects that could advance the R&D and innovation-driven growth of the railway sector and manufacturing of innovative products. As part of the competitions, we selected 15 promising innovation projects.

Russian Railways expands the list of tools available for innovation-driven upgrades of railway infrastructure. For example, in December 2022, the Company held the first PRO//Motion. Innovations conference aiming to enhance the partnership between scientists and the Russian business community, and to engage firms and private investors in joint innovation projects focusing on railway infrastructure.

Protection of intellectual property

Legal protection and management of intellectual property rights is an important focus area for Russian Railways.

Russian Railways' intellectual property portfolio includes 4,343 inventions, useful models, trademarks and software suites.

In 2022, the Company added 388 intellectual property items to its portfolio, including 9 items benefiting from legal protection abroad. According

to the Federal Service for Intellectual Property (Rospatent), Russian Railways made it to the Top 3 companies with the largest number of state registration certificates for software inventions.

Russian Railways is one of the leading state-owned companies by the size of its intellectual property portfolio.

In 2022 the Company also held the fourth acceleration programme titled "Passenger Transportation and Import Substitution".

23 startups
took part in the programme

7 winners
were selected

In November 2022 during the Transport of Russia International Forum and Exhibition the Company announced the launch of Russian Railways' Transport Accelerator, which was joined by other players of the transportation industry. The initiative is designed to provide end-to-end solutions for industry-wide challenges, create a unified infrastructure platform, and promote new synergy-powered areas and products.

9 cooperation
agreements signed to develop Russian Railways' Transport Accelerator

¹ The Government Commission on Digital Development, Use of Information Technologies to Improve the Quality of Life and the Conditions for Doing Business (Minutes No. 48 dated 9 November 2022).

Information security risks

Managing information security risks is an essential priority. Breach of data confidentiality, integrity, availability, reliability, etc., may, among other things, lead to:

- disruptions of corporate systems thereby impacting operations and critical IT infrastructure facilities;
- disclosure of information constituting a trade secret or other types of secret;
- damages to the integrity of financial documents;
- unauthorised access to the personal data of employees and customers;
- direct and indirect financial losses.

The main risk factors related to the security of Russian Railways' information infrastructure include tampering by third parties to gain unauthorised access to the information of the Company and its counterparties, including purposeful hacker and virus attacks, as well as internal threats of employee misconduct and analysis and SIEM tools failure.

The key information security measures implemented by Russian Railways include:

- classification and categorisation of Russian Railways' systems, information security threat modelling, development of information protection requirements;
- sound arrangement of the information infrastructure components with due account for information security;
- design and implementation of centralised protection tools and private information protection subsystems in the Company's information infrastructure, certification of Russian Railways' systems for compliance with information security requirements;
- arrangements to analyse and control the security of IT infrastructure;
- organisation of employee training in information protection;

- ensuring the security of Russian Railways' information systems in use, monitoring information security incidents and responding to them;
- conducting internal investigations into information security and confidentiality incidents related to the use of computers;
- enhancement of the Company's information security policies and guidelines.

Risk management initiatives in 2022 included:

- developing Russian Railways' information security management system;
- taking steps to analyse and control security levels, including source code analysis;
- ensuring compliance with information security requirements when developing and running Russian Railways' systems.



Efficiency improvement

Improving the efficiency of infrastructure

In 2022 Russian Railways consistently eliminated railway infrastructure bottlenecks by constructing second tracks, extending station tracks, developing railway hubs and stations, developing marshalling yards, and upgrading railway tracks, while also ensuring conformity of railway facilities with regulatory standards and steadiness of the transportation process. A significant portion of investments in 2022 went to railway infrastructure upgrades designed to underpin safe and uninterrupted operations, to establishing a domestic production base, and unlocking the country's industrial potential.

Higher traction stock efficiency

Heavy-duty traffic and higher weight standards of freight trains are key to optimising the transportation process in terms of increasing the carrying capacity, enhancing performance of locomotives and locomotive crews and reducing energy consumption for train traction.

Innovative locomotive fleet management systems

Process digitalisation and implementation of initiatives included in the Digital Transformation Strategy of Russian Railways are one of the key tools helping the Company to deliver on its Long-Term Development Programme.

In 2022 progress was made against the following process improvement projects.

- Remote locomotive driving. The diesel locomotive is driven from outside the cab by using a portable remote control unit. The technology makes it possible to engage a single employee to manage all shunting operations at a depot. The remote driving equipment is operated in the field test mode, with comments and suggestions collected for the purpose of its further fine-tuning (among other things, there were proposals to increase the time slot for automated operation, provide an option for battery replacement, light up control

keys, display locomotive speed on the remote control unit, etc.). In 2022 the manufacturer supplied five TEM31M shunting diesel locomotives equipped with remote driving systems.

- Virtual coupling technology. This technology is used to operate the hauled train's locomotive in the automatic train operation mode by taking into account the train data transmitted by the hauling train's locomotive via a radio channel. Virtual coupling is designed to increase the throughput capacity by reducing intervals between trains.



GET A CHILD READY FOR SCHOOL



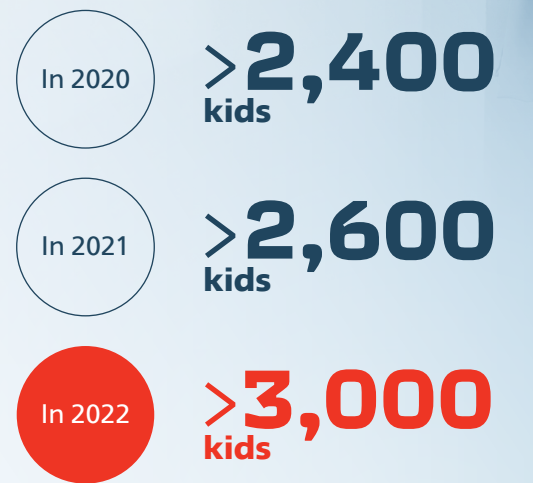
Traditionally the Get a Child Ready for School campaign runs from 1 to 30 August.

Since 2018 corporate volunteers have been collecting school supplies to support first graders from low-income families.



Each year, the campaign is scaling up.

Volunteers helped



In 2022 enthusiasts from eight domains joined in to get children ready for the successful first school year full of new knowledge, development and creative work.

MATERIAL TOPICS

GRI 3-1, 3-2

Process to determine material topics

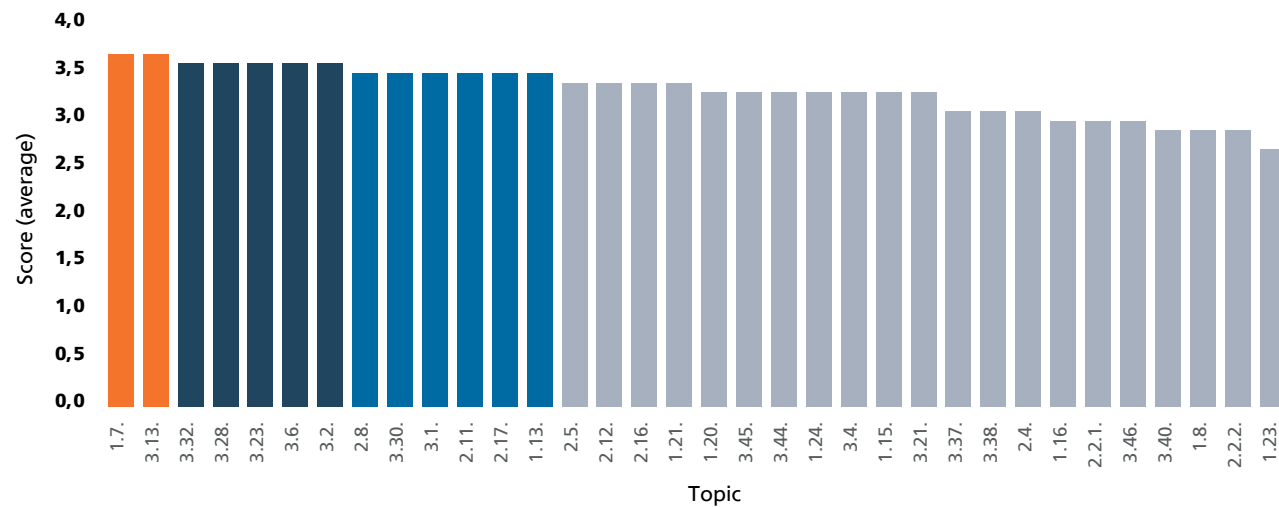
The content of the report was defined in accordance with GRI 2021 using a methodology to assess the Company’s impact on economic, environmental, and social aspects. To that end, a list of 24 economic, 17 environmental, and

46 social aspects was put together. The final list of the most significant topics for the report was compiled based on a survey of a wide range of stakeholders (a sample of 101 respondents). The list to be assessed by stakeholders

included aspects with the strongest impact. The final list of material topics was based on a ranking of how important the topics were for stakeholders.

Ranking of topics based on average score

Stakeholder priorities



List of material topics

The list of material topics included those that ranked highest in terms of importance for stakeholders. As a materiality criterion, the median average stakeholder score over 3.4 was chosen.

In line with stakeholders’ priorities, the following material topics were included in the report:

Topics shaping the Company’s information agenda

No.	Topic	Sum of average scores for two groups
1.7.	Higher quality and responsible provision of services	3.7
3.13.	Improved comfort of transport infrastructure for passengers	3.7

High-priority topics

No.	Topic	Sum of average scores for two groups
3.32.	Development of infrastructure and social services across the footprint	3.6
3.28.	Improved quality of employee social support programmes	3.6
3.23.	Development of tourism programmes within Russia	3.6
3.6.	Introduction of state-of-the-art emergency response measures and railway safety	3.6
3.2.	Projects to improve labour conditions and enforcement of employee rights	3.6

Low-priority topics

No.	Topic	Sum of average scores for two groups
2.8.	Projects to improve energy efficiency	3.5
3.30.	Social projects for children, parents and young people	3.5
3.1.	Enhancement of employee training and development programmes	3.5
2.11.	Improvement of waste management approaches	3.5
2.17.	Use of greener transport	3.5
1.13.	Long-term projects to develop logistics/transport infrastructure	3.5

Topics non-material for stakeholders

No.	Topic	Sum of average scores for two groups
2.5.	Projects to reduce pollutant emissions	3.4
2.12.	Use of new materials and systems	3.4
1.21.	Support for projects focused on accelerated economic development	3.4
1.20.	Introduction of in-house technologies and Russian-made equipment amid sanctions (import substitution)	3.3
3.45.	Creation of new waiting rooms for passengers with reduced mobility at railway stations	3.3
3.44.	Ability to pay the ticket cost during the trip (when ticket was not purchased in advance)	3.3
1.24.	Changes to logistics chains (creation of new East-bound routes)	3.3
3.4.	Maintaining diversity and creating equal opportunities for self-development	3.3
1.15.	Creating conditions to ensure stability of supply chains	3.3
3.21.	Creation of a product portfolio for a healthy lifestyle	3.3
3.37.	Changes to the Collective Bargaining Agreement (2023–2025)	3.1
3.38.	Development of corporate volunteering programmes	3.1
2.4.	Projects to reduce GHG emissions	3.1
1.16.	Introduction of Russian-made software	3
2.2.1.	Control over Scope 1 CO ₂ emissions	3
3.46.	Introduction of new Operation Management Rules	3
3.40.	Expanded use of long-haul trains with quick service restaurants	2.9
1.8.	Introduction of control over compliance with Russian Railways’ Code of Business Ethics	2.9
2.2.2.	Control over Scope 2 CO ₂ emissions	2.9
1.23.	Operations of the new RZD Market electronic marketplace	2.7

GRI CONTENT INDEX

Statement of use	Russian Railways has reported the information cited in this GRI content index for the period from 1 January to 31 December 2022 with reference to the GRI Standards.		
GRI 1 standard used	GRI 1: Foundation 2021		
GRI standard	Disclosure	Section name / comments	Report page
GRI 2: General Disclosures 2021	2-1. Organisational details	About the report; Company profile, Contact details	1, 4, 148
	2-2. Entities included in the organisation's sustainability reporting	The report includes information about operations of Russian Railways.	1
	2-3. Reporting period, frequency and contact point	About the report, Contact details	1, 148
	2-4. Restatements of information.	Data for previous reporting periods were not adjusted or reviewed.	1
	2-5. External assurance	To prepare a sustainable development report, a corporate order containing a list of matters for disclosure is put together and approved inter alia by the Board of Directors before being signed by the First Deputy CEO and Chairman of the Management Board (a member of the Board of Directors). The final version of the report is among others sent to members of the Board of Directors and the CEO – Chairman of the Management Board.	1
	2-6. Activities, value chain and other business relationships	Company profile	4
	2-7. Employees	Personnel structure and turnover	64, 147
	2-9. Governance structure and composition	Participation of the Board of Directors in sustainable development management, Governance structure of Russian Railways	25, 108
	2-12. Role of the highest governance body in overseeing the management of impacts	Participation of the Board of Directors in sustainable development management	25
	2-13. Delegation of responsibility for managing impacts	Participation of the Board of Directors in sustainable development management	25
	2-15. Conflicts of interest	Conflicts of interest	118
	2-22. Statement on sustainable development strategy	Message from the Chief Executive Officer – Chairman of the Management Board of Russian Railways	2
	2-23. Policy commitments	Environmental Strategy	43
	2-26. Mechanisms for seeking advice and raising concerns	Ethics advice and ethical issue prevention mechanisms; Supplier hotline	73
	2-29. Approach to stakeholder engagement	Stakeholder engagement	34
2-30. Collective bargaining agreements	Collective Bargaining Agreement	77	
GRI 3: Material Topics 2021	3-1. Process to determine material topics	Material topics	136
	3-2. List of material topics	Material topics	136
MARKET PRESENCE			
GRI 202: Market Presence 2016	202-1. Ratios of standard entry level wage by gender compared to local minimum wage	Annex to the Personnel Development section	147

GRI standard	Disclosure	Section name / comments	Report page
INDIRECT ECONOMIC IMPACTS			
GRI 203: Indirect Economic Impacts 2016	203-1. Infrastructure investments and services supported	Contribution to local communities	102
	203-2. Significant indirect economic impacts	Contribution to local communities	102
PROCUREMENT PRACTICES			
GRI 204: Procurement Practices 2016	204-1. Proportion of spending on local suppliers	Import substitution	126
ANTI-CORRUPTION			
GRI 205: Anti-corruption 2016	205-2. Communication and training about anti-corruption policies and procedures	Zero tolerance for corruption	120
	205-3. Confirmed incidents of corruption and actions taken	Anti-Corruption Hotline	119
TAXES			
GRI 207: Tax 2019	207-3 Stakeholder engagement and management of concerns related to tax	Responsible company	122
ENERGY			
GRI 302: Energy 2016	302-3. Energy intensity	Energy efficiency	49
		Energy intensity of Russian Railways' operations shows the energy efficiency of the Company's works and services related to its ordinary activities. This indicator is calculated as fuel and energy resources consumed by the Company (excluding volumes sold to third-party entities and individuals as fuel for industrial and household needs, and excluding transit of power and heat, including the standardised level of technological losses) divided by the amount of the Company's works and services related to its ordinary activities adjusted to the Company's operational turnover, the key line of activity measured in tonne-kilometres of cargo.	
WATER AND EFFLUENTS			
GRI 303: Water and Effluents 2018	303-2. Management of water discharge-related impacts	Water resources	55
		In discharging wastewater to water bodies, the Company has Permissible Discharge Levels in place, which contain requirements to wastewater quality. When discharging wastewater to the centralised water disposal system, the Company is guided by Decree No. 644 of the Russian Government dated 29 July 2013 On approving Rules for Cold Water Supply and Disposal and on amending certain decrees of the Government of the Russian Federation, as well as wastewater quality requirements approved by local authorities.	
	303-4. Water discharge	Wastewater discharge	56
	303-5. Water consumption	Water consumption	55

GRI standard	Disclosure	Section name / comments	Report page
BIODIVERSITY			
GRI 304: Biodiversity 2016	304-1. Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Russian Railways does not own, lease or manage any operational sites in areas of natural value or specially protected areas	
	304-2. Significant impacts of activities, products, and services on biodiversity	Biodiversity conservation No significant direct or indirect impact of Russian Railways on sensitive ecosystems and biodiversity was recorded in the reporting period	58
	304-3. Habitats protected or restored	Biodiversity conservation	58
	304-4. IUCN Red List species and national conservation list species with habitats in areas affected by operations	Russian Railways does not keep record of the IUCN Red List species and national conservation list species with habitats in areas affected by its operations due to its vast geographical presence	
EMISSIONS			
GRI 305: Emissions 2016	305-1. Direct (Scope 1) GHG emissions	GHG emissions GHG emissions were calculated as per Order No. 371 of the Ministry of Natural Resources and Decree of the Government No. 707 (under said documents, GHG emissions from railway transport are calculated as CO ₂ only). Under Order No. 371 of the Ministry of Natural Resources and GOST R 56267-214, GHG emissions from biomass combustion are not taken into account. The base year is 2019. The GWP value used was in line with Order of the Russian Government No. 2979-r dated 22 October 2021.	48
	305-2. Direct (Scope 2) GHG emissions	GHG emissions The calculation was based on the Comprehensive Methodology for GHG Emissions Volume Measurement approved by Russian Railways' Order No. 726/r dated 24 March 2023. As per Order No. 371 of the Ministry of Natural Resources and Decree of the Government No. 707, GHG emissions from railway transport are calculated as CO ₂ only. Under Order No. 371 of the Ministry of Natural Resources and GOST R 56267-214, GHG emissions from biomass combustion are not taken into account. The base year is 2019. The GWP value used was in line with Order of the Russian Government No. 2979-r dated 22 October 2021.	48
	305-3. Other indirect (Scope 3) GHG emissions	The Company currently does not calculate any indirect GHG emissions associated with the purchase of construction materials, rolling stock and supplies, as well as any other goods (Scope 3)	
	305-4. GHG emissions intensity	GHG emissions	48
	305-5. Reduction of GHG emissions	GHG emissions	48

GRI standard	Disclosure	Section name / comments	Report page
GRI 305: Emissions 2016	305-6. Emissions of ozone-depleting substances (ODS)	The Company does not engage in activities related to emissions of ODS	
	305-7. Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	Air protection In 2022, the Company's emissions of hazardous air pollutants (HAPs) totalled 247 tonnes. Russian Railways emits no persistent organic pollutants (POPs).	51
WASTE			
GRI 306: Waste 2020	306-2. Management of significant waste-related impacts	Waste management	53
	306-3. Waste generated	Waste management	53
EMPLOYMENT			
GRI 401: Employment 2016	401-1. New employee hires and employee turnover	Personnel structure and turnover	66
	401-2. Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits provided to employees do not depend on their status or employment terms Social support of employees	77
	401-3. Parental leave	Annex to the Personnel Development section	147
LABOUR/MANAGEMENT RELATIONS			
GRI 402: Labour/Management Relations 2016	402-1. Minimum notice periods regarding operational changes	In line with the Russian Labour Code, the Company notifies employees of significant operational changes. The minimum notice period is at least two months in advance. If a decision to reduce headcount or number of employees may cause large-scale redundancies, the Company notifies the state employment office and the elected body of respective primary trade union organisation at least three months in advance. These provisions are included into the Collective Bargaining Agreement.	
HEALTH AND SAFETY			
GRI 403: Occupational Health and Safety 2018	403-1. Occupational health and safety management system	Health and safety	84
	403-2. Hazard identification, risk assessment, and incident investigation	Health and safety	85
	403-3. Occupational health services	Health and safety	90
	403-5. Worker training on occupational health and safety	Health and safety Training does not cover employees of contractors.	91
	403-6. Promotion of worker health	Health and safety The social package does not cover employees of contractors.	81
	403-9. Work-related injuries	Occupational injuries	86
	403-10. Work-related ill health	Work-related ill health	81, 90
		Russian Railways maintains no records of fatalities from occupational diseases among employees who are not the Company's employees but whose performance and/or workplace is monitored by the Company.	

GRI standard	Disclosure	Section name / comments	Report page
TRAINING AND EDUCATION			
GRI 404: Training and Education 2016	404-2. Programs for upgrading employee skills and transition assistance programs	Personnel onboarding	68
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 405: Diversity and Equal Opportunity 2016	405-1. Diversity of governance bodies and employees	Personnel structure and turnover; Annex to the Personnel Development section	65, 147
NON-DISCRIMINATION			
GRI 406: Non-discrimination 2016	406-1. Incidents of discrimination and corrective actions taken	Ensuring equal rights for employees No incidents of discrimination were recorded in 2022	74
CHILD LABOUR			
GRI 408: Child Labour 2016	408-1. Operations and suppliers at significant risk for incidents of child labour	Russian Railways and its suppliers do not use child labour in their operations. No incidents involving the use of child labour were recorded by the Company in 2022	
FORCED OR COMPULSORY LABOUR			
GRI 409: Forced or Compulsory Labour 2016	409-1. Operations and suppliers at significant risk for incidents of forced or compulsory labour	Russian Railways and its suppliers do not use forced or compulsory labour in their operations. No incidents involving the use of forced or compulsory labour were recorded by the Company in 2022	
RIGHTS OF INDIGENOUS PEOPLES			
GRI 411: Rights of Indigenous Peoples	411-1. Incidents of violations involving rights of indigenous peoples	No incidents of violations involving rights of indigenous peoples were recorded by the Company in 2022	
PUBLIC POLICY			
GRI 415: Public Policy 2016	415-1. Political contributions	Pursuant to its Code of Business Ethics, Russian Railways does not finance or otherwise support any political parties and non-profit organisations engaged in political activities. The Company neither finances nor otherwise supports any individuals, including its employees, engaged in political activities	

Independently verified material sustainability indicators

Material indicators	Calculation and disclosure methodologies	Report page
Waste management	Data are collected using the 2-TP federal statistic form (waste) as regards reporting of industrial and consumer waste generated, processed, disposed of, decontaminated and sent to be stored or buried. <ul style="list-style-type: none"> Production and consumption waste generation, kt Share of waste sent to be buried (%) Data are based on waste generated (taking into account waste accumulated as at the beginning of the period) and sent to be buried (including MSW transferred to a regional operator) in the reporting year	53
Energy efficiency	<ul style="list-style-type: none"> Electricity consumption, m kWh, total Diesel fuel consumption, kt, total Coal consumption, kt, total Fuel oil consumption, kt, total Natural gas consumption, kt, total Energy intensity of operations, kJ / virtual tkm net (GRI 302-3). Data are based on Russian Railways' internal statistical reporting forms. Energy intensity data are based on an annual report filed with the Federal Antimonopoly Service	146, 50
Occupational injuries	<ul style="list-style-type: none"> Total number of injuries, persons Total workplace injury frequency rate (number of injuries per 1,000 workers) Workplace fatal injury frequency rate (number of fatal injuries per 1,000 workers). Data show the number of occupational injuries. Data are based on a Russian Railways internal reporting form that reflects N-1 form statements	86
Working conditions	<ul style="list-style-type: none"> Working conditions and occupational safety improvement expenses, RUB m Number of workplaces with improved working conditions, '000 Data are based on Russian Railways' internal statistical reporting forms on health, industrial safety and non-occupational injuries	88, 89

Material indicators	Calculation and disclosure methodologies	Report page
Passenger satisfaction	<ul style="list-style-type: none"> Consolidated satisfaction index for long-haul passengers, points Consolidated satisfaction index for suburban passengers, points <p>Actual satisfaction index is calculated using Russian Railways' internal regulation: Integrated Methodology for Evaluating Passenger Satisfaction in Rail Transportation as approved by Russian Railways' Order No. 3041/r dated 20 December 2021</p> <p>Data for periods preceding Q2 2022 were calculated using the Integrated Methodology for Evaluating Passenger Satisfaction in Rail Transportation as approved by Russian Railways' Order No. 227r dated 7 February 2018</p>	98
Staff training	<ul style="list-style-type: none"> Employees who completed training, thousand people (further professional education as part of reskilling and upskilling programmes, and professional training as part of training, reskilling and upskilling programmes) Average hours of training per year per employee <p>Data are shown per employee trained (further professional education as part of reskilling and upskilling programmes, and professional training as part of training, reskilling and upskilling programmes).</p> <p>For further professional education as part of reskilling and upskilling programmes, the data include the duration of in-person and combined in-person and distance training; for professional training as part of training, reskilling and upskilling programmes, they reflect, average planned training hours: 80 and 400 academic hours for professional development and training programmes respectively</p>	70
Collective bargaining agreements	<ul style="list-style-type: none"> Percentage of employees covered by the collective bargaining agreement (%) (GRI 2-30) 	77

SASB CONTENT INDEX

Topic	SASB code	SASB metric	Metric or section and page of the report	Comments
GHG emissions	TR-RA-110a.1.	Gross global Scope 1 emissions, CO ₂	Climate action – GHG emissions P. 48	
	TR-RA-110a.2.	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Environmental management – Environmental Strategy: Climate action – Management approach, Prospects for reducing GHG emissions P. 43, 46, 47	
	TR-RA-110a.3.	1. Total fuel consumed, J 2. Percentage renewable, %	Annex to the Energy Efficiency section P. 146 0.003	
Air quality	TR-RA-120a.1.	Air emissions of the following pollutants: 1. NO _x (excluding N ₂ O), t; 2. Particulate matter (PM10), t	1. from stationary sources: 4,543.6 from all types of sources: 107,743.6 2. from stationary sources: 63.03 from all types of sources: 63.02	1. NO _x expressed as N ₂ O
Employee health and safety	TR-RA-320a.1.	1. Total recordable incident rate (TRIR)	N/A	The Company discloses total workplace injuries and total workplace injury frequency rate, along with injury frequency rate P. 86
		2. Fatality rate	Health and safety – Occupational injuries P. 86	
		3. Near miss frequency rate (NMFR)	N/A	The Analysis and Assessment of Occupational Risks section (p. 85) describes the process to assess professional risks and activities to prevent emergencies and mitigate risks
Competitive behaviour	TR-RA-520a.1.	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations	Not disclosed	
Accident and safety management	TR-RA-540a.1	Number of accidents and incidents	Health and safety – Traffic safety, Non-occupational injuries P. 93, 94	
	TR-RA-540a.2	Number of accident releases and nonaccidental releases (NARs)		
	TR-RA-540a.3	Number of violations identified by state inspections or audits		
	TR-RA-540a.4	Frequency of internal railway integrity inspections		

ANNEX TO THE ENERGY EFFICIENCY SECTION

Consumption of fuel and energy resources by Russian Railways in 2021–2022 by key type, in volume terms

Resource type	Physical unit of measurement	2021	2022	Change (±%)
Electrical energy, total	m kWh	51,460.4	51,567.5	0.2
for train traction	m kWh	44,735.2	44,998.4	0.6
• incl. other owners of multiple units	m kWh	991.6	1,160.0	17.0
for non-traction use	m kWh	6,725.1	6,569.1	-2.3
Diesel fuel, total	kt	2,551.5	2,621.3	2.7
for train traction	kt	2,367.6	2,428.5	2.6
for non-traction use	kt	183.8	192.9	4.9
• excluding consumption by service companies	kt	155.8	164.6	5.6
Coal	kt	600.1	562.1	-6.3
• excluding consumption by utilities	kt	547.4	512.0	-6.5
Fuel oil	kt	222.9	207.0	-7.1
Natural gas	mcm	421.9	391.3	-7.3
Petrol	kt	37.0	35.9	-3.1
Third-party heat energy	m Gcal	2.2	2.1	-7.3

Consumption of fuel and energy resources in 2021–2022, GJ

Resource type	2021	2022
Electrical energy, total	185,257,381	185,643,079
Diesel fuel, total	108,399,599	111,367,554
Coal	12,096,834	11,331,777
Fuel oil	8,946,310	8,309,087
Natural gas	14,264,769	13,229,607
Petrol	1,251,949	1,213,404
Third-party heat energy	9,400,336	8,711,250
TOTAL	339,617,179	339,805,758

Consumption of fuel and energy resources for heat generation in 2021–2022, GJ

Resource type	2021	2022
Coal	9,761,141	9,091,680
Natural gas	14,228,867	13,203,451
Fuel oil	7,515,021	6,877,259
Diesel fuel	277,703	211,958
Electrical energy	599,882	579,503
Other sources	27,397	28,482

ANNEX TO THE PERSONNEL DEVELOPMENT SECTION

Ratios of standard entry-level wage compared to local minimum wage

GRI 202-1

Region	Local minimum wage as at 1 January 2022, RUB	Minimum wage at Russian Railways as at 1 January 2022, RUB	Ratio, %	Comments
Russia	15,279	15,279	100	Employees of Russian Railways who have worked the required standard hours and met the required labour standards in the respective period are paid extra monies to bring their wages on par with the minimum wage established in the respective Russian region
Bryansk Region	15,279	15,279	100	
Saratov Region	15,279	15,279	100	
Sverdlovsk Region	15,279	15,279	100	
Novgorod Region	15,279	15,279	100	

Number of employees that exercised their right to parental leave, people

GRI 401-3

Indicator	2020	2021	2022
Total number of employees that took parental leave	9,326	8,666	6,896
• Women	8,786	8,045	6,395
• Men	540	621	501
Total number of employees that returned to work in the reporting period after parental leave ended	4,969	5,359	4,449
• Women	4,665	5,063	4,144
• Men	304	296	305

Employees with disabilities

GRI 405-1

Indicator	2020	2021	2022
Number of people with disabilities employed by the Company	3,964	4,159	4,432
Share of people with disabilities in total employee headcount, %	0.55	0.60	0.63

Total number of employees under permanent and fixed-term employment contracts, with a breakdown by age, as at the end of the reporting year

GRI 2-7

Type of employment contract	Men	Women
Permanent employment contract	480,866	190,274
Fixed-term employment contract	13,316	16,708

CONTACT DETAILS

GRI 2-1, 2-3

We will be happy to answer any additional questions about this report and welcome feedback from all our stakeholders on how to develop and improve the content of our future public reporting.

Contact person

Polina Rumyantseva

+7 (499) 260 46 71

ivanovapi@center.rzd.ru

Russian Railways' HQ address:

2/1 Novaya Basmannaya St., Bld. 1,
Moscow 107174

Tel.: +7 (499) 262 99 01

Fax: +7 (499) 262 90 95

email: rzd@rzd.ru, www.rzd.ru