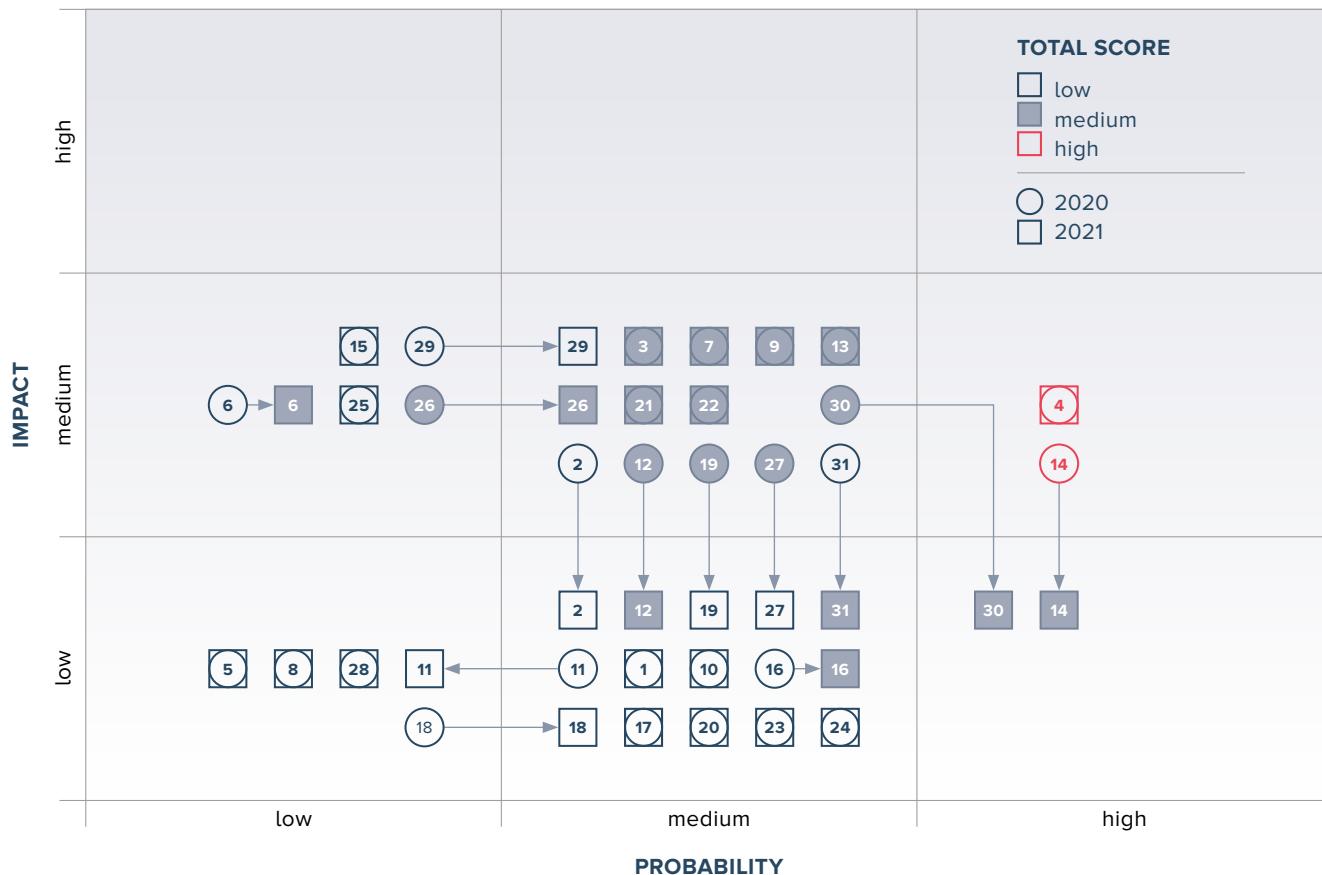


## Russian Railways' risk map for 2020 and 2021



### Business line

1. Traffic safety
2. Government relations
3. Public relations  
(PR and communication with the business community)
4. Freight transportation
5. Procurement
6. IT and information security
7. Capital construction, upgrade and overhaul
8. Corporate security
9. Corporate governance
10. Corporate governance and coordination at the railway domains
11. Corporate governance of affiliates
12. Corporate programmes and initiatives
13. International operations
14. Traffic management
15. Organising and conducting audits, control activities
16. Passenger transportation
17. Legal support and compliance (excluding corruption risks)
18. Infrastructure services
19. Locomotive traction services
20. Other services
21. Infrastructure and rolling stock development
22. Strategic planning and target setting
23. Inventory management / logistics
24. Property management
25. Intangible asset management
26. HR management (personnel and social development)
27. Social facility management
28. Reporting
29. Economics and finance
30. Operation, maintenance and repairs of infrastructure facilities (infrastructure maintenance and repairs)
31. Rolling stock operation, maintenance and repairs (rolling stock maintenance and operation)

<sup>1</sup> Colour highlights indicate the 2021 vs 2020 trend.

As of 2021, the following areas have the most material changes in risk assessment compared to 2020:

- IT and information security, which is primarily connected with the increasing attention of Russian Railways' customers to this area as well as more stringent regulatory environment and specific features of the processes as a result of the pandemic;
- passenger transportation amidst the COVID-19 pandemic and related restriction risks.

At the same time, there is a positive trend in traffic management, locomotive traction services and management of social facilities.

Key measures to respond to risks implemented in 2020 by business lines included:

- review and improvement of internal processes for identifying key gaps, developing and implementing systematic mitigants to reduce risk impact and prevent future negative developments (including enhancement of the Company's internal regulations), based, among other things, on the best practices;
- automation and digitisation, including measures to improve the reliability and efficiency of data, reduce the human factor and manual labour, and increase the speed of management decision-making;
- legislative initiatives aimed at increasing the transparency of the Company's operations, including through implementing the regulatory guillotine mechanism to eliminate outdated regulations;
- employee training and increasing the level of employee competencies;
- taking into account the factors in connection with the COVID-19 spread, economic downfall in the countries of operation, changes in foreign exchange rates, changing geopolitical situation in some countries of operation, including development and implementation of respective mitigants to ensure, inter alia, health

and safety of the employees and customers and ability of the Company to continue as a going concern.

## Sustainability risks

Russian Railways pays particular attention to sustainability risks. Sustainable development of the Company is underpinned by its economic, environmental and social performance as one of Russia's major economic entities. The Company's results are set out in its public sustainability reports. Russian Railways analyses international sustainability trends, reviews and improves its activity with a sustainable perspective, which makes it possible to identify growth drivers and leverage new sustainability opportunities in its activity balancing the opportunities for the Company and respective risks.

## Social risks

The Company addresses risks with regard to its employees and retirees as well as other social partnership entities and personalities. Dealing with the risk of ineffective social policy is primarily aimed at creating sustainable working environment, fulfilling the obligations under the Collective Bargaining Agreement and cultivating the Company's positive image to prevent decrease in labour productivity, staff motivation, and performance, avoid collective labour disputes and strikes.

In 2020, the following measures were taken to respond to this risk:

- employee training;
- analysis of the performance under the Collective Bargaining Agreement
- improvement and development of social benefits and guarantees for Russian Railways' employees and retirees;
- staff monitoring, continuous information sharing and surveys through corporate channels, implementation and development of electronic communication tools, analysis of public

appeals, participation in employee meetings, interaction with the trade union.

The measures taken in 2020 helped to increase employee satisfaction and awareness, fulfil social responsibility and employee protection obligations, attract and retain employees, create decent living conditions for the retirees.

## Health and safety risks

In 2020, production departments of the Company's branches assessed professional risks for the main types of hazardous occupations by conducting an integral assessment, defining the acceptable risk levels and making lists of unacceptable and undesirable risks. The measurement results were then evaluated and rated by the regional business units and summarised in risk matrices for the main types of hazardous occupations.

For example, professional risk management initiatives were developed and included in the Comprehensive Health and Safety Improvement Programme for 2018–2020 based on the risk assessment results. In 2020, the Company spent RUB 28.5 bn on the Programme.

## Corruption risks

Russian Railways' Board of Directors approved the risk appetite statements for 2020<sup>1</sup> under which the Company follows the principle of zero tolerance of corruption in any form or manifestation thereof and takes all necessary actions to prevent and combat corruption, respond to fraud risks and build a common understanding of zero tolerance of corruption among all stakeholders. Following the corruption risk assessment, Russian Railways' consolidated register of corruption risks for 2020 was updated and approved on 21 August 2020. Two more items – Information Technology and Traffic Safety – including the description

<sup>1</sup> Minutes No. 13 dated 26 February 2020.