

# Strategy

## Mission

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The mission of the Russian Railways Group is to develop an efficient transportation business that will be competitive on the Russian and international markets and focus on effectively meeting the Group's objectives as a national freight and passenger carrier and owner of the public railway infrastructure.

## Development Strategy until 2030

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The Russian Railways Group's 2030 Development Strategy<sup>1</sup> ("Russian Railways' Strategy") sets out the Group's goals and objectives, defines its key priorities and long-term development projects. The Strategy was approved by the Russian Railways' Board of Directors in December 2013.

Accomplishment of the Group's mission will rely on the achievement of the 2030 strategic goals in five focus areas:

- transportation and logistics services;
- passenger transportation;
- railway transportation and infrastructure;
- international operations;
- social policy.

### STRATEGY IN ACTION

In 2019, the Strategy was implemented in line with Russian Railways' Long-Term Development Programme until 2025.

## STRATEGIC PRIORITIES AND GOALS ACROSS FOCUS AREAS

### Transportation and logistics services

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The strategic priorities for development in this focus area are to build a diversified product portfolio shifting the focus from transportation services to comprehensive door-to-door solutions, consistent expansion of the offering to include 2PL, 3PL and 4PL services, and creation of global logistics chains.

#### Strategic goals until 2030:

- maintain leadership in Europe's rail freight transportation and enhance the appeal of rail transport to customers;
- become one of Europe's Top 5 companies in terms of logistics volumes;
- improve customer satisfaction by enhancing the quality of services while also maintaining competitive transportation prices;
- provide high-quality services for the global supply chains of major Russian and international customers and expand the transportation and logistics business in Eurasia.

<sup>1</sup> Approved by the Company's Board of Directors (Minutes No. 19 dated 23 December 2013).

## Passenger transportation

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The strategic priorities for development in this focus area are to streamline the route network and train schedules, increase speeds, use cutting-edge rolling stock, improve the product offering, digitalise customer services and business processes, and enhance the quality

of traditional on-train and other related services. Another key objective is to expand the operating domain of high-speed and ultra high-speed transportation between the country's largest metropolitan areas leveraging efficient state-of-the-art solutions.

### Strategic goals until 2030:

- maintain the existing share in Russia's overall passenger turnover;
- develop high-speed and ultra high-speed transportation.

## Railway transportation and infrastructure

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In addition to the railway infrastructure, this focus area covers traffic management, operating and traction maintenance units. The Company's strategic priorities in developing infrastructure are defined by its natural monopoly status and include cost cutting, unlocking of the potential to create new transportation and logistics products, upgrade of the existing network, and construction of additional

profitable main tracks to meet the growing transportation needs. The need to maintain service availability to the general public, comply with government regulations on natural monopolies and provide equal opportunities to consumers distinguishes this focus area from the others.

### Strategic goals until 2030:

- maintain global leadership in efficiency, safety and the quality of infrastructure operation;
- ensure consistent asset upgrade through cutting-edge technologies and solutions relying on the efficient life cycle cost management and availability/reliability of fixed assets.

## International operations

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The strategic priorities in this focus area are to consolidate and enhance the Group's presence in the international railway engineering and infrastructure construction market, and set the stage for expansion of the Group's other businesses in the markets where it operates as a contractor

for the construction of infrastructure facilities. Growth in this area is expected to rely on unique competencies in the design and construction of railway facilities, development of sophisticated infrastructure and transportation management systems, train service management, and railway economics and finances.

### Strategic goals until 2030:

- become one of the leading global infrastructure construction companies;
- build a long-term order portfolio and ensure implementation excellence.

## Social policy

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Russian Railways' employees are the Company's key asset instrumental in achieving its long-term growth objectives and securing a strong competitive edge. Development in this focus area builds on the unbiased assessment of added value created through employee support initiatives

and efficient management of resources to provide market services. This focus area also covers social and public policies of the Group stretching beyond the workforce matters.

### Strategic goals until 2030:

- make it to the Top 5 of Russia's most attractive employers;
- engage the top talent by offering competitive salaries, better working conditions and best-in-class social benefits.