

Mission, vision and strategy



In accordance with the Programme for the Structural Reform of Railway Transport, JSC FPC was set up as a national integrated long-distance rail carrier, with the aim of improving passenger rail service efficiency, while ensuring an adequate level of transparency, corporate governance and state control.

The company views its mission as being to improve the quality of life, by making train travel as safe, accessible and comfortable as possible for its passengers.

JSC FPC's development strategy was approved on June 28 2012 by the JSC FPC Board of Directors.

Reduced compensation for JSC FPC losses from the state regulation of tariffs for long-distance passenger rail services in the second-class sleeper and standard rail carriages, tasks the company with reducing its dependence on state policy decisions, regarding the allocation of subsidies.

Company's Core Values





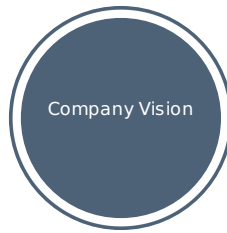
JSC FPC Development Strategy



“We improve the quality of life by making your trip as safe, accessible and comfortable as possible”



- Ensuring affordable prices and the geographic reach of long-distance passenger rail service for all social groups.
- Provision of high-quality services for the country's population
- Improve reliability and safety of long-distance passenger rail services.



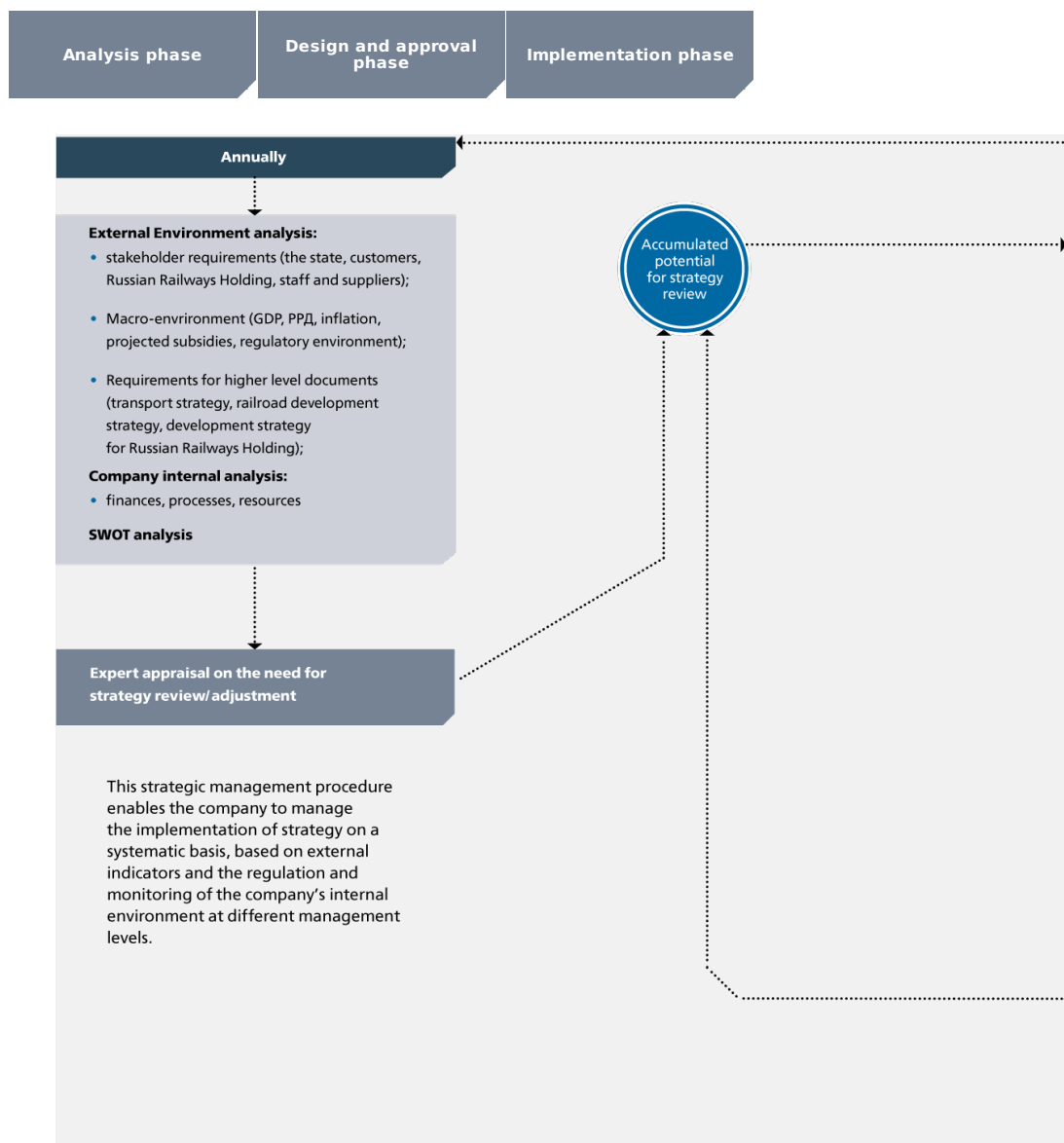
- A highly-efficient, financially sound, innovative, rapidly developing company, focused on enhancing its shareholder value.
- A national carrier providing passenger rail services throughout Russia, former FSU countries and the CIS.
- A customer-focused company, a leader in the quality of service and amount of railway traffic, ensuring passenger comfort and convenience during train travel, including to other transport connections and means of transport.
- A socially-oriented company, providing all sectors of the population with an accessible and environmentally-friendly passenger transport service, as commissioned by state order.
- A recognisable international brand and a reliable partner in the Eurasian space.



- Expansion of the dynamic pricing mechanism.
- Improvement of baggage, freight and mail transportation.
- Improvement of sales channels (including branding).
- Improvement of products and services.
- Improvement of the route network and development of combined transport methods.
- Improvement of product offer.
- Development of advanced skills and competencies in key operational areas.

Key strategic company objectives

The JSC FPC strategic management system defines the company's key strategic objectives, on which the company's strategic management procedure is based. A functional diagram of this is shown below.



The Holding has established the following key targets (benchmarks) with regard to company business activity based on the base-case development scenario (actual and target benchmark values are listed below in the subsection 'Results of implementing the company's strategic objectives in 2013 and plans for next year):

- Average annual net assets growth;
- Average annual revenue growth;
- Investment;
- EBITDA margin.

JSC FPC strategy envisages implementing the following strategic projects, which are on a par with the benchmark figures established in line with JSC FPC development strategy to 2013 (approved by the JSC FPC Board of Directors on June 28 2012).

JSC FPC will implement these strategic projects, regardless of the economic development scenario; only the scale of the projects to be implemented and the resources required may differ. The strategic projects will help to increase JSC FPC's positive cash flow amounts from the company's operations in all possible scenarios.

The company's business activity as a national passenger rail carrier and the 'face' of the 'Russian Railways' holding (hereafter referred to as the Holding), is aimed at meeting the requirements of innovative, socially-oriented, economic and social development in competitive, quality transport services, suggesting extensive JSC FPC involvement in deciding state objectives, as follows.



1

Providing the conditions for economic growth, increased competitiveness of the national economy and improved quality of life

2

Improving the geographical and technological accessibility of transport services, generating regional economic and social development

3

Providing the bulk property and assets of a transport service, thereby having a direct impact on the efficiency of the country's economic ties, both inside Russia and abroad, as well as being able to move all sectors of the country's population to meet manufacturing, industrial and social needs

4

Reducing the cost and increasing the speed of services on long-distance forms of transport, bringing the country's remote areas closer together and improving the quality of life and degree of business activity for the country's population, as well as enhancing the country's territorial and regional unity and creating more favourable conditions for the fulfilment of potential economic and social opportunities in every region of Russia

5

Improving the level of quality for a national transport service: service promptness and regularity, and the safety and environmental credentials of long-distance passenger travel

The Company's Established Objectives

Expand use of dynamic pricing and loyalty programme

Improve efficiency of luggage, mail and freight transportation

Step-up investment into rolling stock

Quick-response measures to improve products and services

Improve the route network and develop combined transport methods

Improve product offers

Develop key skills and competencies in key operational areas

Strategic management helps to implement the strategy on a systematic basis, while taking into account internal and external signals



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