

## Quality

JSC FPC sees service quality and safety as the integral components of its strategy.



1

Follow Management Leadership principle as part of the management system and ensure that each employee is engaged in quality-improvement activities

2

Develop employees' competences and motivation

3

Improve customer experience and build loyalty

4

Use Russian and international best practices to ensure continued improvement of the Quality Management System of JSC FPC, improve its performance and efficiently through innovation, including lean production

5

Ensure compliance of the Quality Management System of JSC FPC with ISO 9001:2008 and applicable regulatory requirements

6

Establish and maintain mutually beneficial long-term relationships with governmental bodies, civil society institutions, Russian Railways Holding and suppliers

Service quality in JSC FPC's passenger trains and ticket offices is monitored by the Internal Control and Audit Centre of JSC FPC. Being under the direct supervision of Company's managing director, the Centre conducts audits and develops corrective actions based on the audit results.

Day-to-day tasks related to service quality management processes are carried out via the existing hierarchy of management, with the Transportation Department, Passenger Service Department, Rolling Stock Department, Sales Department and Meals Department at the top.

Shaped by Deputy Managing Director for Strategic Development and Corporate Governance, the corporate quality management system is based on the ISO 9000 series standards.

The Company conducts quarterly surveys of train passenger satisfaction, including assessment of the impact that the activity of its divisions responsible for different aspects of the service has on passenger experience.

During a survey, passengers who travel by train are asked to complete a questionnaire.

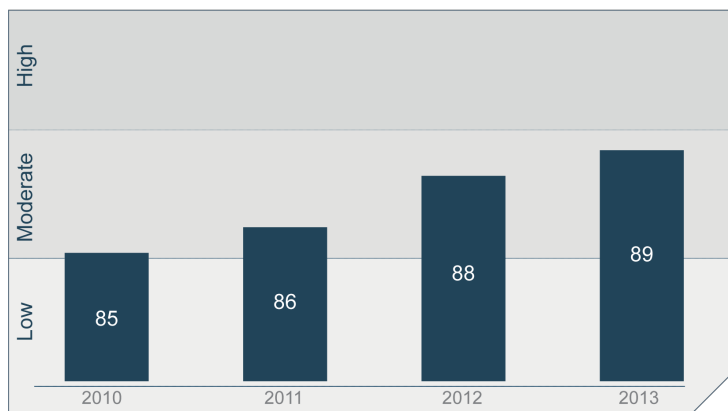
Surveys includes assessment and analysis of various parameters affecting a passenger's travelling experience, such as:

- Purchase of a ticket in a ticket office
- Purchase of a ticket on the website and self-service terminals
- Trip time and duration
- Sanitary condition of the car
- Rail car interior
- Car attendant's work
- Tea service and availability of snacks on sale
- Linen
- Information materials in the car
- Availability of information about promotions and special offers

- Technical condition of the passenger car
- Technical condition of the dining car
- Meals in the dining car
- Prepaid meals
- Personal security level and security of personal belongings
- Quality of service-price ratio and other

Results in the range from 4.5 to 5 points correspond to a high level of customer satisfaction. The range from 4 to 4.44 points corresponds to a moderate level of customer satisfaction. Low customer satisfaction is registered when 3.9 or less points are given.

Customer focus increase, %



According to the passenger surveys conducted in 2013, the following parameters improved considerably:

- Ticket purchase procedure (due to rapid development of electronic sales channels and electronic registration)
- Car appearance
- Technical condition of passenger seats, entry area, corridor, toilets (achieved through renovation of old cars and purchase of new ones)

Overall passenger satisfaction in 2013 was 4.44 points, meaning that in terms of customer focus JSC FPC achieved moderate results or 89%, a 1% increase compared to the level achieved in 2012.

To improve the quality of service and make it easier to buy long-distance train tickets, JSC FPC is working actively on the development of electronic sales and service channels. In 2013, the share of e-tickets in the total volume of long-distance tickets sold by JSC FPC 2013 grew by 6% compared to the last year, reaching 19% (more than 22.6 million seats), including 1.5 million seats sold via self-service terminals, a 39 % increase compared to 2012.

In addition to promotion of e-sales, JSC FPC is taking efforts to inform passengers of the existing electronic sales channels and encourage them to buy e-tickets.

For more information on this, please refer to “Company’s Strategy” (the subsection on a project called “Sales Channels Optimisation, Branding and Advertising”).

## Double-Decker Cars

Sleeper car capacity increased by

# 78%

to 64 people a car

Comfort for physically impaired passengers:

- Special elevators for lifting wheelchair users from low platforms
- special two-seater compartments and toilets
- an option of play pen installation for babies

Energy saving and environmental care:

Luxury cars capacity increased by

# 40%

to 30 people a car

- Absence of combustion gases emissions (electric heating, no antifreezing agent usage)
- reduced energy consumption (LED lamps, centralized energy supply),
- environmentally friendly toilet complexes (3 toilet rooms)
- increased garbage collectors capacity (up to 2 times more volume per passenger)

Effect of Moscow — Adler project initiation:

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Durability and life increased by

# 43%

from 28 to 40 years

- Decrease of operational expenses per passenger-space by 38%
- decrease of life cycle cost factor per passenger-space by 40%
- decrease of energy consumption factor per passenger-space by 32%
- increase of train personnel productivity by 33%
- decrease of payback period by 41%



Mineralnye Vody Depot

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Design speed increased by

# 14%

up to 160 km/h

To provide facilities for double-deckers operation after two years of massive reconstruction, in 2013 minor repair works launched in Mineralnye Vody Depot. Estimated capacity totals 1,300 cars a year.

Depot ACS provides fully automated control over technological processes of the repair, from planning to launching the repaired car from depot. Control is based on the state-of-the-art technologies:

- mobile workspaces,
- integration into the equipment (the system receives all the necessary data from other automated systems)

of JSC FPC, JSC RZD and directly from machines and measuring benches),

- automated control over expenses and quality of work.

By deploying the Depot automated control system, the Company expects to achieve:

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Unit dead load of the car per passenger decreased by

**40%**

to 1.02 ton

- a 10 % reduction in car repair time through better planning, logistics and parallel processes;
- a 20 % decrease in per-car repair costs;
- more effective use of resources (only the required minimum of production-related materials is kept in store).

## 2013 results: service quality improvement

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FCP's core business: Long-distance passenger train service in the Russian Federation and in the international market

Price, sales,  
promotions planning

**21%**  
118 trains

of FCP's trains included in the 2013/2014 timetable became part of the dynamic pricing system

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**10%**

of non-regulated service featured promotions of some kind

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Route planning and  
timetable  
preparation

**24**  
new trains

on most popular routes

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**234**  
trains became faster

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Fleet planning, train  
crew work and meals

**60.3%**  
+9% compared to 2012

is the share of express trains in the 2013/2014 timetable

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**+1.5%**

is the increase in the speed of long-distance trains in the entire network

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Pre-trip car  
preparation,  
maintenance, train  
makeup and  
equipping

**26%**  
by 2012

increase in passenger numbers through replacement of 800s electric trains with 100s premium service express trains on the Moscow-Yaroslavl route

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**32.8%**  
by 2012

increase in passenger numbers on the route No. 103/104 Moscow-Adler after the replacement of the ordinary trains with double-deck ones

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**+55**  
train crews

with a Certificate of Trust (5% of all FCP's train crews)

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**339.5**  
thousand children

+9.5% by 2012 provided with meals in summer 2013

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Ticket sales



**6,870.6**  
thousand people

is the number of passengers provided with hot meals in long-distance trains in 2013

**-24%**  
compared to 2012

#### Installation of air-conditioning and eco-friendly toilet systems

All new trains are equipped with eco-friendly toilets (EFT) and air-conditioning systems (ACS).

To improve comfort, the Company continued to equip its cars with the following systems and devices in 2013:

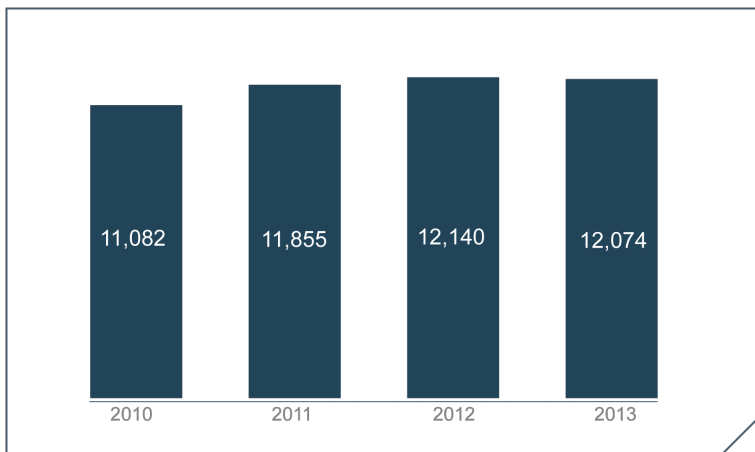
- Air-decontamination systems in 217 overhauled cars
- New batteries with extended lives in 366 cars (these batteries allow air-conditioning systems and other electricity-powered equipment in passenger cars to work at least 5 hours during long stops and at low speeds; this is achieved through a 30-50% increase in capacity compared to previous batteries)
- Hard wood window frames (over 10.2 thousand frames replaced) and PVC window frames in overhauled cars

Air sterilizing equipment installed in

**217**

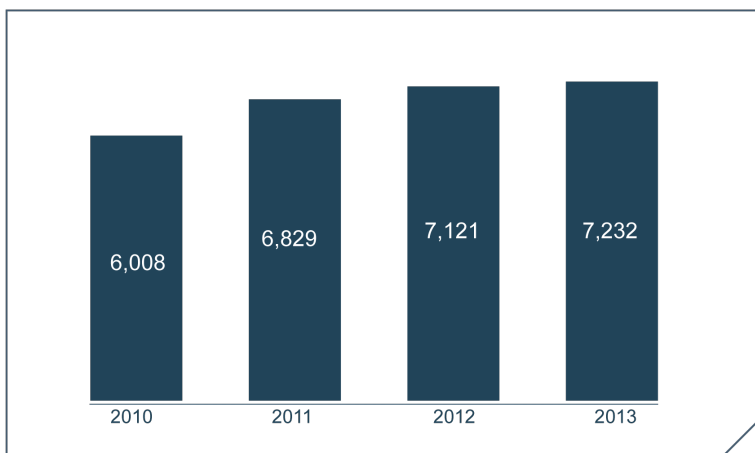
cars during major repair

Cars with ACSs



All the new rolling stock is equipped with ecologically clean toilet systems (ECTS) and air conditioning systems (ACS)

Cars with EFTs



#### Corporate quality management system improvement



In 2013, JSC FPC got from Moody International (renamed to Intertek Rus since September 9, 2013) a certificate of compliance with ISO 9001:2008 and GOST ISO 9001:2011.

In 2013, the Company started to take methodological and practical steps towards the expansion of the corporate quality management system that had been used in the business processes related to passenger service in first-class cars and depot repairs so as to cover the activities of JSC FPC's administration, central divisions, branches and branch subdivisions involved in the following lines of business:

- National and international passenger, carry-on baggage and unaccompanied baggage service in long-distance trains
- Sale of tickets for long-distance trains
- Carriage and storage of carry-on baggage and unaccompanied baggage
- Provision of services to passengers in long-distance trains
- Tourist travels
- Rolling stock operation, maintenance and repair