

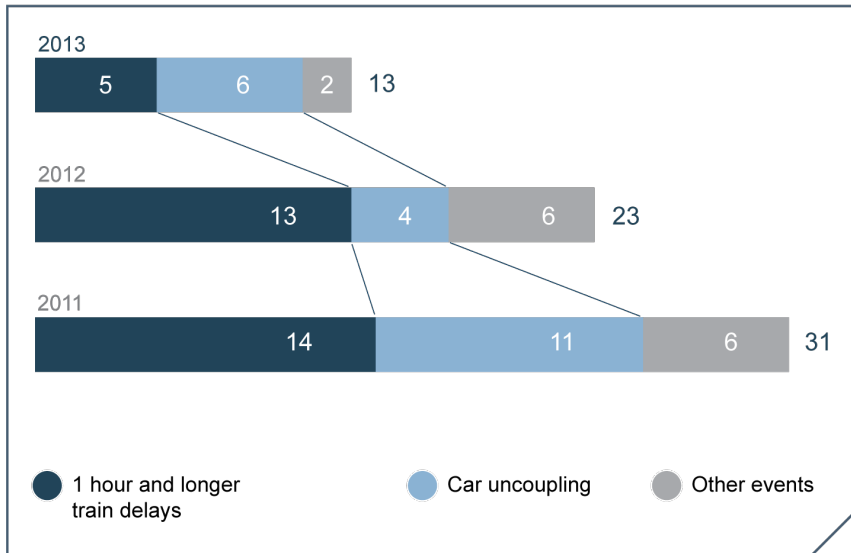
Safety and Security

Passenger security and safety is one of the utmost priorities of JSC FPC.

At the top level of management, the following internal divisions of JSC FPC's administration are responsible for overseeing and ensuring safety and security in various areas:

- Office of the Chief Inspector for Train Security, which is under the direct supervision of JSC FPC's managing director, is responsible for internal supervision of train security
- Production Facilities Operation and Development Department and Labour Safety Department, which are under the supervision of Deputy Managing Director for Production Development, are responsible for ensuring production, fire, environmental and labour safety
- Transportation Security Department, which under the supervision of Deputy Managing Director for Regime, is responsible for ensuring transportation, economical and information security
- Corporate Security Department, which under the supervision of Deputy General Director for Corporate Security, is responsible for ensuring corporate security

Number of event resulting from breach of rail safety rules



Day-to-day tasks related to train and passenger safety and security are carried out by the Transportation Department, Passenger Service Department and Rolling Stock Department.

In order to ensure rapid exchange of information about rail service safety and fire safety requiring immediate action as well as information about injuries and diseases of passengers or railway staff, JSC FPC has a special facility called Situation Centre which, among other things, is responsible for exchange of information with the Situation Centre for Emergency Monitoring and Management of JSC RZD. JSC FPC receives data on rail service safety and fire safety in passenger trains several times a day.

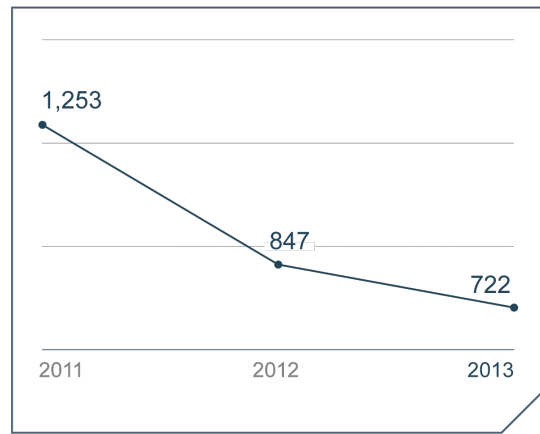
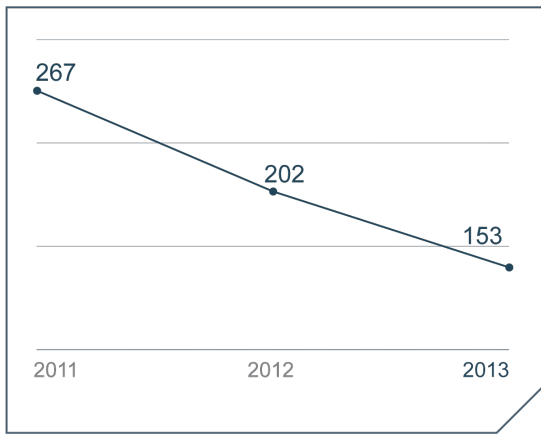
JSC FPC ensures continuous improvement of rail service safety.

There have been no rail accidents (wrecks, breakdowns) caused by JSC FPC over the last three years. When it comes to safety and security levels, the business of JSC FPC can be characterised by a downward trend in the number of events resulting from breach of rail safety rules.

In 2013, the divisions of JSC FPC registered 13 events relating to breach of rail safety rules, a 43.5% reduction against the last year's figure.

Number of breakdowns

Number of passenger cars out of services due to non-compliance with fire safety requirements



During 2013, the divisions of JSC FPC caused 153 breakdowns, 24% down from the last year's level.

In 2013, the number of cars not compliant with applicable fire safety rules and requirements decreased by 14.7% compared to the previous year.

In 2013 over half of the passenger trains were accompanied by road police and private security organizations

During 2013, more than half of all passenger trains (55%) had representatives of transport police or private security companies on board.

The number of offences in JSC FPC's trains dropped by 10.4% in 2013 compared to 2012 levels.

In 2013, the following projects were implemented to prevent safety-related issues:

- In accordance with the 2013 plan of repairs, fire prevention systems were upgraded in 1,344 cars that were undergoing overhaul and 14 cars that were undergoing renovation
- To ensure accident-free operation of car depots, prevent incidents and production processes disruption, JSC FPC implemented a special programme called Production Safety in 2013. Within the programme, 40 lifting machines, 20 air collectors, 5 smoke stacks, 45 buildings, 47 boiler units, 39 crane tracks, 6 steam pipelines and 15 lifts were inspected and assessed by production safety experts; 84 emergency response plans were drawn up for hazardous facilities
- In repair shops of JSC FPC's divisions, 7 shock absorber diagnostics facilities (for inspection of wheel pairs with cassette-style axle boxes) and 9 permanent brake test systems were installed. To prevent malfunction of automatic brakes in passenger cars due to entry of moisture-laden air into the train's air line, 100 dryers designed to bring the quality of air supplied to passenger train brake test systems in compliance with GOST R 53977 "Compressed air of railway rolling stock pneumatic systems. Requirements to quality" were delivered to and installed in 38 passenger rail depots and 48 car maintenance facilities
- 14 X-ray baggage scanners were installed; training on issues related to carriage of goods across the customs border of the Customs Union in passenger trains was provided in the Corporate Staff Training Centre of JSC FPC
- The equipment necessary to implement the first stage of a pilot project called "Deployment of a Rail Safety System in Train No. 1/2 Moscow-Kazan" was installed; 2 employees of Cerberus, a private security firm, got the training necessary for a passenger train safety operator job
- 16 Pilot-M portable baggage inspection devices were bought; 62 employees from JSC FPC's branches and Cerberus were taught how to use the device in the Corporate Staff Training Centre
- In 2013, used the Moscow-Adler service (trains No. 101/102 "Sochi Premium") as a test zone for the implementation of a comprehensive safety and security system; a video surveillance system, fire alarm, access control system, intercom system, satellite communications and navigation system, inter-car and intra-car data transmission system and system for transmission of data to the communications server of the Situation Centre of JSC FPC were installed.

The system enables 24/7 monitoring inside a car and makes it possible to transfer information to the Situation Centre of JSC FPC. The Company plans to install such systems in premium service trains.

In addition, JSC FPC joined the federal Comprehensive Transport Safety and Security Management Programme approved by RF Government Decree No. 1285-r on July 30, 2010. The Company expects to get RUB 576.3 million in subsidies from the federal budget in 2014.

Within the program, 28 transport infrastructure facilities of JSC FPC, including 17 passenger car depots and 11 passenger car divisions, are going to be equipped with engineering and technical means for ensuring transport security and safety.

JSC FPC's Safety and Security Management System

Number of passenger train delays with duration of 1 hour and more decreased from 13 to

5

Total number of incidents related to violation of traffic safety rules and mishandling of railway transport decreased from 23 to

13

In order to implement the measures described in the Safety and Security Management System Framework of JSC FPC, the

Company drawn up, approved and started to apply two enterprise standards JSC FPC STO 1.02.001-2012 "Rail Safety and Security Management System. Basic Framework and Glossary" and JSC FPC STO 1.02.002-2012 "Rail Safety and Security Management System. Requirements" in 2013.

Industrial Safety

Responsibility for industrial safety inside the Company is placed on the Production Facilities Operation and Development Department, which is under the supervision of Deputy Managing Director for Production Development.

As of January 1, 2014, JSC FPC owns 286 facilities registered as hazardous in the State Register.

They include:

- 110 facilities — lifting mechanisms and equipment
- 153 facilities — explosion-prone equipment (boilers, equipment working under pressure, fuel and lubricant storages, fuel oil sites)
- 23 facilities — lifts

At the hazardous production facilities of JSC FPC, 572 technical devices requiring entry into the register, including 87 boilers, 69 economizers, 229 air collectors, 135 cranes, 2 towers and hoisters, 31 lifts and 18 other technical units, are being operated.

To ensure accident-free operation of car depots, prevent incidents and production processes disruption, JSC FPC implemented a centralised programme called Industrial Safety in 2013.

As part of the programme of industrial safety control measures on hazardous industrial facilities, JSC FPC received RUB 41.4 million worth of services. The following facilities and machines were examined by experts in industrial safety:

- 40 lifting machines
- 20 air collectors
- 5 smoke stacks
- 45 buildings
- 47 boiler units
- 39 crane tracks
- 6 steam pipelines
- 15 lifts

In addition, emergency response 84 plans were drawn up for hazardous industrial facilities.

To ensure compliance with the requirements set out in Federal Law No. 22-FZ "On Amendments to Federal Law "On Industrial Safety of Hazardous Production Facilities" of March 4, 2013, the hazardous industrial facilities operated by JSC FPC were re-registered with the Interregional Territorial Directorate of Rostekhnadzor on December 20, 2013.

A new by-law on the procedure for entry, re-entry and removal of hazardous industrial facilities to and from the state register of hazardous industrial facilities was approved and made effective.

A new by-law on the procedure for investigation of breakdowns and accidents at hazardous industrial facilities belonging to the divisions of the branches of Federal Passenger Company was approved and made effective.

A new by-law on training and review of managers and specialists of Federal Passenger Company was approved and made effective.

JSC FPC established a Personnel Review Board for industrial safety whose responsibility is to review members of the personnel review boards of JSC FPC's branches and divisions. To make the Personnel Review Board of JSC FPC more coherent and effective, Olimpoks, a training and certification system similar to the one used by the Federal Service for Environmental, Technological and Nuclear Supervision, was installed.

A group of experts from the investment committee has reviewed an industrial safety investment project involving replacement of technical equipment whose useful lives are expiring in 2014-2016. Having discussed the relevance of the project, the experts have approved the allocation of RUB 385.05 million for the implementation of the 1st stage of the industrial facilities replacement programme in 2014-2016.

The Company purchased additional mandatory third-part liability insurance covering injures and damage caused by an accident at a hazardous industrial facility. In 2013, the price of insurance coverage for the hazardous industrial facilities of JSC FPC totalled RUB 7 million.

No accidents have been reported at any of the hazardous industrial facilities of JSC FPC in 2013.