



ANNUAL REPORT

2020

FREIGHT ONE: 2023-STRATEGY IN ACTION

This Annual Report presents the operating results of Public Joint-Stock Company Freight One for 2020.

The information about operating results or assets contained in this document represents consolidated Company information unless otherwise indicated.

The financial information presented in this Annual Report is stated and calculated on the basis of Freight One's consolidated financial statements in accordance with IFRS unless otherwise indicated.

Information on the publication of Freight One's annual financial statements for 2020, which were prepared in accordance with applicable Russian law, is presented in Section 1, after the information on financial statements in accordance with IFRS.

The Annual Report for 2020 has been approved by the sole shareholder of Freight One PJSC (resolution No. 8 of 24 May 2021).



**ALEXANDER
VOLOSHIN**

Chairman of the
Board of Directors

A MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Last year was a challenging one for us all. No one was expecting the COVID-19 pandemic, and no one was prepared for it. It was a true test of both the Russian and the global economy. Of course, Freight One was also hit by a fall in economic activity and the destabilization of our clients' production chains.

At the same time, the crisis has given many companies the chance to demonstrate their stability and sustainability. For Freight One, it has been an opportunity to show flexibility and innovative thinking. I am delighted that, thanks to the digital transformation that was already underway, we quickly succeeded in striking a balance between business operations and employee safety, reorganizing our work promptly and effectively, and achieving positive figures for freight and excellent financial results, despite all the year's challenges.

We approved Freight One's Development Strategy to 2023 two years ago, long before the pandemic, and our goals remain unchanged: to become the market leader in client service and operational efficiency. Looking at where we are now, I see us evolving to meet our targets, improving our reliability, and creating new opportunities for our clients. Today, we are more than just a railway company and rolling stock operator. First and foremost, Freight One offers its partners effective logistics solutions.

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Many corporate governance decisions have been made in the Company's strategic interests over the past year. Vladimir Lisin

has joined the Board of Directors, which, I believe, underlines our controlling shareholder's focus on the transportation business and will facilitate implementation of the strategy we have adopted. The Board also has a new independent director: Anastassia Lauterbach, a recognized international expert on digitalization. Her knowledge and skills have helped us to strengthen a key area: the digital development of Freight One's business model. In 2020, three of the four committees under the Board of Directors were headed by independent directors. This reflects not only our commitment to best practices, but also our faith in the value of such a model for strengthening the Company.

In November 2020, our Strategic Planning Committee defined performance targets for our Corporate Strategy and Capital Allocation Policy to 2023. We intend to invest approximately RUB 80 billion in enhancing our client service, developing our digital technology, and upgrading our rolling stock. This will help us to consolidate our leadership in sectors where we expect stable growth in demand for Freight One's services, and to enter new segments, such as container freight. Big data analysis and machine learning solutions should make our business model even more effective.

I would like to thank our team for their professionalism, their focus on results, their dedication, and their ability to suggest effective solutions in what is a new situation for all of us. By working together, we will rise to all of the challenges facing our business.

Alexander Voloshin

Chairman of the Board of Directors





**SERGEY
KARATAEV**

Chief Executive Officer

A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The coronavirus pandemic made 2020 a challenging year, not just for Freight One, but for the whole country. Despite these difficulties, we put all our plans into action, improved our key operating indicators, and showed impressive financial results.

Summing up

Thanks to our work on improving operational efficiency and collaboration between all our units, we succeeded in achieving good financial results. Our consolidated revenue for 2020 in accordance with IFRS totalled RUB 81.2 billion, and our EBITDA was RUB 34.6 billion.

Despite the decrease in freight on the network, the increase in surplus railcars, and the stiffer competition, our freight turnover rose by 6% to 289 billion tkm.

I am extremely pleased and proud that more clients than ever are entrusting us with their transportation security. Last year, we signed several major service contracts with leading Russian enterprises. These included the National Aggregates Company, Sebryakovcement, EFKO Group, and Volma, a major producer of construction materials. We also expanded our cooperation with

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Severstal, Rusal, Evraz, and Apatit. In addition, one of our key partners, Mondi STPC, assigned Freight One to the highest category in its corporate quality management system, which complies with ISO 9001:2015.

Expanding cooperation with our clients has allowed us to continue increasing our fleet in key categories of rolling stock. In total, the fleet operated by Freight One increased by 5,700 railcars in 2020, to 109,600.

In March 2020, we also signed a major agreement to sell 12,600 tank cars to Brunswick Rail, thereby pulling out of the oil tanker segment in light of the significant growth in pipeline transportation.

We continued to optimize our credit portfolio and redeemed our outstanding series 03 bond issue, placed in 2015. Freight One's net debt at the end of 2020 amounted to RUB 18.4 billion, and is at a moderate level, enabling us to maintain an investment-grade credit rating.

Key projects

By the end of 2023, we aim to become leaders in operational efficiency, scale of operations, and client portfolio quality.

To achieve these goals, we are implementing a number of major projects.

In 2020, we successfully launched the second wave of the roll-out of our continuous improvement system, covering our Novosibirsk, Yaroslavl,

and St Petersburg branches, as well as key head office functions: commerce, fleet management, logistics, and repairs. The total economic benefit from the 500 new approaches to performing everyday tasks suggested by our employees and implemented at Freight One has been provisionally estimated at RUB 3.7 billion.

In 2020, we also launched another major project, Client Journeys, aimed at enhancing our clients' experience. Our experts have held more than 100 conversations with our partner companies to identify

potential areas for improvement. Using these as a starting point, we have developed and are currently implementing a range of initiatives that will significantly improve our position in terms of client focus.

We are also continuing to work on improving labour productivity, which was 13% higher in 2020 than in 2019.

Digitalization

In 2020, we started developing products of importance to us: the Dispatcher Assistance System and the Logistics Optimizer, putting together product teams using the Agile methodology. We were able to achieve initial results during the reporting year, reducing our empty run costs. We also significantly expanded the functionality of our existing digital client interfaces: the Mobile Reporter and the Personal Client Area. Using the latter, our partners can now see up-to-date photographs of the boxcars sent to

“LAST YEAR, WE SIGNED SEVERAL MAJOR SERVICE CONTRACTS WITH LEADING RUSSIAN ENTERPRISES”

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them, along with full details, including an assessment of their condition and their technical specifications: payload capacity, remaining life, and scheduled repair date. In addition, the Personal Client Area now offers forecasts of railcar arrival dates based on machine learning algorithms.

We are also continuing our transition to electronic document sharing with clients and development of our SAP platform. In particular, we have introduced a new software module, SAP Human Capital Management, which we now use for HR and payroll management, pay calculation, and working time management.

In total, we invested approximately RUB 500 million in Freight One's digital transformation in 2020.

Repair strategy

We aim to be first with our clients and first for our clients. Our partners expect us to provide more precise

transportation support in terms of timeframes and volumes, as well as high-quality rolling stock. In 2020, we renovated approximately 2,000 boxcars. Work on restoring their commercial qualities is part of our repair strategy, which aims to improve the quality of rolling stock and the standard of our client service. We have spent around RUB 230 million on these initiatives. In total, we invested RUB 10.9 billion on repairs and purchasing wheelsets and moulded parts.

Our team

Our employees are always at the heart of our business. They are our most important asset, and the driving force behind all our initiatives. We have always prioritized their health and safety when making management decisions, so during the pandemic we were one of the first companies to move to remote working. We were able to reorganize our business processes swiftly while maintaining performance.

Even in this altered context, we have continued to implement a large-scale employee development programme, based on our strategic business needs, thanks not least to our active use of remote training tools. We have sought to create a comfortable working environment, to prioritize our employees' professional development and retraining, and to provide career growth opportunities for specialists with significant potential who have demonstrated in practice that they can bring benefits to the business.

The challenges we all faced in 2020 made our team even more close-knit and effective. We will keep improving steadily in every strategically important area, and continue to pursue ambitious goals.

Sergey Karataev

Chief Executive Officer



**“WE AIM TO BE FIRST
WITH OUR CLIENTS AND FIRST
FOR OUR CLIENTS”**

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THE COMPANY TODAY

Freight One is Russia's largest private freight rail operator, with one of the biggest and most balanced fleets of rolling stock in the country. We serve companies in the fuel and energy, metals, mining, construction, and chemicals industries, and producers of consumer goods. We work with some of Russia's biggest industrial facilities, and also provide transportation solutions for small and medium-sized enterprises. Our client portfolio includes around 2,000 businesses. Our key competitive advantages include continuous improvement of our client service, an advanced IT infrastructure, a targeted approach to our consignors, and continuous optimization of our logistics.

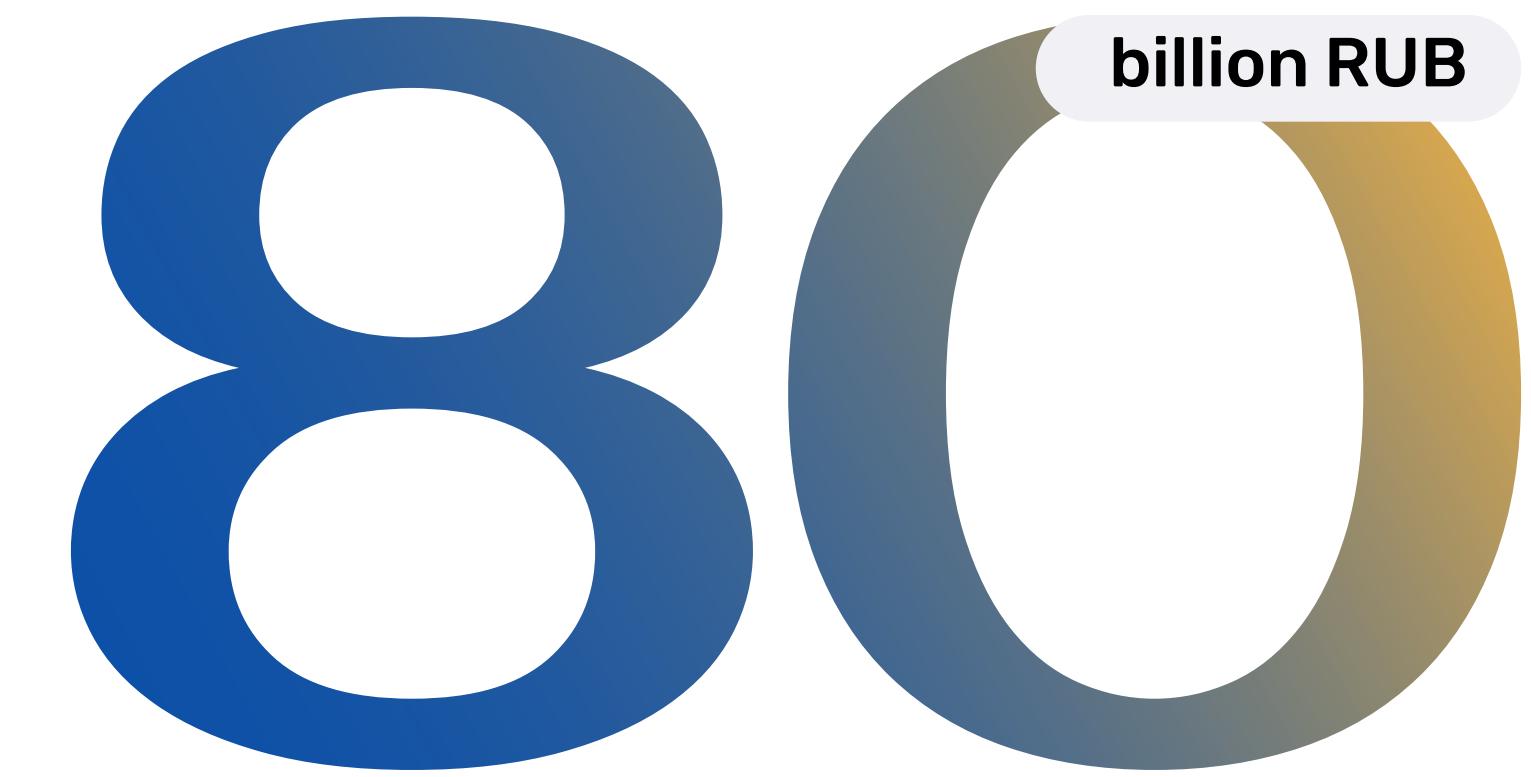
99 FREIGHT ONE: OUR SOLUTIONS WORK FOR OUR CLIENTS

Our services

Freight One offers a full range of railway freight transportation and logistics services:

- rolling stock operation
- freight forwarding
- railcar leasing
- preparation of railcars for transportation at washing and steaming stations
- preparation of railcars for freight
- internal logistics management
- rolling stock repairs

Thanks to our extensive branch network, we are able to offer a full range of logistics services, from preparing railcars to organizing international multimodal transportation across the entire 1520 area. The large-scale digital transformation that is underway will enable Freight One to respond rapidly and flexibly to market changes and react more promptly to consignor requests.



In 2020, Freight One announced plans to invest around RUB 80 billion in enhancing our client service and digital technology, and in upgrading our rolling stock, as part of Strategy 2023

WHERE FREIGHT ONE OPERATES

Freight One provides services across the entire 1520 area. We have 14 branches, located from Vladivostok to St Petersburg. Our interests abroad are represented by Freight One Scandinavia (in Finland) and Freight One Central Asia (in Kazakhstan).

Our professional team has expertise in domestic and international rail transportation, enabling us to organize freight transportation of any degree of complexity. Our continuous cooperation with consignors and consignees, Russian Railways, industrial railway companies, and representatives of foreign railways ensures highly efficient rail freight transportation.

Freight One branches	Railcar repair depots and washing and steaming stations	Comparison table
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City	Railway network	RR, billion tkm	FO, billion tkm	FO share
St Petersburg	October Railway Network	129	23	18 %
Kaliningrad	Kaliningrad Railway Network	3	0	1 %
Moscow	Moscow Railway Network	118	5	4 %
Nizhny Novgorod	Gorky Railway Network	37	4	11 %
Yaroslavl	Northern Railway Network	73	21	29 %
Rostov-on-Don	North Caucasus Railway Network	45	5	12 %
Voronezh	South-Eastern Railway Network	83	26	31 %
Saratov	Privolzhskaya Railway Network	67	5	8 %
Samara	Kuybyshev Railway Network	97	10	11 %
Yekaterinburg	Sverdlovsk Railway Network	246	14	6 %
Chelyabinsk	South Urals Railway Network	128	6	5 %
Novosibirsk	West Siberian Railway Network	963	103	11 %
Krasnoyarsk	Krasnoyarsk Railway Network	193	23	12 %
Irkutsk	East Siberian Railway Network	134	17	12 %
Chita	Trans-Baikal Railway Network	23	1	4 %
Vladivostok	Far Eastern Railway Network	116	5	4 %
Yakutsk	Yakutsk Railway Network	9	0	2 %

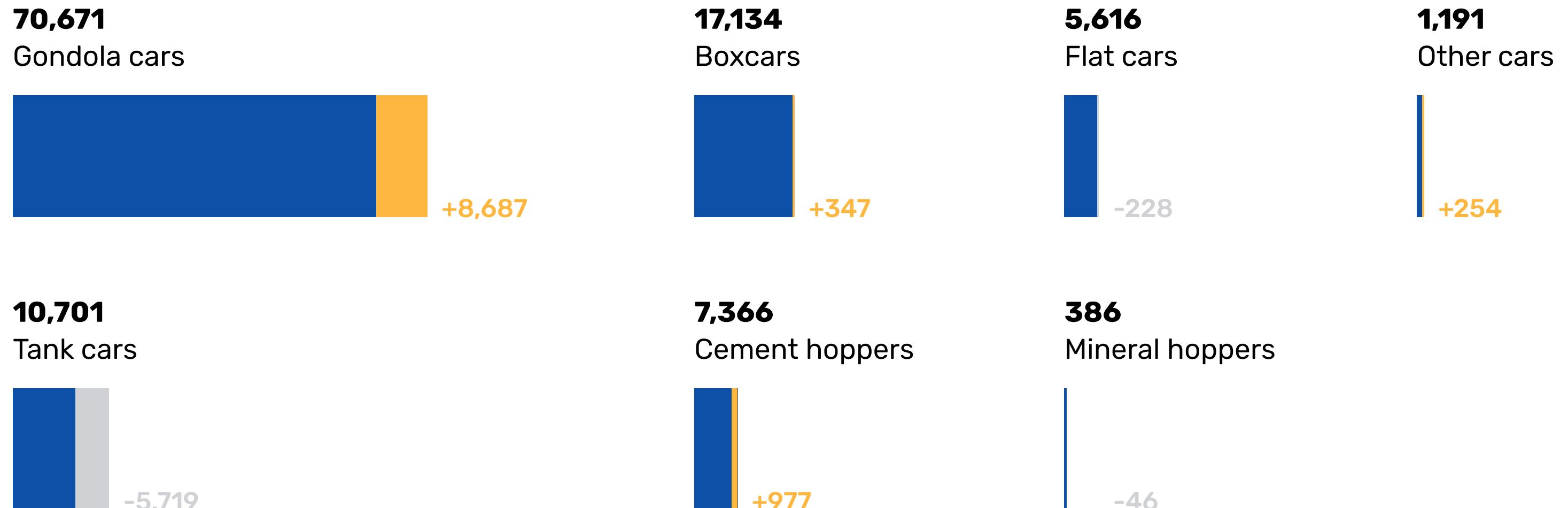
Freight One's presence and share in the freight turnover of regional railways in 2020.

RAILCAR FLEET

In 2020, Freight One was Russia's biggest private rail operator by number of railcars in operation (according to INFOline). With our diverse fleet, we transport practically every category of freight, allowing us to maintain stability despite challenging conditions on individual markets, including during the COVID-19 pandemic.

Our managed railcar fleet as at 31 December 2020 amounts to 113,1 thousand railcars* (+4,3 thousand more than in 2019)

113065



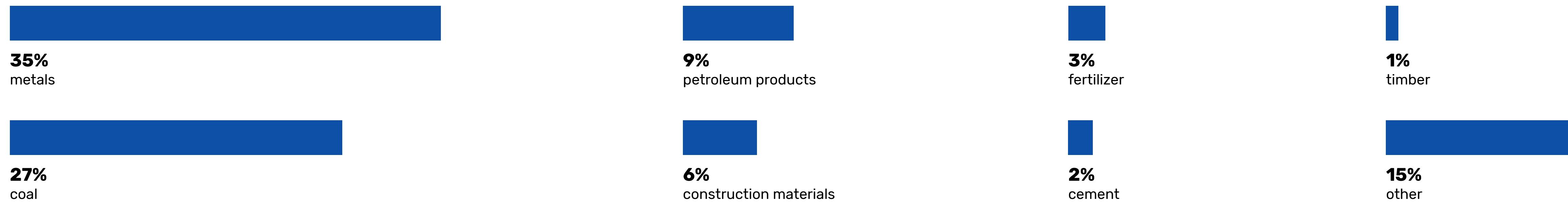
99 WE PROVIDE A BROAD RANGE OF FREIGHT TRANSPORTATION SERVICES FOR INDUSTRY LEADERS IN ALL KEY MARKET SEGMENTS AND FOR MEDIUM-SIZED BUSINESSES AND SMALLER CLIENTS

+ / - Change vs. 2019

* Not including end-of-life fleet

FREIGHT ONE FREIGHT TURNOVER IN 2020

Breakdown of Freight One's transportation volumes by freight type



289 billion tkm +6% vs 2019

The total volume of freight transported in 2020 was 289 billion tkm (+6% vs 2019)

The background features a detailed line drawing of a long freight train with multiple open-top carriages.

2020 RESULTS

Despite the COVID-19 pandemic, the reduction in transportation volumes, and the decline in railcar operating rates, we achieved positive results in 2020, boosting our market share and increasing freight turnover by 6%, to 289 billion tkm.

We have been able to mitigate the impact of current market trends and the COVID-19 pandemic and to maintain our profit level thanks to long-term contracts with our partners, development of our service programmes, diversification of our client portfolio, and management's initiatives to improve operational efficiency.

Revenue¹

81.2

billion RUB

EBITDA

34.6

billion RUB

Net debt

18.4

billion RUB

**Managed fleet
as at 31.12.2020**

113 065

railcars

Freight One freight turnover

289

billion tkm

¹ Here and below, financial information presented for 2020 and 2019 does not include results for the petroleum tank car segment.

AN EFFECTIVE RESPONSE TO THE CHALLENGES OF THE COVID-19 PANDEMIC

Despite the challenges of the COVID-19 pandemic, we have continued to operate effectively, and have taken various measures to make work as comfortable and safe as possible for our employees.

Remote working

We prioritize our employees and put their safety first. In March 2020, following the onset of the COVID-19 pandemic, we were one of the first companies to move most of our employees to remote work.

In line with our remote management model for Freight One's head office and 14 branches across Russia, we provided access to software and resources, as well as computer equipment for those who did not have it at home. We purchased a large number of company laptops and other equipment for our employees, provided digital communications systems, and introduced other IT solutions to support effective work

“ FOLLOWING THE ONSET OF THE COVID-19 PANDEMIC, WE WERE ONE OF THE FIRST COMPANIES TO MOVE MOST OF OUR EMPLOYEES TO REMOTE WORK”

from home. From the second quarter of 2020 onwards, no more than 5–10% of our employees came into the office, only those in units where remote work was not possible.

Supporting safety in the workplace

During 2020, we shifted our employees' schedules to minimize rush-hour travel, stagger the start of the working day, and avoid overcrowding in offices.

We also introduced restrictions on business travel. Those particularly at risk were switched to full-time homeworking until the end of the year.

Provision of personal protective equipment

In all the regions where we operate, we provide personal protective equipment for use both at the office and elsewhere.

Strict sanitary measures are observed at all of our premises, including compulsory mask-wearing, social distancing, temperature checks, and sanitizing and disinfecting premises. Hand disinfection equipment, UV lamps, and ionizers have been installed in offices and other premises.

Testing and vaccination

We have organized COVID-19 and antibody testing for all our employees at Freight One's expense. More than 2,000 people have taken advantage of this opportunity. We take our employees' health seriously, and have tried to make it easy for those who wish to be vaccinated. We regularly remind our employees of the importance of building herd immunity, and provide facts about vaccination and its benefits. Freight One offers a day's paid leave to employees being vaccinated, as well as the opportunity to be vaccinated at the private clinics included in their voluntary health insurance policy.

Financial support

At the end of 2020, all employees with an average monthly income of less than RUB 120,000 received a one-time payment of RUB 30,000 per person. Across our regional offices and production sites located throughout Russia, roughly 70% of our employees have received such payments. Freight One also committed to offering fully paid sick leave during the COVID-19 pandemic.



We spent more than RUB
105.5 million on protective
measures in 2020.

Continued from page 15

Information sharing

During the pandemic and the shift to remote working, it was vital for all our employees to have equal access to information and to receive important news quickly. We therefore launched new communication channels, including a separate website called 'While you're at home', where we publish information materials and corporate news.

The website continues to be updated with information about the coronavirus and measures to prevent infection. Employees can find information on how to work remotely, how to set up software, and other important messages.

As a further means of communication, we have launched a Telegram channel, 'PGKStream'.

Business process organization

The pandemic has opened up potential opportunities to transform many business processes, and has accelerated the transformation that was already under way. We have continued to implement our planned projects, including those relating to increasing labour productivity, operational efficiency and digital transformation, while many processes have been given added impetus.

Thanks to our professional and engaged team, we have not only been able to overcome the challenges of the COVID-19 pandemic, but also to heighten our understanding of many business processes. Among other things, we have accelerated our company-wide shift to electronic document sharing and the use of electronic signatures; and our conferences and meetings are now typically held by video. We are considering giving some of our employees the option to combine office and home working in future, aiming to ensure safe working conditions without compromising the effectiveness of our work processes.

KEY EVENTS OF 2020

2020

01 January

- Freight One won a 12-month contract to transport engine oils and polymers in boxcars for RN-Trans (a transport and logistics subsidiary of Rosneft).
- Our HR processes were moved to an SAP platform. We rolled out a new software module: SAP Human Capital Management. We use this for HR and payroll management, pay calculation, and working time management. We have used a specialist SAP module to create a centralized single sign-on system featuring online interaction with the Corporate Solutions Centre.

02 February

- Fitch upgraded Freight One's long-term credit rating to BBB- from BB+, with a Stable Outlook. Fitch's experts praised the Freight One management team's efforts to improve the performance and financial stability of the business, and to reduce its level of debt

03 March

- Freight One signed a two-year service contract with Sebryakovcement, setting out guaranteed volumes of transportation in boxcars.
- Mondi STPC assigned Freight One to the highest category in its corporate quality management system, which complies with ISO 9001:2015.
- Freight One concluded an agreement to sell tank cars for oil and petroleum products. At the same time, we continued to honour our commitments to our clients by leasing tank cars.
- We completed the first wave of our major Operational Efficiency System project, aimed at introducing continuous improvement and boosting operational efficiency. The pilot project began on 1 July 2019 at our Voronezh branch.

04 April

- The Russian Regional Integrated Reporting Network ranked Freight One among the biggest Russian companies committed to principles of transparency over and above the standard requirements of Russian legislation.

05 May

- Freight One became a public joint-stock company. Our Articles of Association were registered.
- We paid dividends to our shareholders based on our 2019 performance.
- Freight One's new Board of Directors was elected. Joining the Board for the first time were Vladimir Lisin, Chairman of the Board of Directors at NLMK, and independent director Anastassia Lauterbach. Three of the four Board of Directors' committees were headed by independent directors.
- Freight One completed renovation of the Osentsy washing and steaming station in Perm. The work was started in 2018

KEY EVENTS OF 2020

2020

06 June

- We launched the second wave of our major Operational Efficiency System project. This involved three branches (Novosibirsk, Yaroslavl and St Petersburg), as well as key head office functions: commerce, fleet management, logistics and repairs.
- We integrated our Freight One Mobile Reporter railcar acceptance and rejection service into the Personal Client Area. Our partners can now see up-to-date photographs of the boxcars sent to them, along with full details, including an assessment of their condition and their technical specifications (payload capacity, remaining life, and scheduled repair date).
- We also launched another major project designed to add value to our services: Client Journeys. This aims to formulate an approach to client services based on analysing client needs.

07 July

- Expert RA confirmed our ruAA+ credit rating with a Stable Outlook.
- We signed a five-year service contract with the National Aggregates Company, under which we will transport more than 100,000 tonnes of our partner's products every month.

08 August

- We began multimodal transportation of freight from the Kuzbass to Mongolia. We arranged for steel products to be delivered by road from Kemerovo Region to Novosibirsk, and then in boxcars to Mongolia.

09 September

- We signed a new agreement with the biggest grain-processing companies in Altai Territory: Aleyskzernoprodukt in Aleysk, and Melnik, in Rubtsovsk.
- We completed renovation of the Achinsk washing and steaming station in Krasnoyarsk Territory, and began the second phase of renovation of the Kombinatskaya station in Omsk. The upgrade was carried out in compliance with health and safety standards, with no disruption to workflow.

10 October

- Freight One signed a service contract with EFKO Group.
- Employees from our Technical Policy Department won awards for the 'Practical contribution to the creation and implementation of a workplace standardization service'. The Standardizer of the Year competition is held annually as part of a joint project run by the Russian Organization for Quality, the Russian Ministry of Industry and Trade, and Rosstandart.

99 FREIGHT ONE SUBSIDIARY THE GRYAZI RAILCAR REPAIR DEPOT CELEBRATED ITS 85TH ANNIVERSARY

KEY EVENTS OF 2020

11 November

- Freight One's Strategic Planning Committee identified key areas for development and targets for our Corporate Strategy and Capital Allocation Policy to 2023. We intend to invest approximately RUB 80 billion in enhancing our client service, developing our digital technology, and upgrading our rolling stock.
- The Board of Directors approved a roller bearing wheelset unit construction project in Zarinsk, Altai Territory.

12 December

- We entered into a service contract with Volma to transport its products.
- Freight One Scandinavia (together with VR Group) organized regular shipping of Nornickel products from Finland to Russia.
- We paid interim dividends to our shareholders for the first nine months of 2020.

Events after the reporting date

02 February

2021

- Freight One signed a three-year cooperation agreement with OMK's Vyksa Steel Works.

03 March

2021

- Freight One won a three-year contract to transport products for Apatit.

04 April

2021

- Freight One signed a one-year service contract with Evraz.
- Freight One signed a three-year service contract with the National Transportation Company, under which the two companies will provide rail freight transportation services for each other.

**99 IN MARCH 2021, FREIGHT ONE WON
A THREE-YEAR CONTRACT TO TRANSPORT
PRODUCTS FOR PHOSAGRO**

SUSTAINABLE DEVELOPMENT MANAGEMENT

Freight One recognizes its responsibility to society, nature, and future generations. Sustainable development has always been and remains a key strategic priority across all our activities, motivating us to achieve constant improvement in all areas.

Our sustainable development is based on concern for the health and wellbeing of our employees, compliance with environmental protection requirements and standards in the locations where our industrial sites operate, respect for regional rules and standards and business ethics, mutually beneficial cooperation for our partners, transparency, and open access to information.

Our corporate governance principles take account of the OECD Principles of Corporate Governance, the Corporate Governance Code approved by the Board of Directors of the Bank of Russia on 21 March 2014, and successful international and Russian corporate governance practices.

Sustainable development management is an integral part of our corporate governance system and is carried out at all of our production sites. Sustainable development is a constant focus for our management team.

1

The environment

One of our management team's most important goals is to ensure environmental safety in the regions where we operate. Each year, we spend millions of roubles on improving our technology, upgrading equipment at our facilities, and protecting the environment. We also take part in local and national environmental projects and initiatives.

We show respect for natural resources, conserving them and doing everything required to avoid damaging them. We regularly upgrade all of our industrial sites. For example, new equipment at the Nikel washing and steaming station has created a closed-loop steam system, preventing the release of oil sludge into the environment. In addition, the use of modern equipment in our operations minimizes the risk of human error and helps to conserve natural resources.

Our plants welcome student groups studying modern practices for preparing tank cars for loading. For example, students from Dresden University of Technology, Germany, and teachers from Baotou Railway Vocational and Technical College, China, have learned about the work of the Kombinatskaya washing and steaming station.

“WE REGULARLY UPGRADE ALL OF OUR INDUSTRIAL SITES”

2

Social responsibility

Our business is based on the principles of social partnership. We comply strictly with all employment legislation requirements and take further measures to improve quality of life for our employees, their families, and local communities. This approach ensures job stability for our employees and steady business growth in the regions where we operate.

We implement our social policy through long-term programmes to attract and retain highly qualified staff. Our employee relations are regulated by a collective agreement that guarantees social protection for our workers and confirms our status as an attractive employer.

It is in our interests both to recruit specialists from the external market and to unlock the potential of our own staff. We are developing a mentorship system so that experienced specialists can pass their knowledge on to their younger colleagues. We value not only the knowledge and skills a person already has, but also their openness to new things, commitment, and readiness to contribute to change. All staff are given equal opportunities for training and professional growth. Everyone can build the career path they want for themselves

3

Corporate governance

Freight One's corporate governance is based on the principles of sustainable development and increasing return on investment in our share capital over the long term. Compliance with the highest standards of corporate governance is vital to enhancing our competitiveness and increasing shareholder value. Our corporate governance system determines the nature of the relationship between our Board of Directors, shareholders, and management, and also shapes the roles and responsibilities of the various Board of Directors' committees.

The members of the Board of Directors perform their duties reasonably and in good faith, with due care and diligence, in the interests of the Company and its shareholders, supporting Freight One's successful and sustainable development.

In line with our mission and values, we adhere to high standards of business ethics (integrity and transparency), as set out in our internal documents (the Regulations on Corruption Policy, Corporate Governance Code, Code of Business Ethics, and Regulations on Information Policy).

Risk assessment is a key part of this. We are constantly working to promptly identify and analyse risks that may have a significant impact on our performance, and we maintain effective risk management mechanisms.

The Board of Directors' Audit Committee supports the Company in this area, and assesses the work of our executive bodies to create an appropriate culture of risk control.



**THOUSANDS
OF KILOMETRES
OF SUCCESS**

STRATEGIC GOALS

2020 saw a number of significant changes in the wider economy, which led to slowing growth in our markets, an increase in surplus railcars, and a deterioration in operational performance indicators for the Russian Railways network. Despite this, we succeeded in maintaining or expanding our presence in key business segments and in retaining our leadership in fleet operation performance.

Our successes in key business growth areas in our strategic segments, as well as in aspects of performance improvement, are a testimony to the strategy we have adopted.

Our strategic priorities have not changed: we aim to maximize shareholder value by developing our client service and digital technologies, improving the effectiveness of our business model, and investing in the most attractive segments of the transportation industry.

Client service

In 2020, we launched our Client Journeys programme, aimed at introducing new technologies for analysing client needs, establishing more personalized value propositions, and refining our client relationship processes and practices. More than a hundred employees from various units are involved in the programme's implementation on an ongoing basis; dozens of measures have been developed and partially implemented, helping us both to increase client satisfaction and loyalty and to improve our own commercial performance.

Improving the effectiveness of our governance model

In 2020, we continued to implement our planned measures to improve cross-functional cooperation between units, increase the effectiveness of our processes, automate and optimize processes, and improve our fleet health management. We had considerable success in improving labour productivity, reducing fleet maintenance costs, reducing technical delays, and improving fleet productivity. The roll-out of the latest wave of the Operational Efficiency System to our branches and head office units made a significant contribution to improving performance.

Digital development of the business model

In 2020, we boosted our in-house expertise in implementing digital projects by hiring a highly qualified team and engaging external experts. We established a portfolio of digital projects supporting implementation of our strategy goals and further development of the business model beyond 2023. To support our digital initiatives, we also developed an IT strategy defining our desired IT architecture and priority areas for development in the IT function.

Growth in the most attractive segments

In line with our strategy goals, Freight One continue to expand in strategically attractive segments. We implemented a number of agreements for the acquisition and long-term lease of gondola cars, boxcars, and cement hoppers. At the end of 2020, the Board of Directors approved a long-term investment programme to support the growth of our fleet in accordance with our approved strategy.

MARKET OVERVIEW

Results of industrial production and foreign trade in Russia in 2020

The Russian economy in 2020

Russia's GDP fell by 3.1% and industrial production by 2.6% in 2020, according to data from the Federal State Statistics Service (Rosstat), while the resource extraction segment shrank by 6.9%. The biggest decreases were for coal (6.3%), crude oil and natural gas (8.1%) and 'other extractable resources' (13.4%). Manufacturing saw growth of 0.6%.

Fixed capital investment was 1.4% lower in 2020 than in 2019. The value of foreign trade, according to Federal Customs Service figures, fell by 15.1%, including a 20.7% drop in exports and a 5.3% fall in imports.

According to Rosstat data, freight turnover decreased by 4.9% overall in 2020 compared with 2019. This included a 2.2% fall in rail freight, an 8.0% fall in pipeline freight, and a 1.4% fall in automotive freight.

Key socioeconomic development figures for Russia: comparing 2020 and 2019

Indicator ¹	2020 / 2019	2019 / 2018
GDP	-3.1%	+2.0%
Industrial production	-2.6%	+3.4%
Fixed capital investment	-1.4%	+2.1%
Consumer price	+3.4%	+4.5%
Producer price index	-2.9%	+2.9%

Change in freight turnover by transport type in 2020

	billion tkm ¹	change vs. 2019
Overall, including:	5,396.5	-4.9%
Rail	2,544.9	-2.2%
Road	271.5	-1.4%
Sea	42.5	+16.2%
Inland waterway	60.2	-8.6%
Air	7.1	-3.8%
Pipeline	2,470.2	-8.0%

¹ According to Rosstat data

Overview of the rail freight transport market in 2020

The volume of freight transported by rail on the Russian Railways network in 2020 fell by 2.7% relative to 2019. This was primarily the result of reduced transport of coal, ferrous metals, and petroleum products. Transport of fertilizer, coke, construction materials, and grain increased, however.

Change in freight volume on the Russian Railways network (million tonnes)

	2020	2019	Изм.
Overall, including:	1,243.6	1,278.5	-2.7 % ↘
Coal	353.3	372.0	-5.0 % ↘
Thermal coal	277.1	296.9	-6.7 % ↘
Coking coal	76.1	75.1	1.3 % ↗
Coke	11.2	10.8	4.1 % ↗
Petroleum products	208.8	215.7	-3.2 % ↘
Iron and manganese ore	119.7	120.2	-0.4 % ↘
Ferrous metals	66.4	73.8	-10.0 % ↘
Chemical and mineral fertilizers	62.7	60.5	3.7 % ↗
Construction materials	131.6	124.0	6.1 % ↗
Cement	25.1	25.3	-0.6 % ↘
Timber	40.7	42.0	-3.0 % ↘
Grain	27.9	21.7	28.7 % ↗
Non-ferrous ores and sulphuric raw materials	19.9	19.6	1.5 % ↗
Chemicals and sodas	24.5	26.1	-6.1 % ↘
Industrial commodities and moulding materials	33.8	35.0	-3.4 % ↘
Other freight, including container freight	103.6	99.5	4.1 % ↗

Overview of transportation in 2020 by key freight type

Coal

Coal freight, which generally accounts for a significant share of rail freight, shrank by 5% relative to 2019, against the backdrop of an overall fall in Russian domestic freight transportation volumes (by 10.1 million tonnes, a 6.2% reduction). In terms of exports, the volume of freight fell by 4.2% (8.7 million tonnes) as a result of the significant 9.5% (7.1 million tonnes) decrease in supplies to Europe following decisions by Western Europe's leading economies to stop using coal in the energy sector for environmental reasons. Shipping to the Asia-Pacific region, which declined by 1.2% (1.6 million tonnes), was complicated by the infrastructure limitations of the Eastern Polygon.

Oil and petroleum products

2020 saw a decrease in the volume of petroleum products transported in petroleum tank cars of 10%, or 23.2 million tonnes, relative to 2019. The context for this was the adoption of the OPEC+ agreement, under which members committed to cutting production to a record low of 19 million barrels a day. In addition, the pandemic led to a significant decrease in consumption of motor fuel and aviation fuel, and both domestic and global consumption of petroleum products fell. Against the backdrop of higher refinery yield, there was a decrease in the production of heating oil, which led to a decrease in freight. Heating

oil production fell by 10%, or 4.6 million tonnes, in 2020, leading to a decrease in freight in petroleum/petrol tank cars of 12.5%, or 7 million tonnes. In addition, the rail industry has been experiencing stiff competition from pipelines for crude oil transportation for many years now.

Ferrous metals

Ferrous metal freight fell by 10%, or 7.3 million tonnes, in 2020 relative to 2019. In particular, domestic freight fell by 15%, or 6.8 million tonnes, as the lockdown restrictions within Russia led to a slump in construction and production. The relatively strong competition in the European market and the drop in consumption prevented us from recovering our position through exports to Europe, which fell by 13%, or 1.9 million tonnes. At the same time, shipping to the Asia-Pacific region (China) increased at a record rate, by 35%, or 1.7 million tonnes, fuelled by the construction boom there.

Ore

Ore freight decreased slightly, by 0.4% (0.5 million tonnes) relative to 2019, owing to a 24% (5.4 million tonnes) increase in exports, including increases of 28% (3 million tonnes) in exports to the Asia-Pacific region and 30% (3.1 million tonnes) in exports to Europe. The construction boom in China, combined with the complications in relations with Australia, the country's biggest supplier of iron ore, and the reduction in the forecast proposition from Brazil, resulted in unprecedented growth in global iron ore prices.

Mineral fertilizers

Mineral fertilizer freight rose by 3.7% (2.2 million tonnes) in 2020 relative to 2019 in the context of a 5% increase in fertilizer production. On the Russian domestic market, freight rose by 6.7% (1.7 million tonnes) due to increased fertilizer use by agribusinesses. The volume of fertilizer shipped for export increased by 1.6% (0.6 million tonnes) relative to 2019, thanks mainly to an increase of 1.4 million tonnes in freight to China and Brazil.

Construction materials

Construction materials freight rose by 2.1% (4.1 million tonnes) in 2020 relative to 2019 and crushed stone freight by 7.2% (+7.8 million tonnes), thanks to a major national project aimed at improving the quality and safety of Russia's motorways. Cement freight fell by 4.5% (1.2 million tonnes) to 25.1 million tonnes, and industrial commodities freight by 3.6% (1.3 million tonnes) in light of the lockdown restrictions introduced in Russia.

Transportation forecasts for 2021

Freight is forecast to increase by 1.264 billion tonnes (2.5%) in 2021, relative to 2020, according to the draft Russian Railways financial plan and investment programme for 2021 and the 2022–2023 planning period.

OVERVIEW OF OPERATING ACTIVITIES

**COMPREHENSIVE
SOLUTIONS FOR
MOVING TOWARDS
THE GOAL**

Despite the instability and volatility of the market in 2020, we not only maintained stability, but actually increased our rate of growth. We expanded our client portfolio, increased our transportation volumes, and accelerated our digital transformation. We also began large-scale business process optimization, aimed at improving our operational efficiency and the level of our client service. We intend to build on this work in 2021 to develop a culture of continuous improvement at Freight One. The capacity to change in response to market requirements is a key factor in making leading companies competitive. Our growth path is set out in our Strategy 2023, which is aimed at strengthening our leadership in rail freight, building long-term partnerships, implementing global best practices in our processes and services, developing innovative solutions, and continually enhancing our resource potential.

Sergey Karataev
Chief Executive Officer

Key results

01 — In 2020, we signed service contracts in the gondola car and boxcar segments with the National Aggregates Company, Sebryakovcement, EFKO Group, and Volma, a producer of construction materials. We also entered into a fixed-quota agreement to acquire freight for Evraz, a key client, renewed our work with key clients the Kuzbass Fuel Company and Mechel, and won a contract with Apatit. This was all consistent with our strategy for developing long-term relationships with key partners. Service contracts like this are one of the most effective tools available for growing our operating business. They ensure a stable freight base for the operator and guarantee the availability of rolling stock to consignors under mutually

advantageous tariffs, irrespective of market changes. This is particularly important when the market is volatile.

02 — Total freight turnover was 289 billion tkm (6% more than in 2019), including 274 billion tkm on the Russian Railways network (4% more than in 2019)

03 — Freight One accounted for 9% of the total fleet operating within the Russian Federation.

04 — Freight One accelerated its rolling stock turnover by 2% relative to 2019, by introducing measures to use rolling stock more effectively.

05 — 2020 saw Freight One maintain its leading position within Russia's fleet operator community for empty railcar dispatch routing. The level of empty railcar dispatch routing was 21.8%, compared to 8.3% on the Russian Railways network as a whole. Freight One's routing discount savings on its tariff rose 7.6% in comparison with 2019.

06 — To expand our operating fleet, we signed a number of major agreements to lease approximately 9,500 gondola cars, and purchased 521 gondola cars on the market. In total, our operating fleet increased by 5,656 railcars relative to 2019.



Freight One was responsible for 12.2% of total transportation volumes on the Russian Railways network in 2020, and for more than 11% of freight turnover. Overall our railcars transported 169.6 million tonnes of freight, and total freight turnover reached 289.4 billion tkm.

We increased transportation volumes in a number of segments of our base in 2020, including construction materials (by 32%), thermal coal (by 27%), and coking coal (by 9%). At the same time, transportation of petroleum products fell by 24%, owing to the general decrease in shipping of petroleum products on the network in light of the review of the OPEC+ agreement, and the pandemic and its associated restrictions. Cement transportation volumes fell by 23% as a result of the general decrease in shipping by cement companies due to COVID-19.

Key development areas and results in 2020

Enhancing client service

Client Journeys is a major project launched in 2020 with the goal of seeking out ideas and implementing effective changes to develop sales and client service models through focusing on client problems, needs, and suggestions. Its objective is to enhance our client service, improve the performance of our client portfolio, and add value to our services.

Introducing contemporary IT solutions has been a priority for Freight One's client focus programme. We continued to develop the Personal Client Area in 2020. The system was moved entirely over to SAP data, the deployment algorithms were optimized, the ability to submit, track, and edit railcar orders online, and to submit GU-12 forms to Russian Railways on the client's behalf was added, and the key information dashboard was revised. Users also now have access to a detailed report on the progress of their orders, and a machine learning model for forecasting railcar arrival dates has been implemented.

Further achievements include creating a unified database for the commercial rejection of railcars in the Mobile

Reporter app, reducing the amount of documentation to be supplied by clients and streamlining document approval, launching a pilot project to engage mobile boxcar repair teams, and developing a mechanism for launching client promotions.

Our partners can now reject or accept railcars directly through the Mobile Reporter app. Freight One receives information on rejections instantly, enabling rapid decisions on rolling stock replacement. We also completely overhauled our Mobile Reporter web application in 2020, adding a function that allows Freight One to process railcar rejections, introducing dashboards with key information, and setting up notifications. In addition, our experts integrated the app into the Personal Client Area, meaning that our partners can now see the current condition of their railcars. As part of the project, we implemented a number of pilot initiatives relating to engaging Russian Railways workers to inspect railcars with the Mobile Reporter app, and to notifying consignors when railcars are incorrectly unloaded by consignees.

8.5/10

average user rating

44%

Personal Client Area NPS

925

current Personal Client Area users
(up 225 in 2020)

Operating results

Gondola cars:

The surplus of gondola cars seen in the market since the second quarter of 2019 increased to 62,000 units in 2020. Nevertheless, we increased our share of the operating fleet by 0.3 pp through leasing cars. Together with the increase in fleet productivity, this enabled us to increase our share of the freight market to 17.5% (2.1 pp more than in 2019).¹

The challenging operating conditions on the network as a result of the increasing railcar surplus in 2020 had an adverse effect on turnaround time. Turnaround time for the network was 16 days, 1.1 days more than at the end of 2019, although we reduced our own turnaround time by 0.3 days thanks to improvements in operational efficiency and railcar productivity.

The empty run rate (ERR) is one of our key operating indicators and is used to assess logistics performance. The ERR for gondola cars in 2020 was 0.63 (up 4 pp compared with 2019). This increase was the result

of logistics changes owing to a decrease in shipping for our main key clients and our acquisition of transport operations with a higher ERR. Measures to analyse network freight volume and identify potential optimized freight flows went some way towards offsetting the higher ERR.

Tank cars:

Our share of freight on the network shrank by 1.5 pp relative to 2019, reflecting a reduction in the size of our operating fleet. In March 2020, we signed an agreement to sell and lease back our tank car fleet. The number of tank cars in operation fell from 16,000 to 10,000, and their share of the fleet declined from 9% to 7%.

We continued to work with key clients in the oil tanker segment (Rosneft and Lukoil). Our expertise in fleet management and the technological requirements of working at industrial sites enabled us to maintain a 27%

share of Rosneft's total freight volume.

Freight One's share at Lukoil sites in 2020 was 14% (1% more than in 2019), with transportation volumes of 2.9 million tonnes.

Boxcars:

Freight One's share of boxcar freight increased by 0.4 pp compared with 2019 (from 34.5% to 34.9%), against the backdrop of a 4% decrease in network freight volume.

In line with our Development Strategy 2023, which has been approved by the Board of Directors, we are upgrading our boxcar fleet. We acquired 600 more boxcars in 2020 and started using them in transportation. We also continued our renovation activities, making 1,900 boxcars fit for commercial use in 2020. Implementing this programme has proven effective and financially beneficial for us.

1,394

users on the system
as at the end of 2020

27,746

inspections performed as at the end of 2020
(including 23,265 in 2020)

1,657

railcars rejected through
the Mobile Reporter app

¹According to Freight One data.

Maintenance and rolling stock repairs

the upkeep and maintenance of its rolling stock include reducing fleet lifecycle costs, minimizing railcar diversion times for all repair types, managing existing spare part supplies effectively, and developing partnerships with efficient suppliers of railcar repair services.

We performed 36,100 scheduled railcar repairs in 2020, including renovation of 1,907 boxcars with payload capacities ranging from 122 to 138 m³. Depending on the condition of the railcars, the renovation work included floor replacement, roof sealing, door and hatch repair, and other jobs. The work was carried out during scheduled repairs at railcar repair facilities, meaning railcars did not need to be diverted when in transit.

In 2020, as part of our work to improve operational efficiency, we developed a strategy for rolling stock maintenance to 2023. Its objective is to improve the performance of our service function in key areas (reducing repair time and costs, improving rolling stock reliability, and optimizing spare part inventory management).

As part of these ongoing efforts to reduce expenditure on railcar fleet maintenance, software has been introduced that will enable a reduction in total expenditure on carrying out scheduled repairs and on relocating railcars for and following maintenance by distributing them optimally between railcar depots. We are also developing software products based on big data, which will enable us to improve the efficiency of rolling stock operations and repairs.

The boxcar fleet renovation project will continue in 2021.

The number of scheduled repairs at Freight One subsidiary Gryazi Railcar Repair Depot increased to 7,879 in 2020, a rise of 15.9% relative to 2019.

In April 2020, Gryazi obtained a permit to repair cement hoppers, allowing it to expand its range of services and to repair 287 cement hoppers.

In September 2020, we opened a service centre under a cooperation agreement with SKF to recondition STBU SKF cassette-type bearings for repairs to Freight One freight railcars with a capacity of 75 t.



repairs

We carried out 36,100 scheduled railcar repairs in 2020, including renovation of 1,907 boxcars with payload capacities ranging from 122 to 138 m³

Implementation of the Operational Efficiency System (PS)

Despite the COVID-19 pandemic, lockdown, and remote working conditions, we launched the second wave of the Operational Efficiency System in June 2020. The project took in our head office and our Novosibirsk, Yaroslavl, and St Petersburg branches. This stage is due to be completed in early March 2021.

As part of the second wave, we have launched two projects: 'Optimization task' and 'Reducing inefficient routes'. The former involves analysing the network freight volume to identify potential optimized freight flows that could have a positive effect on our production and sales figures when integrated into our sales plan. The second project identifies the underlying reasons for inefficient routes, and develops and implements measures to eliminate them.

As part of this project, we also analysed our culture. We are currently implementing nine culture projects at our head office, and another 13 at our branches. Twenty-six employees received Lean Six Sigma training in 2020, and five of them were awarded a Lean Six Sigma Green Belt. In addition, 186 managers are receiving Leader Standard Work training.

In 2021, we plan to launch the third wave of the project, involving Freight One branches and Gryazi. Some of the participants in the first and second waves will be actively involved in implementing the programme, while other specialists will move to supporting the achievement of the targets for various Freight One units. The Lean Six Sigma and Leader Standard Work training will continue.

The overall potential benefit of the Operational Efficiency System through the implementation of structural initiatives is estimated at RUB 5 billion by 2023.



billion RUB

**The overall potential benefit
of the Operational Efficiency System through
the implementation of structural initiatives
is estimated at RUB 5 billion by 2023**

DIGITALIZATION PROJECTS

As part of our digital transformation, which is being implemented in line with our Strategy 2023, we have made great progress in developing IT products and automating our internal business processes.

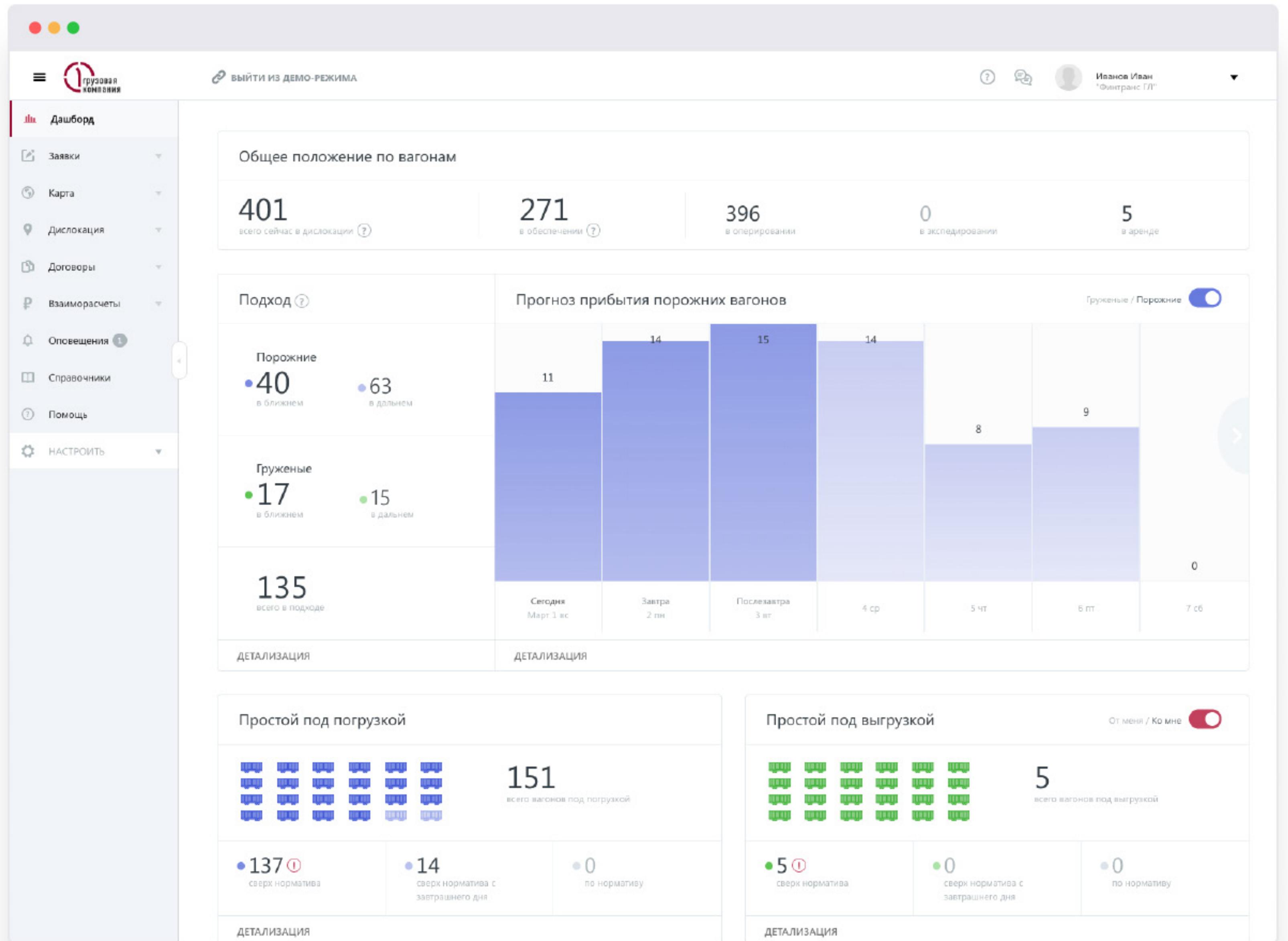
Personal Client Area

Our system now tracks freight movement in real time, making it possible to obtain information about railcars on an interactive map, work with documents online, produce statistical reports, and much more.

Clients can now also submit online transportation orders through their Personal Client Area. Our clients can take all their needs into account when ordering. For example, they can flexibly adjust the railcar loading volume and schedule and indicate technical specification requirements. Clients can confirm orders with an electronic signature, view progress, and make adjustments.

Partners who have a freight forwarding contract with us can submit a GU-12 order through their Personal Client Area. In this case, we take on all the work of processing the transportation documents and obtaining agreement from Russian Railways. We were one of the first companies in the market to offer this option.



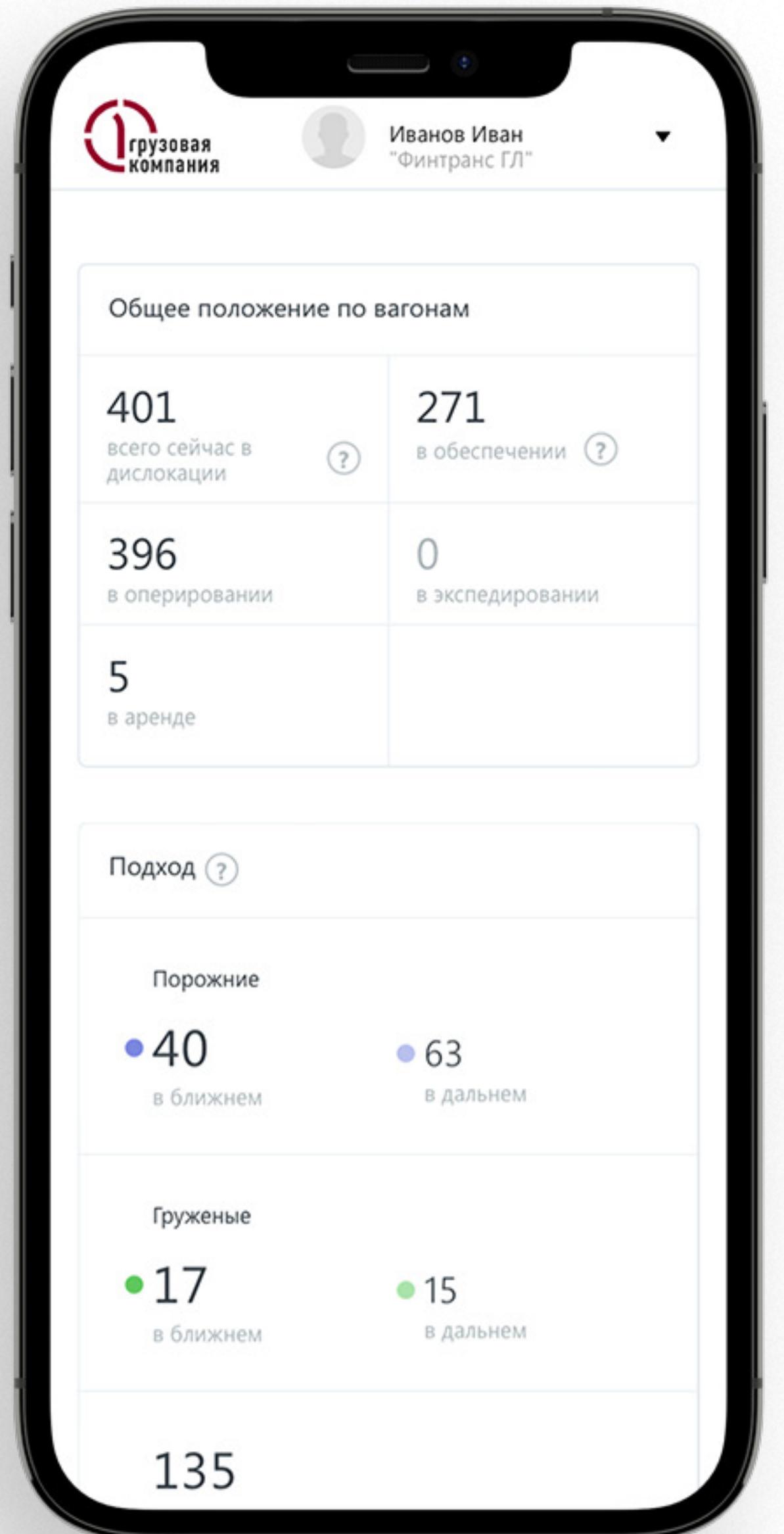


Forecasting railcar arrival dates in the Personal Client Area

We have developed a forecasting model that uses modern machine learning technology to determine railcar arrival dates for clients. Previously, all partners had to go on was the date of consignment, but now they receive data that is more accurate and up-to-date. This enables better planning of freight operations at stations, reduces idle time, optimizes the railcar production cycle, and increases client loyalty.

Data science / machine learning

Data analysis and machine learning was a key focus for us in 2020. We launched a number of digital forecasting tools that are also used in our other products.



FO Mobile Reporter

In 2020, we integrated Freight One Mobile Reporter, an app for railcar quality control, into the Personal Client Area, thereby enhancing both services.

In future, we plan to extend our experience with boxcar work to other types of rolling stock.

Our extensive digital database enables us to monitor the condition of rolling stock in real time, perform repairs promptly, and provide our clients with better railcars. Thanks to this service, we had digitized data on the condition of more than 70% of our by the end of 2020.

99 OUR EXTENSIVE DIGITAL DATABASE ENABLES US TO MONITOR THE CONDITION OF ROLLING STOCK IN REAL TIME

Automation of internal processes

In 2020, we began full-scale implementation of a new software module: SAP Human Capital Management. We have used this specialist product to create a centralized system that offers single sign-on and online interaction with the Corporate Solutions Centre (CSC). We use the programme for HR and payroll management, pay calculation, and working time management.

ANALYSIS OF FINANCIAL RESULTS AND FINANCIAL POSITION

**EXPERIENCE
THAT ENSURES
STABLE RESULTS**

Despite the COVID-19 pandemic, the reduction in transportation volumes, and the decrease in railcar operating rates, we achieved consistently positive financial results in 2020, increasing our market share, freight turnover, and net profit while maintaining a moderate level of debt and implementing our investment programme in line with our Strategy 2023.

We have been able to mitigate the impact of current market trends and maintain an EBITDA margin of 43% thanks to long-term contracts with our partners, development of our service programmes, diversification of our client portfolio, and improvements to the performance of our railcar fleet, including increasing gondola car productivity.

During 2020, we also optimized our credit portfolio and reduced our financing costs. The Freight One management team's efforts to improve our performance and financial stability and reduce our level of debt have also been recognized by rating agencies. For instance, Fitch raised Freight One's long-term credit rating to investment grade BBB-.

Anna Nekrasova
Chief Financial Officer
as at 31 December 2020

KEY RESULTS

Results in detail

The rail freight market contracted by 2.7% in 2020. The decrease in market rates for rolling stock, particularly for gondola cars, against the backdrop of an increase in the surplus of railcars on the Russian Railways network also had a significant impact on our financial performance.

As a result of the challenging conditions on the freight market, which were partly mitigated by the management team's actions to improve rolling stock utilization, our consolidated revenue amounted to RUB 81,182 million (6% more than in 2019).

We also continued our efforts to improve our client service and expand our relationships with key clients, both within the framework of existing contracts and by entering into new ones.

Revenue (-6%)¹

81.2

billion RUB

EBITDA (-23%)

34.6

billion RUB

EBITDA margin (-10 pp)

43

percent

Free cash flow²

4.4

billion RUB

Net debt

18.4

billion RUB

Net debt-to-EBITDA ratio

0.53x

¹ Here and below, financial information presented for 2020 and 2019 does not include results for the petroleum tank car segment.

² Free cash flow is defined as cash flows from operating activities less investments in property, plant and equipment and intangible assets, net interest costs, and long-term lease costs (IFRS 16).

Analysis of revenue

Ninety-five percent of our revenue comes from rail transportation, income from which fell 5% in the reporting period. This was primarily due to the following factors

- A negative trend in the pricing environment on the gondola and boxcar transportation market;
- Partly offset by positive results for our freight turnover as gondola car productivity increased, and we implemented measures to improve operational efficiency.

Revenue from operating leases of rolling stock fell 26% in 2020. This was primarily the result of a decrease in the number of boxcars and flat cars leased, owing to:

- a decrease in the number of boxcars leased to operators (the number of contracts with consignors remained unchanged);
- decommissioning of flat cars at the end of their service life.

Revenue from rail transportation in 2020

77243 million RUB

Revenue	2020	2019	Change.
Rail transportation	77,243	81,021	-5%
Operating leases of rolling stock	1,969	2,655	-26%
Other	1,970	2,415	-18%
Total	81,182	86,091	-6%

95 percent

of our revenue
comes from rail
transportation

Analysis of operating costs

Our operating costs increased by 12% from RUB 55,911 million in 2019 to RUB 62,427 million in 2020.

When taking management decisions, our management team also analyses operating cash and non-cash costs.

Total operating costs (RUB million)

	2020	2019	Change
Material and service procurement costs	40,578	34,286	18%
Depreciation and amortization	14,389	12,820	12%
Staff costs	6,976	7,465	-7%
Other costs	483	1,340	-64%
Total	62,427	55,911	12%

Total operating costs (RUB million)

	2020	2019	Change
Total operating cash costs	48,037	42,398	13%
Total operating non-cash costs	14,389	13,513	6%
Total	62,427	55,911	12%

62 427 million RUB

Operating costs in 2020

Analysis of operating costs

Our total operating cash costs increased by 13% from RUB 42,398 million in 2019 to RUB 48,037 million in 2020.

Our most significant cost item is empty run costs. The increase in these costs was due mainly to the increase in freight turnover for gondola cars and annual tariff indexation by Russian Railways.

The 8% growth in expenditure on materials, repairs, and maintenance (to RUB 4,428 million) was primarily due to the increase in the number of scheduled repairs carried out and spare parts installed when railcars are leased as a result of the increase in leasing volumes.

Expenditure on operating leases under short-term agreements fell slightly owing to a decrease in rates, principally for gondola cars. Our total operating non-cash costs increased by 6% from RUB 13,513 million in 2019 to RUB 14,389 million in 2020.

Total operating costs (RUB million)

	2020	2019	Change
Cost of materials and services, including:	40,578	34,286	18%
Rail tariffs: empty run fees	24,662	20,755	19%
Materials, repairs, and maintenance	4,428	4,096	8%
Transportation services	4,679	4,328	8%
Operating leases	2,720	2,870	-5%
Property tax	57	39	46%
Other expenditure	4,032	2,199	83%
Staff costs	6,976	7,465	-7%
Other cash costs	483	647	-25%
Total	48,037	42,398	13%

Total operating non-cash costs (RUB million)

	2020	2019	Change
Depreciation and amortization	14,389	12,820	12%
Other costs	—	693	-100%
Total	14,389	13,513	6%

Analysis of finance income and costs

Income from financial activities in 2020 totalled RUB 969 million and comprised interest from depositing temporarily idle cash and other finance income. The 22% decrease in interest income relative to 2019 was primarily due to the lower interest rates in the market for the placement of idle cash.

Freight One's finance costs over the 12 months of 2020 totalled RUB 2,222 million and comprised expenditure on bank loans and financial leasing liabilities. The 35% decrease in expenditure relative to 2019 is the result of a reduction in the amount of principal debt owed on bonds and bank loans.

This led to a reduction in net finance costs of RUB 931 million, or 43%.

Finance income (RUB million)

	2020	2019	Change
Interest on deposits	840	1,081	-22%
Other finance income	129	171	-25%
Total	969	1,252	-23%

Finance costs (RUB million)

	2020	2019	Change
Bank loan interest expense	658	1,006	-35%
Financial leasing liability interest expense	1,564	1,623	-4%
Bond interest expense	0	807	-100%
Total	2,222	3,436	-35%

931

million RUB

Reduction in net
finance costs in 2020
relative to 2019

-43%

EBITDA, net profit

EBITDA fell by 23% in 2020 to RUB 34,608 million, influenced by adverse market conditions. These were partly offset by measures to streamline management of the railcar fleet and reduce expenditure. The EBITDA margin for the reporting period remained high at 43%.

Net profit from continuing operations was RUB 18.8 billion (compared with RUB 21.5 billion in 2019).

Net profit including total income from the outgoing segment totalled RUB 26.2 billion (8% more than in 2019).

EBITDA calculation (RUB million)

	2020	2019	Change
Revenue	81,182	86,091	-6%
Cost of materials and services	(40,578)	(34,286)	18%
Rail tariffs: empty run fees	(24,662)	(20,755)	19%
Materials, repairs, and maintenance	(4,428)	(4,096)	14%
Transportation services	(4,679)	(4,328)	8%
Operating leases	(2,720)	(2,870)	-5%
Property tax	(57)	(39)	46%
Other	(4,032)	(2,199)	58%
Staff costs	(6,976)	(7,465)	-7%
Other income	1,463	1,444	11%
Other costs	(483)	(647)	-25%
EBITDA	34,608	45,138	-23%
EBITDA margin	43%	52%	

Net profit (RUB million)

	2020	2019	Change
Net profit from continuing operations	18,761	21,468	-13%
Net profit including total income	26,235	24,222	8%

Investments

In 2020, we continued to invest in fleet acquisition in priority business segments. Total investment in rolling stock amounted to RUB 6.7 billion. We acquired 2,600 railcars, including gondola cars, cement hoppers, boxcars, and pellet hoppers.

In accordance with our digital transformation strategy, we invested RUB 300 million in IT projects, including further development of our SAP platform, digital client services, and business process automation projects, increasing labour productivity and improving our client service.

In line with our investment commitments under our leasing agreements for washing and steaming stations, 2020 saw us complete the renovation of two stations, at Achinsk and Osentsy. We also completed the first stage of the renovation of the biggest washing and steaming station we operate under lease, the Kombinatskaya station. In total, we invested RUB 200 million in renovation⁴.

Our investments in repairs and procuring wheelsets and moulded parts totalled RUB 10.9 billion, RUB 3.2 billion less than in 2019.

Financial policy and debt portfolio management

We continued to seek to optimize our credit portfolio in 2020.

In April 2020, we fully redeemed our outstanding series 03 bond issue, placed in 2015, with a coupon rate of 11.8% APR, to the value of RUB 2 million. We also negotiated successfully with leasing companies to lower the cost of acquired resources, reducing the average rate for the portfolio from 10.11% to 7.57%. The increase in lease liabilities was due to our 2020 acquisition of gondola cars and tank cars being treated as a long-term lease in accordance with IFRS 16. As a result, our total financial liabilities increased by 24%, from RUB 22,766 million to RUB 28,105 million.

The net debt-to-EBITDA ratio was 0.53x as at 31 December 2020.



Average rate for the portfolio

⁴ Investment in washing and steaming station renovation is covered by IFRS 16 and reported in the IFRS cash flow statement under financial activity.

Change in debt structure in 2020 (RUB million)

28,105 31 December 2020

5,052 23,053

22,766 31 December 2019

8,120 14,644

2

Loans Lease liabilities Bonds

Loan portfolio structure

Freight One's debt is denominated entirely in roubles, and is therefore not exposed to the risk of currency fluctuations.

31/12/2020

63%

19%

18%

Long-term lease Financial leasing Loans

Debt repayment schedule and liquidity

We aim to maintain a comfortable level of debt. As at 31 December 2020, our current liabilities made up less than 29% of our total debt. Our current liquidity reserve, which includes cash and available lines of credit, easily covers our future debt repayment, allowing us to feel confident and financially stable.

Credit ratings

In February 2020, Fitch raised Freight One's long-term credit rating from BB+ to investment grade BBB- with a Stable Outlook. We also received a non-financial company creditworthiness rating of ruAA+ on the national scale from Expert RA in July 2020.

These ratings confirm Freight One's strong position as a market leader and offer proof of its impressive reliability and performance.

Freight One's available liquidity at 31 December 2020 (RUB billion)



Repayment schedule for principal debt on current liabilities as at 31/12/2020 (RUB billion)

2021 / RUB 8.0

5.0 Long-term lease	2.0 Loans	1.1 Financial leasing

2022 / RUB 4.4

2.7 Long-term lease	0.8 Loans	0.9 Financial leasing

2023 / RUB 4.2

2.8 Long-term lease	0.5 Loans	1.0 Financial leasing

2024 and onwards / RUB 11.4

7.2 Long-term lease	1.8 Loans	2.4 Financial leasing

Financial statements in accordance with IFRS

Freight One's consolidated financial statements for 2020 and 2019, and an audit report issued by independent auditors are available on our website, www.pgkweb.ru.

Freight One PJSC: Consolidated financial statements for 2020 and 2019

Consolidated statement of profit or loss and other comprehensive income for the year ending 31 December (RUB million)

	2020	2019
Continuing operations		
Revenue	81,182	86,091
Cost of services and materials acquired	(40,578)	(34,286)
Depreciation and amortization	(14,389)	(12,820)
Staff costs	(6,976)	(7,465)
(Impairment losses) / Reversal of impairment losses	(101)	568
Other income	2,809	1,730
Other costs	(483)	(1,340)
Profit from operating activities	21,464	32,478
Finance income	969	1,252
Finance costs	(2,222)	(3,436)
Exchange rate difference	3,344	(2,869)
Net finance income / (costs)	2,091	(5,053)
Profit before tax	23,555	27,425
Current income tax	(4,465)	(4,990)
Deferred income tax	(329)	(892)
Profit and total gross income for the year for continuing operations	18,761	21,543
Discontinued operations		
Profit on discontinued operations after income tax	7,474	2,679
Profit and total gross income for the year	26,235	24,222
Profit and total gross income for the year due to:		
Company owners	26,235	24,222

**Consolidated statement of financial position
for the year ending 31 December (RUB million)**

	2020	2019
Fixed assets	98,058	90,175
Intangible assets and goodwill	3,473	3,743
Right-of-use assets	24,647	16,663
Other non-current assets	1,083	296
Total non-current assets	127,261	110,877
Reserves	1,296	1,540
Recoverable VAT	3,119	2,757
Prepayment on income tax	78	2,139
Trade and other receivables	10,502	6,456
Advances issued	2,971	4,116
Bank deposits	—	8,416
Cash and cash equivalents	9,682	27,168
	27,648	52,592
Assets held for sale	—	11,079
Total current assets	27,648	63,671
Total assets	154,909	174,548

**Consolidated statement of financial position
for the year ending 31 December (RUB million)**

	2020	2019
Share capital	31,346	31,346
Additional paid-in capital	33,137	33,137
Retained profit	44,125	67,890
Total equity	108,608	132,373
Loans and borrowing	3,061	5,051
Pension plan liabilities	407	426
Non-current lease liabilities	17,003	10,052
Deferred tax liabilities	9,564	9,235
Total non-current liabilities	30,035	24,764
Loans and borrowing	1,991	3,071
Current lease liabilities	6,050	4,592
Trade and other accounts payable	3,460	3,678
Advances received	4,702	5,800
Tax liabilities	63	270
Total current liabilities	16,266	17,411
Total liabilities	46,301	42,175
Total equity and liabilities	154,909	174,548

**Consolidated cash flow statement
for the year ending 31 December (RUB million)**

	2020	2019
Cash flow from operating activities		
Profit for the year	26,235	24,222
Adjustments for:		
Depreciation and amortization costs	15,576	13,729
Finance income	(1,134)	(1,252)
Finance costs	2,376	3,436
Exchange rate difference	(3,344)	2,869
Income tax costs	6,663	6,552
(Reversal of impairment losses) / Impairment losses	101	(955)
Income from disposal of fixed assets	(1,285)	(286)
Income from disposal of discontinued operations	(6,975)	—
Profit from operating activities before changes in working capital	38,213	48,315
Change in:		
Reserves	244	(553)
Recoverable VAT	(400)	(831)
Trade and other receivables	(4,175)	1,424
Advances issued	1,145	(116)
Trade and other payables	(115)	704
Advances received	596	(714)
Tax liabilities (excluding income tax)	(34)	(1,172)
Cash flow from operating activities before income tax	35,474	47,057
Income tax paid	(4,438)	(7,899)
Net cash flow from operating activities	31,036	39,158

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Consolidated cash flow statement for the year ending 31 December (RUB million)

	2020	2019
Cash flow from investing activities		
Proceeds from the sale of fixed and other assets	2,119	2,338
Proceeds from the disposal of railcars designated for sale	–	917
Proceeds from sale of tank cars	17,310	1,542
Purchases of intangible assets	(570)	(1,570)
Purchases of property, plant and equipment	(17,691)	(18,021)
Placement of deposits	–	(19,401)
Repayment of deposits	8,517	21,318
Interest received	891	1,085
Net cash flow from / (used in) investment activities	10,576	(11,792)
Cash flow from financing activities		
Dividends paid	(50,000)	–
Repayment of borrowings	(3,059)	(17,016)
Payments on lease liabilities	(6,879)	(4,291)
Interest paid	(2,376)	(3,774)
Net cash flow used in financing activities	(62,314)	(25,081)
Net increase / (decrease) in cash and cash equivalents	(20,702)	2,285
Cash and cash equivalents at beginning of year	27,168	26,654
Effect of exchange rate changes on cash and cash equivalents	3,216	(1,771)
Cash and cash equivalents at end of year	9,682	27,168

An audit report on the financial statements of Freight One PJSC for 2020 issued by independent auditors in accordance with the Russian Accounting Standards (RAS) is available on the Company's website, www.pgkweb.ru

KEY INDICATORS FOR THE PAST 3 YEARS¹

Financial	2018	2019	2020
Revenue (RUB million)	82,695	86,091	81,182
EBITDA (RUB million)	38,713	45,137	34,608
EBITDA margin (%)	47%	52%	43%
Profit and total gross income for the year for continuing operations (RUB million)	23,683	21,543	18,761
Profit and total gross income for the year (RUB million)	26,607	24,222	26,235
Net debt (RUB billion)	-5.8	-12.8	18.4
Net debt-to-EBITDA	-0.15	-0.28	0.53
Cash flow from operating activities (RUB billion)	39.3	39.2	31.0
Investments (RUB billion)	6.4	19.6	18.3
Free cash flow (RUB billion) ²	28.7	12.6	4.4
Operating	2018	2019	2020
Managed fleet (thousand railcars)	111	109	113
Number of rail car shipments (thousands)	2,653	2,506	2,528
Freight turnover / 1,000 cars (billion tkm)	2.6	2.5	2.6
Transportation volumes (million tonnes)	173	164	170
Freight turnover (billion tkm)	289	272	289
Sustainable development indicators	2018	2019	2020
Freight One headcount	4,079	3,753	3,446
Training costs per employee (thousand roubles)	6	7	14

¹The financial information presented for 2018–2020 does not include results for the petroleum tank car segment.

²Free cash flow is defined as cash flows from operating activities less investments in property, plant and equipment and intangible assets, net interest costs and long-term lease costs (IFRS 16).



CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE SYSTEM

2020 was an unprecedented year for the entire global community. The global economic crisis that came in the wake of the pandemic, social distancing, and a breakthrough in digital technology necessitated rapid reorganization of many of our systems, including our corporate governance system.

Key to our success in this context were the reliability of our operating model, its capacity to be changed and adapted quickly, the active involvement of all its elements in Freight One's governance during the crisis, and mutual understanding between our Board of Directors and executive bodies. This all helped to ensure business stability, keep our employees safe, and protect the rights and interests of our shareholders.

All of the documents regulating the key principles and aspects of Freight One's corporate governance are freely accessible in the Investors section of the official Freight One website.

OUR CORPORATE GOVERNANCE PRINCIPLES

Our corporate principles take account of the requirements of Russian law, the OECD Principles of Corporate Governance, the Governance Code approved by the Board of Directors of the Bank of Russia on 21 March 2014, and international and progressive Russian corporate governance practices.

The following principles ensure effective corporate governance at Freight One:

01 Sustainable development and long-term growth in returns on share capital investment

We are implementing our Development Strategy 2023, which has been approved by the Board of Directors.

02 Working effectively with shareholders and protecting their rights and interests

Our shareholders receive full and exhaustive information that enables them to make informed and considered decisions, including the expert opinion of the Board of Directors on issues to be decided by shareholders. For a more in-depth examination of issues, relevant committees of the Board of Directors are involved.

03 Reliably and effectively upholding shareholder rights to shares, and guaranteeing shareholders the ability to freely and easily dispose of shares belonging to them.

A register of our shareholders is maintained by a professional registrar.

04 Effective performance by the Board of Directors and its committees

Our Board of Directors is diverse in terms of the gender, age, skills, knowledge, and professional experience of its members. In 2020, it expanded to nine people, being joined by Vladimir Lisin and an independent director, Anastassia Lauterbach. We increased the involvement of the Board of Directors in committee activities: the Strategic Planning Committee and Nominations and Remuneration Committee have been expanded. An additional committee, for digital development, has been set up under the leadership of an independent director.

In light of the COVID-19 pandemic, meetings of the Board of Directors and its committees took place online by video conference when matters requiring in-person discussion were on the agenda. This helped to improve the efficiency and effectiveness of these bodies significantly. The Board of Directors and its committees held more than 40 meetings in 2020.

Complying with the Corporate Governance Code

We are constantly improving our corporate governance system and practice by integrating the principles of the Bank of Russia's Corporate Governance Code into our activities. Our main focus in this area in 2020 was on updating our internal documents, including the recommendations of our Code: new versions of our Articles of Association (7 and 8) and the regulations governing our corporate bodies (the Regulations on the General Meeting of Shareholders, Board of Directors and Management Board) were adopted, and the Regulations on the Internal Audit Department and Audit Committee of the Board of Directors were updated.

We also carried out a self-assessment of the performance of the Board of Directors, on the basis of the established Regulations on Assessment of the Performance of the Board of Directors; the assessment results were reviewed at an in-person meeting of the Board of Directors.

In addition, an induction course for newly elected members of the Board of Directors was developed and confirmed in 2020. This has helped new directors to get to grips more quickly with the work of the Board and its committees.

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05 A balanced system of remuneration for our governing bodies which ties their interests in with those of the Company.

Our Regulations on the Payment of Remuneration and Compensation to Members of the Board of Directors are established in accordance with the recommendations of the Bank of Russia's Corporate Governance Code. Remuneration was paid to the members of the Board of Directors in 2020 on the basis of the new Regulations.

06 Full and accurate disclosure of financial and non-financial information.

Freight One regularly makes complete and up-to-date information about itself available on Interfax and the Company's website.

07 An effective system of risk management and internal control, and an effective internal audit function.

In 2020, we adopted a new version of the Regulations on the Internal Audit Department, which was developed in accordance with the Bank of Russia's Corporate Governance Code, and establishes that the Internal Audit Department reports directly to the Board of Directors.

08 A balanced dividend policy that operates in the interests of the Company and its shareholders.

In 2020, we paid dividends to our shareholders based on our results in 2019, as well as interim dividends for the first nine months of 2020.

09 Reliable procedures for avoiding and resolving conflicts of interest, and preventing corporate conflicts

Freight One follows an approved Code of Business Ethics that reflects standards of conduct guaranteeing honest and fair relationships with the Company's employees, clients, and partners. In line with the principles of the Russian Anti-Corruption Charter for Business, Freight One declares that it will not tolerate corruption, embezzlement, or other misconduct of any kind. To ensure its adherence to these principles, Freight One has approved Regulations on Corruption Policy and Conflicts of Interest, gives its employees regular training in countering corruption and preventing conflicts of interest, and has established a confidential, 24/7 anti-corruption service and a messaging service called Freight One Against Corruption.

10 Effective management and oversight of subsidiary activities.

We have adopted new procedures for our relations with our subsidiaries. As part of the new governance structure, relevant senior figures have been appointed as overseers responsible for implementing the strategic plans and financial performance indicators of their subsidiaries.

CORPORATE GOVERNANCE STRUCTURE

In accordance with our current corporate documents, our corporate governance structure includes:

01 General Meeting of Shareholders (Sole Shareholder)

Our highest governing body, which makes decisions on the most significant issues.

02 Board of Directors

A corporate body that performs general management of our activities, oversees the implementation of our strategy and makes decisions on matters within its remit according to our Articles of Association.

03 Committees of the Board of Directors

Consultative bodies of the Board of Directors, formed to carry out a preliminary assessment of the most important aspects of our activity and give recommendations to the Board of Directors so that it can make informed decisions.

04 Management Board and Chief Executive Officer (Chairman of the Management Board)

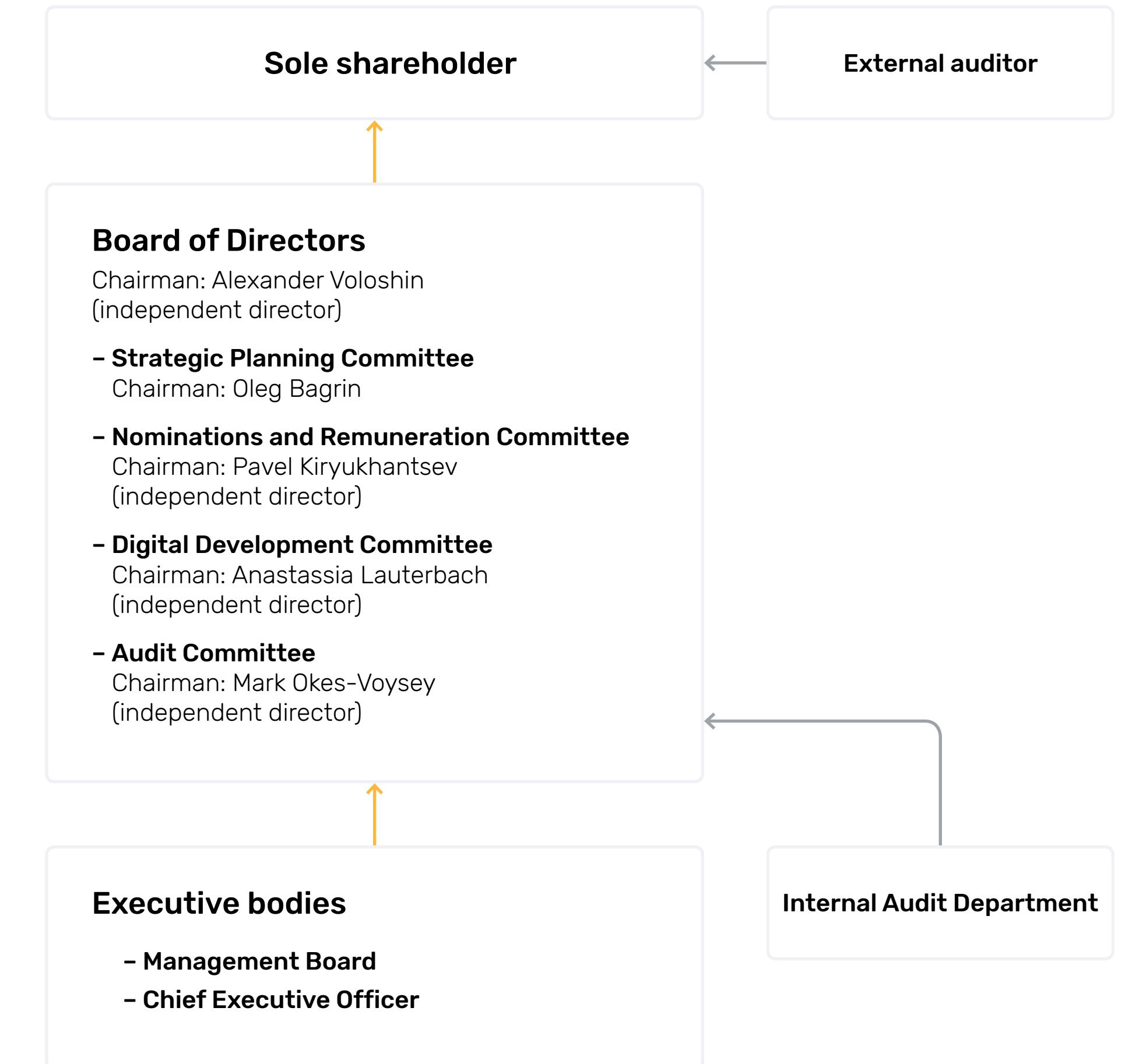
Our executive bodies, which perform the operational management of our day-to-day activities and support our work by carrying out tasks set by the Board of Directors and the shareholder.

05 Secretary of the Board of Directors

A Freight One employee elected on an annual basis by the Board of Directors, who supports shareholder relations, coordinates our efforts to protect their rights and interests, and assists in the work of the Board of Directors.

06 Controlling bodies overseeing Freight One's financial and business activities

The independent auditor, Audit Committee, Internal Audit Department, and IFRS and Internal Control Department (as at 31/12/2020).



→ Administratively subordinate to

→ Functionally subordinate to

General Meeting of Shareholders

Decisions on our most significant issues are made by our shareholders (the sole shareholder).

Following best corporate governance practice, the Board of Directors develops recommendations for the shareholders on every item on the agenda and involves the relevant committees to enable deeper analysis of issues. This enables shareholders to make informed decisions.

The scope of the General Meeting of Shareholders, and the procedure for convening, holding, and summarizing the outcomes of the Meeting, are specified by Freight One's Articles of Association and the Regulations on the Procedure for Preparing and Holding the General Meeting of Shareholders.

A new version of the Regulations on the Procedure for Preparing and Holding the General Meeting of Shareholders was approved by shareholders in 2020.

Report on the General Meeting of Shareholders in 2020

Since 2019, all of the Company's voting shares have been held by its sole shareholder, Fletcher Group Holdings Limited. In accordance with the Federal Law on Joint-Stock Companies, sole shareholder decisions are taken by this shareholder unilaterally and communicated in writing.

The shareholder adopted a number of key resolutions in 2020 that gave fresh impetus to the improvement of our corporate governance standards and the further development of our corporate governance system:

- Version 7 of our Articles of Association, which meets the requirements for public companies, was adopted.
- Version 8 of our Articles of Association was adopted. After its registration on 14 May 2020, Freight One acquired public joint-stock company status.
- New versions of internal documents regulating the activities of our governing bodies were adopted:
 - the Regulations on the Procedure for Preparing and Holding the Freight One General Meeting of Shareholders
 - the Regulations on the Board of Directors of Freight One
 - the Regulations on the Management Board of Freight One

- The number of members of the Board of Directors was increased to nine, including four independent directors. Vladimir Lisin joined the Board, along with an additional independent foreign director, Anastassia Lauterbach.
- A number of binding decisions have been adopted pursuant to the Federal Law on Joint-Stock Companies, including approval of Freight One's Annual Report and annual accounts and financial statements for 2019, and the appointment of the auditor for 2020.
- A decision was taken on the remuneration of the members of the Board of Directors based on their performance in 2019–2020.
- During 2020, decisions were made on the payment of dividends.

SHARE CAPITAL AND SHAREHOLDER STRUCTURE

- Freight One's share capital is made up of ordinary registered electronic shares and totals RUB 31,346,364,597.
- We have placed 208,975,763.98 ordinary registered electronic shares with a par value of RUB 150 each, and a total par value of RUB 31,346,364,597.
- All Freight One voting shares are held by the Company's Sole Shareholder, Fletcher Group Holdings Limited.¹
- There were no changes to the share capital structure in 2020.
- The state registration number of the issue of securities is 1-02-55521-E.
- No privileged Company shares were placed.

Information on the shareholder

FLETCHER GROUP HOLDINGS LIMITED

Registration information

Certificate of incorporation issued by the Ministry of Trade, Industry, and Tourism. Department of the Registrar for Companies and Official Receiver, Nicosia, Cyprus.

Registration date

07/11/1997 No. 90278

Location

28 Oktovriu, 365, VASHIOTIS SEAFRONT BUILDING, Apt./office 201, Neapolis, 3107, Limassol, Cyprus

Number of share belonging to shareholder

208,975,763.98

Proportion of share capital

100 %

¹The Company's beneficiary according to the definition of the term in Russian law is Mr Vladimir Lisin

BOARD OF DIRECTORS

Freight One's overall strategic governance is the responsibility of its Board of Directors. In the context of the new challenges arising in 2020, the Board of Directors acted as the Company's main steering body. It supported Freight One's management in making decisions aimed at strengthening our market positions, maintaining stable and mutually beneficial relationships with our clients, and ensuring comfortable and safe working conditions for our employees.

“ IN THE CONTEXT OF THE NEW CHALLENGES ARISING IN 2020, THE BOARD OF DIRECTORS ACTED AS THE COMPANY'S MAIN STEERING BODY”

Composition of the Board of Directors

In responding to the challenges of the new reality in 2020, not least the need for accelerated digitalization of our business processes, changes were made to the composition of the Board of Directors. Dmitry Lisin stepped down, and the new Board, elected by Freight One's shareholders in May 2020, included two new directors: Vladimir Lisin, and independent director Anastassia Lauterbach, a world-renowned expert on IT issues.

As a result, our Board of Directors is now more diverse in terms of age and gender, and has gained new competencies. At the same time, the independence of its decision-making has increased (*four of the nine members of the Board of Directors are independent directors*), and Freight One's significance as an asset for its main shareholder has been reaffirmed. The members of the Board of Directors have also become more involved in our management in key areas through the expansion of the existing committees and the creation of the new Digital Development Committee.

According to Version 8 of Freight One's Articles of Association, approved by the Company's Sole Shareholder (registered on 14/05/2020), the number of members of the Board of Directors is determined by a resolution of the General Meeting of Shareholders, and must be at least 9 (nine).

The nine members of the Board of Directors were elected by resolution of the Sole Shareholder of Freight One (resolution No. 6 of 06/05/2020).

Composition of the Board of Directors from 01/01/2020 to 05/05/2020

Alexander Voloshin ^{ID}

(Chairman)

Oleg Bukin

(Deputy Chairman)

Anton Batyrev

Dmitry Lisin

Igor Fedorov

Mark Okes-Voysey ^{ID}

Oleg Bagrin

Pavel Kiryukhantsev ^{ID}

Composition of the Board of Directors from 06/05/2020 to 31/12/2020

Alexander Voloshin ^{ID}

(Chairman)

Oleg Bukin

(Deputy Chairman)

Anastassia Lauterbach ^{ID}

Anton Batyrev

Vladimir Lisin

Igor Fedorov

Mark Okes-Voysey ^{ID}

Oleg Bagrin

Pavel Kiryukhantsev ^{ID}

^{ID} – independent director

Operating procedures of the Board of Directors

A new version of the Regulations on the Board of Directors was approved by the sole shareholder in 2020.

The COVID-19 pandemic, border closures, remote working, and social distancing have inevitably also affected how the Board of Directors works. Telephone calls and audio and video conferences became the only means of communication between its members. In 2020, all meetings where a discussion was required were successfully held on online digital platforms.

The form of each meeting of the Board of Directors was decided by the Board Chairman, taking account of the importance of the items on the agenda and whether they had already been considered by the relevant committees. Decisions on the most important agenda items in 2020 were made at online meetings.

Each year, the Board of Directors draws up and adopts a workplan for the next corporate year, covering the main areas of our activity: strategy, finance, budget and risks, and human resources. The plan is prepared with due consideration of proposals from members of the Board of Directors and the Company's management team.

Information about the members of the Board of Directors, and about the internal documents regulating the corporate body's activities, are available in the Investors section of our website.

Chairman of the Board of Directors

The Chairman of the Board of Directors ensures that the Board is effective and efficient, taking account of current needs and business requirements.

Since 2012, the Chairman of the Board of Directors has been independent director Alexander Voloshin.

Mr Voloshin's expertise, experience, and outstanding business and personal qualities are widely admired by investors and shareholders. He has an unchallenged reputation for developing independent opinions

uninfluenced by management, individual shareholder groups, or other stakeholders.

In 2020, the Chairman of the Board of Directors was heavily involved in strategic governance at Freight One. Since May 2020, Alexander Voloshin has sat on three of the four Board of Directors' committees.

Pursuant to Freight One's internal documents, the Chairman is elected by majority vote at the first meeting of the Board of Directors following its election.

In 2020, on the basis of an assessment by the Nominations and Remuneration Committee, the Board of Directors declared that Alexander Voloshin met the criteria for independent status, even though he has a formal relationship with Freight One (Mr Voloshin has been a member of the Board of Directors for a total of more than seven (but less than twelve) years). The Board of Directors declared Alexander Voloshin to be an independent director

by virtue of the insignificance of these ties to Freight One and his ability to perform his role reasonably and in good faith in the interests of the Company and its shareholders.

Independent directors

As Freight One is a public company, it is in our interests to increase the number of independent directors on our Board of Directors.

Independent directors' integration of best corporate governance practices into the work of the Board of Directors, the originality of their opinions, and the seriousness of their approaches improve the effectiveness of our governance, are good for our image, and make a tangible contribution to the achievement of our strategic goals.

Our independent directors have an impeccable business reputation, and are autonomous and independent in their decision-making.

An additional independent director, Anastassia Lauterbach, was elected to the Board of Directors in 2020. As a result, since May 2020 almost half of the Board of Directors (four out of nine members) have been independent directors. The increase in the number of independent directors in 2020 enhanced the general professionalism of the collective body and strengthened our independent and comprehensive approach to the review of issues by the Board of Directors and its committees. Each committee

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includes at least one independent director. Three of the four Board of Directors' committees are headed by independent directors.

The independent directors on the Board meet the criteria for independence recommended by the Corporate Governance

Code, which stipulates that independent directors should have no ties to:

- the Company
- significant Company shareholders
- significant Company subcontractors
- competitors of the Company
- the state (the Russian Federation or its constituent entities) or municipal entities

Report on the work of the Freight One Board of Directors in 2020

Thirteen meetings of the Board of Directors were held in 2020, including three by video conference, and ten by correspondence.

The Board of Directors adopted the following key resolutions:

- A number of investment projects and agreements were approved as part of Freight One's Development Strategy.
- Freight One's securities prospectus was approved.
- A decision was made to buy back Freight One's bonds, subject to agreement with their holders.
- The Chairman of the Board of Directors, Alexander Voloshin, was deemed to meet the criteria for independent director status.

- Recommendations were developed for decision-making by Freight One's sole shareholder.
- Committees were formed under the Board of Directors, including the new Digital Development Committee
- Various internal documents, such as the Regulations on the Internal Audit Department, a new version of the Regulations on the Audit Committee, and the new Regulations on the Digital Development Committee, were approved.
- The Regulations on Assessment of the Performance of the Board of Directors were approved, and the results of the 2019 assessment were reviewed.
- The auditor's fee for 2020 was decided.
- Recommendations on the payment of dividends were developed for the shareholder.
- The Company's budget for 2021 was approved.

Attendance at meetings of the Board of Directors in 2020

Oleg Bagrin	13 of 13	Anastassia Lauterbach	7 of 7
Anton Batyrev	13 of 13	Vladimir Lisin	7 of 7
Oleg Bukin	13 of 13	Dmitry Lisin	5 of 6
Alexander Voloshin (Chairman)	13 of 13	Mark Okes-Voysey	13 of 13
Pavel Kiryukhantsev	13 of 13	Igor Fedorov	13 of 13

Assessment of the Board of Directors' performance

To improve our corporate governance practices, we continued to integrate the principles of the Bank of Russia's Corporate Governance Code into our work in 2020.

In 2020, the Board of Directors approved the Regulations on Assessing the Performance of the Board of Directors. On the basis of this, the Board assessed its own performance over the year for the first time in 2020.

Following the 2019 assessment, the Board of Directors developed recommendations that were successfully implemented in 2020: the composition of the Board of Directors has been strengthened with the addition of independent directors. This has improved its gender balance and given it a stronger focus on the achievement of our strategic goals, with the Strategic Planning Committee playing a key role in this.

In March 2021, the members of the Board of Directors continued their self-assessment of the Board's performance, and assessed its activities in 2020.

The assessment used a questionnaire approved by

the Nominations and Remuneration Committee, which included a number of questions on the work of the Board of Directors and its committees, and on the quality of document preparation and work planning. The questionnaire was completed by each member of the Board of Directors anonymously and confidentially.

The assessment showed that the work of the Board of Directors and its committees in 2020 was effective. An increase in the quality and effectiveness of the work of the Board of Directors was noted, and recommendations were drawn up to improve and develop it further, including in the digital sphere. The majority of members of the Board of Directors who participated in the assessment stated that the Board of Directors served as a platform for the development of effective governance decisions.

The assessment results and recommendations on further improvement of the work of the Board and its committees were reviewed at an in-person meeting of the Board of Directors in March 2021.

“THE MAJORITY OF MEMBERS OF THE BOARD OF DIRECTORS WHO PARTICIPATED IN THE ASSESSMENT STATED THAT THE BOARD OF DIRECTORS SERVED AS A PLATFORM FOR THE DEVELOPMENT OF EFFECTIVE GOVERNANCE DECISIONS”

Informing newly elected members of the Board of Directors about the Company's work and onboarding them

To improve the effectiveness and continuity of the activities of the Board of Directors in line with best corporate governance practices, the Nominations and Remuneration Committee developed and implemented an induction course for newly elected members in 2020.

To help them integrate quickly and effectively, the programme covers three areas:

- Introducing newly elected members of the Board of Directors to Company documents.
- Meetings with the Chief Executive Officer / Chairman of the Management Board, members of the Board of Directors, members of the Management Board, and key Company executives.
- Provision of information on aspects of the activities and primary production and financial information for Freight One and its key subsidiaries, the risk management and internal control systems, the corporate governance system, and other significant information on Freight One's operations (as requested by the member of the Board of Directors in question).

The Secretary of the Board of Directors coordinates the relationship between newly elected members of the Board of Directors and Freight One's management team.

INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS

as at 31/12/2020

ALEXANDER VOLOSHIN

- Chairman
 - Independent director
 - Member of the Strategic Planning Committee
 - Member of the Nominations and Remuneration Committee
 - Member of the Digital Development Committee
-
- Born: 1956
 - Graduated from Moscow Institute of Transport Engineering in 1978.
 - Graduated from the All-Union Foreign Trade Academy in 1986.
 - Member of the Board of Directors of Yandex N.V. PLC, Cleome Holdings Limited, and Analytical Credit Rating Agency JLC.
 - Holds no stake in Freight One's share capital.

OLEG BUKIN

- Deputy Chairman
 - Member of the Strategic Planning Committee
 - Member of the Nominations and Remuneration Committee
 - Member of the Digital Development Committee
-
- Born: 1966
 - Graduated from Sergo Ordzhonikidze Moscow Institute of Management in 1988 with a degree in Organization of Transport Management.
 - Chairman of the Boards of Directors of Sea Port of Saint-Petersburg JSC, Tuapse Commercial Sea Port JSC, First Port Company JSC, and Volga Shipping Company JSC; member of the Board of Directors of Fletcher Group Holdings Limited; member of the Praesidium of the Union of Rail Transport Operators, a self-regulatory organization.
 - Holds no stake in Freight One's share capital.

OLEG BAGRIN

- Chairman of the Strategic Planning Committee
 - Member of the Digital Development Committee
-
- Born: 1974
 - Graduated from the Sergo Ordzhonikidze State Academy of Management in 1996.
 - Holds a PhD in Economics.
 - Received an MBA from the University of Cambridge in 2005.
 - Member of the Boards of Directors of NLMK PJSC and Fletcher Group Holdings Limited.
 - Holds no stake in Freight One's share capital.

INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS

as at 31/12/2020

ANTON BATYREV

- Member of the Strategic Planning Committee
- Member of the Audit Committee
- Born: 1977
- Graduated from the Faculty of Law at Lomonosov Moscow State University in 1998.
- Graduated from University of Michigan Law School in 1999.
- Member of the Boards of Directors of Fletcher Group Holdings Limited, NLMK Indiana LLC, Sharon Coating LLC, NLMK Pennsylvania LLC, and First Port Company JSC.
- Holds no stake in Freight One's share capital.

PAVEL KIRYUKHANTSEV

- Independent director
- Chairman of the Nominations and Remuneration Committee
- Born: 1964
- Graduated from Leningrad State University in 1986 with a degree in Social Psychology.
- Graduated from the Michel Institute (Germany) in 1991 and from INSEAD (France) in 2008.
- Chief Executive Officer of Zest Leaders CJSC and Zest Team Development LLC.
- Member of the Boards of Directors of Bank Saint-Petersburg JSC and First Port Company JSC.
- Holds no stake in Freight One's share capital.

ANASTASSIA LAUTERBACH

- Independent director
- Chairman of the Digital Development Committee
- Member of the Strategic Planning Committee
- Member of the Audit Committee
- Born: 1972
- Graduated from Lomonosov Moscow State University and Rheinische Friedrich-Wilhelms-Universität, Bonn.
- Chief Executive Officer of Lauterbach Consulting & Venturing GmbH.
- Member of the Board of Directors of EasyJet PLC; member of the Boards of Advisors at Diligent Inc. and Aircision. Professor of Artificial Intelligence, Data, and Data Ethics at XU Exponential University, Potsdam.
- Holds no stake in Freight One's share capital.

INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS

as at 31/12/2020

VLADIMIR LISIN

- **Member of the Strategic Planning Committee**
- **Member of the Nominations and Remuneration Committee**
- Born: 1956
- Graduated from the Sergo Ordzhonikidze Siberian Metallurgical Institute, Novokuznetsk, in 1979 with a degree in Ferrous and Non-Ferrous Metal Founding. Graduated from the Higher Commercial School at the Academy of Foreign Trade in 1990 and from the Academy of National Economy with a degree in Economics and Management in 1992.
- Doctor of Engineering, Doctor of Economics, Professor.
- Chairman of the Board of Directors of NLMK PJSC; member of the Board of Directors of Fletcher Group Holdings Limited; member of the Board of Directors of the World Steel Association; President and member of the Supervisory Board of the Russian Steel Industry Association (Russian Steel); Chairman of the Board of the Institute for Social Development, a charitable foundation; President and member of the Executive Committee of the Federation of Bullseye Shooting and Clay Pigeon Shooting (the Russian Shooting Union), a Russian

national non-governmental sporting association; Chairman of the Board (President) of the National Federation of Shooting Sports, a non-profit partnership; Chairman of the Board of the Union of Industrialists and Entrepreneurs of Lipetsk Region, a regional employers' association; member of the Management Board, member of the Management Board Bureau, member of the Praesidium of the Federal Council, Chairman of the Tax Policy Committee, and member of the Expert Council for Complex Strategic Documents of the Russian Union of Industrialists and Entrepreneurs (RSPP); member of the Board and member of the Council of Trustees of the Russian Olympians Foundation, a non-profit charitable organization; President of the European Shooting Confederation (ESC), the International Shooting Sport Federation (ISSF), and the Sports Arbitration Chamber, an autonomous non-profit organization; and Chief Consultant to Rumelko, an association of property owners for the protection of their interests.

- Holds no stake in Freight One's share capital.

MARK OKES-VOYSEY

- **Independent director**
- **Chairman of the Audit Committee**

- Born: 1963
- Graduated from London Metropolitan University in 1988 with a degree in Accounting and Finance.
- Chief Executive Officer of Line Group Limited.
- Member of the Board of Directors and Chief Operating Officer of Hassans International Law Firm Limited.
- Holds no stake in Freight One's share capital.

INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS

as at 31/12/2020

IGOR FEDOROV

• Member of the Nominations and Remuneration Committee

- Born: 1966
- Graduated from Lomonosov Moscow State University in 1990.
- Chief Executive Officer of First Port Company JSC.
- Member of the Boards of Directors of Sea Port of Saint-Petersburg JSC, Tuapse Commercial Sea Port JSC, Volga Shipping Company JSC, and First Port Company JSC.
- Holds no stake in Freight One's share capital.

Committees of the Board of Directors

The purpose of the Board of Directors' committees is to consider issues in detail before they are discussed at Board of Directors' meetings and to improve the effectiveness of decisions made on key areas of the Company's development.

The Board of Directors' committees report to the Board of Directors as its consultative bodies. The solutions proposed to the Board of Directors by its committees are of an advisory nature. The committees comprise members of the Board of Directors, taking account of their relevant professional experience and competencies and the recommendations of the Bank of Russia's Corporate Governance Code.

The status, goals, objectives, and functions of the committees, together with their composition and the procedure for their formation and operation, are specified in the Regulations on Committees approved by the Board of Directors.

In 2020, in keeping with the global trend towards incorporating advanced technology into production and corporate business processes,

and mindful of the impetus the COVID-19 pandemic has given digitalization in general, we established a new Digital Development Committee, in addition to the existing Audit, Nominations and Remuneration, and Strategic Planning committees.

To ensure issues are addressed in a balanced way, each committee includes at least one independent director. As recommended by the Bank of Russia's Corporate Governance Code, both the Nominations and Remuneration Committee and the Audit Committee are headed by independent directors.

“ IN 2020, WE ESTABLISHED A NEW DIGITAL DEVELOPMENT COMMITTEE

Committee members as at 31 December 2020

Name	Position	Independent	Strategic Planning Committee	Audit Committee	Nominations and Remuneration Committee	Digital Development Committee
Alexander Voloshin	Chairman of the Board of Directors	+	Member of the Committee		Member of the Committee	Member of the Committee
Oleg Bagrin	Member of the Board of Directors		Chairman of the Committee			Member of the Committee
Anton Batyrev	Member of the Board of Directors		Member of the Committee	Member of the Committee		
Oleg Bukin	Deputy Chairman of the Board of Directors		Member of the Committee		Member of the Committee	Member of the Committee
Pavel Kiryukhantsev	Member of the Board of Directors	+			Chairman of the Committee	
Anastassia Lauterbach	Member of the Board of Directors	+	Member of the Committee	Member of the Committee		Chairman of the Committee
Vladimir Lisin	Member of the Board of Directors		Member of the Committee		Member of the Committee	
Mark Okes-Voysey	Member of the Board of Directors	+		Chairman of the Committee		
Igor Fedorov	Member of the Board of Directors				Member of the Committee	

Audit Committee

The Audit Committee assists the Board of Directors in analysing, assessing, and monitoring the accuracy of accounts and financial statements, compiled in accordance with IFRS and RAS, supporting independent audits of the financial statements, and monitoring the work of the internal audit system and the Company's compliance with the laws, regulations, standards and requirements governing financial statements, their audit, and accounting and record-keeping.

The committee's activities, scope, and functions, the procedure for convening and conducting its meetings, and the rights and responsibilities of its members are specified in the Regulations on the Audit Committee of the Board of Directors. In June 2020, the Board of Directors approved a new version of these regulations, developed in accordance with the recommendations of the Corporate Governance Code and the Listing Rules of the Moscow Exchange. The Regulations establish requirements for the Committee's composition: either all members should be independent directors, or, if this is objectively not possible, the majority should be.

On 6 May 2020, the Board of Directors established the Audit Committee, comprising three members of the Board of Directors, including two independent directors (Mark Okes-Voysey and Anastassia Lauterbach). The committee is headed by independent director Mark Okes-Voysey.

Composition of the Audit Committee from 01/01/2020 to 05/05/2020

Mark Okes-Voysey ^{ID}

Chairman of the Committee

Anton Batyrev

Dmitry Lisin

Composition of the Audit Committee from 06/05/2020 to 31/12/2020

Mark Okes-Voysey ^{ID}

Chairman of the Committee

Anastassia Lauterbach ^{ID}

Anton Batyrev

The role of Committee Secretary was performed by Anna Yashkina, member of the Russian National Association of Corporate Secretaries, who was listed among the Top 1,000 Russian Managers by the Russian Managers Association in 2016 and is Head of the Corporate Governance Department at Freight One.

The committee held seven meetings during the reporting period, all in person by video conference.

^{ID} – independent director

The committee examined the following matters during the reporting period:

1. Financial statements compiled in accordance with RAS and IFRS, including interim statements (an independent auditor was present at these meetings).
2. The appointment of Freight One's external auditor for 2020 and the amount of the auditor's fee.
3. Quarterly reports on the performance of the Internal Audit Department and plans for its future activities.
4. Freight One's internal audit procedure.
5. A report on risk monitoring and risk management measures.
6. Information on the impact of COVID-19 on Freight One's activities.
7. New versions of the Regulations on the Audit Committee and Internal Audit Department.

Attendance at meetings of the committee in 2020

Anton Batyrev

6 of 7

Anastassia Lauterbach

5 of 5

Dmitry Lisin

1 of 2

Mark Okes-Voysey

7 of 7

Nominations and Remuneration Committee

The Nominations and Remuneration Committee supports the Board of Directors in improving HR policy and strengthening incentive mechanisms for Freight One employees and managers, as well as creating an environment conducive to the involvement of highly qualified specialists in Freight One's governance and providing the necessary performance incentives.

The committee's activities, scope, and functions, the procedure for convening and conducting its meetings, and the rights and responsibilities of its members are specified in the Regulations on the Nominations and Remuneration Committee of the Board of Directors.

The Committee's composition changed in 2020. Dmitry Lisin and Oleg Bagrin stepped down, and members of the Board of Directors Vladimir Lisin and independent director Alexander Voloshin joined.

Composition of the Nominations and Remuneration Committee from 01/01/2020 to 05/05/2020

Pavel Kiryukhantsev ^{ID}

Chairman of the Committee

Dmitry Lisin

Igor Fedorov

Oleg Bagrin

Oleg Bukin

Composition of the Nominations and Remuneration Committee from 06/05/2020 to 31/12/2020

Pavel Kiryukhantsev ^{ID}

Chairman of the Committee

Alexander Voloshin ^{ID}

Vladimir Lisin

Igor Fedorov

Oleg Bukin

From the start of 2020, the role of Committee Secretary was performed by Yelena Ratnikova, Freight One's Deputy CEO for HR and Social Policy, and from 16 November 2020 by Lyudmila Khodkova, the Company's Head of Organizational Development, Compensation, and Benefits.

The committee held 11 meetings during the reporting period, including four in person by video conference, and seven by correspondence.

^{ID} – independent director

During the reporting period, the committee:

1. Reviewed the extension of the CEO's term of office and the terms of his employment contract.
2. Assessed the performance of the Board of Directors and produced a report, and submitted the Regulations on Assessment of the Performance of the Board of Directors to the Board of Directors for approval.
3. Approved an induction course for new members of the Board of Directors.
4. Reviewed aspects of the remuneration of Freight One's governance bodies.
5. Provided recommendations on appointments to positions on Freight One's senior leadership team and positions on the governance bodies of its subsidiaries.
6. Reviewed areas for development of the Freight One incentive system, and the HR Strategy and its implementation status.

Attendance at meetings of the committee in 2020

Oleg Bagrin	5 of 5
Oleg Bukin	11 of 11
Alexander Voloshin	6 of 6
Pavel Kiryukhantsev	11 of 11
Chairman	
Vladimir Lisin	6 of 6
Dmitry Lisin	2 of 5
Igor Fedorov	11 of 11

Strategic Planning Committee

The Strategic Planning Committee assists the Board of Directors in analysing strategic aspects of Freight One's development and strategic planning cycle. It also oversees implementation of its adopted strategy, and supports the development of solutions to increase the Company's profitability and its investment appeal in the long term.

The economic slump caused by the COVID-19 pandemic has made strategic management and development issues a question of survival for many companies. The new conditions and new challenges we faced in 2020 required the Strategic Planning Committee to work hard to quickly find new solutions to strengthen our position.

Because of this, the committee was expanded to six people in May 2020, when it was joined by two independent directors. Most of the committee's meetings in 2020 were held in person by video conference, and members of the Board of Directors not on the committee were invited to some of them.

The committee's activities, scope, and functions, the procedure for convening and conducting its meetings, and the rights and responsibilities of its members are specified in the Regulations on the Strategic Planning Committee of the Board of Directors.

Composition of the Strategic Planning Committee from 01/01/2020 to 05/05/2020

Oleg Bagrin

Chairman of the Committee

Alexander Voloshin ^{ID}

Anton Batyrev

Dmitry Lisin

Oleg Bukin

Composition of the Strategic Planning Committee from 06/05/2020 to 31/12/2020

Oleg Bagrin

Chairman of the Committee

Alexander Voloshin ^{ID}

Anastassia Lauterbach ^{ID}

Anton Batyrev

Vladimir Lisin

Oleg Bukin

The role of Committee Secretary was performed by Pavel Vinogradov, Deputy CEO of Freight One for Strategy and Development.

The committee held 15 meetings during the reporting period, including eight in person by video conference and seven by correspondence.

^{ID} – independent director

During the reporting period, the committee:

1. Reviewed Freight One's Development Strategy for its functional areas, the development goals of our strategy to 2023, and our expected performance in 2020.
2. Developed recommendations for the Board of Directors on approving Freight One's investment projects, including railcar fleet acquisition projects.
3. Reviewed matters concerning the renovation of washing and steaming stations operated under lease.
4. Developed recommendations for the Board of Directors on the procedure for distributing profits and paying dividends.

Attendance at meetings of the committee in 2020

Oleg Bagrin

15 of 15

Chairman

Anton Batyrev

15 of 15

Oleg Bukin

15 of 15

Alexander Voloshin

15 of 15

Anastassia Lauterbach

10 of 11

Dmitry Lisin

3 of 4

Vladimir Lisin

11 of 11

Digital Development Committee

The Digital Development Committee was established in 2020 to help the Board of Directors improve Freight One's performance through developing and overseeing IT and innovative technology, and managing information security and cybersecurity risks.

Its activities, scope, and functions, the procedure for convening and conducting its meetings, and the rights and responsibilities of its members are specified in the Regulations on the Digital Development Committee of the Board of Directors.

The committee comprises four members elected from the Board of Directors, two of whom are independent directors: Anastassia Lauterbach, (independent director), Alexander Voloshin (independent director), Oleg Bagrin and Oleg Bukin. The committee was headed by independent director Anastassia Lauterbach.

The role of Committee Secretary was performed by Mikhail Petrov, Freight One's Logistics Director.

The committee held three in-person meetings during the reporting period, by video conference.

The committee examined the following key issues during the reporting period:

1. Freight One's operating model for digital development.
2. Proposals for Freight One's draft IT Strategy.
3. Digital product implementation projects.

Attendance at meetings of the committee in 2020

Oleg Bagrin	3 of 3
Oleg Bukin	3 of 3
Alexander Voloshin	3 of 3
Anastassia Lauterbach Chairman	3 of 3

Secretary of the Board of Directors

The Secretary of the Board of Directors aims to ensure that our corporate governance system is dynamic and balanced and to support effective cooperation between Freight One's shareholders, Board of Directors and management team. The Secretary of the Board of Directors is also responsible for running an induction course for newly elected members of the Board of Directors. This function is recommended by the Bank of Russia's Corporate Governance Code and covered by the relevant programme, approved by the Nominations and Remuneration Committee in 2020.

The appointment of the Board Secretary is approved on an annual basis by simple majority vote of the members of the Board of Directors at its first meeting after election.

Since 2014, the Secretary of the Board of Directors has been Deputy CEO for Legal Affairs and Head of Department Yevgeniya Shpak.

To improve Freight One's corporate governance system and adhere to the recommendations of the Bank of Russia's Corporate Governance Code, since 2019, approval of the appointment of the Corporate Secretary has fallen to the Board of Directors. The new version of our Articles of Association reflects this.

Yevgeniya Shpak

- Born: 1979
- Graduated from Lomonosov Moscow State University in 2001. Holds a PhD in Law.
- Began working at Freight One as Head of the Legal Department in 2014.
- Deputy CEO for Legal Affairs and Head of Department since February 2018.
- Member of the Management Board of Freight One and the Boards of Directors of VRP Gryazi JSC and Freight One Scandinavia Ltd.
- Holds no stake in Freight One's share capital.

EXECUTIVE BODIES

Management Board and Chief Executive Officer

According to Freight One's Articles of Association, its executive bodies are the Management Board and the Chief Executive Officer.

The Management Board is headed by a Chairman, who is the Company's unilateral executive body (the Chief Executive Officer). The Board of Directors approves the size of the Management Board and the Company employees chosen to sit on it based on the recommendations of the CEO and the Nominations and Remuneration Committee. Members of the Management Board are elected for an indeterminate period. The Board of Directors has the authority to revoke the powers of any member of the Management Board at any time.

The procedure for organizing the Management Board's activities is set out in the Regulations on the Management Board of Freight One, a new version of which was adopted on 10 February 2020.

The coronavirus outbreak has been a test of Freight One's management effectiveness in uncertain conditions, with clarity of thought, strategic vision, effective cooperation, and speed of decision-making becoming crucial.

Areas on which the Management Board and Chief Executive Officer have focused in 2020 include setting

appropriate priorities, looking out for new opportunities for business growth in challenging conditions, ensuring employee safety, maintaining financial performance, rapidly planning for different economic scenarios, selecting short-term measures, supporting client relationships, and developing our potential in the field of digital technology.

During the reporting period, the Management Board, as a working body of the Company supporting its operational management, worked even harder than usual. Over the year, expanded meetings of the Management Board were held on a monthly basis to discuss our main areas of activity. At these meetings, the results of work by the production and commercial units and the operation and maintenance of the railcar fleet were reviewed. The meetings were held by video conference. To ensure a comprehensive discussion of the items on the agenda, managers at various levels were invited to take part, as were the directors of Freight One's branches. So that decisions on matters not requiring discussion could be made promptly, Management Board meetings were held by correspondence.

The Management Board's composition did not change in 2020, and comprises seven senior Freight One executives. It held 48 meetings in 2020, including 20 in-person meetings.

The Management Board examined the following key issues during the reporting period:

1. The operating results of Freight One activities (on a monthly basis).
2. Freight One's draft budget and investment programme for 2021.
3. A number of Freight One rolling stock lease agreements.
4. Matters concerning Freight One's position on decisions to be taken by the governance bodies of its subsidiaries.
5. The new procedure for cooperation between Freight One and its subsidiaries.

“ THE MANAGEMENT BOARD HELD 48 MEETINGS IN 2020, INCLUDING 20 IN-PERSON MEETINGS”

INFORMATION ON THE MEMBERS OF THE MANAGEMENT BOARD

as at 31/12/2020



SERGEY KARATAEV

- **Chairman of the Management Board**
- **Chief Executive Officer**

- Born: 1978
- Graduated from the Financial University under the Government of the Russian Federation in 2000 with a degree in Finance and Credit.
- Graduated from INSEAD (France) with an MBA in 2009.
- Holds a PhD in Economics.
- Served as Freight One's Chief Financial Officer between 2012 and 2016.
- Moved to NLMK PJSC in 2016 to serve as Deputy CFO.
- Served as Acting CFO at NLMK PJSC from 2017 to 2018.
- Served as First Deputy CEO at Freight One from May 2018.
- Chief Executive Officer of Freight One since April 2019.
- Holds no stake in Freight One's share capital.



DMITRY PRITULA

- **Executive Director**

- Born: 1977
- Graduated from Moscow State Open University in 1999 with a degree in Management.
- Received an MBA from the National Research University Higher School of Economics in 2015.
- Served as Deputy CEO for Commerce at Freight One from 2016 to 2019.
- Executive Director of Freight One since 2019.
- Member of the Boards of Directors of Volga-Flot JSC and Freight One Scandinavia Ltd.
- Holds no stake in Freight One's share capital.

INFORMATION ON THE MEMBERS OF THE MANAGEMENT BOARD

as at 31/12/2020



ANNA NEKRASOVA

- Chief Financial Officer

- Born: 1982
- Graduated from Lomonosov Moscow State University in 2005. Holds a master's degree in Economics.
- Served in senior roles at Siemens LLC prior to joining Freight One.
- Headed Freight One's Economic Affairs Department from 2016 to 2017.
- Has served as Freight One's Chief Financial Officer since August 2017
- Member of the Board of Directors of VRP Gryazi JSC.
- Holds no stake in Freight One's share capital.



GALINA PANAGUSHINA

- Head of Accounting and Tax Administration

- Born: 1950
- Graduated from the Sergo Ordzhonikidze Moscow Institute of Management in 1972 with a degree in Economic Cybernetics.
- Served as Freight One's Chief Accountant from 2007 to 2019.
- Since 2019 has served as Head of Freight One's Accounting and Tax Administration Department.
- Holds no stake in Freight One's share capital.

INFORMATION ON THE MEMBERS OF THE MANAGEMENT BOARD

as at 31/12/2020



PAVEL VINOGRADOV

- **Deputy CEO for Strategy and Development**

- Born: 1978
- Graduated from Lomonosov Moscow State University in 2001 with a degree in International Business.
- Served as Deputy CEO of AK Invest Group JSC in 2017.
- Served as Deputy CEO for Strategic Development for UTair PJSC from 2017 to 2019.
- Has served as Deputy CEO for Strategy and Development at Freight One since April 2019.
- Holds no stake in Freight One's share capital.



YELENA RATNIKOVA

- **Deputy CEO for HR and Social Policy**

- Born: 1978
- Graduated from Bashkir State Pedagogical University in 2001 with a degree in Philology.
- Graduated from Ufa State Institute of Service, a state educational institution of higher professional education, in 2014 with a degree in State and Municipal Governance.
- Served as Deputy Director of Russian Post from 2014 to 2017.
- Served as HR Director of Splat-Cosmetica LLC in 2017.
- Since 2018 has served as Freight One's Deputy CEO for HR and Social Policy.
- Holds no stake in Freight One's share capital.

INFORMATION ON THE MEMBERS OF THE MANAGEMENT BOARD

as at 31/12/2020



- Born: 1979
- Graduated from Lomonosov Moscow State University in 2001. Holds a PhD in Law.
- Began working at Freight One as Head of the Legal Department in 2014.
- Deputy CEO for Legal Affairs and Head of Department since February 2018.
- Member of the Boards of Directors of VRP Gryazi JSC and Freight One Scandinavia Ltd.
- Holds no stake in Freight One's share capital.

YEVGENIYA SHPAK

- **Deputy CEO for Legal Affairs and Head of Department**
-

REPORT ON THE REMUNERATION OF GOVERNANCE BODIES

Remuneration of the Board of Directors

As part of efforts to improve the corporate governance system and implement the principles of the Corporate Governance Code recommended by the Bank of Russia, new Regulations on the Payment of Remuneration and Compensation to Members of the Board of Directors of Freight One were adopted by the Company in 2019.

Under these Regulations, members of the Board of Directors receive 'base remuneration', plus payments for their participation in the work of the Board of Directors and its committees. The amount of base remuneration is determined by a resolution of the General Meeting of Shareholders (or Sole Shareholder).

Depending on their participation in the work of the Board of Directors and its committees, members of the Board of Directors are paid the following amounts in addition to their base remuneration:

- Chairman of the Board of Directors: 50% of base remuneration;
- member of any of the committees of the Board of Directors (who has participated in more than half of committee meetings): 25% of base remuneration for membership of one committee;
- Chairman of any of the committees of the Board of Directors (who has participated in more than half of committee meetings): 40% of base remuneration for Chairmanship one committee.

Where a member of the Board of Directors takes on several of the additional roles outlined above, the payments for each of these roles are added together.

A member of the Board of Directors may be paid an additional bonus that reflects their personal contribution to the work of the Board of Directors and its committees.

The decision to pay a bonus is based on recommendations from the Board of Directors and the opinion of the Nominations and Remuneration Committee.

The decision to pay remuneration is taken by Freight One's General Meeting of Shareholders (Sole Shareholder).

Compensation for expenses incurred by members of the Board of Directors

Under the Regulations on the Payment of Remuneration and Compensation to Members of the Board of Directors, members are compensated for the following expenses associated with the performance of their duties:

- expenses incurred by members of the Board of Directors in travelling to the location where meetings of the Board of Directors (or Board committees) and/or General Meetings of Shareholders are held;
- accommodation expenses incurred by members of the Board of Directors for the duration of meetings of the Board of Directors (or Board committees) and/or General Meetings of Shareholders;
- hospitality expenses;
- other expenses incurred by members of the Board of Directors (or of its committees) in fulfilling their duties.

The total compensation a member of the Board of Directors receives for expenses incurred during the calculation period may not exceed 30% of their base remuneration.

Compensation is conditional on a member of the Board of Directors having participated in more than half of the Board meetings held.

Remuneration and compensation paid to members of the Board of Directors in 2020 (thousands of roubles)

Remuneration for participation in the work of a governance body	88,726.1
Compensation	1,092.9
Insurance contributions	14,118.7
TOTAL	103,937.70

Remuneration of members of the Management Board

Members of the Management Board are Freight One employees and receive a salary and other remuneration according to their position, their employment contract, and internal Company documents.

The Company regularly discloses the total remuneration paid to members of the Management Board in the form of a Report of the Issuer (which does not reflect insurance contributions).

Remuneration paid to members of the Management Board

Salaries	115,802.78
Bonuses	93,178.76
Other forms of remuneration	1,046.1
Insurance contributions	33,819.74
TOTAL	243,847.38

SUPERVISORY BODIES

The control system at Freight One is a vital part of our management system. It allows us to achieve our strategic goals at minimum cost by identifying risks, shortcomings, and violations, eliminating them in a timely manner, and preventing them from recurring.

As at 31 December 2020, our internal control system comprised:

- the Internal Audit Department
- the IFRS and Internal Control Department
- the external auditor

The performance of our internal control and risk management systems is monitored by the Board of Directors and the Audit Committee.

In accordance with the law of the Russian Federation and our Articles of Association, there is no provision for the establishment of an audit commission within the Company.

External auditor

The principal task of Freight One's auditor is to establish the reliability of the Company's financial statements and ascertain whether its financial and business operations during the reporting period comply with Russian laws and regulations.

The auditor is confirmed each year by Freight One's shareholder (sole shareholder).

Freight One's Audit Committee gives an opinion on the auditor's appointment, based on the auditor's qualifications, quality of services, and compliance with the auditor independence requirements. On the basis of the Audit Committee's opinion, the Board of Directors suggests audit firms for the shareholder to approve.

Since 2014, KPMG has been the auditor of Freight One's financial statements, which are compiled in compliance with RAS and IFRS standards.

The amount paid to KPMG for its auditing services is determined by the Board of Directors, taking the opinion of the Audit Committee into account. In 2020, the Board of Directors set KPMG's audit fee at RUB 27.9 million (ex VAT).

Internal Audit Department

An internal audit service is a hugely important tool for the management team and Board of Directors of any company. An internal audit not only provides an objective assessment of the performance of the internal control system, risk management processes and corporate governance, but may also significantly contribute to a company's initiatives to improve the transparency, manageability, and effectiveness of various business processes.

The Internal Audit Department is an independent business unit established to assist the Freight One management team and its governance bodies in improving the internal control system and the effectiveness of Freight One's activities. It performs the internal audit function, and its work is directly overseen by the Board of Directors, as

stipulated in the new version of the Regulations on the Audit Committee, adopted in 2020.

The remit of Freight One's Internal Audit Department includes:

- preparing the annual workplan for the Department, including inspections of Freight One's branches and business units, and submitting it to the Board of Directors for approval after preliminary agreement by the Audit Committee;
- ensuring the audit plan is implemented, and overseeing the elimination of shortcomings and violations identified during inspections;
- providing regular reports to the Board of Directors / Audit Committee and the CEO on the implementation of the Department's workplan.

The Internal Audit Department operates on the basis of a workplan approved by the Board of Directors for the reporting period. The Internal Audit Department is led by a department head, who is appointed and dismissed by the Company's Board of Directors acting on the recommendations of the Audit Committee.

In 2020, we updated a number of documents concerning the activities of the Internal Audit Department: a new version of the Regulations on the Internal Audit Department, which establishes that the unit is functionally directly subordinate to the Board of Directors, a new version of the Freight One Internal Audit Procedures, and a new version of the Regulations on the Audit Committee were approved.

Continued from page 77

IFRS and Internal Control Department

The unit responsible for internal control of Freight One's financial and economic activities is the IFRS and Internal Control Department.

Freight One's internal control and risk management system is designed to ensure that the Company achieves its goals, and to keep risks at the right level to permit this. The system is fundamental to safeguarding

the continuity of Freight One's operating activities and the accuracy of its financial statements, and is based on the 'no surprises' principle. Taking this into consideration, the Department performs the following specific functions and tasks:

- assisting Freight One's governance bodies and leadership in building and refining an internal control system within the Company;

- organizing the implementation of a risk management system and coordinating the risk management activities of the Company's business units;
- compiling regular monitoring reports on the status of risks and measures taken to manage them within the Company.

Freight One is currently implementing an initiative to systematically analyse, document, and improve its internal control system. As a reference for comparison, we use the COSO framework.

In 2020, we continued to develop an effective internal control and risk management system:

- We set out the details of the process for identifying and assessing risks associated with the Company's business processes.
- We documented our business processes to ensure that they are transparent, standardized, and can be re-engineered where necessary.
- We developed and supported the implementation

of the necessary programmes for reducing risks to acceptable levels.

Dividends

Decisions on the payment of dividends are made by finding the optimal balance between the principles of safeguarding shareholder interests, meeting our development needs, and increasing our investment attractiveness. We plan to pay dividends to our shareholders on a regular basis.

In 2020, we paid dividends to our shareholders based on our results in 2019, as well as interim dividends for the first nine months of 2020. In total, the dividends paid amounted to RUB 50 billion.

Report on payment of declared (accrued) dividends

Year	Period	Dividends per share (RUB)	Declaration date	Amount of accrued dividends (RUB)	Date of actual payment	% of accrued dividends paid as at 31/12/2020
2020	2019	81.35	06/05/2020	17,000,000,000.00	20/05/2020	100 %
2020	9 M 2020 and profit from previous years	157.91	04/12/2020	33,000,000,000.00	16/12/2020	100 %

RISK MANAGEMENT

The timely identification, effective management, and proper prevention of risks is an important element of our strategy. The Management Board regularly monitored the status of Freight One's internal control and risk management system in 2020.

Following an assessment of the reliability and effectiveness of risk management and internal control in 2020, the Internal Audit Department concluded that it had found no evidence that the means of control reviewed were inadequate for management of the material risks in the Company's abovementioned business processes. The Audit Committee of Freight One's Board of Directors has reviewed the assessment results.

Key risks

01 Macroeconomic and industry risks:

- Country and regional risks
- Industry risks

Macroeconomic and industry risks:

Country and regional risks

The bulk of our activities take place in Russia, and the main country and regional risks affecting them relate to changes in government policy and a deterioration of the economy both within Russia and globally. All of these factors may adversely affect economic stability and consumer demand for various products and services, including those that we offer. This could have a negative impact on the Company's business and on the implementation of its investment plans.

There was significant upheaval in the global market in the first quarter of 2020 as a result of the coronavirus outbreak and a dramatic decline in oil prices. This affected stock indices, leading to a fall in the prices of most shares and financial instruments and also to a reduction in the value of the Russian rouble. These events are increasing the level of uncertainty and risk associated with doing business in the Russian Federation. We are following the situation closely and assessing its impact on our financial and business operations.

02 Company-specific risks:

- Strategic risk
- Commercial risks
- Financial risks
- Legal risks

Moreover, in light of Russia's status as a major producer and exporter of natural resources, one of the key risks we face is a fall in the prices of Russian products or the introduction of restrictions on them by importing countries, which could impede the development of the Russian economy or have an adverse effect on it.

Industry risks

Freight One's core activity is freight rail transportation within Russia, including rolling stock operation, freight forwarding, repairing and preparing freight cars at washing and steaming stations, and providing industrial and end-to-end logistics services. Our operations could be affected if the situation within the industry deteriorates.

Moreover, if governmental bodies change tariffs for the services of Russian Railways and/or make changes to the price ranges within which Russian Railways is authorized to adjust rail tariffs, or if Russian Railways themselves change their tariffs within these ranges, the fees for a range of services provided by Russian Railways could change. This could potentially affect our relocation costs,

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reducing the attractiveness of the terms offered by Freight One and other rolling stock operators to their existing and potential clients and consequently affecting our financial status and operating results.

We generally acquire spare parts for our rolling stock from third-party organizations and use the services of third-party organizations for rolling stock repairs, so a dramatic increase in the price of spare parts or rolling stock repairs could also have a considerable impact on our operations. Moreover, the introduction of stricter requirements on railcar condition and changes to the way the government monitors the condition of cars could significantly affect our operating results and potential for growth.

The most significant risks we face on the external market are associated with a lack of socioeconomic stability in a number of countries with a 1520-mm track gauge (1520 area). Other risks in this category include fluctuations in the global economy resulting in changing demand for key goods transported by rail in external markets and in the markets of a number of 1520 area countries, and the introduction of restrictions on the routing of cars from the Russian Federation within the territory of other 1520 area countries.

Company-specific risks

Strategic risk

Our competitive advantages and development prospects depend on the competence and experience of our key managers and their ability to attract, retain, and motivate qualified staff.

The Board's Strategic Planning Committee regularly reviews risks with the potential to affect the achievement of our long-term goals. One of its key tasks is to prepare recommendations for the Board of Directors to enable the Board to take effective strategic decisions. The procedure for the establishment and operation of the committee is set out in the relevant regulations approved by the Board of Directors.

Commercial risks

We bear the risks of losing key clients, as well as risks arising from reduced demand for our services.

We are implementing a number of projects aimed at strengthening our market position:

- making our commercial activities more client-focused
- developing our CRM system
- developing and implementing new products that use modern logistics technology
- signing long-term contracts with key clients

Financial risks

In the context of the uncertainty and decrease in business activity resulting from the coronavirus, financial risks had an increased impact on our operating activities in 2020.

Credit risk

Freight One regularly monitors and manages the following types of credit risk:

- counterparty credit risk
- the credit risk of banks where Freight One has deposited funds

In line with its commercial policy, the Company allows certain categories of client to defer payment.

Credit risk from receivables is managed systematically using a three-step approach:

- establishing a limit on receivables
- ensuring compliance with limits when executing a client request
- monitoring the timely payment of receivables by an independent monitoring unit.

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Liquidity risk

The Company's approach to liquidity management is multifaceted. It includes cash flow forecasting over a period ranging from a single day to a year, monitoring of budget implementation, and ensuring that the Company maintains sufficient liquidity and access to sufficient credit resources to fulfil its loan and leasing agreements. Total contractual liabilities, including principal debt and interest with a repayment term of less than a year, were RUB 9.9 billion as at 31 December 2020. Liquidity risk is fully offset by a significant number of available credit lines amounting to RUB 45.5 billion.

Legal risks

Other key risks borne by Freight One include legal risks associated with continually changing tax legislation, the possibility of variable interpretation of this legislation by law enforcement bodies, and risks associated with changing industry and technical regulation regarding rail transportation.

**99 LIQUIDITY RISK IS FULLY OFFSET
BY A SIGNIFICANT NUMBER
OF AVAILABLE CREDIT LINES
AMOUNTING TO RUB 45.5 BILLION**

Internal documents regulating corporate governance procedures, principles, and practice can be found on the Freight One website:

- www.pgkweb.ru/investors/corporate-governance/statutory-documents
- www.pgkweb.ru/investors/corporate-governance/corporate-documents
- Articles of Association of Freight One PJSC
- Regulations on the Procedure for Preparing and Holding the Freight One PJSC General Meeting of Shareholders
- Regulations on the Board of Directors of Freight One PJSC
- Regulations on the Management Board of Freight One PJSC
- Regulations on the Secretary of the Board of Directors of Freight One PJSC
- Regulations on the Payment of Remuneration and Compensation to Members of the Board of Directors of Freight One PJSC
- Regulations on the Audit Committee of the Board of Directors of Freight One PJSC
- Regulations on the Nominations and Remuneration Committee of the Board of Directors of Freight One PJSC
- Regulations on the Strategic Planning Committee of the Board of Directors of Freight One PJSC
- Regulations on the Information Policy of Freight One PJSC
- Corporate Governance Code of Freight One PJSC
- Code of Business Ethics of Freight One PJSC
- Regulations on Insider Information of Freight One PJSC
- List of Insider Information at Freight One PJSC

INFORMATION POLICY

To increase our investment attractiveness and maintain a trust-based dialogue with stakeholders, we disclose information in accordance with Russian law, the requirements and recommendations of the Bank of Russia's Corporate Governance Code, and our internal documents.

Freight One's Board of Directors establishes rules for and approaches to disclosures about the Company. These are set out in the Regulations on Information Policy.

Our main information policy objectives are:

- to increase openness and trust in Freight One among the business community and all stakeholders;
- to increase our business transparency;
- to comply with Russian law and the Bank of Russia's Corporate Governance Code.

To meet these objectives, Freight One adheres to the following principles:

- we provide regular, consistent, and timely information on FO's activities;
- we ensure accessibility, objectivity, completeness, and accuracy of disclosure;
- we ensure that all our stakeholders are equally entitled to receive information in accordance with applicable laws, standards, and regulations;
- we provide information independently of the interests of individuals or groups;
- we maintain a reasonable balance between openness and supporting our commercial interests;
- we ensure the confidentiality of trade and official secrets and other information protected by law in accordance with legislation and the Company's internal documents;
- we control the use of insider information.

We use the following platforms to disclose information about our activities:

The official Freight One website, pgkweb.ru, which contains all relevant information about Freight One's activities, its mission and values, and the services that it provides, along with information about the principles of its corporate governance system and governance bodies, internal Freight One documents, and essential contact information for stakeholders. Being 100% owned by a foreign shareholder, Freight One follows the recommendations of the Bank of Russia's Corporate Governance Code in disclosing information in Russian and English simultaneously on its website.

The Interfax website, e-disclosure.ru/portal/company.aspx?id=34262, which is updated in real time.

Visitors can quickly and easily access information about all the significant aspects of Freight One's activities together with timely information about decisions taken by its governance bodies, significant agreements signed by Freight One, and much more, all in a standardized format.

COUNTERING CORRUPTION

We are committed to continuously improving our corporate governance principles and the integrity of our business practices in line with the best and most recent global practice.

These Company principles are set out in a number of internal documents:

- the Code of Business Ethics, which reflects standards of conduct adopted by Freight One guaranteeing the honest and fair treatment of team members, clients, and partners;
- the Regulations on Corruption Policy, which specify key principles and requirements aimed at preventing corruption and ensuring that the Company, its employees, and other entities potentially acting on Freight One's behalf comply with the applicable anti-corruption legislation;
- the Regulations on Conflicts of Interest, which establish the procedure for preventing and regulating conflicts of interest which may arise among Company employees in the course of their official duties.

To ensure adherence to these principles, Freight One gives its employees regular training in countering corruption and preventing conflicts of interest, and has established confidential, 24/7 corruption prevention services.

“ FREIGHT ONE DOES NOT TOLERATE ANY FORM OF UNFAIR COMPETITION, CORRUPTION, MISCONDUCT, OR FRAUD”



OUR TEAM

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-



STAKEHOLDER RELATIONS

Building respectful, long-term relations with our stakeholders is a key pillar of our leadership strategy. Working in their interests, meeting their needs, and providing them with timely information is a vital part of our activities. To make our cooperation with stakeholders as open and productive as possible, we comply strictly with international standards and internal corporate standards.

Our main stakeholders are:

- our shareholders
- our investors
- our clients
- federal and regional authorities
- our employees
- our trade union
- our suppliers and contractors
- local communities

Shareholders and investors

We respect and protect the legitimate interests of our shareholders, and seek to improve our investment attractiveness. Building transparent relationships with shareholders and investors is a key area of our work. This cooperation is based on information transparency, the timely disclosure of information, and the provision of full information on our operating results and business development plans.

Clients and partners

We provide operating services for clients ranging from Russia's biggest industrial and mining companies to SMEs. We take a client-centric approach, systematically developing optimal solutions that meet the needs of our partners, and developing new models of cooperation. We maintain an open dialogue with our clients and are ready to respond quickly to changing market conditions and meet current needs. Client satisfaction is an indicator of our performance. We regularly survey our service users and hold conferences and business meetings. Our managers are always available to our clients.

Employees

Our team is our most valuable asset in supporting our sustainable growth and stable operations. Considered HR management is key to running a socially responsible business. We provide decent working conditions for our employees, implement incentive and skills development programmes, and continue to enhance our social support. It is in our interests to strengthen our team and increase employee engagement at every stage of our operations. To this end, we are expanding internal training opportunities, implementing projects supporting professional growth, and recruiting strong teams who share our values.

By informing our employees about our activities via our corporate website and social media, plus regular online and offline meetings with Freight One's senior management, we are able to obtain real-time feedback and amend our internal policies in light of the team's requirements.

Government authorities

As is the case for any major organization, compliance with government regulations is integral to our activities. Our Government Relations Department regularly works with government representatives at various levels to resolve issues and support the stability and effective development of our business. We rigorously comply with applicable law and strictly follow the recommendations of regulators, providing authorities with the information they need about our work in a timely manner.

Suppliers and contractors

The stability of our business processes is contingent on the quality and timeliness of the goods and services provided by our suppliers and contractors. We place particular emphasis on ensuring that our tender process is transparent and on providing equal access to participation in our procurement processes for companies that meet the relevant requirements. Information on our tenders is publicly available on our website and published on RosTender's electronic platform and other resources where necessary.

Local communities

Our operations are located in various Russian regions, and abroad. Cooperation with local communities is a key aspect of our social policy. We create jobs, meet our tax obligations, and work to ensure industrial and environmental safety in the regions where we operate. We communicate openly with local communities, regularly updating them on the results of our activities.

Trade union

Honouring our employment and social obligations to our employees is the top priority in our value system. The trade union that operates at Freight One helps us to protect the interests of our employees and maintain effective relations with them. A new collective agreement took effect in 2020. It includes the standard social guarantees stipulated in Russian employment law, as well as additional benefits. Our cooperation with the trade union reaffirms our status as an attractive employer.



OUR HR MANAGEMENT PRINCIPLES

Our employees are our main strategic asset. Our priority objective in terms of human resource management is to attract and retain top-flight specialists, and to support their professional development.

We respect our employees' employment rights, as set out in Russian employment and civil law, the UN's Universal Declaration of Human Rights, and our Corporate Ethics Code.

In 2020, our Nominations and Remuneration Committee approved our HR Strategy 2023, which aims to build a system of effective relationships to achieve our strategic goals. Its key priorities are developing our employees' skills and strengthening our talent pool.

Staff structure

On 31 December 2020, Freight One employed 3,446 people.

Our staff represent various age groups; more than half are aged between 30 and 50, and have a higher education qualification.

We offer equal opportunities for men and women. When making decisions on hiring and career changes, we place the greatest emphasis on our employees' professionalism, leadership qualities, focus on results, and ability to work in a team.

Women make up 43% of our employees. The predominance of men is explained by the nature of our production sites (washing and steaming stations and railway workshops), where women tend not to be employed.

Ninety-eight percent of our employees have a full-time employment contract and work a full day. Two percent of our employment contracts are fixed-term contracts. We engage temporary workers to carry out time-limited project work and one-off jobs, and to replace full-time staff who are absent from work for long periods on legitimate grounds.

Despite the global challenges posed by the pandemic in 2020, we were one of the first companies to successfully introduce remote working, supporting the safety of our team while maintaining effective work processes.



3446

people

Freight One's headcount
as at 31 December 2020

Staff turnover

Our staff turnover rate in 2020 was 6.5%, 2.2 pp lower than in 2019.

Staff recruitment and appraisal

We recruit staff on the basis of human resource planning and identification of the key employee attributes that we need to fulfil our business strategy and improve our performance. All of our employees take on roles appropriate to their skills, capabilities, and experience, and have the opportunity to realize their full potential. We maintain a balance between filling key vacancies with internal candidates and recruiting experts from the market. This allows us to serve our employees' interests and also develop those areas in which we need to strengthen our skills.

Our library of candidate assessment tools allows us to make more informed and specific hiring decisions, thereby improving the quality of our recruitment.

We are currently automating our HR processes and we have completed the first stage of the development of cloud solutions using SAP SuccessFactors.

We are implementing a talent pool development programme that allows us to prioritize internal candidates for vacancies where all other factors are equal, expanding growth opportunities for staff who have demonstrated their professionalism and ability to achieve results.

Since 2020, we have also been running an employee relocation programme. To help our staff move for career reasons, we provide them with the comfortable living

environment they need, as well as financial support. We spent RUB 4.4 million on these measures in 2020.

For our external recruitment, we make active use of specialist search platforms and remote assessment tools. By optimizing our work and developing the skills of our internal recruitment service, we have managed to significantly reduce the time taken to fill key vacancies.

Incentives and remuneration

Incentives and remuneration play a prominent role in our human resources strategy. We realize that factors such as employee engagement and financial and non-financial incentives contribute significantly to our operational efficiency.

In 2020, we began implementing a management-by-objectives approach. The principles and rules of this system were adopted in 2019. This allows us to link the personal contributions of our employees to the achievement of Freight One's goals.

In 2020, we also completed implementation of a job grading system, which we began developing in 2019.

The system is based on the Hay Group method, the most commonly used worldwide and helps us to ensure that our remuneration packages always remain competitive.

An employee's remuneration depends on their performance and has two components: fixed and variable. The former falls within the range set for the relevant job grade. The final amount depends on the employee's qualification level and job duties. The second component is a bonus awarded for achieving objectives. This depends

on the employee's performance during the calendar period. Employees may also receive one-time bonuses for completing important tasks and outstanding achievements at work.

In 2020, 39% of specialist salaries were revised based on pay rates for comparable positions on the employment market and the employee's level of expertise, engagement in project work, and performance.

We use social events as non-financial incentives to boost staff loyalty, improve working conditions, increase productivity, and cultivate team spirit.

Our most widely used non-financial incentive is public recognition of the achievements of top-performing employees. In 2020, we adopted Regulations on Forms of Non-Financial Incentives and Rewards.

In light of the restrictions on personal contact and office work owing to the COVID-19 pandemic in 2020, we set up a virtual employee recognition book on our corporate portal. Twenty-seven employees took part in this project.

In addition, 140 employees received corporate awards, one an Honoured Railwayman pin, and five the thanks of Russia's Minister of Transport.

Our employees are congratulated on special dates and receive bonuses on important birthdays. We spent RUB 1.2 million on this in 2020.

We fully intend to continue supporting and developing our non-financial incentive system as part of our HR Strategy.

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Talent management and skills development

One of the side effects of Freight One's strategic goal of ongoing transformation into a high-performance, competitive enterprise is that the business is becoming more complex, placing new demands on staff throughout the Company.

Our strategy and development goals demand a higher level of professionalism and initiative, and for our employees to be genuinely motivated to achieve good results.

Our corporate training centre has established a staff training and development system that is based on our strategic requirements. The system's key feature is the creation of individual development plans for each employee.

In 2020, the corporate training centre also expanded its remote training options (employees have access to an extensive library of electronic books and courses, with more than 200 courses being added in 2020), and created a corporate catalogue of internal employee development and personal effectiveness programmes (23 programmes to develop managerial and corporate skills have been developed).

We continued to develop our talent pool. In 2020, 31 employees passed an assessment and were included in the Forward training programme, joining a further 26 specialists already following it, and 30 employees received

“ OUR EMPLOYEES RECEIVE BONUSES ON IMPORTANT BIRTHDAYS. WE SPENT RUB 1.2 MILLION ON THIS IN 2020

training through a Stockholm School of Economics programme.

We attach great importance to training and developing new employees, and to supporting them as they settle into their new roles. To this end, we have launched a mentorship programme and introduced training by internal experts. We have also updated and automated our onboarding process.

During the reporting year, 117 new employees were assigned a mentor to help them settle in.

As part of the second wave of the Operational Efficiency System in 2020, we launched training on Leader Standard Work. A total of 194 employees were involved in the programme.

The corporate training centre is developing a team of internal trainers, and 41 employees have taken courses on public speaking, facilitation, training of trainers, and leadership.

Automation and improvement of employee services provided by the HR unit

In 2020, we adopted a new IT system for HR process management, SAP Human Capital Management. This was the final stage in moving our main processes to a SAP ERP solution.

On our internal portal, we launched a basic employee personal area, enabling us to automate our HR consulting services, and our process for ordering certificates or copies of documents, as well as payslips, leave scheduling, and leave requests. Today, this is one of the best-implemented HR administration automation practices in the market.

We are continuing to develop our services: very soon, we plan to digitize the documentation involved in business travel, timesheets, dismissals, confirmation of return of company property, and recruitment.

Also in 2020, we began the process of transitioning to electronic record-keeping for HR documents.

Our plans for 2021 include implementing SAP SuccessFactors and automating our employee recruitment, onboarding, training, and development processes.

These projects are not just about process automation: they are all a step towards changing our corporate culture for the better.

SOCIAL RESPONSIBILITY

We provide our employees with all the social support they need, in accordance with Russian law, and are implementing many additional programmes aimed at creating as supportive an environment as possible for our team's work and professional development.

As a responsible employer, we pay special attention to offering social support to our employees and their families.

Our social policy comprises the following areas and goals:

- providing social benefits and compensation
- protecting employees in the event of unforeseeable circumstances
- holding cultural and sports events
- implementing preventative health measures and organizing healthcare
- cultivating a positive mental and social environment

We have introduced and are implementing appropriate safety rules and measures to support our employees and improve performance.

When the COVID-19 pandemic began, we were one of the first companies to shift most of our employees to remote working, and we have implemented various measures to make work as comfortable and safe as possible for our employees.

We provide personal protective equipment and carry out COVID-19 testing for employees working at the office. Our social support measures included a one-time payment of RUB 30,000 per person for all those with an average monthly income of less than RUB 120,000 at the start of December 2020. Across our regional offices

and production sites located throughout Russia, roughly 70% of our employees received such payments. At the same time, Freight One has committed to offering fully paid sick leave during the COVID-19 pandemic.

Supporting the health and quality of life of our team was a particular priority for us in 2020.

We ran a series of open webinars and lectures on healthy living, and joined with partner companies to offer fitness activities and work-outs online during lockdown.

We intend to continue encouraging our team to keep fit, and looking after our employees' health in various ways, both online and offline.

This will allow each employee to manage their preferences flexibly while taking account of their work schedule.

Employees are represented in the social partnership system by the Freight One trade union organization, which mobilizes the workforce to achieve strategic goals, meet quantitative and qualitative targets, and cultivate a pleasant working environment.

The trade union works closely with the management team, representing the workforce's position on employee relations, social policy, and occupational safety.

During the pandemic, the Freight One trade union implemented projects to maintain a positive atmosphere within our teams. The union handed out New Year presents to the children of our staff and gift cards from major supermarkets to all our employees.

In accordance with our sustainable development principles, we also run charitable schemes supporting children.

“WE WILL CONTINUE TO DO ALL WE CAN TO PROTECT THE HEALTH OF OUR EMPLOYEES AND PROVIDE THEM WITH SAFE WORKING CONDITIONS”

305,9

million

We spent RUB 305.9 million on social payments in 2020, almost 50% more than in 2019

Type of payment	Amount (RUB million)	%
Voluntary medical insurance for employees, medical screening	50.8	17
Voluntary medical insurance for children of employees	6.4	2
Partial reimbursement of travel and nursery school costs	1.6	1
Compensation for earnings lost due to temporary incapacity	17.8	6
Awards made upon retirement and on special birthdays	26.6	9
Payments made to employees on maternity leave	1.8	1
Financial assistance for employees	8.4	3
One-time payments to employees with an average monthly income of less than RUB 120,000	66.3	22
Other social payments and guarantees	126.3	41
TOTAL:	305.9	100

OCCUPATIONAL HEALTH AND SAFETY

Keeping employees safe, protecting the environment, and maintaining an accident-free workplace are our top priorities.

Occupational health and safety is a vital aspect of Freight One's reputation. We have developed and are making effective use of an occupational health and industrial, fire and environmental safety management system. The key principles underlying this system are implementation of our policy on occupational health, industrial, fire and environmental safety, and civil defence; emergency prevention and response; protecting the lives and health of our employees; preventing work-related injuries, accidents, and environmental disasters; improving working conditions for our employees; and improving our occupational safety compliance culture.

Occupational health and safety

Healthy and safe working conditions are not just a moral and legal obligation for us; they are also economically justified. By investing in health and safety, we prevent human suffering and protect what matters most: our life and health. Safety in the workplace is a top priority for us. In seeking to reduce our injury rate to zero, we are constantly improving our health and safety management system.

In 2020, we launched a workplace safety development programme, taking account of the objectives of our Strategy 2023. This is a long-term project that is seeking to change attitudes to occupational safety throughout the Company, which requires time and effort at all levels of our management. The programme is based on integrating key safety tools for risk management and developing safe behaviour into our employees' daily work. It also includes a sustainable development framework based on the need to

strike a balance between addressing social and economic issues and protecting the environment. The programme covers all of our workplaces and focuses on the following areas:

- effective risk management
 - development of a safety culture in the workplace
 - an effective occupational safety management system
- The key measures implemented in 2020 were:
- development of an approach to managing professional risks;
 - risk assessment;
 - an independent assessment of the level of safety culture at Freight One;
 - various measures relating to environment, health and safety (EHS) risk management training for our staff;
 - a fire risk management course and development of practical risk identification and management skills at Freight One facilities; a competition for the best work by specialists responsible for fire safety at our branches;
 - development of guidelines, regulations and instructions on legal requirements: Regulations on Industrial Control at High-Risk Sites, Industrial Safety Management System standards, and guidelines on the performance of high-risk work and work with contractors (a procedure has been defined, and a methodology developed);

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- development of guidelines for employees working at high-risk sites;
- development of action plans for emergency prevention and response.

In the second half of 2020, we launched a behavioural safety audit project, aimed at improving our safety culture and involving all of our units. We performed 2,791 audits, having planned to perform 1,000.

EHS training

- We organized comprehensive training (online schools, teambuilding, etc.).
- We provided training in fire and environmental safety as part of an online school.
- We ran pilot training activities in EHS training and instruction.
- We assessed our employees and established their level of competence.

Communication and monitoring

We improved our communications on safety issues, creating a dedicated WhatsApp group which all our safety specialists can join. When accidents occur, or violations are identified, employees are notified immediately.

We launched a pilot project called WSS Inspection: Video Camera, which involves a change of approach to site inspection. Previously, facilities were inspected only in person. Because of the pandemic, we decided to test out a different solution. Rather than organizing an in-person visit, we sent a video camera to a washing and steaming station. A specialist there then used the camera to record a walk around the facility following a given route. The information relayed was then analysed at head office, and recommendations were made on correcting shortcomings. This project has allowed us to conduct the necessary inspections despite the pandemic (without visits to production sites). We plan to continue using this solution to reduce the travel expenses incurred by our employees.

Number of remote inspections performed in 2019 and 2020

2020

3803
inspections

2019

3877
inspections

Incidents

Thanks to the improvements made to our safety management system, Freight One's lost time injury frequency rate (LTIFR) in 2019 and 2020 remained at zero.

THE ENVIRONMENT AND SUSTAINABLE USE OF RESOURCES

The main goal of our environmental protection activities is to reduce our environmental impact. As one of Russia's biggest private freight rail operators, we recognize our responsibility to future generations, and are implementing the following measures in all the regions where we operate:

- introducing modern, environmentally friendly technologies (for example, when upgrading treatment facilities);
- working to transform our sites into green spaces and ensuring that industrial and consumer waste are collected separately;
- ensuring that our environmental safety risks are monitored, managed, and continually mitigated;
- working to reverse damage caused to the environment by the previous occupants of Company-operated sites;
- creating a stimulating environment where our staff can improve their skills and competencies in environmental protection.



Our use of petrol fell by 41% in 2020 relative to 2019, to 185,738 litres.

Implementing modern energy-saving technology is a significant factor in our sustainable development. Given the nature of the rail industry, our key energy sources are fuel, steam, and electricity.

Change in energy use

	2020			2019			Change
	1	2	3	1	2	3	
Electricity (kWh)	5,799,785	2,760,571	8,560,356	5,521,206	3,296,467	8,817,673	-3%
Diesel fuel (l)	911,545	36,456	948,001	889,236	43,974	933,210	2%
Petrol (l)		185,738	185,738		314,227	314,227	-41%
Oil (l)	18,670		18,670	20,304		20,304	-8%
Steam (GCal)	166,946		166,946	197,760		197,760	-16%
Heating oil	6,209		6,209	6,871		6,871	-10%

1 Industrial consumption

2 General corporate consumption

3 Total consumption

We use water for our industrial activities and in our offices.

Freight One's key challenges in relation to water use include:

- providing our employees with safe drinking water;
- removing water and ice from industrial sites and creating stable and safe working conditions;
- ensuring that water being returned to the natural environment is safe and complies with established quality standards.

The total volume of hot and cold water used by Freight One in 2020 fell by 8% in comparison with 2019. We plan to continue improving our system for monitoring and managing water quality and water consumption in the future.

Change in water use

	2020			2019			Change
	1	2	3	1	2	3	
Water consumption (m ³)	191,755	10,777	202,532	204,860	14,455	219,315	-8%
1 Industrial consumption				2 General corporate consumption			3 Total consumption



Our water consumption in 2020 fell by 8% in comparison with 2019, to 202,532 litres

We implemented the following measures in 2020:

- renovation of the treatment facilities at the Osentsy washing and steaming station, enabling better wastewater treatment;
- further renovation of the Kombinatskaya washing and steaming station to reduce its environmental impact;
- introduction of an automated environmental monitoring system making it possible to keep track of monitoring indicators and the status of environmental protection and respond in real time;
- cleaning up the environmental damage caused by the previous owners of our production sites, covering 1350 m³;
- a practical training session on fire and environmental safety for managers and specialists at all of our production and non-production sites. More than 30 managers and specialists took part. Thanks to this session, our employees significantly improved their skills and competencies.

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INFORMATION ON INTERESTED – PARTY AGREEMENTS. MAJOR AGREEMENTS

Report on the interested-party agreements entered into by Freight One PJSC in 2020

According to the Federal Law on Joint-Stock Companies, an interested-party agreement is one in which a member of the Company's Board of Directors, its single-person executive body (the Chief Executive Officer), a member of its collective executive body (the Management Board), or

a controlling entity of the Company, or an entity entitled to issue the Company mandatory instructions, has an interest.

An interested-party agreement does not require mandatory approval in advance except where stipulated by the Federal Law on Joint-Stock Companies.

Approval for an interested-party agreement may be obtained in advance from the Company's Board of Directors or General Meeting of Shareholders, in

accordance with the Federal Law on Joint-Stock Companies, at the request of the single-person executive body, a member of the Company's Management Board or Board of Directors, or a shareholder (or shareholders) holding at least 1 (one) percent of the Company's voting shares.

Major agreements

No major agreements were concluded by the Company during the reporting period.

One interested-party agreement was concluded in 2020:

Type of agreement	Key terms	Interested parties ¹	Governance body approving the agreement
Loan agreement	<p>Parties (beneficiaries): Freight One PAO (the Lender), ZVRK LLC (the Borrower).</p> <p>Subject of the agreement: The Lender shall provide to the Borrower a loan/loans, and the Borrower shall repay the loan/loans in the manner and on the terms established by this contract.</p> <p>Interest rate: 0% APR.</p> <p>Total loan amount: no more than RUB 423 million.</p> <p>Loan maturity date: 31/12/2029</p>	<p>Member of the Board of Directors Vladimir Lisin Is not an interested party, by virtue of paragraph 70.3 of Resolution 454-П of the Bank of Russia, dated 30/12/2014, 'On the disclosure of information by issuers of equity securities': the value of the agreement amounts to 0.4% of the balance-sheet total</p> <p><small>¹Recognized as at the date of the agreement</small></p>	<p>Board of Directors (Minutes No. 106 dated 20/11/2020)</p>

OPINION

**of the Internal Audit Department
of Public Joint-Stock Company
Freight One
on the Company's risk management
and internal control in 2020**

In 2020, the Internal Audit Department carried out an assessment of the reliability and effectiveness of risk management and internal control at Freight One to establish whether the Company had and was using the means of control needed to manage the material risks in its key business processes.

The Internal Audit Service's activities are governed by the Federal Law on Joint-Stock Companies, the Bank of Russia's Corporate Governance Code, the Regulations on the Internal Audit Department, documents produced by international professional organizations in the fields of risk management and internal control, including COSO Enterprise Risk Management and COSO Internal Control – Integrated Framework, and the internal regulatory documents of Freight One's Internal Audit Department.

During the assessment, the Internal Audit Department looked at whether the Company had and was using the means of control needed to implement the relevant risk management and internal control principles in the following processes: procurement, sale of services, inventory management, railcar acquisition and leasing, the delineation of authority in information systems, and IFRS financial reporting.

The assessment produced no evidence that the means of control examined were inadequate for management of the material risks in the Company's abovementioned business processes.

Date of opinion
25 March 2021

Head of the Internal Audit Department



V. V. Alexandrov

GLOSSARY

Freight volume: the volume of freight submitted or planned for submission by a consignor.

Freight turnover: the amount of freight transported. The unit of measurement is the tonne-kilometre. Calculated as the sum tonnage of each loaded trip multiplied by the distance in kilometres of each loaded trip.

Consignor: the physical or legal entity who acts on their own behalf or on behalf of a freight owner in accordance with a freight agreement and is indicated in the transportation document.

Consignee: the physical or legal entity authorized to receive the freight.

LMS: large metal structures.

Empty run ratio: the ratio of empty car runs to loaded runs.

Logistics: the process of organizing and managing the freight supply chain in its broadest sense. May include both the supply of raw materials essential for production and the management of material resources at a business, their supply to warehouses and distribution centres, and their sorting, processing, and eventual distribution to their places of consumption.

Freight routing: the system for organizing the dispatch of freight via routes (using a whole train) from one or several rail stations to unloading points (stations, docks, ports) located in a specific region.

Car turnover: the period of time between the completion of one loading and the completion of the subsequent loading.

Operator: a legal entity or sole proprietor who owns cars or containers by proprietary right or on other grounds, and who participates in a freight transportation process using the aforementioned cars or containers on the basis of an agreement with a carrier.

Dispatch routing: a means of reducing the journey time of cars and cutting transportation costs. Aims to achieve freight flows that are concentrated in time by transporting freight to a single destination on particular days as per a calendar schedule. This makes it possible to organize small average daily railcar traffic flows on routes, without disrupting the schedule of the company sending the railcars, and without requiring freight to be built up over a long time.

Carrier: a legal entity or sole proprietor who has assumed, by agreement to transport freight by public rail, the obligation to deliver freight from the point of dispatch to the point of destination, and also to transfer the freight to the entity authorized to receive it (the consignee).

Freight (freight dispatch): the mass of freight in tonnes accepted for transportation by rail. This figure is calculated as the sum of all dispatches accepted in the reporting period for transportation within the country directly from the consignor, from other forms of transportation, and from foreign railways.

Rolling stock: means of transport of any type adapted to travel by rail.

Empty run: the movement of a car without freight from an unloading point to a loading point.

Industrial Logistics programme: a service whereby the transportation logistics functions of the industrial facilities of major enterprises are outsourced to Freight One, enabling manufacturers to reduce expenditure on transporting their own products and maintaining a rail cluster, and concentrate on their principal activity.

GLOSSARY

Car productivity: measures the usage of a car in the freight transportation process. Calculated in tonne-kilometres completed by a car from the operating fleet in the space of 24 hours.

The 1520 area: the community of countries, including the Commonwealth of Independent States, the Baltic countries, Mongolia, and Finland, where rail traffic runs primarily on 1520 mm (or 1524 mm)-gauge track. Running a total of 150,000 km, the 1520 area is second in the world in terms of total length of track laid.

Russian Railways network: the rail network of the Russian Federation, which consists of several sections of mainline track belonging to Russian Railways.

Maintenance and repair: a set of operations for maintaining the operability or serviceability of industrial equipment while it is being used as designated, on standby, in storage, or being transported.

Net Promoter Score (NPS): an indicator of client loyalty. This defines the degree of client preference for a certain product/service or company (a willingness to recommend rating), and is used to assess how willing clients are to buy again.



CONTACT INFORMATION FOR SHAREHOLDERS AND INVESTORS

Freight One

Full corporate name

Publichnoe aktsionernoe obshchestvo "Pervaya Gruzovaya Kompaniya"

Shortened corporate name

PAO "PGK"

Full corporate name in English

Public Joint-Stock Company Freight One

Shortened corporate name in English

Freight One PJSC

Location

Moscow, Russia

**Address as given in the Russian Unified State Register
of Legal Entities (EGRYUL)**

24 Ul. Novoryazanskaya, Moscow, Russia, 105066

Postal address

24 Ul. Novoryazanskaya, Moscow, Russia, 105066

Email address

office@pgkweb.ru

Website

www.pgkweb.ru

www.e-disclosure.ru/portal/company.aspx?id=34262

www.pgkweb.ru

Contact telephone/fax number

+7 (495) 663 01 01, +7 (499) 262 96 18

Freight One Shareholder and Investor Relations

Yevgeniya Shpak

Contact for shareholders and investors

Deputy CEO for Legal Affairs and Head of Department

Email address

IR@pgkweb.ru

Tel.:

+7 (495) 663 01 01

CONTACT INFORMATION FOR SHAREHOLDERS AND INVESTORS

Registrar

Full corporate name

Joint-Stock Company Regional Independent Registrar Agency

Shortened corporate name

Agency RIR JSC

Location

10B, Ul. 9 Maya, Lipetsk, Russian Federation, 398017

Tel.:

+7 (4742) 443 095, 443 106

Email address

info@a-rnr.ru

Website

www.a-rnr.ru

Registration information

State Registration Certificate No. 2945 dated 21/02/1996

Primary state registration number: 1027100964527 Licence to carry out activities associated with maintaining a registry of securities holders No. 042-13984-000001 of 29/11/2002 without any limitations on period of validity.

Name of issuer or reissuer of licence: Central Bank of the Russian Federation.

Auditor

KPMG JSC was engaged to audit Freight One's financial statements compiled in accordance with RAS and IFRS.

KPMG JSC is a member of the Sodruzhestvo Self-Regulatory Association of Auditors.

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