

Client Meetings

Throughout the year, TransContainer held round table discussions with representatives of transport and logistics companies, market experts, shippers, and cargo owners, clients and partners from various industries.

In 2018, these meetings were held in Nizhny Novgorod, Shanghai (China) with the Company's clients and partners involved.

New services and routes of the Company were presented as part of these meetings. Also, the events focused on the Company's interaction with beneficiaries of transport services, development of e-commerce, container train transportation, and reallocation of cargo traffic from truck delivery to railway. Much attention was paid to the development of the Company's online services, in particular, iSales.

On top of that, regional coordination councils are held in St. Petersburg and Nizhny Novgorod on a quarterly basis. They are chaired by the heads of the October and Gorky Railways with the traditional participation of TransContainer representatives.

Ongoing communication with clients and partners ensures prompt response to changes in the market environment and helps to shape a competitive service offer with the needs and preferences of market players factored in.

In 2019, the Company plans to participate in the transportation industry's major trade fairs, such as:

- TransRussia / TransLogistica 2019 (Russia, Moscow);
- TransSiberia 2019 (Russia, Novosibirsk);
- Transport Logistic 2019 (Germany, Munich);
- Innoprom – 2019 (Russia, Yekaterinburg);
- TransKazakhstan Translogistica 2019 (Kazakhstan, Almaty);
- Transport & Logistics (Minsk, Belarus);
- CILF 2019 (China, Shenzhen);
- International Supply Chain and Smart logistics Expo (SCSL) (China, Chengdu);
- CHINA INTERNATIONAL IMPORT EXPO 2019 (China, Shanghai);
- Transport of Russia 2019 (Russia, Moscow).

Service Quality Survey

The Company annually conducts a service quality survey interviewing clients on the following key metrics:

- service quality;
- performance of managers;
- performance of terminals;
- information on the corporate website;
- changes clients would like to see in the Company;
- preferences and needs of clients and additional services they would like to see.

In 2018, the survey involved 2.1 thousand respondents. The total percentage of completed questionnaires filed was 37% against 33% year-on-year, which indicates the increasing client loyalty (the average rate in similar surveys is above 10%).

The average customer satisfaction score across the Company totalled 8.4, with the Privolzhskaya, North Caucasus, Northern and South-Eastern branch offices coming out on top.

The leader in terms of service quality improvement was the Moscow branch office (+0.6 points). The most significant decline year-on-year was at the October and Northern Railways. A service quality improvement programme for these branch offices will be approved and implemented in 2019.

The results of the customer survey conducted in 2018 are represented in the diagram.

Changes Clients Would Like to See in the Company

Item	Total respondents, %	Year-on-year
Cut prices	33	2
Speed up cargo delivery	17	(3)
Improve the technical condition of containers	12	(2)
Speed up pricing calculations	7	(1)
Improve the availability of information on orders, delivery status	7	(1)
Cut order processing times at terminals	9	(1)
Other	16	6

The number of clients interested in cutting the delivery terms reduced from 20 to 17% year-on-year.

Quality Control

TransContainer exercises quality control on a comprehensive and multi-level basis with all business units involved within their respective remit.

TransContainer regularly assesses the efficiency of its quality management system and takes the necessary steps to eliminate any identified gaps.

Our call centre evaluates customers' satisfaction with the handling of their delivery issues. A call centre operator contacts the complaint initiators to update them on the processing status and assesses customer satisfaction. Where necessary, the Sales Quality Management Division develops a corrective action plan based on the customer satisfaction report.

The Company makes consistent efforts to improve the quality of claim handling. In 2018, in the course of claims activities, the Company managed to settle 97% of received claims related to forwarding service contract implementation. Unreasonably declined claims are reflected in the KPIs for branch offices.

The primary goal of claim handling is to resolve any disputes in a prompt and efficient manner by either acknowledging or reasonably declining the respective claims.

The Company constantly analyses the quality of claim handling using the information from reports, statements and customer grievances addressed to the executive office, as well as judicial and audit documents, including those related to the monthly ad-hoc audits conducted by the executive office.

Audits of the Quality Management System in 2018

Audit Type	Audited Target	Purpose	Outcome
The first supervisory audit of the quality management system	The executive office and the South Eastern, North Caucasus and Kuybyshev branch offices of TransContainer	Setting to the new standard, assessment of the quality management system performance	The system's compliance with ISO 9001:2015 confirmed

The effectiveness of the comprehensive quality management system stems from the uniform principles outlined in the Company's Quality Management Policy and applied across the production chain. The quality management issues fall under the remit of Director of Organizational Development and Human Resources.

The said uniform principles are underpinned by a set of core values guiding the Company's employees in their workplace pursuits. In particular, TransContainer focuses on creating new value (transportation services) for clients, fully understanding and anticipating their needs and expectations as regards cargo transportation services.

TransContainer offers high-quality transportation and forwarding services, which includes providing prompt, safe and comprehensive cargo transportation solutions to clients.

TransContainer provides services to its business units, partners and external customers in line with clearly defined standards. The Company's legal function includes a request and feedback handling system, which ensures prompt adjustment of management processes and procedures following an in-depth analysis of information received from customers, partners and regulatory authorities.

TransContainer welcomes new ideas from both within and outside of the Company and establishes the channels required to communicate these ideas. It encourages business culture development and innovations across all areas of activity.

Extension of the Range of Transport and Logistics Services

In 2018, TransContainer's Moscow Branch launched a regular train following the route Moscow – Yakutsk via the Berkakit Station of the Far Eastern Railway with departure once a week. This service allowed cargo delivery to the Republic of Sakha (Yakutia) in the shortest possible time.

The assessment of the quality management system performance also implies annual process audits and internal system checks at the executive and branch offices of TransContainer, with the identified gaps addressed through a corrective action plan.

In the reporting year, TransContainer's Northern Branch organised export traffic of the Plywood cargo and therefore launched a regular train between Kostroma and Novaya-Avtovo (exp.) and further for export. This service provided for faster cargo delivery and brought in additional transportation volume for PJSC TransContainer.

The Ustyansky Timber Industry Complex LLC (the Arkhangelsk Region) started up production of the Pellets cargo and selected TransContainer as a product transportation organisation. On 6 August 2018, the October Railway organised and launched the first container train following the route Kostylevo – Ust-Luga. From now on, container trains depart regularly, in particular, 4–5 container trains per month.

In 2018, the Company actively promoted its services in China. For that purpose, a subsidiary – Transcontainer Freight Forwarding (Shanghai) Co., Ltd. was established. Freight forwarding services contracts were signed with main logistics platforms consolidating the freight volumes in the eastern, southern and central provinces of China. TCFF's container trains regularly depart from Yiwu, Changsha, Guangzhou, Nanjing, Chengdu, Chungking and other cities going via Zabaikalsk and Zamin-Uud border-crossing points in Russia and Belarus. TCFF also organised shipment of sawn timber products from Irkutsk, Krasnoyarsk, Lesosibirsk, and Novosibirsk to China. Moreover, contracts were signed with Chinese service subcontractors on the provision of railroad and road transportation services, container storage services, harbour services, etc.

In 2018, TCFF transportation volume totalled 12,922 TEUs, thus, TransContainer's adjusted revenue amounted to RUB 444,190 mln. The basic routes are those for import transportation from China. In October 2018, two transit container trains went from Chengdu to Hamburg via Mongolia. Currently, the expansion of transit transportation is being worked out.

Transportation Volume by Traffic Type

Period	Total	Export	Import	Transit
2018	12,922	3,084	9,696	164