

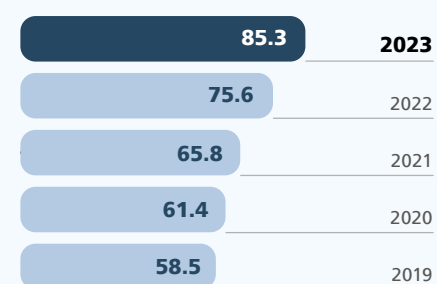
Remuneration and incentive system

As part of its social policy, the Company makes an ongoing, focused effort to improve its remuneration and incentive system. This results in increased labour productivity and higher operating performance, while also helping us retain highly qualified personnel.

Amid significant inflationary pressure, the Company seeks to improve the competitiveness of salaries by fulfilling its obligations under Russian Railways' Collective Bargaining Agreement. In 2023, the Company indexed employee salaries three times: by 2.63% on 1 March, 3% on 1 October, and 2.12% on 1 November.

The average monthly salary across all Russian Railways' operations amounted to RUB 85,300, up 12.8% compared to 2022 (RUB 75,600). Real salaries increased by 6.5%.

Salary, RUB '000



Russian Railways holds its position in terms of salary levels on the labour markets. In 2023, the Company offered salaries 14% above the national average and the pay level across Russian regions¹.

The Company's approach to the financial incentive system is a classic combination of regular and additional bonuses. The former is aimed at financially motivating employees to achieve both individual and collective KPIs.

In the reporting year, the current incentive system was instrumental in achieving key quantitative and qualitative indicators, while additional bonuses served to laser-focus personnel on specific tasks. In 2023, the Company paid the following bonuses to:

- 87,200 people for ensuring traffic safety;
- 117,600 people for saving fuel and energy resources;
- 2,500 people for preventing occupational injuries associated with hitting by rolling stock;
- 6,700 people for preventing occupational injuries with disability of employees (including fatalities), authorised persons (proxies) of the Russian Trade Union of Railway Workers and Transport Builders, Russian Railways' primary trade union;

- 1,900 people for identifying hard-to-detect defects in freight and passenger trains;
- 1,800 people for identifying violations committed in driving trains and shunting operations;
- 2,500 people for reducing unproductive losses of working time of locomotive crews;
- 14,000 people for the successful implementation of lean production projects;
- 7,700 people for mentoring;
- 3,300 people for promoting invention and rationalisation.

The corporate remuneration system, including its hourly rates (for blue-collar jobs) and monthly salaries (for management and white-collar jobs), compensation and incentive payments, applies to all Russian Railways employees regardless of their gender.

¹ Except for the Yamal-Nenets Autonomous Area and the Sakhalin Region.

Ratios of standard entry level wage compared to minimum wage in the reporting period

GRI 202-1

Region	Local minimum wage as at 1 January 2023, RUB	Minimum wage at Russian Railways as at 1 January 2023, RUB	Ratio, %	Comments
Russia	16,242	16,242	100	Employees of Russian Railways who have worked the required standard hours and met the required labour standards in the respective period are paid extra monies to bring their wages on par with the minimum wage established in the respective Russian region
Bryansk Region	16,242	16,242	100	
Kursk Region	16,242	16,242	100	
Sverdlovsk Region	16,242	16,242	100	
Novgorod Region	16,242	16,242	100	

Labour productivity

Increasing labour productivity is a major priority for Russian Railways, which it advances through its Labour Productivity Improvement Programme that includes deploying cutting-edge equipment and

devices, improvement and modification of processes, organisational measures, multi-skilling, and expanded roles.

In 2023, productivity in transportation operations increased by 2.1% y-o-y.

Employee training and development

The Company has a comprehensive ongoing training and development system for its employees, from entry level to top management.

Key documents:

- Russian Railways' Human Capital Development Programme until 2025¹;

- Regulation on Training and Development of Russian Railways Managers and Office Workers²;
- Russian Railways' Programme on Employee Development and Training System Improvement until 2025³;

- Rules for Organising Employee Training and Professional Development at Russian Railways⁴;
- Regulation on Organising Employee Training and Professional Development at Russian Railways⁵.

¹ Russian Railways' Order No. 2757/r dated 14 December 2020.

² Russian Railways' Order No. 1241/r dated 9 June 2020.

³ Russian Railways' Order No. 2827/r dated 18 December 2020.

⁴ Approved by Russian Railways' Order No. 493/r dated 5 April 2021.

⁵ Russian Railways' Order No. 675/r dated 21 March 2022.