

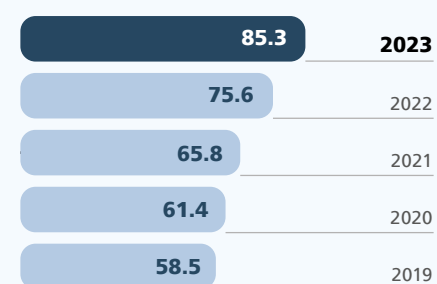
Remuneration and incentive system

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.

2023 awards

Grand prix in the following categories:

- Cross-Functional Programmes of the Efficient Education award
- Crystal Pyramid award for the Comprehensive Support to Employee Families project

No. 1 in the following categories:

- Human Resources Development at the Leaders of Russian Business: Dynamics. Responsibility, Sustainability, an all-Russian contest organised by the Russian Union of Industrialists and Entrepreneurs (RSPP)
- Event of the Year of the SMART Pyramid award
- Event of the Year of the InterComm award



No. 2 in the following categories:

- Event of the Year of the Event Awards, an annual national event industry award
- Corporate Training of the Year category of the Crystal Pyramid award
- Best Corporate Training Project category of the SMART Pyramid award

No. 3 in the following categories:

- Knowledge Momentum category of Bravo, an award for employers creating inspiring content
- HR Project of the Year category of the Crystal Pyramid award

16,000
people

took part in 87 onboarding events (offline and online) in 2023

| Personnel onboarding

GRI 404-2, 404-3

Onboarding is a comprehensive procedure to help new hires adapt to workplace practices and rules, develop professional knowledge and skills, and learn about the corporate culture, as well as encourage them to be diligent, responsible, hard-working, loyal, and proud to be part of the Russian Railways team.

Russian Railways employees undergo onboarding in line with a dedicated plan.

Employees responsible for traffic safety and the most sophisticated technological processes complete an onboarding internship (also job onboarding).

As part of the initial onboarding efforts, the Company holds Integrated Onboarding Days, an annual event helping young employees get a holistic view of Russian Railways' structure, its operations, strategy, ongoing projects, corporate culture and values. In 2023, the standard offline format was complemented by Welcome to Russian Railways, a monthly online corporate awareness event.

On top of that, the Employee Service Portal now features My Onboarding, a step-by-step sequential road map with a set of actions to be taken by a new hire at each stage of their initial onboarding process.

| Mentoring

The Company has in place a system of mentoring, which can be divided into three large streams – professional, management, and youth mentoring.

Professional mentoring is a traditional part of Russian Railways' processes: weathered professionals immerse newcomers in the process intricacies and familiarise them with the corporate culture. Currently the Company is updating its professional mentoring approaches. In 2023, seven production branches of the Company implemented a new professional mentoring approach, with another eleven branches to join the new format in 2024.

Highlights of Russian Railways' new approach to mentoring:

- developing a set of skills (specific actions to be taught by the mentor);
- freedom of the mentor to determine the way of teaching key skills;
- a demo day where mentees demonstrate how they use their new knowledge in practice;
- financial and non-financial incentives.

All processes have been automated to streamline the delivery of professional mentoring.

There is a dedicated training course on best practices that mentors can use working with their mentees, which is included in the Distance Learning System.

The primary objective of **management mentoring** is to transfer specific management knowledge to any employee at request. Particular attention is paid to high-potential young workers, and in order to facilitate the transfer of managerial experience they are assigned to the Company's top managers as mentees.

All employees within the Company can seek and receive professional support from colleagues through the Corporate Mentoring section of the Service Portal.

The service features two main roles:

- **Expert:** provides assistance with specific work-related matters.
- **Mentor:** supports professional development, goal achievement, and the realisation of potential.



” Management mentoring is an efficient instrument boosting personal and professional growth. One-on-one meetings with your mentor make your path to development of the competences you need much shorter.

My mentor gives me practical advice and helpful hints, so that I feel inspired and full of energy for new professional achievements.

Anastasiya Navalikhina

Lead Engineer of the Corporate Governance and Strategy Division at the Moscow Railway

7,500
participants
have signed up for
Corporate Mentoring

In 2023, the Russian Railways' Mentor badge was approved and awarded to

145 employees

9 employees

received a national award, the merit badge For Mentoring

In 2023, Russian Railways launched a new stream – **youth mentoring**, which aims at comfortable onboarding of young new hires and their quick absorption of the corporate values Company-wide and team-wide. The instrument is based on the “youth for youth” principle, and is used during three months after the employment (at least three meetings).

Training and development of blue- and white-collar employees

The corporate vocational education system is based on 15 vocational education centres with 71 branches covering the whole country, from Kaliningrad to Sakhalin.

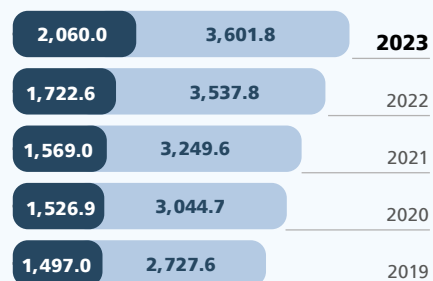
In 2023, the Company trained 44,400 employees in key jobs, including 35,000 in vocational education centres. Over 189,500 employees completed training as part of professional development programmes, including 166,100 in vocational education centres. Teaching skills and technology courses were offered to 729 vocational centre instructors.



In 2023, the Company arranged and carried out the following measures to improve its employee training and development system:

- 184 educational programmes with implementation instructions and assessment tools developed and approved;
- flexible training formats designed for ten jobs, including those of a track serviceman, an overhead lines repairman, a shunting master, and a car inspector-repairman, so that employees can do their courses offline and online, outside their work hours;
- availability of equipment on training grounds for improving practical skills increased by 15%;
- 177 technical training aids supplied, including 107 training simulators and 70 equipment items;
- ten training infrastructure sites repaired, including training grounds with full-scale specimen at the Tynda unit of the Far Eastern vocational education centre;
- six training centre sites equipped with new furniture and appliances.

Employee training expenses, RUB m



- Managers and office workers
- Blue- and white-collar employees

Training expenses per employee by category, RUB '000



- Managers and office workers
- Blue- and white-collar employees

Managers and office workers training

According to Russian Railways' Human Capital Development Programme until 2025, the main goal of managers and office workers' training development is to boost efficiency by ensuring accessibility, quality, and focus of educational opportunities aimed at building all kinds of corporate and professional competencies.

In 2023, over 257,000 managers and office workers received training, including over 102,000 trained at the Russian Railways Corporate University.

Talent pool

The Corporate University serves as a centre of excellence in carrying out programmes to develop the Russian Railways Group talent pool, personnel assessment, methodology of new educational programmes, implementing

innovative technologies in education, and promoting best management practices and business initiatives.

The Corporate University established a comprehensive system for the development of managers included in the Company's talent pool. The system consists of:

- levels of improving managerial competencies;
- functional programmes to develop high-potential managers in the Company's key business areas;
- a corporate MBA programme.

In addition to the framework for talent pool development, we also have in place a set of programmes to support management tools upon request from relevant business units and in line with the Company's strategic goals (for example, digitalisation, process approach, traffic safety culture, risk management, and customer focus).

Managers and office workers training in 2023

- More than 3,000 managers received training under programmes for comprehensive development of the Russian Railways talent pool.
- To increase coverage of linear managers, over 1,400 employees were trained at six regional railway universities under partner programmes of the Russian Railways Corporate University.
- The Company continued consistent efforts to develop high-potential managers to cover all functional areas

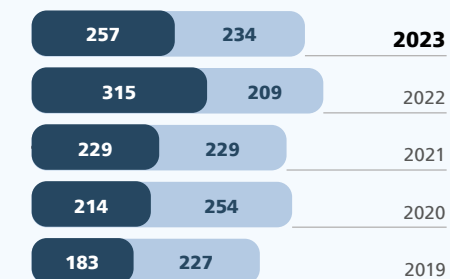
of the Russian Railways Group's operations. To develop managers' professional competencies, the Traffic Control Academy programme was launched in 2023 for managers of major stations and railway station hubs.

- The practice of exchange internship of managers at railway enterprises of different railway domains was expanded.
- The Company's training programmes for managers and office workers to support Russian Railways' Digital Transformation Strategy see consistent expansion, too.
- New programmes to boost the efficiency of digital transformation processes across the Russian Railways Group were implemented in 2023.
- In 2023, the new Business Intelligence programme was developed and launched to master up-to-date intelligence tools for supporting management decisions. The programme focused on sourcing strategic insights, quality criteria for assessing analytical reports, data visualisation, and effective reasoning techniques.
- A series of educational events was conducted for representatives of railway offices and companies from other countries. The events, including training programmes, a webinar, and a round-table discussion, took place at Russian Railways' venues and at foreign colleagues' sites.
- Over 2,100 managers attended the Corporate Sustainability Management online programme. The programme discusses sustainability principles and offers a large number of cases

from various businesses while also leveraging the Company's experience.

- The Company continued its Knowledge.Express project based on the continuing education concept. Open learning formats, such as master classes, educational mini sets, audio discussions, RZD TV programmes, and Book Club video interviews with authors, keep developing.
- Consistent efforts continue in training programmes focused on risk management, anti-corruption, occupational health and safety, industrial safety, accessibility of railway transport for passengers with reduced mobility, environmental safety, and other areas.

Employees who completed training, '000 people



- Managers and office workers
- Blue- and white-collar employees

Average hours of training per year per employee by category, class hour / person



- Managers and office workers
- Blue- and white-collar employees

Social support

GRI 3-3

Collective Bargaining Agreement

GRI 2-30

Russian Railways' Collective Bargaining Agreement covers 100% of the Company's employees and is an important motivation tool within its recruitment and retention framework.

In 2022, a new Collective Bargaining Agreement of Russian Railways for 2023–2025 was signed. It provides for the same guarantees and obligations towards the Company's employees, their families, veterans, and retirees as the previous agreement.

Russian Railways' Collective Bargaining Agreement for 2023–2025:

- increases financial assistance in excess of the allowance established by the Russian laws

Distance learning

To improve personnel performance and ensure continuous professional development, we have a distance learning system in place, offering more than 1,200 training courses. Distance learning is still the format enjoying the most of students' attention.

To develop professional competencies, the Company is implementing its Knowledge Hour project, which focuses on keeping the Russian Railways' personnel competencies at a required level by dedicating one working hour per month to training. In 2023,

the Distance Learning System provided over 900 courses attended by more than 400,000 employees from 13 branches of the Company. Over 2 million certificates were awarded to confirm successful course completion. In 2023, the System offered 285 new and more than 200 updated courses.

Its key functions include:

- social protection of employees
- maintaining social stability among employees
- boosting Russian Railways' attractiveness as an employer
- developing social partnership

in the event of the birth of a child (or adoption of a child):

- RUB 5,775 in 2023,
- RUB 6,050 in 2024,
- RUB 6,300 in 2025

- increases monthly allowance for those on leave to care for a child aged 1.5 to 3 years:
 - RUB 5,775 in 2023,
 - RUB 6,050 in 2024,
 - RUB 6,300 in 2025

- increases to RUB 10,000 the financial assistance provided to formerly conscripted personnel who return to their work in the Company. This

applies to the workers who are re-employed by Russian Railways within three months of their discharge from military service.

Overall, Russian Railways delivered on its obligations for 2023 under the Collective Bargaining Agreement 2023–2025, meaning the Company maintained its status as a socially responsible employer. There were no collective labour disputes. The decisions on securing employment and personnel earnings ensured social stability among employees.

GRI 401-2

Social support of employees

As a socially responsible employer, Russian Railways offers an extended social package in the following areas.

Basic social package:

- free annual travel by public railway transport for employees and their dependent children up to 18 years of age:
 - o for personal needs on long-haul trains,
 - o from the place of residence to the place of work or study and back,
 - o from the place of residence to the place of medical treatment and back,
 - o from the place of residence to the place where goods can be purchased for family needs – for employees living at stations, passing loops, or transport stops not covered by retailers;

- financial support for motherhood and childhood:

- o supplement to the maternity allowance to raise the total payment to the average monthly earnings,
- o financial assistance in excess of the allowance established by laws in the event of the birth of a child (or adoption of a child),
- o monthly allowance for those on leave to care for a child aged 1.5 to 3 years;

- voluntary health insurance;
- supporting employees in need of household fuel;
- financial assistance for those taking an annual paid leave;
- accident insurance of children during their stay in children's recreational camps;

- lump-sum remuneration for diligent work upon retirement;
- guarantees and benefits when an employee is discharged;
- employee insurance providing for payments to families of deceased employees.

Co-financed social package:

- private pension plans;
- health resort treatment and recreation for employees and their family members;
- providing places for employees' children in educational institutions established by the Company;
- corporate support for those acquiring their own housing;
- financial compensation for the cost of fitness sessions.

Compensated social package:

- An employee can be refunded, within a certain limit, for their expenses related to social services included on an approved list.

Bonus package:

- Financial and non-financial incentives through the mechanism of accrual and exchange of bonus points for activity, involvement in solving corporate tasks, or participation in important corporate projects. Employees can spend the bonus points they have earned on corporate offers made available on the website of Vitrina, a digital platform for railway workers (mp.rzd.ru).

In 2023, to ensure the effective development of the Company's social policy, Russian Railways' managers and professionals involved in social projects were offered to take part in a multi-tiered professional development programme titled A New Look at the Social Policy, with more than 100 employees having completed the training by the end of 2023.

Platform of social and HR services

Russian Railways launched the Vitrina digital platform enabling its employees to remotely redeem points from their bonus packages, receive unique product and service offers from partners, and buy services at social infrastructure facilities.

In 2023, we unveiled the Pulse corporate sports app where users can learn about the Company's events, participate in them or create their own events, and find like-minded people for doing sports or competing in friendly tournaments.

In 2023, the Vitrina app facilitated:

purchase of over

400
corporate offers

registration of more than

40 partners