

The Company keeps incentivising its personnel for implementing cost-efficient projects. In 2021, it allocated RUB 413 m to the remuneration of 14,400 employees.

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.

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 technologies and upgrading those currently in use.

In 2021, productivity in transportation operations increased by 7.9% y-o-y, exceeding the Long-Term Development Programme AAGR of 5%.

The productivity growth rate at Russian Railways is almost 3.3x higher than that across the country and fully aligns with targets set by Russian leadership. After the 2020 pandemic-induced dip in labour productivity, the 2021 gains put the Company back on track in this area.

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 2025;
- Regulation on Training and Development of Russian Railways Managers and Office Workers;
- Russian Railways' Programme on Employee Development and Training System Improvement until 2025;
- Rules for Organising Employee Training and Professional Development at Russian Railways;
- Regulation on Professional Training at Russian Railways.

Key achievements in 2021:

- The Company approved the Rules for Organising Employee Training and Professional Development at Russian Railways. The Rules introduce a new approach to planning professional development with a focus on training skills and competencies that urgently need improvement.

- We organised job training for over 43,000 employees and professional competencies development for over 185,700 white- and blue-collar staff members.
- We arranged dedicated training at railway transport universities for 29,200 students.
- We provided retraining and professional development for around 229,000 Russian Railways managers and office workers.
- We continued to hold professional skills competitions. As part of the Corporate Championship that included 21 contests, the Company conducted 134 regional events across the railways involving over 4,000 employees.
- In 2021, we launched the Far Eastern Branch of Russian Railways' Corporate University to ensure accelerated training and professional development of managers in the Eastern Operating Domain.
- The Company's corporate education system was highly acclaimed by the international community in 2021:
 - Russian Railways' Corporate University received a gold award and was named the Best Overall

Corporate University by the Global Council of Corporate Universities (GlobalCCU).

- Russian Railways' Corporate University took the silver award at the Facilitation Impact Awards for the Welfare Routes project aimed at improving social welfare for employees and retirees and implemented together with the Company's Social Development Department as part of the Russian Railways Human Capital Development Programme until 2025.

Personnel onboarding

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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.

All 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).

In 2021, 16 railways held corporate Onboarding Days for Young Professionals (39 events with over 6,000 attendees) to provide a holistic view of the Russian Railways Group, its corporate culture and values. The Onboarding Days covered 79% of the newly hired young specialists in the reporting year.

To assess onboarding efficiency, the Company approved a procedure for conducting targeted polls among the new hires. The polls help evaluate employee satisfaction and quality of onboarding during their first year at Russian Railways.

In 2021, the Company developed a set of introductory materials for new employees, including a Welcome to Russian Railways booklet and an updated New Hire's Guide with all the necessary information on the Company and career opportunities.

We also created a New Hire's Checklist with a set of steps to better introduce employees to the Company's processes and job specifics.

To streamline communication with new employees, the Company drafted guidelines and tools for holding monthly onboarding days both online and offline.

Training and development of blue- and white-collar employees

The corporate vocational education system is based on 15 vocational education centres with 67 branches covering the whole country, from Kaliningrad to Sakhalin.

In 2021, the Company trained 43,000 employees in key jobs, including 34,500 in vocational education centres. Over 185,700 employees completed training as part of professional development programmes, including 146,200 in vocational education centres. Teaching skills and technology courses were offered to 309 vocational centre instructors.

In 2021, the Company carried out the following measures to improve its employee training and development system:

- implemented a practice-oriented approach to personnel training and development
- developed and approved 58 comprehensive educational programmes with implementation instructions and assessment tools
- amended professional standards
- acquired modern equipment, including:
 - 40 simulators
 - 262 units of equipment (interactive stands and VR sets)
- built a new teaching block in Kandalaksha and a dormitory in Tula.

Management and office workers training

According to the Russian Railways Human Capital Development Programme until 2025, the main goal of white-collar employees training and 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 2021, over 229,000 Company's managers and office workers received training, including over 115,000 trained at the Russian Railways Corporate University.

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.

Talent pool

In 2021, we reviewed our approaches in talent pool training and development. For instance, we updated the comprehensive framework of programmes that includes:

- three 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).

Corporate programmes

In 2021, we launched the Far Eastern Branch of Russian Railways' Corporate University on Russky Island. The branch will focus on the accelerated professional development of managers in the Eastern Operating Domain, taking into account local specifics of industry development projects and the Asian-Pacific economy. In 2021, over 1,400 line heads of the Far Eastern Railway functions completed training at the Far Eastern Branch of Russian Railways' Corporate University.

To provide more opportunities to its talent pool, the Company builds partnerships with universities. Six transport universities continued to implement the Basics of Competency Management and Basics of Lean Production programmes for linear managers. A new programme Basics of Traffic Safety kicked off at the Far Eastern State Transport University. In 2021, over 1,600 managers received training under partner programmes.

Together with the Far Eastern Federal University in Vladivostok, Russian Railways' Corporate University implemented one of the corporate MBA programme modules.

We also carried on with the Master-Club Programme for the Management Board members, directors, heads of departments, railways and regional directorates of Russian Railways.

Managers and employees of the Russian Railways Group receive training in health and safety, environmental safety, civil defence and emergency protection to fully comply with mandatory statutory requirements for the relevant areas.

We also run a set of programmes dubbed A New Look at the Social Policy for the Company's social development managers as part of educational support for the key objectives of the Russian Railways Human Capital Development Programme until 2025

Distance learning

To improve personnel performance and ensure continuous professional development, we have in place the distance learning system. In 2021, to provide more opportunities for self-development, we introduced a new interface, added new services to the system and developed a mobile app.

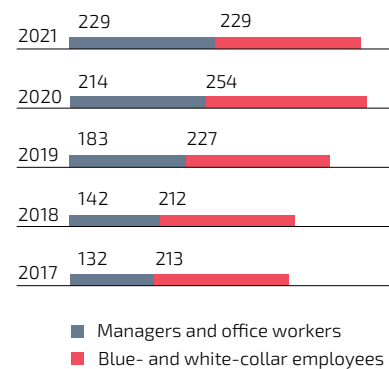
The Company also launched a Knowledge Hour project to develop professional competencies. It focuses on keeping the personnel competencies at a required level by dedicating one working hour per month to training. In 2021, 363 distance learning courses became available as part of the system, and the Knowledge Hour project covering 335,000 employees kicked off at eight Russian Railways branches.

The Knowledge.Live project (ongoing since 2020) brings together Corporate University instructors and internal and external experts, who share their expertise on topics relevant to all employees every week. Over two years, they held 73 workshops attended by over 85,000 employees.

All of the Company's employees have access to the Sustainable Development Concept: the Well-being of Future Generations course on the Russian Railways' Corporate University open portal. The course covers the key sustainability aspects, contribution of the society, state and business to sustainable development goals, and practices of Russian companies implementing ESG initiatives.

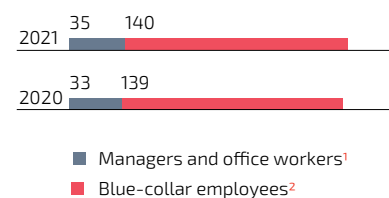
Every Russian Railways employee has an opportunity to create an individual development plan to be factored in when planning training programmes for the next year, study individually using the Russian Railways Distance Learning System, and participate, including as a speaker, in open workshops run by the Corporate University professors on relevant topics.

Employees who completed training | thousand people



GRI 404-1

Average hours of training per year per employee trained | man-hours



¹ Calculations take into account the duration of in-person and combined in-person and distance training.

² Calculations take into account average planned training hours (80 and 400 academic hours for professional development and training programmes respectively).