

# HR management

A key focus of the HR policy is to develop Russian Railways' human capital through a set of measures promoting continuous training, employee engagement and occupational health, as well as shaping a stable and favourable working environment.

In 2020, the Company approved its Human Capital Development Programme until 2025. It was developed to achieve the ambitious targets of comprehensive development in the railway sector set by the Long-Term Development Programme until 2025.

In line with the Long-Term Development Programme, HR management processes are centred on:

- enhancing the existing crucial HR practices;
- implementation of advanced HR technologies.

In 2020, in order to develop the current approaches, the Company:

- approved the Programme of Russian Railways' Interaction with Railway Universities until 2025;
- approved the Programme of Employee Development and Training System I until 2025;
- was implementing the Master-Club Programme for the Management Board members, directors, heads of Russian Railways' departments and branches, as well as regional railways and directorates;
- was implementing the Digital Transformation Leaders educational programmes;
- improved the features of the distance learning system to enhance its usability and administration.

There are two external factors that will shape the Company's HR management framework in the long run. The first one is the emergence of next generation employees with completely different job expectations. The other one is automation, which helps boost the volume of data processed, making all processes faster and simpler. At the same time, the market sees new types of jobs that increasingly require employees to develop digital competencies.

In accordance with Russian Railways' Code of Business Ethics, heads of the Company's branches and business units ensure equal rights and opportunities for all persons when they apply for a job or work their way up the career ladder, regardless of their gender, age, race, nationality, language, origin, financial and employment status, place of residence, religious and political beliefs, and other traits.



## Headcount and workforce composition

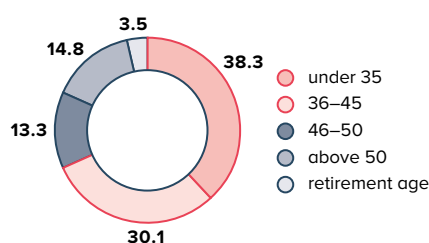
The Company identifies the tasks set by the national government as a priority area, including several instructions of the Russian President on preservation of jobs and earnings of individuals in the context of the lockdown measures. In order to achieve this, the Company suspended headcount optimisation, and refrained from introducing large-scale part-time work arrangements from March to September 2020.

In 2020, the headcount of Russian Railways reduced by 2.6% y-o-y to reach 723,500 persons.

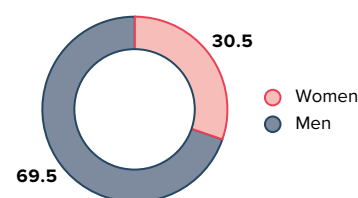
The year 2020 saw a minor reduction in the shares of women (to 30.5% from 30.7% y-o-y) and employees aged under 35 (38.3% against 39.8% in 2019). The share of employees with higher education increased by 0.8 pp to 33.6% of the total headcount by 31 December 2020. The proportion of employees with secondary vocational education amounted to 28.1% (up 0.1 pp y-o-y). At the same time, the share of employees with secondary (complete and incomplete) and first-level professional education reduced to 38.3% against 39.2% y-o-y.

### Russian Railways' staff composition

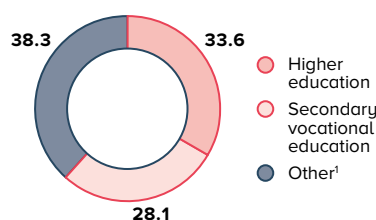
#### Age structure, %



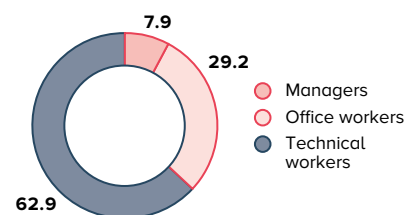
#### Gender composition, %



#### Education, %



#### Personnel categories, %



### Staffing and turnover

The employee turnover rate reduced by 0.4 pp to reach 6.2%.

In 2020, the Company formed a contingency payroll provision in the amount of RUB 1.134 bn to ensure salary adjustment for core employees in the regions with high employee turnover and insufficient salaries of railway employees against the regional economy.

### Labour productivity

External forces reducing railway transportation volumes in 2020 prevented the Company from meeting the targets of labour productivity growth. Therefore, the Company's Board of Directors endorsed its proposal to abolish the established annual target of increasing labour productivity by 5%.<sup>2</sup> Nevertheless, Russian Railways managed to contain the decline in labour productivity, despite the adverse macroeconomic impact. In 2020, labour productivity of transportation dropped by 2.1%, the target being 2.9%.

<sup>1</sup> incomplete secondary, complete and first-level vocational education

<sup>2</sup> Meeting on 20 May 2020 (Minutes No. 16).

## Employee remuneration and incentivisation

By offering a competitive salary, the Company promotes work in the railway industry and prevents the outflow of skilled professionals. In 2020, we adjusted salaries by 3% as per the Collective Bargaining Agreement: by 2% in March and by 1% in October.

The average monthly salary across all Russian Railways' operations increased by 4.9% y-o-y to RUB 61,375, while real company-wide salaries grew by 1.5%.

The Company's wages are 20% above the country's average and exceed the pay level across nearly all Russian regions

(except for the Yamal-Nenets Autonomous Area and the Sakhalin Region).

The Company keeps incentivising its employees for implementation of cost-efficient projects. In 2020, it allocated RUB 318.2 m to remuneration of 16,700 persons for these achievements.

### Salary

| Indicator   | 2016   | 2017   | 2018   | 2019   | 2020   |
|---|--------|--------|--------|--------|--------|
| Average monthly salary across all operations, RUB | 46,852 | 50,404 | 54,934 | 58,504 | 61,375 |
| Y-o-y growth, %                                   | +5.3   | +7.7   | +9.0   | +6.5   | +4.9   |

## Employee training and development

The Company has a comprehensive employee training and development system, from entry level to top management. In the context of the 2020 pandemic, distance learning was in the highest demand. Timely conversion of the training programmes to the online format was among the key factors enabling the Company to meet all its education-related targets in 2020.

The Company's corporate education system was highly acclaimed by the international community in 2020. Educational initiatives of the Russian Railways Corporate University won prestigious awards from the European Foundation for Management Development and the International Association of Facilitators. It showed well-deserved appreciation of the Corporate University celebrating its 10th anniversary.

### Management and office workers training

According to the Russian Railways Human Capital Development Programme until 2025, the main goal of white-collar employees training development is to boost efficiency by ensuring accessibility, quality and focus of educational opportunities aimed to build all kinds of corporate and professional competencies.

In 2020, over 211,000 managers and office workers received training, including over 110,000 trained at the Russian Railways Corporate University.

The Russian Railways Corporate University is in charge of developing the Company managers' corporate competencies. Its portfolio covers over 250 advanced professional training and retraining programmes, including comprehensive MBA-level corporate programmes to build management competencies.

Training and self-training are also available to employees via the Distance Learning System. In 2020, we updated its functions to improve usability and administration. The number of distance learning courses available to all Russian Railways' employees has exceeded 200. An improved design and interface prototype were developed and prepared for a pilot run.

In order to ensure continuous development of Russian Railways' employees using a distance self-education platform, we carried out preliminary activities for the Knowledge Hour project. It aims to develop corporate and professional competencies within a fixed limit of one working hour. The 2020 preliminary stage of the project defined eight pilot areas and five groups for distance courses development, as well as the procedure for setting the Knowledge Hour time. Over 200 distance learning courses were created.



## First female assistants to drivers start working at Russian Railways

In 2020, women received the opportunity to master the driver’s profession for the first time in Russia. Only men could be employed in this capacity, until in July 2019 the Ministry of Labour and Social Protection expanded the list of professions available to women.

In 2020, Russian Railways announced enrolment of women in the training programme for assistants to operators (the first stage required to master the profession of the driver) at its Moskovsky, Sverdlovsky and Oktyabrsky education centres and the High-Speed Train Personnel Training Centre.

The assistant driver is a co-driver of the train. Their responsibilities include monitoring instrument readings, controlling the locomotive operation, traffic lights, signals and signposts to ensure maximum traffic safety.

Over 50 women were enrolled in this programme, and 43 of them graduated in 2020. The 24-week course included on-the-job training at operating locomotive and power car sheds. All the graduates have been employed by the Company in the positions they were trained for, starting January 2021.

## Training and development of technical workers

The corporate vocational education system is based on 15 education centres with 67 branches covering the whole country, from Kaliningrad to Sakhalin. In 2020, the Company approved the Programme of Employee Development and Training System Improvement until 2025.

The centres' educational programmes and curriculums comply with professional

standards. In 2020, the Company developed eight new professional standards for railway industry occupations and updated 15 existing ones. Overall, Russian Railways has 92 professional standards covering 203 positions and professions in railway transportation.

In 2020, the Company trained 46,600 employees in key jobs, where 30,000 gained the professional skills for the first time, and 16,400 persons were retrained. Also, 207,300 employees upgraded their skills at training centres,

technical schools, and colleges. The Federal Transportation Inspection Service held theoretical examinations for locomotive driving licences, and 6,485 persons trained at the Company centres passed them.

A milestone of 2020 in personnel development was the first-ever enrolment of women in training to become assistant engine drivers.

## Employee healthcare

Protecting the health of its employees is one of the top priorities of the Company's social policy. Health resort treatment, recreation and leisure activities are available at 60 corporate health resorts, holiday hotels, recreational centres and camps across Russia (from Kaliningrad to the Far East). Despite epidemiological complications, 53,500 employees and their family members received recreational services in 2020.

### Promotion of sports and healthy lifestyle

Russian Railways adopted its Healthy Lifestyle Concept for 2020–2025, outlining a single corporate policy in this area. Action plans have been approved to implement this Concept across the Company's footprint. They are implemented in line with the schedules, taking into consideration the current epidemiological situation and regional restrictive measures. The regional railways taken together carried out approximately 6,000 activities in all areas of the Concept. Health training sessions are run for Russian Railways' employees.

As part of the Collective Bargaining Agreement, the Company holds annual events aimed at improving health and promoting sports and fitness among its employees and their families. Major competitions include championships in cross-country skiing, football, chess, badminton, table tennis, basketball and cross-country running. With the restrictive measures, the reporting year saw 51,000 people take part in the Company's sports events.