

Employee Remuneration and Motivation System

The Company has an effective employee incentive system in place. A wide range of social benefits is stipulated by the provisions of the Collective Bargaining Agreement, which covers 100% of employees. All payments, without exception, are regularly indexed and are reviewed taking into account the best practices available on the market, as well as staff opinion, which is formed based on the results of engagement surveys. The non-financial motivation system also includes the best available non-financial incentive practices for personnel.

Personnel incentives

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Based on the results of 2024, the average salary of employees in all activities of JSC FPC amounted to RUB 93,096, up 24.7% compared to the same period last year (with a salary indexation of 9.2%).

The Company's remuneration and labour motivation policy is aimed at preserving social guarantees for employees and retaining qualified personnel. To achieve these goals and in accordance with p.p. 3.2.2

of the Collective Bargaining Agreement of JSC FPC for 2023–2025, employee salaries were indexed by 4.0% since 1 February 2024 and by 3.2% since 1 October 2024. The Company also makes all motivational payments envisaged in the Regulations on the Remuneration System for Employees of JSC FPC's branches and their Structural Subdivisions¹, the concept of targeted motivation for employees of JSC FPC's branches and their structural subdivisions².

Payments for 2024

- RUB 53.977 million – additional payment for harmful and/or hazardous working environments
- RUB 567.587 million – payment for additional paid annual leave
- RUB 15.622 million – additional remuneration for non-working holidays on which employees (excluding salaried employees) were not engaged in work

In order to ensure staff stability and incentivise continuous employment, employees receive payments upon reaching a certain length of service as a reward for their loyalty to the Company. For 2024, RUB 1,479.679 million was paid.

Individual employees are encouraged to achieve a higher level of professional excellence and promote interest in labour results through the application of the following motivational payments:

- Allowances for professional excellence on average per employee in the amount of RUB 3,604 (6,931 employees)
- Allowances for grade ranking on average per employee in the amount of RUB 5,836 (8,214 employees)
- Personal salaries with an average of RUB 37,466 per employee (712 employees).

JSC FPC's bonus system is aimed at motivating employees to improve the quality of passenger care, travel comfort, train safety, and the quality of carriage repair and maintenance.

- For 2024, the following additional bonuses were paid:
- For discovery of hard-to-detect defects and malfunctions of passenger carriages in the average amount of RUB 8,750 per person (122 employees)
 - Income from other activities averaged RUB 1,738 per person (49,993 employees)
 - Train traffic safety based on the year-end 2023 – the bonus of RUB 34,717 was paid on average per employee (3,604 employees)
 - High quality of repair and maintenance of passenger carriages on average per employee in the amount of RUB 32,066 (3,166 employees)
 - High quality of passenger care on trains on average per employee in the amount of RUB 64,391 (1,228 employees).

- In order to raise the motivation of newly hires and further retention of human resources, the Company established the following payments:
- One-time benefits to employees of structural subdivisions of JSC FPC's branches in the amount of RUB 30,000 upon hiring and after six months of continuous permanent employment with the Company
 - lump-sum remuneration for loyalty to the Company in the amount of one monthly tariff rate (official salary) for the white and blue collar categories in case of continuous working life for one and two years.

In 2024, JSC FPC offers additional monetary incentives for personnel:

- Since 1 August 2024, the additional payment to passenger carriage attendants for performing the duties of a temporarily absent employee without release from the main job defined in the employment contract is determined on the basis of 100% of the absent employee's salary, including compensatory and incentive payments.
- Since 1 October 2024, hourly wage rates of blue collars and official salaries of white collars were increased by 10%.
- Since 28 December to 10 January (excluding non-working holidays), passenger carriage attendants, passenger train managers and train electricians are paid a supplement of 100% of the hourly wage rate (official salary) for the time actually worked during the New Year mass passenger traffic period.

In order to motivate personnel taking into account the regional specifics of the labour market, the Company's budget annually provides funds to establish zonal premiums for employees in key trades in regions with high average salaries, as well as in structural subdivisions that experience difficulties with staffing.

Employees of the Company also earn incentive payments for working in non-normal settings because of the geopolitical environment and natural elements.

For example, employees of JSC FPC's divisions located on the Baikal-Amur Mainline have an incentive bonus of 10% of the tariff rate. For employees of train crews who service passenger trains travelling in the Belgorod and Kursk Regions and certain districts of the Bryansk Region, there is a 30% wage premium for the time spent in this region. For employees whose workplaces are located in administrative and territorial areas with extremely difficult operational situation and exposed to direct threats of acts of unlawful interference or other security incidents of terrorist nature, a zonal premiums of 15% is paid (except for Belgorod and Kursk Regions, where the premium is 30%).

¹ JSC FPC's Order No. 365 dated 20 August 2024.
² JSC FPC's Order No. 1305r dated 29 December 2017.