

## OUR PEOPLE AND SOCIAL POLICY

FPC sees its people as a key asset and the key driver of its competitive edge.

### OUR PEOPLE

FPC manages its human capital in a way which helps achieve its strategic goals while creating positive conditions for employees' personal development. The key priorities of FPC's social and HR policy are recruiting and retaining people, ensuring their continuous development, and providing them with social support.

#### Staff profile

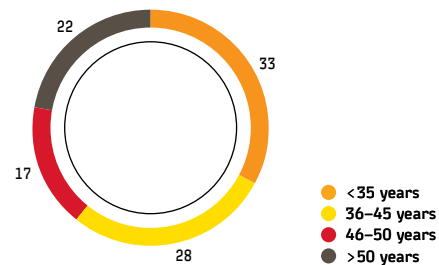
FPC currently employs 60,982 people.

The majority of our employees are front line, directly serving passengers on a daily basis (37,800, or 61.9%).

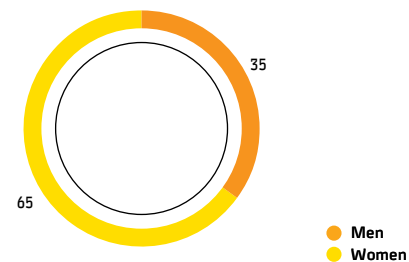
Merging the Volga Branch and the Ural Branch, disbanding the South East Branch and the South Urals Branch, as well as taking organisational measures enabled FPC to decrease its employee headcount by 2.9% year-on-year.

The Company maintains a good balance between its young and more experienced employees. The average age of employees is 40 years. A 33% share of the personnel is represented by young employees aged under 35. At 65%, women constitute the majority of employees.

PERSONNEL BY AGE, %



PERSONNEL BY GENDER, %



## PERSONNEL BY OCCUPATION, PEOPLE

OCCUPATION	AS AT 31 DECEMBER 2017	AS AT 31 DECEMBER 2018
On-train services	35,212	34,214
Ticket sales	6,897	6,593
Maintenance and repair of rolling stock	12,485	12,296
Other	8,177	7,879
<b>Total</b>	<b>62,771</b>	<b>60,982</b>

Personnel turnover at FPC increased by 1.1% year-to-year to 9.2% (8.1% in 2017), predominantly resulting from employee retirement and the South East and South Urals branches being disbanded on 1 April 2018. The employee stability index<sup>1</sup> was 67% in 2018 (68% in 2017).

### Staff recruitment

FPC's recruitment efforts are focused on two key position segments: general and managers and specialists.

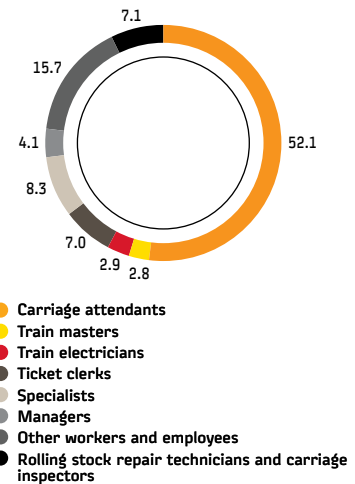
FPC seeks to recruit talented people who will contribute to its ongoing development. General positions such as carriage attendant and ticket clerk are most often recruited externally. When seeking managers and specialists, FPC focuses on internal candidates, with only rare or unique professionals recruited externally to fill the vacancies within this position segment.

**Candidates undergo various assessment procedures during the recruitment process: interviews, vocational tests, personal surveys, and skills tests. Candidates are assessed in accordance with the 5C+L corporate competence model:**

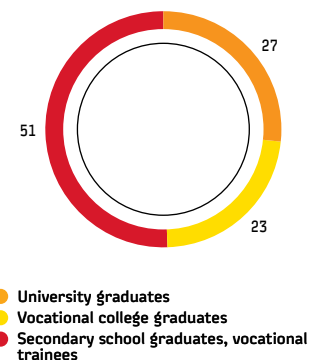
- **Competence** – possessing professional skills, ability to learn and develop, willingness to share experience and knowledge
- **Customer focus** – focus on delivering value to FPC's customers
- **Corporate culture and ownership** – focus on FPC's needs, teamwork, focus on results
- **Quality and safety** – focus on quality and performance. Safety assurance
- **Creativity and drive for innovation** – proposing initiatives and implementing innovations, supporting others' initiatives
- **Leadership** – motivating and engaging other employees, motivating and influencing without administrative pressure.

Over 20,500 employees underwent the corporate competence assessment during the year, with front-line employees accounting for 89% of the total.

### PERSONNEL BY POSITION/TRADE, %



### PERSONNEL BY EDUCATIONAL BACKGROUND, %



<sup>1</sup> Calculated as a ratio between the number of people employed at FPC for more than five years and the total employee headcount.

Company Profile

Development Strategy

Performance Overview

Corporate Governance

Sustainable Development

Appendices

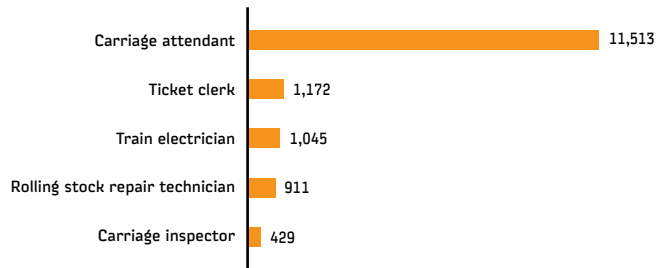
## TRAINING SYSTEM PERFORMANCE

INDICATORS	2015	2016	2017	2018
FPC headcount, people	67,677	65,928	62,771	60,982
Total employees trained, people	21,787	18,853	19,287	19,008
Share of employees trained at FPC's Corporate Staff Training Centre, %	41	48	48	62.7
Budget, RUB million	97.5	86.9	96.3	118.2

## Personnel training and development

FPC has in place an effective personnel training and development system, through which 19,000 employees, or 31% of FPC's total headcount, underwent training in 2018.

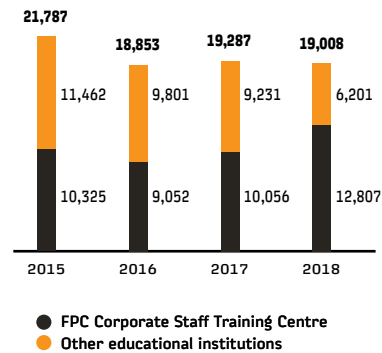
### EMPLOYEES TRAINED FOR GENERAL POSITIONS, PEOPLE



### Key areas covered by personnel training courses::

- modern technological maintenance and repair processes for passenger carriages
- design specifics, operation, maintenance, and fault diagnostics of systems and assemblies in double-decker carriages
- transport safety and security
- building a culture around safety and traffic safety management in passenger services
- MBA in Managerial Economics

### EMPLOYEES TRAINED AT EDUCATIONAL INSTITUTIONS, PEOPLE



- induction training using the TWI (Training Within Industry) method
- setting up a corporate risk management system
- modern, customer-focused service methods
- the specifics of providing rail passenger services to people with reduced mobility
- important internal control issues (accounting and taxation).

More than  
**2,400**  
people

were trained as railway and office workers in 2018, while over 16,600 employees completed professional development courses

More than  
**16,600**  
people

improved their qualifications in 2018

FPC places a special focus on professional training of its employees included in the talent pool for senior positions. In 2018, 44 high-potential employees were trained under programmes for the rail passenger service manager talent pool, and another 18 employees were trained under the Corporate Leadership 2018 programme.

Employee training comprises 80 corporate training programmes, 10 of which were redesigned in 2018. FPC continues to develop the training facilities of its Corporate Staff Training Centre (the Centre).

#### Projects implemented within the 2018 Investment Programme:

- licensed rooms equipped with interactive whiteboards, short throw projectors, and laptops
- specialised medical equipment procured – simulation mannequins to train first-aid skills (checking for vital signs, cardiopulmonary resuscitation, and first aid treatment for bleeding, different burn types, etc.)
- an electric stand and a model installed to study the electro-pneumatic brake and its key components.

#### The training facilities and programmes available at the Centre enable:

- elevating the quality of educational programmes and practical skills training
- fostering customer-focused behaviours, ensuring effective customer interaction to deliver the very best customer care
- improving knowledge of corporate service standards.

In 2018, a special programme was held for the attendants of carriages with deluxe compartments to deepen their customer service skills. Preparing a deluxe carriage for boarding and providing services on board is trained on a special training carriage which includes a deluxe compartment.

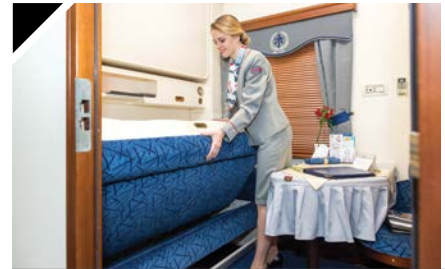
FPC's psychologists use interactive techniques to ensure the service skills of front-line employees remain sharp. In 2018, FPC conducted over 10,000 on-the-job training courses.

**New training materials for practical training in customer service skills are prepared regularly. In 2018, a series of training programmes and materials was developed in the following focus areas:**

- Professional image of a carriage attendant
- Business communication
- Emotional intelligence
- Stress management
- Effective sales techniques
- Customer types. Rules for effective interaction.

In pursuing FPC's strategic goals and to further improve its business performance, 2,790 Company managers and specialists completed additional professional training programmes in 2018. Expenses on training, re-training, and upskilling courses throughout the year reached RUB 118.2 million.

A 360-degree assessment was conducted in 2018 to assess key managers' corporate skills, prioritise focus areas for training managers, and develop tailored development plans.



# 118.2

RUB million

amounted to the costs of training, retraining and advanced training of personnel in 2018

## Nearly

# 3,000

managers and specialists

underwent training in continuing education programs in 2018

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### Improving employee educational levels

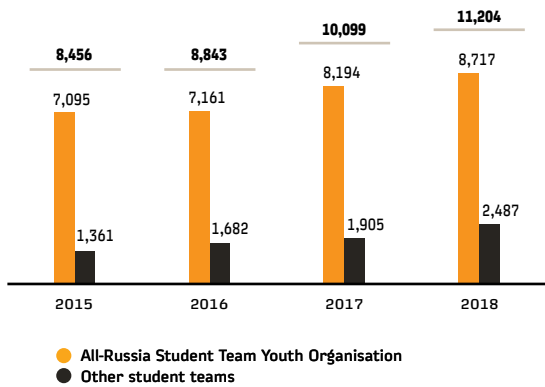
The first group of FPC employees completed a management course at the Institute of Economics and Finance of Russian Transport University (MIIT) in 2018. The group members – 22 employees from the talent pool for train master positions across FPC’s branches – received higher education degrees.

A total 40 train crew members are currently being trained through distance learning to receive a Bachelor’s degree in Management.

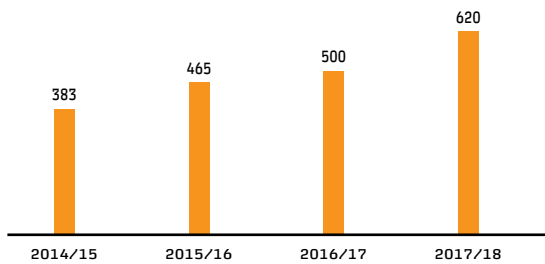
### Student train attendant teams

Since 2010, the Company has been engaging university students as train attendants on an annual basis to ensure no staffing shortages occur during the summer holiday period. A total 11,204 students from over 350 non-industry specific educational institutions (in areas which are non-core to FPC) were employed for the 2018 summer season by various structural units within FPC’s branches. For four years in a row, FPC has been employing students during the winter holidays.

#### STUDENTS HIRED DURING THE SUMMER PERIOD, PEOPLE



#### STUDENTS HIRED DURING THE WINTER PERIOD, PEOPLE



### Employee remuneration and motivation system

Aimed at improved performance and increased labour productivity, FPC’s enhanced motivation system helps improve the competitiveness of its employees’ salaries and wages.

The motivation system provides financial incentives as well as accountability for FPC employees in ensuring traffic safety and improving the quality of carriage maintenance, repairs, customer service, and travel comfort, including the quality of maintenance for next-generation rolling stock and a proficiency in foreign languages.



In 2018, the ratio between the salaries of FPC employees and the salaries of employees at organisations across all industries in the Russian Federation was 1.09 (1.07 in 2017).