

KEY PROVISIONS OF THE POLICY ON REMUNERATION AND REIMBURSEMENT FOR GOVERNING BODIES

(THE EXECUTIVE BODY AND OTHER KEY MANAGERS)

The remuneration of the sole executive body and FPC's other key managers directly depends on the achievement of relevant key performance indicators.

Key Performance Indicators (KPI) of FPC's top managers have been developed following the Long-Term Development Programme of Russian Railways, its Subsidiaries and Affiliates to 2020, and RZD Holding's 2030 Development Strategy.

By Order of Russian Railways No. 1656r On Monitoring RZD Holding's Key Performance Indicators dated 1 August 2019, the following key performance indicators were set for FPC: revenue, profit, investment volume, subsidies, passenger satisfaction index, passenger-kilometres, labour productivity, the ratio of the employees' salaries and the average salaries across Russia, traffic safety.

The target performance indicators have served as a basis for corporate and functional key performance indicators of FPC's top managers, which underpin their motivation system.

The following tasks were completed when developing the motivation system:

- The impact of top managers' actions on the existing business processes was reviewed
- The KPIs were ranked through vertical cascading
- The weight (share) of corporate and functional key performance indicators was determined, and the same number of KPIs was determined in line with the draft Regulations on the Bonus System for Key Managers
- All functional performance indicators for managers were reviewed focusing on results instead of describing the process.