

STAFF ASSESSMENT

The main goals and objectives of assessing the capacity and professional competencies of employees remain important for maintaining the staffing HR potential of the Company and improving standards of work. The results of the assessment are used for decisions on appointment, displacement of employees, effective planning of training and development activities.

In 2020:

- more than 70 employees were assessed in terms of their leadership and management potential by the method of testing at the formation of the HR reserve. Strengths and development zones have been identified, individual development plans have been formed and recommendations for competence development have been made on the basis of the assessment results;
- at hiring/appointment, the procedure of assessing corporate and professional competences by experts/managers has been carried out – more than 100

candidates have been assessed for compliance with the profile of the position;

- tests are being set up for internal re-appointments to new positions to assess professional competence. More than 100 tests have been automated.

For example, the following courses are prescribed for a new Call centre employee with mandatory testing:

- client-oriented approach;
- service standards and appeal processing systems;
- services and service procedures.

The managers of a new employee include courses and tests in adaptation plans.

1,974 thousand employees have been tested on professional competences in 2020.

INCENTIVES

FINANCIAL INCENTIVES

PJSC TransContainer values its employees and aligns their remuneration and incentivisation with the Company's Strategy aimed at higher container transportation volumes and margins, excellent quality of freight forwarding services, and stronger performance.

Staff remuneration terms and procedure are set out in the Regulation on TransContainer's Staff Remuneration.

Employees' salaries are set on the basis of an approved staffing schedule and are indexed in accordance with the TransContainer Collective Agreement:

- the salary ranges for managers and specialists are differentiated in view of the complexity and importance of the work functions performed and the importance in the organisational structure of TransContainer's management;

- workers are paid by hourly rates determined on the basis of the tariff grid of wages.

The bonus system implies payment of remuneration based on the Company's operating and financial results, as well as employees personal contribution. Bonus payment performances are established in the context of the business units, professions and job positions. We have developed and are continuously improving the scheme which links the bonus amount to the achievement of target KPIs.

To attract and retain qualified staff, the Company pays one-off loyalty bonuses. In addition, in 2020 the wage indexation of 3% for all employees was implemented pursuant to the TransContainer's Collective Agreement.

Average Wage in PJSC TransContainer (RUB)



SYSTEM OF BONUSES AND KEY PERFORMANCE INDICATORS

The system of key performance indicators (KPI) is used in the Company and best reflects the extent to which the Company's management is meeting both short- and medium-term objectives (budget parameters) and achieving the long-term strategic objectives established by the Board of Directors. KPIs are used to assess the performance of management, Branch Directors, as well as managers of TransContainer's Executive Office and branches..

Assessment of Management and Branch Directors

Target KPIs of the management and branch Directors are set out by the President on the basis of parameters that have been enshrined in the Company's Development Strategy and budget.

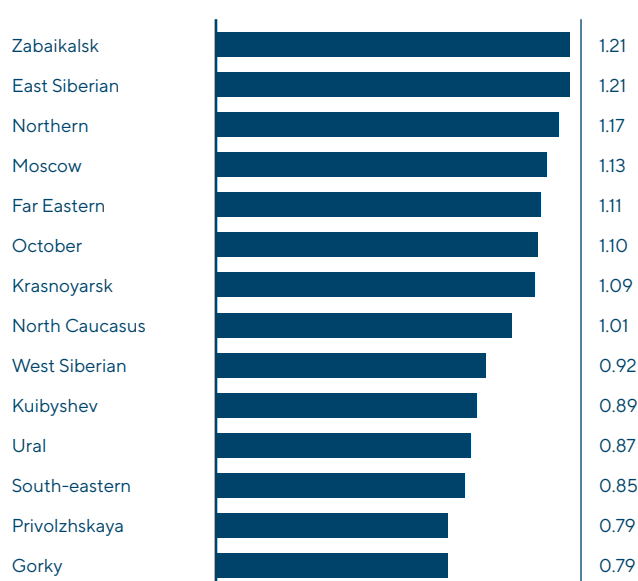
The production and economic activities of the Directors of TransContainer branches are further assessed in accordance with the positions achieved in calculating the rating of TransContainer branches.

The results of the rating are taken into account:

- when deciding whether to rotate branch Directors;
- when distributing the amount of payroll in the event of additional remuneration of branch employees on the results of the year.

Experience with this management approach has shown that the performance system and quarterly monitoring through the TransContainer branch rating are sufficiently effective to improve core production, management and development processes.

Total Rating of PJSC TransContainer's Branches in 2020



SOCIAL GUARANTEES

We motivate our team to perform better by providing social guarantees and benefits in excess of those required by the Russian labour laws. These are governed by the Collective Agreement of PJSC TransContainer and local regulations.

In accordance with the Labour Code of the Russian Federation, the Collective Agreement of PJSC TransContainer applies to all employees of the Company.

All our employees are granted voluntary health insurance policies and can get free medical care at Russia's best healthcare facilities listed in insurance policies. Also, employees and their families are entitled to partial compensation of their health resort treatment packages and reimbursement of railway tickets.

Retiring employees receive a one-off payment, and our staff can also take advantage of corporate pension plans.

The Company provides financial aid to its employees in specific life circumstances, including hardship payments. There is also a one-off childbirth allowance.

The following social programmes were developed during the year.

VOLUNTARY HEALTH INSURANCE

For all employees of the Company there is a voluntary health insurance programme, which includes outpatient and polyclinic care, inpatient care, preventive vaccination, dental care, medical procedures, 24h trauma care, diagnostic research, home care, emergency medical care.

The cost of voluntary health insurance amounted to RUB 49.3 mln in 2020.

HEALTH RESORT TREATMENT

Employees of the Company and their families are given vouchers for health resort treatment, as well as vouchers to children's health camp.

Despite the severe epidemiological situation associated with the spread of the new coronavirus infection, more than 6% of employees benefited from this guarantee in 2020.

In order to prevent the spread of the new coronavirus infection causing COVID-19 disease, TransContainer has carried out the following activities:

- creating a COVID-19 Prevention Commission to promptly address issues and make decisions;
- transferring to remote work for workers not directly involved in the maintenance and operation of hazardous production facilities to ensure compliance with the self-isolation regime;
- providing remote access for employees (for functions implementation) to information resources, software, public information and telecommunications networks,

internet, exchange of electronic documents using enhanced qualified electronic signature;

- arranging meetings, negotiations in the format of video conferencing (Zoom);
- arranging approvals for hiring/re-appointment of candidates on-line (Huntflow system);
- posting visual information (a memo on the rules of employees behaviour during the pandemic, notices) on the corporate portal and information panels;
- installing dispensers for sanitary treatment of hands with antiseptic;
- disinfecting rooms,
- providing workers with masks, gloves,
- arranging social distancing in the workplace,
- arranging daily temperature measurements for employees not moved to remote work,
- monitoring the incidence of disease among employees,
- laboratory diagnostics of employees by PCR-based method to detect RNA infectious agent causing COVID-19 disease,
- other activities in accordance with the recommendations of the Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing.

The cost of the above-mentioned events amounted to RUB 7.1 mln.

COMPENSATION FOR EXPENSES

The Company provides compensation for costs of rail travel to and from work, to and from the place of resort. The expenses of compensation for travel amounted to RUB 4.5 thousand per employee in 2020.

NON-STATE CORPORATE PENSION PLAN

On the basis of the contract with JSC Blagosostoyanie Non-State Pension Fund, the Company operates a corporate system of non-state pension provision.

The payment of the non-state pension is carried out in accordance with the Regulation on the Non-state Pension Plan for Employees of the Company.

ENSURING THE ORGANISATION'S LIABILITIES RELATED TO THE DEFINED BENEFIT PENSION PLAN GRI 201-3

The number of unemployed pensioners receiving the corporate pension as at 31 December 2020 is 785 people (48.2% of the total number of unemployed pensioners).

The average corporate pension is RUB 8,492.58.

SOCIAL GUARANTEES FOR UNEMPLOYED PENSIONERS

In order to improve the living standards of unemployed pensioners, the Company's Collective Agreement provides the following social guarantees:

- compensation for the cost of expensive treatment;
- compensation for the cost of health resort treatment;
- compensation for the cost of domestic fuel;
- compensation for travel costs;
- financial assistance in case of death of an unemployed pensioner;
- emergency financial assistance.

The number of unemployed pensioners as at 31 December 2020 amounted to 1,628 people.

The cost of providing social guarantees amounted to RUB 2.8 thousand per one unemployed pensioner.

Expenses for Social Programmes under the Collective Agreement of PJSC TransContainer in 2020 (RUB mln)

Social guarantee	Amount
Voluntary health insurance of employees	49.28
Non-state pension provision for employees	69.84
Health resort treatment for employees and their children	3.69
Recreation of employees' children (children's health camps)	0.86
Compensation for the cost of pre-school institutions for employees' children	8.15
Compensation for the cost of travel for employees and their families	14.41
Payment of allowance for employees on leave to care for children from 1.5 to 3 years	6.04
Child-birth payment	0.56
Financial aid due to family circumstances	13.59
Expenses for social guarantees for unemployed pensioners	4.50
Total	170.92

Number of employees who have returned from parental leave to work, as well as the employees remaining in the organisation after the parental leave, by gender, people GDR 401-3

Employees on maternity and child care leave as at 31.12.2020		Employees on maternity and child care leave during the period from 01.01.2020 to 31.12.2020		Employees back from maternity and child care leave during the period from 01.01.2020 to 31.12.2020	
Male	Female	Male	Female	Male	Female
-	22	0	113	-	-
1	188	1	273	0	50

NON-FINANCIAL INCENTIVES

Rewarding the Best Employees

In 2020, TransContainer actively developed a system of additional incentives for the best employees.

Non-financial incentives – awards

Award type		Awarded (people)
Letters of award and acknowledgments	Russian Railways	54
	PJSC TransContainer	1
TransContainer's Honorary Employee award		1
Acknowledgement of Minister of Transport of the Russian Federation		1
Watch with name engraving of the CEO – Chairman of the Management Board of the Russian Railways		1
Total		58

TRADE UNION ORGANISATIONS

Almost all (96%) of the Company's employees are members of the primary trade union organisation under the Russian Trade Union of Railway Workers and Transport Builders (ROSPROFZHEL).

It defends interests of the employees at signing the Collective Agreement and monitors its implementation, liaises with the employer on matters related to workplace discipline, work and rest regime, health, safety and working conditions, increase in real wages, social guarantees provided to employees, their families and unemployed pensioners. The relationship with the employer is based on the principle of social partnership.

The social guarantees that are provided to the staff are an instrument to ensure the efficiency of the Company's work. Every year, the results of the implementation of the Collective Agreement of PJSC TransContainer and the Industry Agreement on rail transport organisations are summed up. In 2020, there were no conflicts over labour obligations and breaches of pay terms.

In 2020, in conditions of remote work, with the active support of the trade union organisation and the management of PJSC TransContainer, the Company held a number of events in online format:

- Corporate event – intellectual game “TC-QUIZ” with participation of employees of the branches and executive office, more than 1000 employees were involved;
- TransContainer's drawings competition for employees' children for the 75th anniversary of the victory in the Great Patriotic War;
- Actions “Immortal Regiment” and “Kind Doctor Aibolit”;
- Photo contest “On a distance” and creative competition “Our talents”.

In 2020, the tradition of organising New Year parties for children of employees, events for the International Children's Day, Knowledge Day and giving gifts to first-graders was also continued in the online format.

At the expense of the trade union budget, employees of the Company have the opportunity to receive compensation for the payment of sports clubs or the opportunity to hold sports events (rent of gyms, playgrounds, lanes in swimming pools). The trade union organisation also provides social support for the registration of marriage and the birth of children.

At the request of the trade union organisation, as part of the charity activities, in 2020, the Company provided assistance to families raising disabled children and multi-child families.