

REGULATIONS

HUMAN RESOURCES COMMITTEE REGULATIONS

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Acronyms and Abbreviations

A full list of acronyms and abbreviations can be found in RBR Glossary of Terms and Abbreviations. The following acronyms and abbreviations are used throughout this document:

Abbreviation	Definition
ARC	Audit and Risk Committee [of RB Rail]
HRC	Human Resources Committee [of RB Rail]
HRM	Human Resources Management
HRMAD	Human Resources Management and Administration Department [of RB Rail]
KPI(s)	Key Performance Indicator(s)
MB	Management Board [of RB Rail]
SB	Supervisory Board [of RB Rail]

Definitions

The following terms are used throughout this document:

Term	Definition
Articles of Association	Articles of Association of RB Rail
Branch(es)	Registered Branch(es) of RB Rail
Chairman	Chairman of HRC
Company Secretary	An employee of RB Rail who provides legal and administrative support to SB and established SB committees, and reports to the Chairman of SB
Human Resources Committee	A body established by SB to provide recommendations on defined HRM matters with a purpose to facilitate effective and qualitative decision making process in SB
Internal Auditor	Internal Auditor of RB Rail
Member(s)	Member(s) of HRC

RB Rail	RB Rail AS, Reg. No 40103845025, a joint stock company registered at the Enterprise Register of the Republic of Latvia
Regulations	Human Resources Committee Regulations

1 Introduction

1.1 Purpose

Regulations define the main duties and responsibilities, composition and work procedure of HRC to facilitate the decision adoption process within SB with relation to HRM matters observing the principles of good corporate governance.

1.2 Application

Regulations establish rights and obligations to HRC Chairman and Members, MB members and Company Secretary regarding review and decision making on HRM matters.

2 Duties and Responsibilities

1. HRC primary duties and responsibilities:

- 1.1. to select and to nominate candidates for MB member(s) position to be elected by SB;
 - 1.2. to review and to recommend for SB approval candidate(s) for the position of head(s) of Branch(es) and Internal Auditor;
 - 1.3. to review and to recommend candidate(s) for Company Secretary position;
 - 1.4. following the election of MB member, to be involved in defining the terms and conditions of authorization agreement(s) with MB member(s);
 - 1.5. to provide recommendations to SB on compensation policies and competitive compensation opportunities for MB members, remuneration of Internal Auditor and Company Secretary;
 - 1.6. to provide recommendations to SB on setting KPIs for MB members considering RB Rail strategic objectives and to review the implementation thereof;
 - 1.7. to set up and to facilitate the implementation as per need a succession plan for MB members;
 - 1.8. to review Internal Auditor reports on HRM related matters and to provide recommendations for SB decisions on the main findings;
 - 1.9. other duties and responsibilities as per SB decision.
2. Upon request of HRC, MB ensures all the necessary support to HRC for the fulfilment of duties and responsibilities including but not limited to involving of HRMAD in the selection and recruitment of MB members, heads of Branches, Internal Auditor and/or Company Secretary.
3. Chairman and Members perform their duties in good faith in accordance with the requirements of the law and other regulations governing the activities of HRC

3 Composition

4. HRC shall be composed of Chairman and 2 (two) Members selected and appointed by SB.
5. Chairman of HRC:
- 5.1. convenes HRC meetings whenever necessary, however, at least quarterly;
 - 5.2. approves HRC meetings' draft agenda;

5.3. presides HRC meetings;

5.4. invites MB to present the position and submit relevant documents on HRM related matters for HRC discussion and decisions;

5.5. informs SB on the adopted HRC decisions.

4 Work Procedure

6. Notices of convocation shall be dispatched by Chairman or upon respective delegation by Company Secretary to HRC members at least 2 (two) working days prior to the date of the meeting, stating the date and time, place and agenda of the meeting. Such period of notice may be shortened in case of urgency.

7. HRC meetings may be held and HRC decisions adopted:

7.1. in presence when HRC members participate in person,

7.2. via electronic communications such as videoconference platforms (e.g. Microsoft Teams etc), or

7.3. via correspondence using post or e-mail.

8. HRC meetings shall be held in English language.

9. HRC decisions are adopted if at least two participants of the meeting exercising voting rights vote in favour of the respective decision. If Chairman or a Member has a special interest with regard to a resolution on any of HRC meeting agenda's items, he/she shall not exercise voting rights with respect to that resolution. In such case, the respective voting rights shall not be counted towards the total number of voting rights and the decision may be adopted by voting in favour of the decision by at least two participants of the meeting exercising voting rights.

10. HRC decisions are not binding to SB nor MB and are deemed to facilitate the decision adoption process at SB level.

11. As a general rule, minutes of HRC meetings are taken by Company Secretary unless Chairman decides otherwise. The minutes are approved by Chairman and Members and signed electronically by Chairman.

12. All meeting materials including minutes of meeting shall be kept and be available to ARC Chairman, Members, MB and Internal Auditor electronically on a server maintained by RB Rail.

13. Company Secretary:

13.1. assists Chairman on the organization of HRC meetings and distribution of the meeting minutes for the review;

13.2. provides legal assistance to Chairman and Members with respect to the agenda items and documents reviewed by HRC to ensure compliance of the decisions with governing laws;

13.3. ensures storage of HRC meeting minutes on server accessible to Chairman and Members;

13.4. provides extracts from the minutes upon the necessity;

13.5. executes other tasks as per request of Chairman or any Member.

14. HRC submits a written report to SB on the annual basis covering main activities and the tasks accomplished in the reporting year.