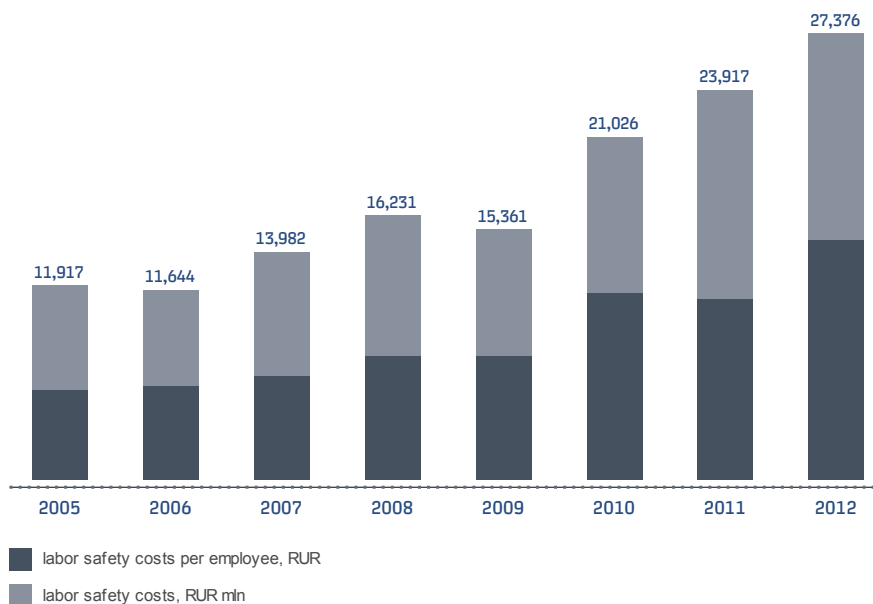


Improvement of labor conditions – an important factor of the production process safety

In 2012, a Decree of the Ministry of Labor approved a new method of calculation for the level of insurance rates for compulsory social insurance against industrial accidents and occupational diseases. These rates are now based on the results of workplace assessments in terms of labor conditions.

- ▶ In 2012 the third cycle of workplace assessment at JSC "RZD" was completed. During the cycle, 486 th. workplaces underwent assessment (as of 1 January 2013, 427 th. have been completed).
- ▶ Over five years, more than 68 th. workplaces have been brought in line with regulatory requirements (including 21 th. in 2012).
- ▶ Labor conditions were improved at 233 th. workplaces (55.7 th. in 2012).
- ▶ At the end of 2012, the Company still had 3.6 th. workplaces where the impact of harmful factors could be reduced or eliminated. A plan to bring them in line with regulatory requirements has been approved for 2013.

LABOR SAFETY COSTS



Occupational injuries

The overall accident rate (number of injured per 1,000 employees) decreased to 0.39 and the fatality rate to 0.05. Over a third of those injured in 2012 had worked at the Company for less than a year.

Analysis shows that the main reason for occupational injuries is poor organization and control of working practices and, to a somewhat lesser degree, violations of regulations and employee failure to use personal protective equipment. As a result the Company has tightened its control of compliance with industrial safety regulations: in 2012 10 targeted audits and four spot checks as well as two internal audits at various Company units were carried out.

Demonstrating intolerance of labor safety violators is equally as important: in the reporting year, 17,773 people violated safety regulations and the Company terminated labor contracts with 38 employees. At the same time, in 2012, based on performance in 2011, 117 th. employees directly engaged in the assurance of accident-free operations were recognized with awards.

On average, JSC "RZD" spent RUR 14.7 th. (in 2011, RUR 12.8 th.) on the improvement of labor conditions and protection per employee. RUR 4.8 bln (38% of the total amount) were spent on the purchase of personal protective equipment. JSC "RZD" designs and purchases innovative devices and equipment to improve labor safety: train approach alarm devices; mobile alert systems for workers engaged in track overhaul; DC voltage meters; air cleaning systems; hearing, UV and IR protection devices.

Labor conditions are being improved in co-operation with Rosprofzhel: suggestions made by the trade union have been taken into account in the development of the Long-Term Comprehensive Program for the Improvement of Labor Conditions and Protection at JSC "RZD" for 2013-2015. In addition, in 2012 the baseline labor protection standard of JSC "RZD" (the "Labor Protection Management System at JSC "RZD") was revised and the professional risk management system was implemented.