
	AB Lietuvos Geležinkeliai People and Culture
People and Culture Policy	

APPROVED

by decision of the Board of AB Lietuvos geležinkeliai
of April 23rd, 2024 No. SPR-VL(LTG)-12/2024

PEOPLE AND CULTURE POLICY

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1. INTRODUCTION

1.1. The success of LTG group of companies is driven by engaged employees who efficiently execute day-to-day operations, create competitive advantage and uniqueness, adapt to changing business needs, and set and successfully implement long-term strategic goals

1.2. The essential role of the People and Culture Policy (hereinafter – the Policy) is to connect the business strategy with the management of human resources in the organization.

1.3. The Policy establishes the general principles governing the activities of the People and Culture (hereinafter – P&C) function in the LTG group of companies, with the aim of managing human potential and developing organizational culture in order to sustainably achieve the strategic goals of the LTG group of companies. The implementation of this Policy in more details is defined in internal legal documents.

1.4. The LTG group of companies is an international group of companies, which also operating outside the Republic of Lithuania, where the second language used to perform work functions is English. Policy principles, services and solutions implemented in the P&C are adapted to conduct activities in international conditions and are adapted to the country's laws, local conditions and language.

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1.5. In relation to the company of the LTG group of companies performing the functions of the public railway infrastructure manager, the provisions of this Policy are valid and applied to the extent that is not contrary to the statutory requirements for impartiality, financial transparency of the management of the public railway infrastructure manager, the capacity allocation of the public railway infrastructure and the calculation and payment of the fee for the minimum access package.

1.6. The Policy applies to all companies and employees of the LTG group of companies.


2. TERMS AND DEFINITIONS

2.1. The following terms and definitions are used in this Policy:

Term/Abbreviation	Definition/Explanation
Top Managers	CEO of LTG; Executive managers of LTG's organizational units, directly subordinate to the CEO of LTG; CEOs of Business units.
Critical Positions	Positions affecting the business continuity in the entire LTG group of companies, which have a significant impact on the sustainable activity and results of the organization.
LTG	AB Lietuvos Geležinkeliai
LTG group of companies	A group of companies consisting of LTG and legal entities directly and indirectly controlled by it.
Personnel Services	LTG unit responsible for providing personnel services
Hiring Manager	An employee of the LTG group of companies, responsible for the proper organization of the function's activities and hiring the most qualified employees to fill open positions. Possible responsible positions – direct manager, team leader.
Activity Model	The way in which activity is organised in the LTG group of companies, measured by the degree of centralisation and standardisation of processes
Business unit	A company belonging to the LTG group of companies, excluding LTG
Head of the Business unit	CEO of the Business unit
Executive Committee	The executive body, which consists of the CEO of LTG and the Executive managers of LTG organizational units directly subordinate to the CEO. CEOs of Business units may also be included by decision of the CEO of LTG. The purpose of the Executive Committee is to properly organize and carry out the economical and financial activities of the company, to ensure the achievement of goals.
People and Culture	LTG People and Culture function

3. GENERAL PROVISIONS

3.1. Purpose of the function:

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3.1.1. To manage human potential and develop organizational culture in order to sustainably achieve the strategic goals of the LTG group of companies – to form and maintain a high-performance culture in the LTG group of companies, to embed the organization's values-based behavior in daily activities and to enable the organization for international activities.

3.2. Goals of the function:

3.2.1. In response to internal and external factors, to ensure a team of competent employees through the development of modern and future competencies, attracting and retaining talents, linking the remuneration policy to the achievement of personal goals and reaching the category of companies with a high level of employee engagement.

3.2.2. To create a strong employer identity by clarifying the directions of the employer's positioning and actions for the implementation of the directions both inside and outside the company.

3.2.3. To provide efficient, transparent, easily accessible and convenient personnel services by implementing modern, automated and self-service oriented tools.

3.3. P&C contributes to the implementation of the social area of the sustainability policy of the LTG group of companies by ensuring the well-being and diversity of employees and developing an organizational culture that aims for high results.

4. PRINCIPLES OF ACTIVITY

4.1. All decisions related to employees are made taking into account the strategy, values, qualifications, competence and performance results of the LTG group of companies.

4.2. Discrimination against a person based on gender, age, race, religion, family status, nationality or other personal identity characteristics is not tolerated. The LTG group of companies adheres to the uniform principles of equal opportunities and diversity.

4.3. In order to be innovative, we are constantly interested in and analyzing market experiences, thus creating best practices in the field of people and culture that best respond to the needs of business and employees.


5. ACTIVITY MODEL

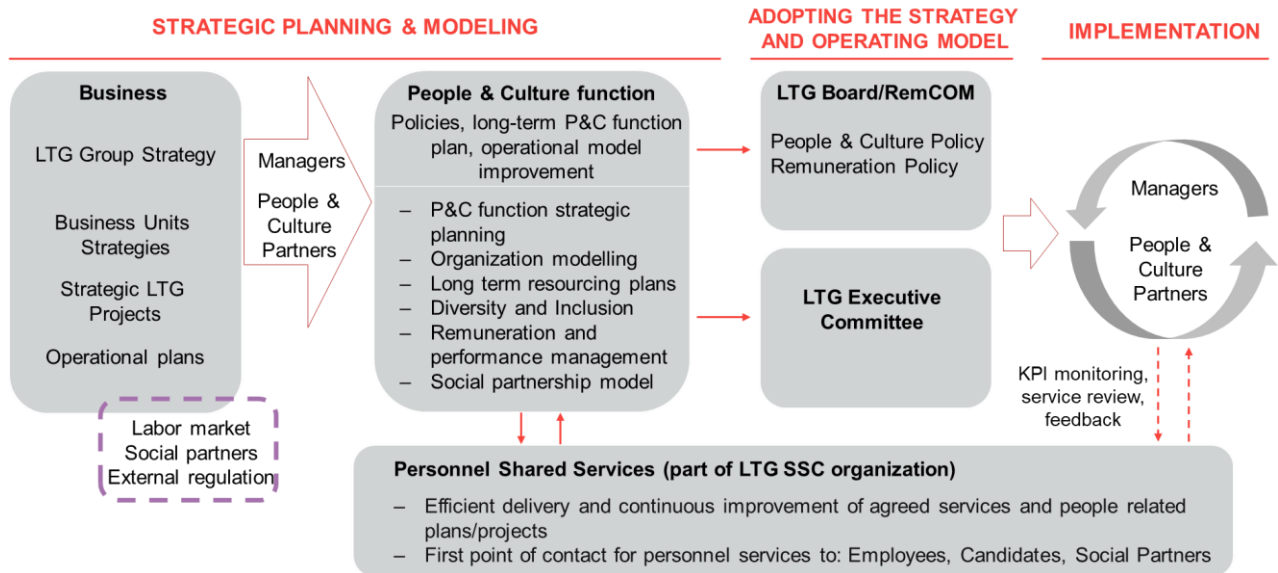
5.1. In the LTG group of companies, a standardized and centralized, in the case of certain areas/processes partially centralized, P&C activity model is formed and implemented:

5.1.1. P&C: forms Policy principles, P&C development directions and long-term functional plans.

5.1.2. P&C partners: form and coordinate P&C's long-term functional plans with the business strategy of a specific company, act as managers of the People and Culture of the assigned Business unit, help top managers of assigned Business units to implement their company's strategy through the prism of P&C.

5.1.3. Personnel services: maximally standardized, centralized and digitized personnel services for the companies of the LTG Group operating in Lithuania. According to a separate agreement and need, personnel services can be provided to companies operating outside of Lithuania.

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6. STRATEGIC PLANNING

6.1. Long-term function planning and policy management

6.1.1. Formation of the long-term P&C plans and Policy is based on the strategy of the companies of the LTG Group, analysis of the internal and external environment, competitive analysis, and the values of the LTG group of companies.

6.1.2. P&C's long-term function plans are periodically reviewed and updated taking into account changes in the market and LTG Group's strategic goals.

6.1.3. P&C functional managers and the managers of the Personnel Services are responsible for the implementation of the goals and measures assigned to them in the long-term plans of the P&C function and the Policy.


6.2. Activity planning and monitoring

6.2.1. P&C activities are planned based on the organization's and long-term P&C plans and goals, with continuous monitoring and analysis of key performance indicators (KPIs).

6.2.2. Annual activity planning is carried out in P&C, but some goals can be set for a longer period as well (e.g. organizational culture, competence development).

6.2.3. P&C coordinates and actively participates in the planning, management and approval processes of LTG Group's human capital, implementing the roles provided for in these processes.

7. ORGANIZATION MODELING

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7.1. The organizational structures in the LTG group of companies respond to the company's strategic goals and contribute to the efficient use of resources, flexibility, clear communication and quick decision-making.

7.2. The organizational structures in the LTG group of companies are based on the defined Business Architecture model of the LTG group of companies, which ensures the link between the main elements of the Business Architecture: processes, organizational design and key performance indicators.

7.3. The organizational structure of the LTG group of companies, when implementing project and/or process management, is formed in accordance with the criteria typical of functional and matrix structures, and may also have other structural elements, e.g. "team of teams".

7.4. The level of responsibility and influence in decisions making is defined through the corporate level of a specific position. The levels of the organizational structure define the direct people management / leadership and communication chains.

8. ORGANIZATIONAL CULTURE DEVELOPMENT

8.1. In implementing the vision of the LTG group of companies "To become the backbone of the transport system", the organization aims to create and foster a strong culture.

8.2. The development of organizational culture is based on the following principles:

8.2.1. **Fostering the values:** the foundation of organizational culture is the values which shape the way employee behavior and make decisions in day-to-day activities.

8.2.2. **Employee engagement:** all employees are involved in the development of the culture of the LTG group of companies, personal responsibility and initiative of employees is encouraged.


8.2.3. **Open and continuous feedback** between all employees of the organization, regardless of their positions or functions.

8.2.4. **Equal opportunities:** the culture of the organization is developed in accordance with the principle of impartiality and objective and transparent criteria, promoting diversity and equal opportunities, based on competence, experience and performance.

8.2.5. **Measuring the employee experience:** the basis of organizational culture development is objective data, on the basis of which actions related to the development of organizational culture are planned and implemented. When conducting an organizational culture survey, indicators reflecting the organizational culture and dimensions that influence the overall organizational culture are measured.

8.2.6. **Integrity:** the goals, indicators and principles of the organization's culture development are the same throughout the LTG group of companies and are uniformly applied to all functions and positions.

8.3. General goals aimed at the development of organizational culture are set at the level of the LTG group of companies and Business units. In addition to the unified cultural goals of the LTG group of companies, Business units can set their own unique cultural goals and indicators that are significant only for them, depending on the nature of their activities.

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8.4. Three indicators of organizational culture are measured that are directly related to the quality of the employee experience: engagement, loyalty and satisfaction.

8.5. Each employee of the LTG group of companies is responsible for the development of the organizational culture, organizing activities according to the elements of the principle “Plan, act, check, improve” and promoting the leadership of each employee.

8.6. P&C forms and implements unified principles and tools for the development of organizational culture in the entire LTG group of companies, coordinates the determination of unified cultural goals of the LTG group of companies, indicators reflecting the culture and the values to be achieved.

8.7. Heads of Business units are responsible for setting cultural priorities that correspond to the basic principles of the LTG group of companies’ cultural development in the area under their supervision, drawing up local action plans and implementing them in a timely manner.

9. EMPLOYEE WELL-BEING, EQUITY AND DIVERSITY

9.1. LTG group of companies is an equal opportunity employer. Implementing and fostering employee well-being, equality and diversity is an integral part of organizational culture.

9.2. Employee well-being is implemented through:


- Creation of a safe and healthy work environment,
- Attention to physical and mental health,
- Hybrid work model,
- Promoting work-life balance,
- Providing opportunities for professional development and growth.

9.3. A respectful and open environment is created by implementing the principles of equal opportunities:

- In all stages of employee life cycle in the organization – selection, recruitment, onboarding, performance management, promotion, development, career, etc. – employees are given equal opportunities;
- Every employee can feel heard, supported and respected regardless of gender, nationality, ethnic origin, religious beliefs, age, sexual orientation, marital status, disability or other personal identity features;
- All employees treat others with respect and dignity: any form of discrimination, harassment, bullying, insults, abuse, or similar disrespectful behavior is not tolerated.

9.4. The diversity of employees is the strength and uniqueness of the organization:

- Everyone can be themselves. The uniqueness of the person is respected, the person’s abilities, experience and engagement in achieving the organization’s goals are valued;
- An atmosphere based on trust is created where employees can feel safe, openly and boldly express their ideas and opinions, propose innovations and to experiment without fear;
- Balance is sought at least in representative groups of employees in the organization.

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9.5. Every employee is responsible for fostering a respectful and open environment in the LTG group of companies.

9.6. P&C forms and implements unified principles and tools for the development of employee well-being, equality and diversity in the entire LTG group of companies, coordinates the determination of unified goals, indicators and the values to be achieved for the well-being, equality and diversity of employees of the LTG group of companies.

9.7. Heads of Business units are responsible for implementing the principles of employee well-being, equality and diversity in the area under their supervision, identifying priorities and drawing up local action plans, and their timely implementation.

10. ENSURING HUMAN RESOURCES

10.1. Long-term competency planning

10.1.1. In order to ensure the business continuity, the development of existing knowledge and competences and the attraction of new ones, according to the presented business needs, the LTG group of companies plans and implements long-term investments in the necessary training tools, the initiation of new training programs and the adjustment of existing ones, creating advanced training methods aimed at preparing the necessary specialists for work in the LTG group of companies.

10.1.2. Managers clearly identify the long-term need for future competences in the LTG group of companies and together with P&C aim to increase the awareness and attractiveness of the railway transport sector and other professions relevant to the continuity of activity, ensure the attraction of students to relevant study programs, improve the quality of study programs for relevant professions and disseminate information about work and career opportunities in the LTG group of companies.

10.1.3. Paid internships and student practice programs are organized every year, which are intended to attract talented and promising employees to the LTG group of companies.

10.2. Selection of employees

10.2.1. The hiring managers of the LTG group of companies, in cooperation with the Personnel Services, carry out employee selections in accordance with the unified principles and methods of employee selection.

10.2.2. Selections in the LTG group of companies are carried out in alignment with business needs, in accordance with the principle of impartiality, objective and transparent criteria, promoting a culture of diversity and equal opportunities, based on values, competence, experience and performance.

10.2.3. The LTG group of companies aims to attract employees who have an impeccable reputation, act in accordance with the values, mission and vision of the LTG group of companies and strive for continuous improvement.

10.2.4. All internal and external candidates are treated equally when applying for any advertised position.

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10.2.5. The selection of top managers and members of collegial management bodies of subsidiaries is carried out based on the laws of the country where the company of the LTG Group operates, ensuring the independence and impartiality of the selected top managers and members of collegial management bodies.

10.3. Onboarding of new employees

10.3.1. In the LTG group of companies, great attention is paid to the onboarding of new employees. The aim is to create a good adaptation experience for the new employee and to help them integrate productively into the LTG group organizational culture, team and to familiarize the new employee with the direct functions and responsibilities.

10.3.2. Direct managers and Personnel Services are responsible for the onboarding of new employees in the LTG group of companies.

10.4. Internal career

10.4.1. In the LTG group of companies, the horizontal and vertical internal careers of employees are equally encouraged and valued, uniform principles of providing career opportunities are applied, which allow the LTG group of companies to retain talented and motivated employees.

10.4.2. Each employee is personally responsible for the planning, development and continuous development of their career.

10.4.3. Internal career planning and development is based on open dialogue between employee and manager, trust and respect.

10.4.4. In the LTG group of companies, employees are encouraged to constantly discuss their career expectations with their direct manager, identify growth and development tools together, set personal development goals and constantly monitor their progress.

10.5. Critical positions and succession planning

10.5.1. The list of critical positions is updated once a year.

10.5.2. Succession planning is a set of principles, practices and processes uniformly applied in the LTG group of companies, which aims to ensure that the LTG Group has competent employees necessary to ensure the business continuity.


10.5.3. In the LTG group of companies, a succession plan for critical positions is drawn up, which allows to ensure the business continuity, providing for horizontal and vertical career opportunities.

10.5.4. Succession planning is carried out at least once a year.

10.5.5. The heads of Business units and P&C are responsible for the identification of critical positions and succession planning in the LTG group of companies.

11. LEARNING AND DEVELOPMENT

11.1. In order to ensure the current and future competences necessary to achieve the strategic goals of the organization, to strengthen the competitive advantage, to maintain a work environment

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that promotes professional growth and a culture of continuous learning, the LTG group of companies implements unified principles of employee learning and development:

11.1.1. The need for employee learning and development in the organization is assessed taking into account the strategic directions and goals of the LTG group of companies and individual Business units, challenges arising in the environment, anticipated technological and organizational changes, emerging new opportunities and activities, competencies and qualifications required for specific tasks, performance evaluation results.

11.1.2. Learning and development of employees takes place according to the 70-20-10 principle: 70 % of their knowledge employee obtain from job-related experiences, 20 % from interactions with colleagues, experts, internal lecturers, and 10 % from formal educational events.

11.1.3. Priority is given to self-development, learning at the workplace, internal training.

11.1.4. A culture of continuous improvement and nurturing of innovativeness is encouraged, in which employees are encouraged to know and develop their talents, strengths and potential, and an opportunity is created to express their best working qualities.

11.1.5. The most effective and innovative forms of organization of education and training are applied.

11.2. Employees' professional abilities and skills (technical and specific for work) and personality skills based on values and personal effectiveness are developed. In order to maintain and strengthen the quality of management, great attention is paid to the development of management and leadership skills.

11.3. Learning and development activities are planned and carried out using a standardized and partially centralized activity model, which consists of:


11.3.1. Centrally planned and executed educational programs: mandatory training, general personal efficiency, management and leadership training programs, other trainings important for the entire organization.

11.3.2. Independently planned and carried out training programs in a specific unit/function, intended to educate a group of employees or an employee of the unit/function: training of new employees, technical/functional training, training necessary for the implementation of innovations and changes, other training important for the Business unit.

11.4. Employees who demonstrate exceptional results have the opportunity to pursue professional and higher education in vocational, higher education or other educational institutions, making it possible to cover partial studies in accordance with the procedure established by the organization.

11.5. By promoting the internal sharing of professional knowledge and experience, a community of internal lecturers and instructors is formed and developed. Internal professional training of employees is considered a competitive advantage of the organization.

11.6. The direct manager of the employee and the employee himself/herself are responsible for the determination, implementation and achievement of the employee's high-quality development needs and goals. The employee is personally responsible for his/her professional development.

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11.7. Heads of Business units, together with heads of specific units/functions, are responsible for setting learning and development priorities in the area under their supervision, independently planning and implementing learning and development programs for a specific unit/function.

11.8. P&C formulates and implements unified principles and tools of learning and development throughout the LTG group of companies, plans and implements general learning and development programs, determines the main indicators of learning and development performance and monitors their implementation.

12. EMPLOYEE PERFORMANCE AND REMUNERATION MANAGEMENT

12.1. The management of the individual annual performance and the summarization of its results is a set of unified measures in the LTG group of companies, which helps to achieve the strategic goals of the LTG group of companies, the goals of organizational units, and increases employee involvement and personal responsibility for results.

12.2. The management of the individual annual performance and the summarization of its results are based on:


- achievement of the strategic goals of the LTG group of companies;
- development of organization's values and high performance based behavior;
- annual goals agreed between the employee and manager;
- continuous feedback.

12.3. The management of the individual annual performance and the summarization of its results is a continuous process which is based on mutual cooperation between the employee and manager, open discussion, mutual trust and respect, and which consists of the cascading and clear determination of goals, regular review of their relevance, continuous monitoring of the progress of goal achievement and continuous feedback, evaluation of annual achievement and performance.

12.4. Setting of the individual annual goals is linked to the strategy of the LTG group of companies, also to the tasks indicated in the strategy implementation measures and to the values of performance indicators to be achieved. In this way, the employees of the LTG group of companies are strongly involved in the achievement of common strategic goals and the possibility of success in their achievement is increased.

12.5. The performance of separate groups of employees and the results achieved can be monitored and measured in periods shorter than a year, by discussing the achievements in regular grow / development conversations, feedback sessions with managers and in separate cases such achievements can be linked to variable pay or incentive schemes.

12.6. The purpose of the remuneration management principles in the LTG group of companies is to follow the modern remuneration management trends and to apply centralized and standardized processes to ensure the competitiveness of the LTG group of companies. For the implementation of these goals the actual version of Remuneration Policy, approved by the LTG Board and published publicly, is dedicated.

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13. SOCIAL PARTNERSHIP

13.1. In order to strengthen social partnership, the LTG group of companies develops a permanent dialogue with social partners.

13.2. Decisions related to work organization and other issues related to the legal, social and economic status of employees are solved based on mutual understanding and finding of compromise through various forms of social partnership – organizing periodic meetings and training for employee representatives, implementing information and consultation procedures and initiating and conducting collective negotiations on branch collective agreement.

13.3. The management of the branch collective agreement is based on the following principles:

13.3.1. Freedom of association

13.3.2. Free collective negotiations

13.3.3. Voluntariness and autonomy in accepting the obligations

13.3.4. Invulnerability of the current legal system

13.3.5. Execution of obligations

13.3.6. Freedom and autonomy of agreement, provision of fair and objective information

13.3.7. Mutual control and responsibility

13.3.8. Equality, benevolence and respect for the legitimate mutual interests of the parties


13.4. Employees of the LTG group of companies have the right to freely join trade unions or organize themselves in another way in order to collectively negotiate regarding working conditions, and the LTG group of companies does not tolerate any discriminatory or other measures to influence an employee's decision to peacefully and legally establish an association or become its member.

13.5. In the social partnership, which is implemented at the branch level, the companies of the LTG group of companies operating in Lithuania are represented by the Association of Lithuanian Railway Companies.

13.6. When concluding agreements between the LTG group of companies and employee representatives, the aim is that the concluded agreements benefit all employees of the LTG group of companies.

14. PERSONNEL SERVICES

14.1. Personnel services are provided centrally for the companies of the LTG Group operating in Lithuania. The companies of the LTG Group, which are operating in foreign markets, are provided with general personnel services in an agreed scope, taking into account the legal basis of particular country, after evaluating the most efficient way of providing the service and resources. Part of the services can be provided by outsourced external providers.

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14.2. Personnel services are provided and developed in accordance with the principle of continuous service improvement and self-service solutions (digitalization, automation and robotization of services) in order to meet the needs of employees and Business units, also to ensure the best experience for candidates, employees and other interested parties throughout during all employee relations administration cycle.

15. FINAL PROVISIONS

15.1. The Policy and its amendments are approved by the LTG Board.

15.2. The review and updating of the Policy is initiated and coordinated by the Chief People and Culture Officer.

15.3. The Policy is reviewed at least once a year and updated as needed or in the event of significant changes in the long-term strategy of the LTG group of companies.

15.4. The Policy is applied to the extent that it does not conflict with the laws of the Republic of Lithuania and/or other valid legal acts.

15.5. The Policy is published publicly on the LTG website.

16. RELATED LEGAL ACTS

16.1. [Remuneration Policy](#)

16.2. [Principles of ensuring equal opportunities and diversity in AB Lietuvos geležinkeliai group](#)

16.3. [Code of Ethics for the employees of AB Lietuvos Geležinkeliai group of companies](#)

16.4. [Anti-corruption Policy](#)