

GOVERNMENT RELATIONS

FPC's main focus areas in government relations during 2017:

- Preparation for providing transport to football fans during the 2017 FIFA Confederations Cup and 2018 FIFA World Cup
- Adopting mutually acceptable tariff solutions in the regulated segment
- Promoting the Company's interests in the expected deregulation of the passenger services market

Transportation of fans visiting the 2017 FIFA Confederations Cup and 2018 FIFA World Cup was approved under the Transport Strategy for the 2017 FIFA Confederations Cup and the 2018 FIFA World Cup in Russia (approved by Decree of the Russian Government No. 2858-r dated 27 December 2016) as part of FPC's commitments.

During the reporting year, working closely with the Transport Directorate of the 2018 FIFA World Cup Russia, FPC transported 52,000 fans between host cities of the 2017 FIFA Confederations Cup in July 2017, and preparations are currently underway for the World Cup in June and July 2018.

A number of regulations were adopted to provide a legal framework for rail passenger transportation, most notably:

- Resolution of the Russian Government No. 1486 On Amending Rules of Tickets Issue to Passengers and Their Boarding Trains when Travelling to the Kaliningrad Region from the Rest of the Russian Territory via the Republic of Lithuania and back by Rail dated 7 December 2017, making return e-ticket purchases possible for the Moscow – Kaliningrad route
- Decree of the Russian Ministry of Transport No. 295 On Approval of E-Receipt in the Rail Transport dated 10 August 2017, enabling electronic baggage check-in
- Decree of the Federal Antimonopoly Service of the Russian Federation (FAS Russia) No. 1487/17 on tariffs in the regulated segment of long-distance passenger services, dated 10 November 2017. By FAS decision, tariffs for 2018 were fixed at the 2017 levels.

In 2017, FPC also continued its collaboration with the State Duma in preparing a draft of Federal Law On Amendments to Article 83 of the Federal Law – Railway Transport Statute of the Russian Federation, aiming to facilitate lower ticket prices for long- distance rail passenger services throughout Russia.

The draft law introduces amendments authorising a carrier to sell non-refundable tickets, such as those which are not refunded if the trip is cancelled by the passenger, and its second reading is expected at the State Duma spring session 2018.

Importantly, ongoing efforts have been made to create new and favourable conditions for the passenger services market's deregulation. The main operating principles in the new environment are outlined in Draft Federal Law On Regular Rail Passenger Services in the Russian Federation and Amending Certain Legislative Acts of the Russian Federation.

As the draft law has a high degree of completion and the Russian Government intends to introduce it to the State Duma in 1H 2018, Petr Ivanov, FPC General Director, held a number of working meetings with the Governors of the Voronezh, Rostov, Astrakhan, Saratov, and Samara Regions, as well as the Khabarovsk Territory, Republics of Ingushetia and Buryatia, Udmurt Republic, and the President of the Republic of Tatarstan.

The meetings discussed improvements to public mobility across the regions and service quality, railway tourism development, and involving the Company's property assets into civil and legal circulation.

These efforts are intended to create favourable conditions for collaboration with territorial entities of the Russian Federation in anticipation of the rail passenger sector's transitioning to a new operating framework.

