

# Tariff Regulation

## Regulated Transportation Segment

Fares for travel in third-class open sleeping carriages and fourth-class seating carriages (with seats) of passenger and high-speed locomotive-hauled trains and first-, second- and third-class carriages in high-speed trains of motor driven rolling stock are established by the Tariff Guide approved by the Order of the Federal Tariff Service of Russia No. 156-t/1 dated 27 July 2010, depending on the category of train, type of carriage and distance travelled by passenger, which is indexed by relevant orders of the Federal Antimonopoly Service (FAS Russia).

Since 1 January 2023, tariffs in this segment were indexed by 8.1% (Order of FAS Russia No. 798/22 dated 11 November 2022).

In accordance with Order of FAS Russia No. 751/23 dated 19 October 2023, since 1 December 2023 these tariffs are indexed by 10.75%.

In order to avoid a sharp increase in fares, JSC FPC decided to reduce fares by 5% from 1 December to 23 December and by 2% from 24 December to 30 December.

Starting from 2003, indices differentiated by calendar periods of the year are applied for tariff rates of domestic public railway service in third-class open sleeping carriages and fourth-class seating carriages (when using locomotive-hauled trains) in long-distance trains of JSC FPC and motor driven rolling stock. The periods of application of differentiated indices are adjusted depending on holidays and weekends on the basis of the occupational calendar.

**8.1%**  
tariff indexation in the regulated transport segment

This solution is aimed to streamline the demand for long-distance passenger service and reduce the carrier's overall costs of maintaining a reserve fleet of carriages and locomotive crews. This measure helps to accommodate the traffic during peak demand periods and allows passengers to save money during periods of relatively low transport mobility.

Since 2021, JSC FPC has been authorised to set differentiated indices to the fare level by calendar periods (hereinafter referred to as flexible tariff regulation schedule). The maximum index to fare rates is 1.2, and it depends on changes in demand and is kept at such a level that annual average does not exceed 1.0. The flexible tariff regulation schedule is approved by the Company's internal regulatory documents.

Since 2015, JSCFPC has been granted the right to regulate fares for travel in third-class open sleeping carriages within the established level. This allows the Company to run various marketing campaigns in this transport segment.

The Company continues to offer marketing initiatives for third-class open sleeping carriages and fourth-class seating carriages (with seats). Rail service has been made more accessible to a wider range of people by reducing fares based on where in the carriage seats are.

## Deregulated Transportation Segment

In accordance with clause 5 of the List of works (services) of natural monopolies in railway service, tariffs, fees and charges of which are regulated by the state, approved by the Russian Federation Government Resolution No. 643 dated 5 August 2009, the Company has the right to independently set passenger fares for first-class and second-class sleeping carriages.

Price regulation is also not applied to passenger public rail service with high-speed trains in the domestic market. This right is set out in Decree No. 431-t/1 of the FTS of Russia dated 14 December 2010 "On Changing State Regulation of Natural Monopolies in the Context of Domestic Public Rail Passenger Services, as well as Bed Linen Provision Service".

Thus, in the deregulated segment (in deluxe carriages, first-class sleeping carriages and second-class sleeping carriages, as well as in all types of high-speed train carriages), JSC FPC sets passenger fares independently.

The main tariff setting mechanisms in the deregulated segment in force in 2023:

- Dynamic pricing system
- Year-round tariff plans
- Sales promotion

## Dynamic Pricing System

Dynamic pricing is a multi-factor tariff setting tool. Fares vary with train category, uneven demand (depending on time of year, day of week, departure and arrival times), seat/berth category (upper or lower berth), depth of sales, etc. At the time of sale, dynamic pricing creates variable fares at the system level by taking into consideration both anticipated demand and a variety of environmental phenomena.

The pricing system helps ensure the balance between the demand for, and cost of, services, ultimately driving the demand for rail services.

FPC offers various marketing initiatives to stimulate consumer demand in both the deregulated and regulated segments and to defend the Company's position in the passenger market.

