

Traffic safety

Russian Railways' strategy for Guaranteed Transportation Safety and Reliability (the "Strategy") primarily seeks to ensure uninterrupted transportation, with a focus placed on enhancing the reliability and safety of equipment and infrastructure, and minimising traffic accidents.

2017 saw the number of traffic accidents and incidents involving the Company's railway infrastructure fall 27% against 2016 (3,709 vs 5,048), including an 11% decrease in accidents caused by Russian Railways (1,578 vs 1,770). The reduction was due to the company-wide implementation of a roadmap that defines the general framework and requirements to ensure safe traffic

using the Company's infrastructure, including effective preventive measures.

Our strategic priority is to achieve the level of safety that will reinforce our positions as a global leader providing safe and reliable infrastructure and services.

In the reporting year, we achieved our safety targets at 110%, with 1.174 actual accidents vs the target 1.3 per million train kilometres by making sure that all participants complied with requirements and used the best available practices. Our 2017 investments in the project to boost safety performance totalled RUB 3.12 bn.

Transportation Security project

To mitigate the risk of unauthorised interference in railway operations, Russian Railways continued with its Transportation Security project in furtherance of Federal Law No. 16-FZ On Transportation Security dated 9 February 2007. In particular, we ran a number of initiatives to protect railway facilities against illegal acts, with a key focus on better security of infrastructure to be engaged in providing transportation services during the 2018 FIFA World Cup™ and 2019 Winter Universiade in Krasnoyarsk, and of some other key facilities.

In 2017, we organised security at 6,664 facilities, up 6% against the previous year, engaging 403 dedicated departmental guard units, in line with 2016. Compared to the previous year, the number of key facilities to be protected by the guard units from the Departmental Security Service of the Railroad Transport, and facilities featuring transportation security equipment increased by 2% and 6.8% to 1,704 and 1,834, respectively. Security funding grew by 2.8% to RUB 19.2 bn.