

# Investment Management

As an integral component of the Development Strategy, the Company's Investment Policy establishes investment priorities, structure, criteria, areas and sources.

Given that the rolling stock for FPC is the main means of production, it is renewed annually to ensure uninterrupted production activities.

The Investment Programme of JSC FPC for 2023–2025 was approved by the decision of the Board of Directors (Minutes No. 15 dated 27 March 2023).

## Investment ranking

### The projects implemented by FPC are ranked by five types:

- Long-term projects
- Replacement of retired fixed assets with financial effect
- Cost-effective projects
- Replacement of retired fixed assets with technological effect
- Technological and social projects

Each project is ranked from 0 to 100. The higher the score, the higher priority is given to the project within the Investment Programme.

## Investment structure

**RUB 53.3 billion**  
volume of the 2023 Investment Programme

The bulk of FPC's investments (RUB 48.9 billion, or 93.5%) in 2023 was spent on the renovation of passenger rolling stock, including purchase of new passenger carriages (RUB 38.4 billion) and upgrade of passenger rolling stock (RUB 10.5 billion).

RUB 3.4 billion worth of investments, or 6.5%, was used to upgrade depot facilities and promote IT projects and other initiatives.

**93.5%** of FPC's investments in 2023 were used to renew passenger rolling stock

**6.5%** of FPC's investments in 2023 were used to renew depot facilities, develop information technologies and other projects

### Investment programme structure, RUB billion

Indicator	2021	2022	2023	vs. 2022, %
Rolling stock acquisition	26.2	30.5	<b>38.4</b>	7.9
Rolling stock upgrades	7.7	8.7	<b>10.5</b>	1.8
Depot upgrades	0.6	0.7	<b>1.7</b>	1.0
IT promotion	0.2	0.6	<b>1.4</b>	0.8
Other projects	0.1	0.1	<b>0.3</b>	0.2
<b>Total</b>	<b>34.8</b>	<b>40.6</b>	<b>52.3</b>	<b>11.7</b>

## Passenger rolling stock replacement

**RUB 48.9 billion**  
investment expenditures in 2023

RUB 38.4 billion – for acquisition of new passenger carriages, including:

- 373 single-decker carriages of 2019 model
- 54 single-decker carriages of 2018 model
- 104 double-deck carriages of 2018 model

RUB 10.5 billion – for passenger rolling stock upgrades.

The main share of these investments (RUB 9.5 billion, or 90.5%) is allocated for overhaul reconditioning with service life extension of 23 carriages and KR-2 overhaul of 698 carriages.

The new rolling stock was purchased to upgrade the fleet and replace retired carriages.

The Company's carriage procurement programme prioritises rolling stock acquisition to replace retired carriages and upgrade profit-making trains. In 2023, 427 single-decker carriages worth RUB 25.3 billion were purchased for this purpose.

In addition, 104 double-deck carriages worth RUB 13.1 billion were purchased for promising destinations with high passenger service demand, to cover schedule train service on the Moscow – Adler, Moscow – Cheboksary routes.

## Depot upgrades

**RUB 1.7 billion**  
investment expenditures in 2023

Investments in depot facilities were primarily used to:

- To renovate existing production facilities – RUB 1.3 billion
- To purchase equipment to ensure uninterrupted depot operations – RUB 0.4 billion

## IT promotion

**RUB 1.4 billion**  
investment expenditures in 2023

The main investment areas:

- Establishment of a security system for critical information infrastructure facilities of JSC FPC
- Development and import substitution of IT infrastructure
- Delivery of equipment for broadcasting audio recordings and recording of official conversations over the radio train communication and radio broadcasting network
- Supply of personal computers, as well as networking, server and peripheral equipment

## Priority investment areas

### Customer-focused investment

The Company spent

**RUB 39.5 billion**  
to improve the quality of its services in 2023, including:

- reduction of transit time and higher transport safety and better passenger experience (purchase of 531 new highly efficient passenger carriages featuring improved performance and passenger comfort) – RUB 38.4 billion
- Overhaul reconditioning of 23 passenger carriages – RUB 1.1 billion
- A total of RUB 1.4 billion were spent on the information technology innovations

### Upgraded of fixed assets

To maintain its existing carriage repair and maintenance facilities, JSC FPC invested RUB 1.3 billion in rehabilitation and upgrades of its fixed assets in 2023.

## Other projects

**RUB 0.3 billion**  
investment expenditures in 2023

Key areas of investment: acquisition of transport safety equipment, development of design documentation, etc.

### Investment in safety and security

A total of

**RUB 0.5 billion**  
were used in 2023 to enhance passenger safety and improve the passenger experience:

- RUB 0.4 billion – to replace retired rolling stock
- RUB 0.1 billion – to install new frames, bolsters and 1,520-mm gauge bogies during scheduled carriage repairs

### Sources of financing

Sources of financing for the Investment Programme in 2023:

**RUB 34.6 billion**  
internal funds

**RUB 17.7 billion**  
borrowed funds

# Passenger Safety

## Rail Traffic Safety

With account taken of the service providers involved in the maintenance of railway rolling stock, the 2023 target indicator of traffic safety for JSC FPC was improved by 29% and amounted to 0.0024 adverse events per 1 million train-km of the parent company with a target of 0.0034 maximum.

The positive changes were the results of methodical effort in management of traffic safety-related processes:

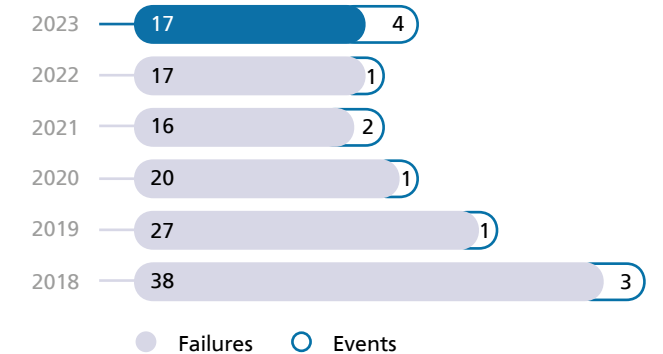
- Implementation of FPC's Programme of Measures to Reduce the Frequency of Traffic Incidents and Accidents and the Severity of Their Consequences, and to Achieve the Set Targets for Traffic Safety
- Implementation of the Consolidated Action Plan to improve the reliability of technical facilities and reduce the number of technological disturbances and their impact on the transportation process at JSC FPC
- Continued expansion of the annual scope of activities of structural units responsible for technical audits of operating processes and production examinations
- Adoption of digital capabilities and technologies in traffic safety
- Maintenance of staff competencies through training, professional development and mentoring

In 2023, there was one case of fire attributed to the parent company in the Fire Safety ACS (one more case in 2022). The fire occurred on 29 August 2023 in the garage box building of the passenger carriage section of Novosibirsk-Glavny in the result of violation of the rules of operation of electrical appliances and installation of electrical wiring. No damage was recorded.

In 2023, the Company's operational fire safety programme totalled

**RUB 166.6 million**

### Number of train safety alerts



The programme's scope:

- Purchase and delivery of materials and fire protection equipment worth RUB 53.51 million, including fire extinguishers, personal respiratory and visual protection equipment, tools, etc.
- Measures to ensure compliance with statutory and mandatory fire safety requirements with total costs of over RUB 14.44 million, including:
  - Fireproofing
  - Tests of escape ladders and roof railings
- Assignment of explosive and fire hazard classes to premises following the Electric Installation Guidelines
- Joint fire prevention measures for FPC's rolling stock and stationary facilities, under the contractual obligations with Federal State Enterprise "Departmental Protection of Railway Transport of the Russian Federation", for a total amount of over RUB 63.29 million

In 2023, no accidents or incidents were reported at hazardous industrial facilities of FPC.