

Board of Directors

The Board of Directors is a cornerstone of the governance system that helps drive the Company's strong performance.

The activities of the Board of Directors are governed by federal Russian laws, the Company's Articles of Association and the Regulations on the Board of Directors approved by the General Shareholders Meeting in 2022. The Board of Directors is responsible for the overall strategic governance of the Company, its strategic development, approval and monitoring of the budget, business plans, investment programmes and projects, review of matters related to financial operations, risk management and other matters that fall within the Board's remit and require its attention to achieve the Company's strategic goals.

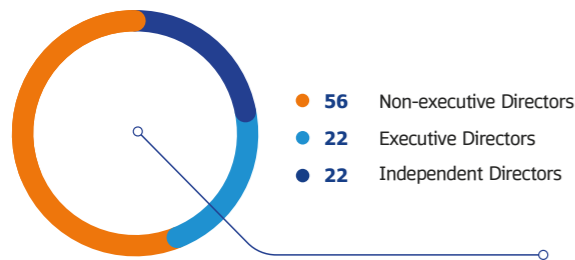
According to the Articles of Association, FESCO's Board of Directors comprises nine members. The number of members of the Board of Directors is in line with the law and makes it best positioned to operate to the scale and ambition of the Company and serve shareholders in an optimal way. The members of the Board of Directors are elected by the General Shareholders Meeting on an annual basis for the period

until the next Annual General Shareholders Meeting. The Board of Directors is accountable to the meeting of shareholders of the Company.

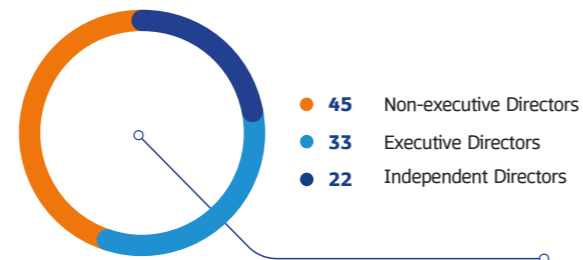
In the reporting year, the Company had the Board of Directors elected by the Annual General Shareholders Meeting on 6 May 2022, and the Board of Directors elected at the adjourned Annual General Shareholders Meeting of 4 August 2023, which remained unchanged following the meeting. As at 31 December 2023, FESCO's Board of Directors was comprised of two independent directors, three executive directors and four non-executive directors.

Nominees are elected to the Board of Directors based on their personal and business abilities and compliance with the independence criteria stipulated by the Listing Rules of the Moscow Exchange. Members of the Board of Directors have the required knowledge of strategic, operational and financial matters, as well as track record in transport and logistics.

Categories of the Board members in 2022, %

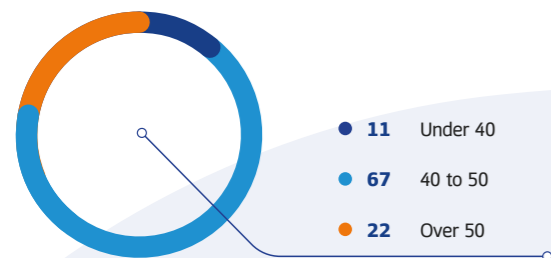


Categories of the Board members in 2023, %

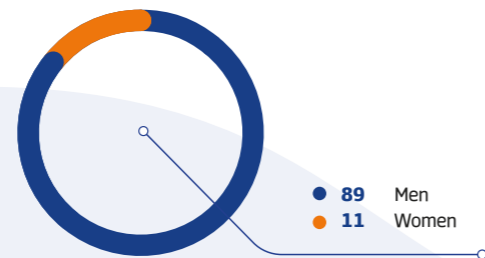


Main characteristics of the members of the Board of Directors

Age of the Board members, %

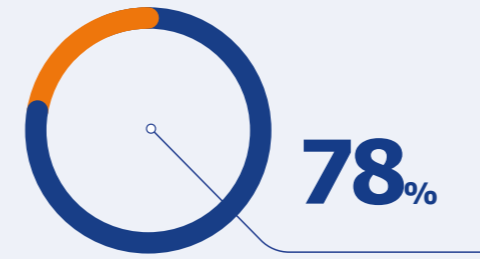


Gender profile of the Board of Directors, %



Key competencies of the members of the Board of Directors

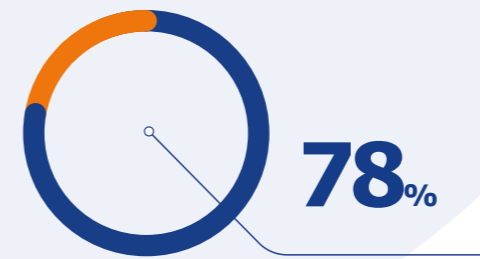
Industry knowledge



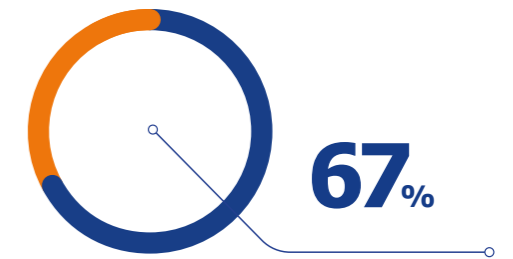
Finance and investments



Law and corporate governance



Strategy



Risk management



Personnel management



Accounting and audit



Information technologies



Induction Programme for new members of the Board of Directors

The Company has an Induction Programme for new members of the Board of Directors, which helps them become acquainted with the practices of the Board of Directors, its committees, key activities, and financial metrics as quickly as possible. This approach ensures that the Board of Directors fulfils its functions more effectively.

The programme includes the following activities:

- learning about the Company's key matters and business: strategy and long-term development programme, budget, operating and financial highlights, risk management and internal control, controlled entities, management, motivation system, and organisational structure

- familiarising with the Company's internal documents and key regulations and policies, along with work plans of the Board of Directors and its committees
- learning about the duties and powers of the Board of Directors, status of the members, and resources available for the Board of Directors to carry out its functions
- learning about ways in which communication is ensured between the Board of Directors, the Executive Board and the management of the Group

Board of Director's Report

Despite challenges driven by geopolitical developments, FESCO maintains its leadership in the Russian transport and logistics industry, which has been made possible by the strong involvement of the Board of Directors in managing the Company's operations.

The Board of Directors held 27 meetings and considered 232 items within its remit in 2023.

The Board of Directors' strong performance is among other things due to the planning of activities of the Board of Directors on a half-year basis, preparation for and conduct of meetings via an automated information system, detailed consideration of key items by the Board's dedicated committees, and professionalism of the management and the Corporate Secretary.

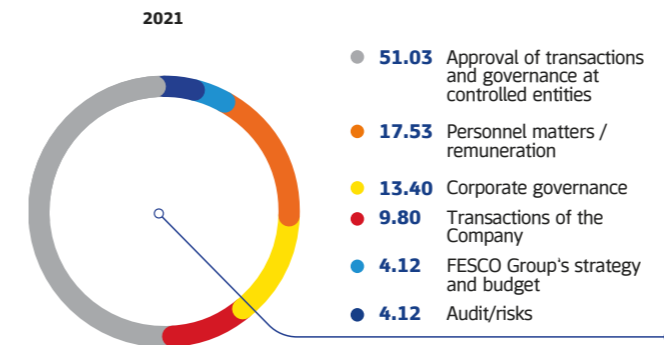
100% of the members of the Board of Directors participated in the work of the Board.

In the reporting year, the Board of Directors considered and adopted resolutions on the following key matters:

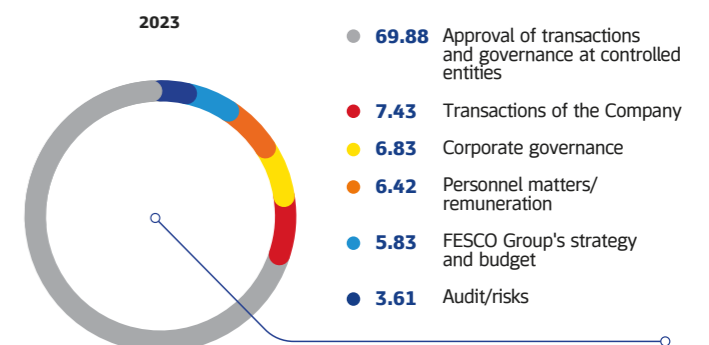
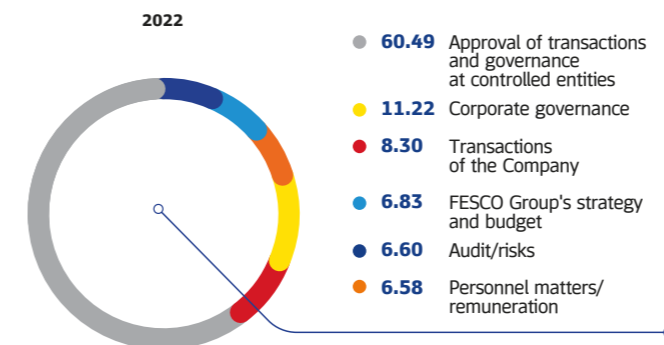
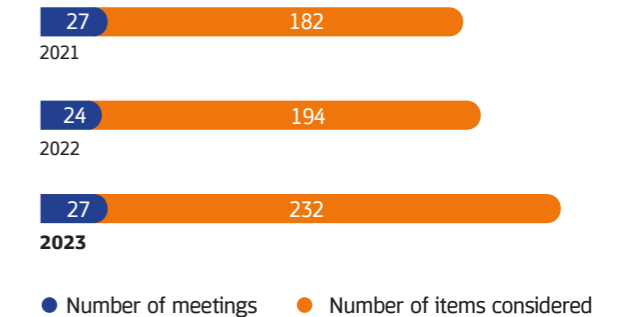
- consideration of matters pertaining to the Group's priority areas of operations
- consideration and approval of business development plans in the CIS and non-CIS markets
- approval of programmes to develop new areas of operations and the Group's digital transformation
- approval of transactions and governance at controlled entities
- consideration of the 2022 budget execution report of FESCO and its subsidiaries and affiliates, and approval of the 2023 budget and key metrics to put together the 2024 budget for FESCO and its subsidiaries and affiliates
- consideration of matters pertaining to corporate governance, internal control, risk management, and internal audit
- consideration of HR matters related to the Group's management, and matters related to FESCO's organisational structure

Information on the meetings of the Board of Directors and the key resolutions made is disclosed by the Company on the website of an authorised agency at <https://e-disclosure.ru/portal/company.aspx?id=83> subject to disclosure exemptions granted by the Russian Government's Resolution No. 1102 dated 4 July 2023¹.

Structure of agenda items considered by the Board of Directors, %



Number of the Board of Directors' meetings



¹ Russian Government's Resolution No. 1102 dated 4 July 2023 On Details of Disclosure and/or Provision of Information that Must be Disclosed and/or Provided under Federal Law On Joint-Stock Companies, and by the Federal Law On the Securities Market.

Committees of the Board of Directors

The Company has three committees of its Board of Directors:

- Strategy, Investment and General Affairs Committee
- Human Resources and Remuneration Committee
- Audit Committee

Board committees play an important role in maintaining high standards of corporate governance by engaging in preliminary consideration and comprehensive analysis of various matters and by issuing recommendations to the Board of Directors for decision-making.

Participation of the members of the Board of Directors in the Board committees in 2023 was reported at 100%.

The committees' activities, rules of procedure, goals, objectives and remit are set out in the Company's relevant regulations approved by the Board of Directors¹ and made available on the Company's website.

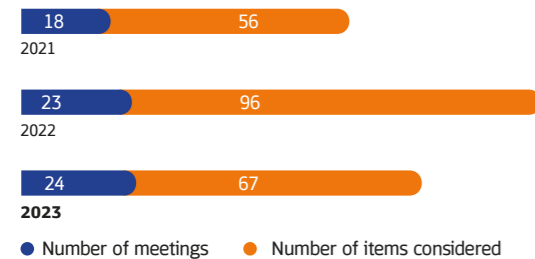
Members of committees of the Board of Directors

The committee members are elected by the Board of Directors at its first meeting following the Annual General Meeting of Shareholders and continue in office until the new Board of Directors is elected.

Presently, the committees are made up of members of the Board of Directors, and each member of the Board of Directors is a member of one or two committees.

A majority of the Audit Committee consists of independent directors, a composition maintained since 2021.

Meetings of the Board committees



Committees report

To organise the work of its relevant committees in a way that ensures their efficiency, the Company relies on the following principles:

- Committees review the most important matters related to FESCO's business
- Committees engage in an in-depth consideration of matters and provide recommendations to the Board of Directors to inform its decisions
- Committees are involved in monitoring and overseeing the implementation of resolutions and instructions of committees and the Board of Directors
- Majority of the Audit Committee consists of independent directors
- There is effective communication between different committees of the Board of Directors
- Committees may engage FESCO Group's officers and employees, as well as third-party advisors and experts

Strategy, Investment and General Affairs Committee

Number of meetings and items considered	Objectives	Key items considered in 2023
In 2023, the Committee held nine in-person meetings to consider 31 items	Putting together recommendations to the Board of Directors for strategic management, implementation of investment projects and long-term development programmes, budgeting, and operating performance evaluation for the Group's companies	<ul style="list-style-type: none"> ◦ Key matters related to the development of the Group, including development strategies for controlled entities, concepts for FESCO's expansion into CIS and non-CIS markets, performance evaluation of new projects ◦ new investment programmes and adjustments to existing development programmes for FESCO's services ◦ FESCO's 2023 budget implementation forecast and approval of key metrics of FESCO Group's budget for 2024 ◦ the President's reports on the fulfilment of the Strategy Committee's assignments, investment and general affairs

Human Resources and Remuneration Committee

Number of meetings and items considered	Objectives	Key items considered in 2023
In 2023, the Committee held three in-person meetings and three meetings in absentia to consider 11 items	Putting together recommendations to the Board of Directors for the personnel policy, motivation and remuneration system, and corporate culture development of Group companies	<ul style="list-style-type: none"> ◦ Consideration of HR projects on development and improvement of HR management systems within FESCO Group ◦ streamlining approaches across FESCO Transportation Group to manage the organisational structure and employee motivation system ◦ consideration of a consistent approach to indexation and revision of salaries at FESCO Group ◦ evaluation of the performance of the top management of FESCO and employees directly reporting to the President, of the top management of FESCO's controlled entities, and of the Corporate Secretary ◦ reports on the fulfilment of the instructions given by the Human Resources and Remuneration Committee

Audit Committee

Number of meetings and items considered	Objectives	Key items considered in 2023
In 2023, the Committee held nine in-person meetings to consider 25 items	Putting together recommendations to the Board of Directors for exercising control over the Company's financial and business operations related to risk management, internal control and corporate governance, conducting internal and external audits, and accounting	<ul style="list-style-type: none"> ◦ Review of the results of monitoring of FESCO Group's investment projects ◦ FESCO Group's 2023 quarterly material risk maps ◦ consideration of potential auditors of FESCO and its controlled entities for the audit of the 2023 financial statements under RAS and IFRS and determining the auditors' remuneration ◦ reports on the fulfilment of the instructions given by the Audit Committee ◦ consideration of work plans and progress reports of the Internal Audit Department on a quarterly basis

¹ Approved by resolution of the Board of Directors on 28 November 2022, Minutes No. 22/22 dated 29 November 2022.