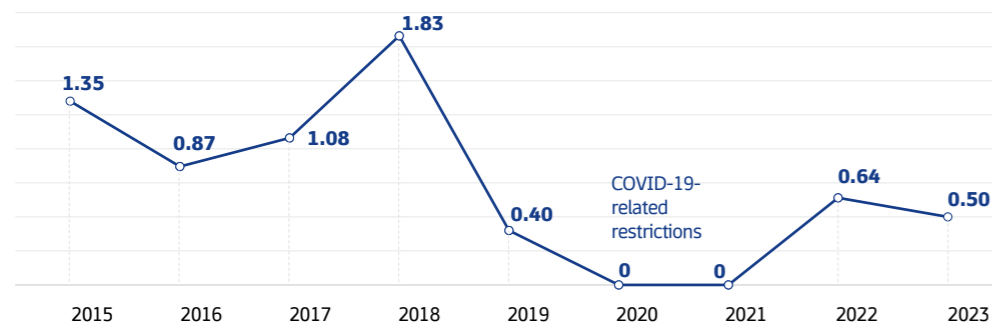


In 2023, FESCO reduced its lost time injury frequency rate (LTIFR) from 0.64 to 0.50 YoY.

### Changes in LTIFR



Source: Company data

### Comparative LTIFR performance

Indicator	2022	2023
Port Division	0.26	<b>0.51</b>
Rail Division	0	<b>0</b>
Liner and Logistics Division	0	<b>0.49</b>
Shipping Division	2.94	<b>1.48</b>
Fuel Division	0	<b>0</b>
FESCO Group (average across divisions)	0.64	<b>0.50</b>

Source: Company data

### Digitalisation in HSE, industrial and fire safety

To reflect industry best practices and rely on the latest achievements in R&D and technology, FESCO Group as part of its digital transformation efforts started the first stage (survey of internal systems and processes) of rolling out an automated HSE, industrial and fire safety management system to standardise processes and documents, provide for accurate planning, reduce the share of routine operations, mitigate administrative impact risks, and improve employee performance.

Integration of the HSE, industrial and fire safety management processes into the Smart Port project will help track and prevent risks of incidents and accidents in operations and hazardous areas while also reducing the risk of human error when engaging in high-hazard operations.

The new system will cover automation of processes in organisation and management of occupational health, environmental, industrial and fire safety.

# Environment and energy efficiency

In line with FESCO Group's mission to offer the best logistics solutions, we recognise that our customers want and need to see our carbon footprint minimised, and respond to that.

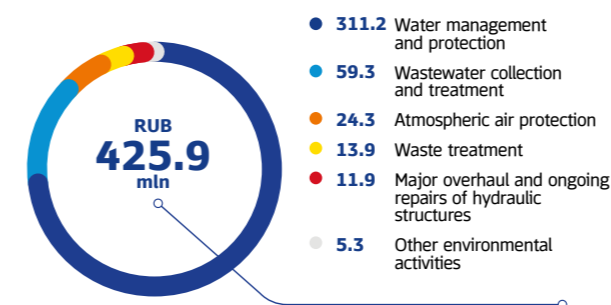
To stay true to sustainable development principles, FESCO is reducing the carbon footprint of cargo transportation and handling, with a focus on digitalisation and solutions that ensure unbiased monitoring of energy consumption and the state of the environment.

Carbon footprint reduction and preservation of marine biota are FESCO's key goals in the environmental protection domain.

As part of our commitments to the state and the public, we take the following steps in every region where we operate:

- install and upgrade treatment facilities (to guarantee that water returning into the environment is safe and meets all the applicable quality criteria)
- on an ongoing basis, monitor noise levels at control points in adjacent housing premises during the day and at night
- engage in continuous environmental monitoring of atmospheric air at the production sites and at the borders of sanitary protection zones (data received from monitoring devices is then quickly made available on a dedicated website of the Primorye Territory Division of the Federal Service for Hydrometeorology and Environmental Monitoring)
- analyse marine biota (organisms that live in the same habitat), including examinations of the state of aquatic biological resources near FESCO's sites
- analyse bottom sediments in the waters of the Golden Horn Bay to control potential contamination resulting from VMTP's operations

### Environmental safety expenses, RUB mln



Source: Company data

**2,724 t** 886 t down YoY  
waste generated at FESCO's facilities in 2023

**69%**  
waste sent for treatment, neutralisation, and recycling

FESCO prioritises separate waste collection and sorting in order to have it recycled and reused.

Waste management process	Hazard class, tonnes				
	I class	II class	III class	IV class	V class
Waste generated during the year	0.2	0.3	195.3	407.7	2,120.4
Waste transferred to the regional operator	0	0	0	76.4	0
Waste transferred for neutralisation	0	0	117.2	76.2	1.9
Waste transferred for recycling	0.2	0.3	78.2	64.5	222.0
Waste transferred for disposal	0	0	0	190.6	588.2
Waste transferred for treatment	0	0	0	0	1,308.3

In line with existing environmental laws and regulations and sanitary and hygienic requirements, FESCO has temporary waste storage facilities in place.

We engage in consistent efforts to reduce our waste generation.

Key provisions governing the safety and quality of the environment and environmental protection are set out in FESCO's Occupational Health and Industrial, Environmental and Fire Safety Policy. It applies to all branches, standalone and structural units within FESCO Group, as well as its subsidiaries and affiliates.

To implement the Policy's priorities, the Company has in place the 087-02-09-2022 environmental management system (EMS), which covers documented procedures, plans, SOPs, internal, external and regulatory inspections, self-assessment, and management analysis exercises.

In 2023, environmental watchdogs identified no violations of applicable Russian regulations by FESCO to result in any fines.

FESCO was awarded the Leader (AAA) level under the national standard Index of Business Reputation of Companies (EPS Rating), ranking 26th in the overall rating and fourth in the Transport and Storage sector, with the maximum score awarded for the Environment factor.

For 2023, FESCO Transportation Group ranked 69th in the ESG rating, climbing up 30 positions compared to the previous year.



**In 2023, inspections confirmed that FESCO Group complies with the requirements of Eurasian Economic Commission certification under the following standards:**

GOST R ISO 9001-2015 (ISO 9001:2015) Quality management systems. Requirements, GOST R ISO 14001-2016 Environmental management systems. Requirements with guidance for use and GOST R 54934-2012 / OHSAS 18001:2007 Occupational health and safety management systems. Requirements.

## Reduction in greenhouse gas emissions

In 2023, FESCO continued active efforts to implement mechanisms that aim to decrease greenhouse gas (GHG) emissions, including through reductions in fuel and energy consumption.

Through the reduction of specific GHG emissions generated by FESCO Group's operations, we managed to achieve a relative reduction in GHG emissions of 10.7 thousand tonnes of CO<sub>2</sub>-e, or 2.4%.

## FESCO Group's Energy Policy

Aware of the role of FESCO in the Russian market for transportation and logistics services, shipments in the Far East leveraging international sea routes and rail network to/from Asia and domestic sea lines, the management of FESCO Group considers energy saving and energy efficiency improvement measures to be among the key priorities in what we do.

In 2023, FESCO received its first ever group certificate for compliance with the international standard (ISO 50001:2018) and its Russian equivalent (GOST R 50001-2023) Energy management systems – Requirements with guidance for use.

The Energy Policy is the basis for FESCO Group to analyse and set its energy goals and objectives and to select prioritised and highest potential energy saving and energy efficiency improvement measures.

### This was made possible by consistent efforts to set up FESCO's energy management system and prepare for a certification audit:

- FESCO Group's Energy Policy was updated;
- job descriptions of responsible employees were reviewed and improved
- a procedure was approved for internal audits of the energy management system, with relevant internal audits carried out across the Group's facilities
- the Energy Analysis Methodology was updated, with the energy analysis procedure examined
- a procedure was approved for FESCO Group's management to analyse the energy management system

Following the audit of the energy management system at FESCO Group's facilities, an internationally accredited certification body produced a positive opinion and issued certificates to that effect.

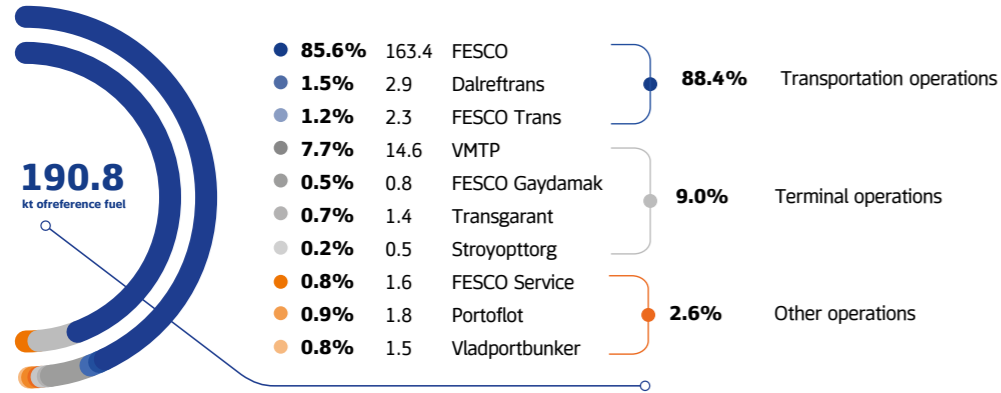


# Energy consumption

At FESCO Group, fuel and energy resources are mainly consumed in transportation operations, with fuel used in cargo transportation by sea, road, and rail (refrigerated transportation), and in terminal operations, where fuel is required for the handling of container and non-container cargoes at VMTP and other terminals.

In 2023, FESCO Group consumed a total of 190.8 thousand tonnes of reference fuel, of which transportation and terminal operations accounted for 88.4% and 9.0% respectively.

## Fuel and energy consumption across all types of operations (broken down by FESCO Group facility), kt of reference fuel, %

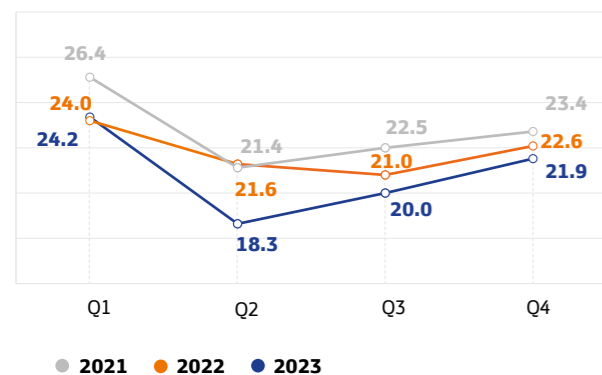


Source: Company data

In 2023, we started developing a corporate automated system for fuel and energy consumption, which is to be integrated with related information and production systems of FESCO Group's facilities.

The scale of reduction in specific consumption of fuel and energy associated with FESCO Group's operations proves that we are on the right track with the measures we implement.

## Changes in energy intensity of terminal operations, kg of reference fuel per HCC

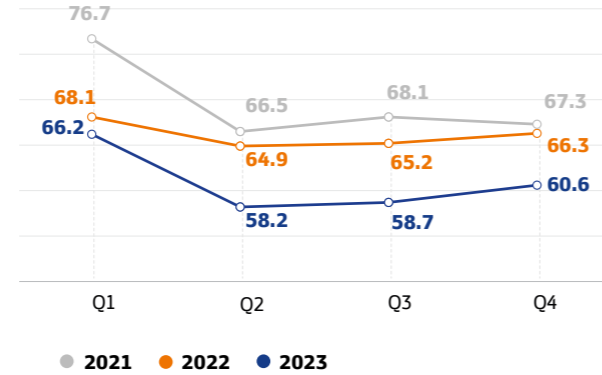


Source: Company data

Energy intensity of container handling at FESCO Group's terminals stood at 21.1 kg of reference fuel per HCC in 2023, which is a 5.5% reduction YoY.

Energy intensity of cargo transportation by sea for 2023 was down by 3.5% to 63.7 kg of reference fuel per mln DWT miles\*10<sup>-1</sup>.

## Changes in energy intensity of cargo transportation by sea, kg of reference fuel per mln of DWT miles\*10<sup>-1</sup>



Source: Company data

## Key energy intensity metrics for FESCO Group's operations

Indicator	Fuel consumption, kt of reference fuel		Energy intensity of operations, kg of reference fuel / volume of operations		Energy intensity YoY change, %
	2022	2023	2022	2023	
<b>Terminal operations</b>					
including container cargo handling	13.10	<b>13.13</b>	22.3	<b>21.1</b>	(5.5)
non-container cargo handling	4.08	<b>3.45</b>	7.67	<b>7.64</b>	(0.4)
<b>Transportation operations</b>					
Cargo transportation by sea	126.8	<b>157.1</b>	66.1	<b>63.7</b>	(3.5)
Cargo transportation by road	2.3	<b>2.4</b>	44.2	<b>42.9</b>	(2.9)
Cargo transportation by rail (refrigerated containers)	2.9	<b>2.9</b>	133.7	<b>138.9</b>	3.9

# Energy saving activities

In pursuance of its Energy Policy, FESCO Group developed the Energy Saving and Energy Efficiency Improvement Programme for 2023, which describes organisational and technical initiatives planned by the Group in this area.

### The Energy Saving Programme includes activities with the following focuses:

- improvement in the efficiency of resource use in shipping operations
- improvement in the efficiency of resource use in heat generation facilities and other heat supply system facilities
- improvement in the efficiency of resource use in the maintenance of buildings and structures
- improvement in the efficiency of resource use in operations of loading and unloading, special and motor transport vehicles and equipment
- improvement in the efficiency of resource use in railway operations
- improvement in energy efficiency of lighting systems
- improvement in the efficiency of resource use in operational processes

**5.7** vs 5.3 kt target  
**kt of reference fuel**  
 total fuel and energy savings driven by the Energy Saving and Energy Efficiency Improvement Programme in 2023





Savings

3.3 kt  
Marine fuel



0.9 mln kWh  
Electricity



344 thousand l  
Diesel fuel



200 t  
Heating oil



As part of the Programme, heat supply facilities at VMTP were switched from an oil-fired boiler house to city-level heating grids following the construction of a new cutting-edge automated central heating station with weather compensation. We also upgraded in-port heating grids and installed heat metering devices as delivered to consumers. In 2023, the efficiency of these measures expressed as the energy equivalent averaged 28% YoY.

At 11 container handlers, the lighting system was replaced with LED options. A pilot project was implemented to convert light towers at VMTP to LED lights with a light dimming technology. The project showed that in addition to more uniform illumination, the new solution helped reduce electricity consumption per light tower by more than 50%.

As part of a project to convert in-port equipment to electronic waybills, a fuelling station located at VMTP was mothballed. Instead, three automated containerised fuelling stations were installed at the port. All loading and unloading equipment and terminal tractors have the GLONASS positioning system that monitors their diesel fuel consumption.

FESCO continued to implement Smart Ship Viewer, a comprehensive system for monitoring vessels' performance and fuel consumption. In 2023, it was put in place at four vessels.

FESCO vessels comply with the requirements of the International Convention for the Prevention of Pollution from Ships (MARPOL) in terms of energy efficiency of ships. Fuel consumption is monitored in accordance with the approved Ship Energy Efficiency Management Plan (SEEMP). All of the Company's vessels are certified by the Register confirming correct data collection.

The Group's vessels operated in territorial waters near the European part of the global ocean comply with the EU MRV<sup>1</sup> Regulation, which requires them to have an approved energy efficiency plan and collect and submit data on fuel consumption, greenhouse gas emissions and activities completed to date. These measures are also designed to reduce GHG emissions into the air.



<sup>1</sup> Monitoring, reporting and verification.

# SOCIAL PROJECTS

## Our approach

As one of major transport and logistics players in Russia and beyond, FESCO Transportation Group recognises its accountability to stakeholders and society as a whole and is committed to doing socially responsible business.

Initiatives contributing to sustainable development in the regions of operation is one of the key priorities of FESCO's corporate social responsibility strategy.

FESCO's definition of "corporate social responsibility" is based on ISO 26000 Guidance on Social Responsibility: "Responsibility of an organisation for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour that:

- contributes to sustainable development, including health and the welfare of society
- takes into account the expectations of stakeholders
- is in compliance with applicable law and consistent with international norms of behaviour
- is integrated throughout the organisation and practised in its relationships."

In addition to that, FESCO takes into consideration national development goals envisaged by Russian President's Order No 474 On National Development Goals of the Russian Federation for the Period until 2030 dated 21 July 2020:

- population preservation, people's health and well-being
- self-fulfilment and talent development opportunities
- comfortable and safe living environment
- decent and effective labour, and successful entrepreneurship

FESCO also shares the position on corporate social responsibility set out in the Social Charter of the Russian Business.

