

Occupational health and industrial safety

Occupational health and environmental, industrial and fire safety are a priority in FESCO Group's internal policy.



In 2023, in line with the amended Occupational Health and Safety Management System Regulations, the Company updated its Occupational Health and Industrial, Environmental and Fire Safety Policy (fundamental document reflecting FESCO's position on safety of operating processes), adopting ten vital rules.

1. I never turn up for work under the influence of alcohol, intoxicants or drugs, or when feeling ill.
2. I always move around following safety rules, notice and eliminate unsafe conditions/situations, and stop unsafe actions.
3. I do not leave unattended and I properly store/use explosive and fire hazardous materials, I do not smoke or start fires in inappropriate places.
4. I never stand under a suspended load / in an area where machinery is operating.
5. I understand what kind of work can be hazardous and I never start without a valid work permit and briefing.
6. I always use personal and collective protective equipment while working, including seat belts in the car.
7. I always check isolation/lockouts of all sources of hazardous energy of machinery and equipment before starting work.
8. I do not use communication devices or take my eyes off the road while driving, nor do I break the speed limit.
9. I take measures to protect myself from falling from heights.
10. I am responsible for my own safety!

FESCO Group's key principles and commitments in occupational health and safety:

- full compliance with Russian laws and international treaties entered into by Russia in the areas of occupational health, environmental, industrial and fire safety
- priority of the health and lives of employees over operational performance
- continuous improvement of the occupational health and safety management system
- set of preventive measures to avoid occupational injuries and diseases
- safe working conditions that meet today's requirements and expectations
- strong corporate safety culture
- mitigation of accident risks at hazardous production facilities

In 2023, the following regulations were developed and updated in pursuance of our Occupational Health and Industrial, Environmental and Fire Safety Policy:

- Investigation and Keeping Records of Workplace Accidents
- Qualification Requirements in Occupational Health, Environmental, Industrial and Fire Safety Mandatory for Suppliers, Service Providers and Contractors
- Industrial Safety Risk Management and Organisation of Process Control
- Management of Material Environmental Aspects and Organisation of Industrial Environmental Control
- FESCO Group's Management System in Occupational Health, Environmental, Industrial and Fire Safety
- Procedures for Hazard Identification, Occupational Risk Assessment and Management

The Company developed and approved the Regulations on the Procedure for Technical Investigation of Root Causes of Accidents and Incidents Involving Vehicles and Lifting Equipment (Mechanisms).

To deliver against its occupational health and safety targets, the Group completed the following activities in 2023:

- carried out a special assessment of working conditions that covered 836 new workplaces
- assessed professional risks at 54 workplaces
- engaged in on-site control over compliance with sanitary rules and regulations, hygienic requirements, and sanitary and anti-epidemiological (preventive) measures at 740 workplaces
- arranged for mandatory medical check-ups for 2,062 employees
- provided personal protective equipment, detergents and decontaminants to 2,882 employees
- as at the end of 2023, recorded a headcount of 2,090 employees working in harmful and/or hazardous conditions
- in 2023, provided RUB 171.5 million in guarantees and compensations that employees are eligible for under the Russian Labour Code

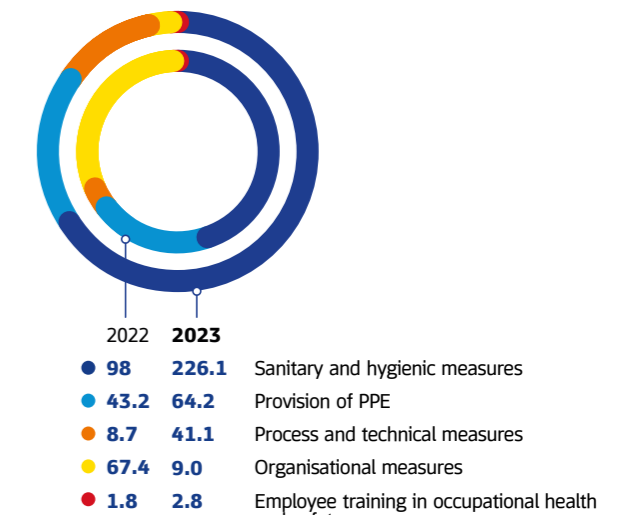
In 2023, FESCO Group achieved a total of RUB 5.5 million savings of insurance payments towards mandatory social insurance as per the Rules for Financing Preventive Measures to Reduce Occupational Injuries and Diseases (approved by Order No. 467n of the Russian Ministry of Labour and Social Protection dated 14 July 2021) by having its expenses reimbursed by the Russian Pension and Social Insurance Fund.

Occupational health and safety expenses, RUB mln



Source: Company data

Measures taken in 2023

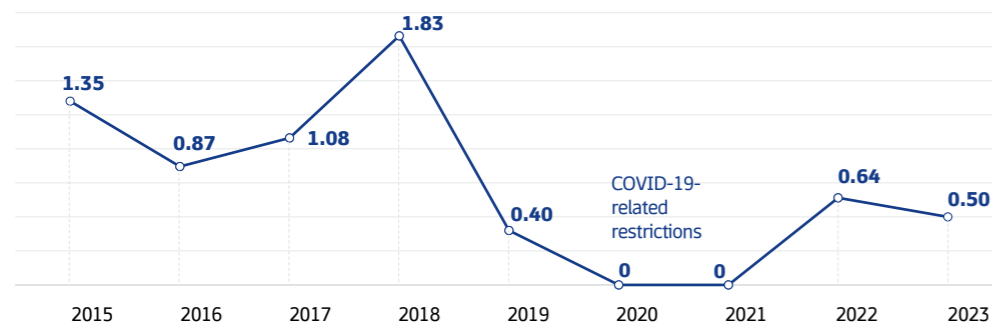


Source: Company data

- Organisational measures include special assessment of working conditions, on-site control, professional risk assessment, occupational health and safety activities, medical check-ups, and vaccination.
- Process and technical measures refer to equipment and power control systems, street lighting improvement, provision of personal and collective protective equipment, and use of anchor lines.
- Sanitary and hygienic measures relate to lighting available in workplaces and places for employees to warm up and eat, disinfection and disinsection, medical check-ups and examinations, and on-site control.
- Employee training in occupational health and safety includes education, awareness raising, equipment of health and safety classrooms, and upgrades of training materials, including based on VR technologies.
- Provision of personal protective equipment means provision of protective clothing and footwear and other personal protective equipment.

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 | 0.51 |
| Rail Division | 0 | 0 |
| Liner and Logistics Division | 0 | 0.49 |
| Shipping Division | 2.94 | 1.48 |
| Fuel Division | 0 | 0 |
| FESCO Group (average across divisions) | 0.64 | 0.50 |

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.

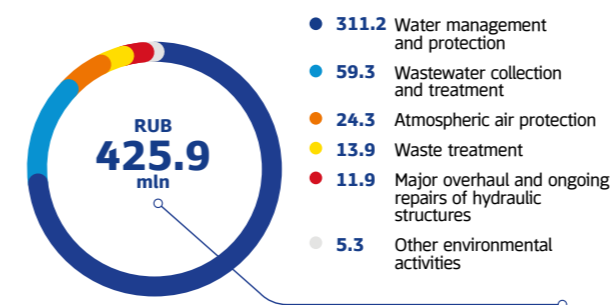
To stay true to sustainable development principles, FESCO is reducing the carbon footprint of cargo transportation and handling, with a focus on digitalisation and solutions that ensure unbiased monitoring of energy consumption and the state of the environment.

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.