

Stakeholder group	Stakeholder engagement tool/channel
Local communities 	<ul style="list-style-type: none"> Long-term or one-off social, environmental and cultural programmes in the regions of operation partnership projects and programmes in the regions of operation volunteer programmes, projects and campaigns organisation of sociological and other studies, surveys, and focus groups, participation in them PR activities, including dedicated events, workshops, forums and competitions management meetings with representatives of local communities, including managers and employees of non-profit organisations, volunteer movements, social and cultural institutions, representatives of university students and teachers in the regions of operation, school students, teachers and administrative staff, veteran organisations, etc. meetings with officials from government agencies and local authorities in the regions of operation participation in industry-specific, public and other exhibitions, conferences, forums, etc. the Group's corporate websites and social media pages, the websites and social media pages of individual programmes and projects pursued by the Group
Members of professional industrial communities 	<ul style="list-style-type: none"> Membership in industrial unions and associations: <ul style="list-style-type: none"> Eurasian Union of Rail Freight Transport Participants Organisation for Cooperation of Railways Union of Railway Operators Market Association of Commercial Sea Ports Russian Chamber of Shipping International Coordinating Council on Trans-Eurasian Transportation Russian Union of Industrialists and Entrepreneurs (RSPP) Russian Association of Freight Forwarding and Logistic Organisations Public Council of the Northern Sea Route Russian-Chinese Business Council Association of Exporters and Importers Chamber of Commerce and Industry of the Primorye Territory Association of Operators of the Refrigerator Rolling Stock Association of Partners on Coordination and Usage of the Northern Sea Route participation in expert councils establishment of joint coordination committees and task forces participation in conferences, forums, round tables, plenary and strategic sessions
Higher education institutions 	<ul style="list-style-type: none"> Internship offers work in the project management office at the Far Eastern Federal University (FSC – Workflow Management, Accounting) organisation of competitions to select talented students (case championships, brain storms) lectures and master classes from FESCO experts resolution of project-based challenges
Rating agencies 	<ul style="list-style-type: none"> Regular contacts with agency officers information disclosure press releases disclosing financial results publication of financial statements and annual reports conference calls with management
Financial organisations 	<ul style="list-style-type: none"> Disclosures under financial monitoring engagement with analysts and lawyers during Q&A sessions held as part of disclosures monthly and quarterly management meetings with partner banks discussions with analysts and client managers as part of the efforts to manage bank product requests
Government agencies 	<ul style="list-style-type: none"> Participation in the meetings of intergovernmental commissions, their working bodies, and port expert groups; participation in official delegations accompanying Russian vice prime ministers and select ministers on their working visits to the countries where FESCO operates participation in conferences and task forces sponsored by allied associations (the Organisation for Cooperation of Railways, Union of Railway Operators Market, Association of Commercial Sea Ports, Russian Chamber of Shipping, Russian-Chinese Business Council, International Coordinating Council on Trans-Eurasian Transportation, Eurasian Union of Rail Freight Transport Participants, Russian Association of Freight Forwarding and Logistic Organisations, RSPP, Public Council of the Northern Sea Route, etc.) preparation of the Company's responses to requests submitted by government agencies sponsorship of regulatory initiatives on maritime shipments, stevedoring services at ports, container shipment by various means of transport participation in working groups, joint meetings, round tables, conferences, and forums submission of queries and proposals to federal and regional executive authorities interaction with relevant government agencies to obtain permits, certificates, licences, etc. implementation of initiatives for improving intermodal transportation processing procedures in partnership with relevant government authorities

Personnel

FESCO consistently implements its HR management strategy until 2025. The strategy covers all aspects of employer–employee relationships and envisages efforts in the following areas.



Staff acquisition:

- broader youth involvement
- wider geographical outreach and deeper student engagement
- enhanced online visibility in social media and career portals
- automation of the staff recruitment process and development of the employer brand



Staff development:

- corporate university and a shared training system
- talent pool for key positions
- career growth based on intra-Group transfers
- participation in cross-functional projects



Corporate culture and social protection:

- improvements in employee engagement
- enhancement of the employer's social responsibility
- uniform corporate culture
- interaction with trade unions



Improvements in the efficiency of HR management processes:

- description of HR processes for their automation
- 40% of processes undergoing automation, 20% of optimisation assignments completed, with more than 380 metrics and relevant calculation methodologies identified
- unification of HR processes increased to 97%, with the automation rate growing to 60%
- development of local regulations based on unified standards (in line with both mandatory labour law requirements and additionally approved criteria to meet specific business needs)
- introduction of electronic workflow in HR processes



Remuneration and incentives, employee benefits and organisational development:

- unified remuneration and incentivisation system
- unified system of employee benefits
- unified system for salary indexation and payroll reviews
- staff performance management system
- unified system for building organisational structures



Thanks to the implementation of strategic personnel management initiatives, FESCO Transportation Group made it to the ratings of Russia's best employers in 2023.

- For example, FESCO confirmed its golden status in Forbes' rating (just like it did in 2022), with the status in the Corporate Governance category upgraded from gold to platinum. Forbes' rating includes 125 companies divided into four groups depending on their score (Platinum, Gold, Silver and Bronze). One of the key social dimensions considered by the rating was implementation by the companies of employee support policies that go far beyond the standard social benefit package. Apart from that, Forbes experts reviewed the companies' staff retention and pay rise efforts, while also assessing their environmental policies and corporate governance quality.
- RBC included FESCO Transportation Group in its Strong Performance list. RBC research covered 166 companies employing over 2 million Russians, with experts from major Russian companies verifying

and suggesting improvements to the applied methodology and criteria. The rating's participants were assessed against the following groups of indicators (each group was assigned a certain weight during the calculation of final results):

- employees and working conditions – an average salary, investments in employee training, availability of a social benefit package, personnel turnover and injury rates
 - business efficiency and innovations – revenue growth, overall business profitability, and investments in business development
 - social responsibility – involvement of the companies in charity projects and their environmental expenses
 - corporate business reputation – lawsuits filed against the company (if any), litigation results, incurred costs, share of government inspections revealing violations
 - employee opinions – personnel satisfaction with salaries, social benefits, and opportunities for career growth and professional development
- According to HeadHunter, FESCO Transportation Group ranked among Top 100 major employers. HeadHunter's research covered 2,266 companies. The rating's participants were assessed against the following groups of indicators (each group was assigned a certain weight during the calculation of final results):
- HR questionnaire – information provided by HR experts of the participating companies to help assess HR functions in relevant companies
 - internally measured employee net promoter score (eNPS) – readiness of the staff to recommend the company as an employer
 - external assessment – opinion of job seekers who choose the companies they would like to work for

Staff composition

In 2023, FESCO's average headcount went up 11.3% YoY to 6,549 FTEs. The increase was driven by the development of new business lines and business growth.

FESCO's average headcount, FTEs¹

Location	2020	2021	2022	2023
Russia	4,897	5,008	5,702	6,313
Asia	146	146	146	202
Europe	48	33	35	34
Total	5,091	5,187	5,883	6,549

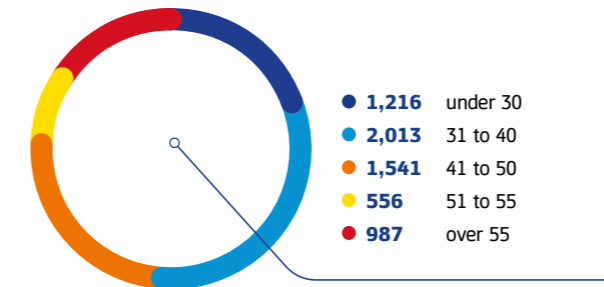
Source: Company data

¹ Full-time equivalent (abbreviated FTE) is the equivalent of full-time employment of company employees, which allows determining the level of employee involvement in the labour process.

6,549 FTEs +11.3% YoY

FESCO's average headcount in 2023

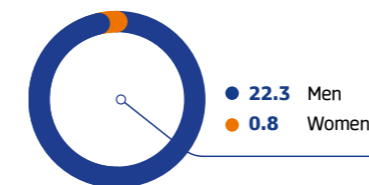
Personnel structure by age in Russia in 2023, FTEs



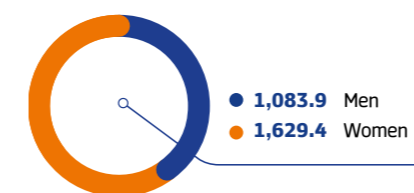
Source: Company data

In implementing its HR policy as well as job compensation and social security policy, FESCO strictly respects the laws applicable to employees' rights and freedoms, offers equal opportunities, and guarantees employee protection against any forms of discrimination.

Job level structure by gender in Russia in 2023 (senior executives), FTEs

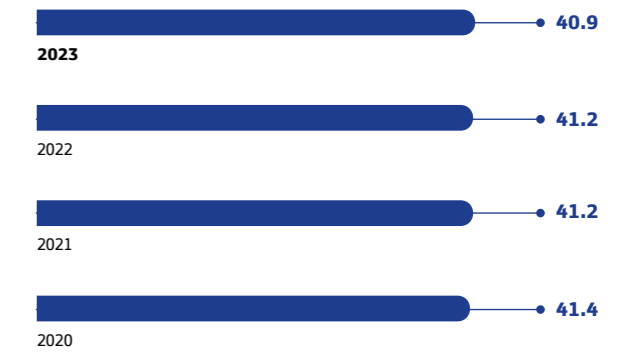


Job level structure by gender in Russia in 2023 (white-collar employees), FTEs



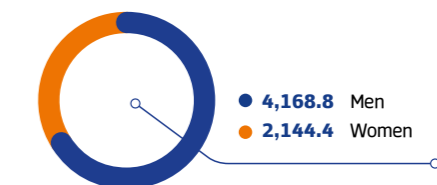
Source: Company data

Average employee age in Russia, years

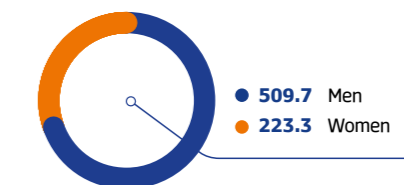


FESCO's employees come from various age groups.

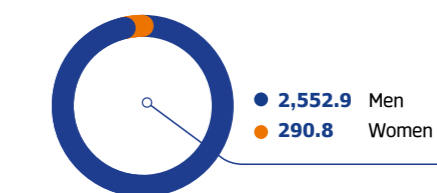
Personnel structure by gender in Russia in 2023, FTEs



Job level structure by gender in Russia in 2023 (executives), FTEs



Job level structure by gender in Russia in 2023 (blue-collar employees), FTEs



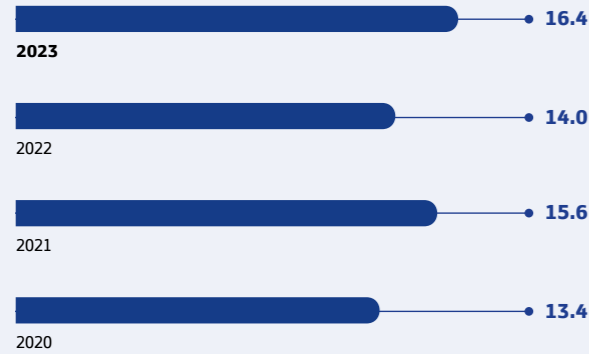
Source: Company data

Personnel turnover

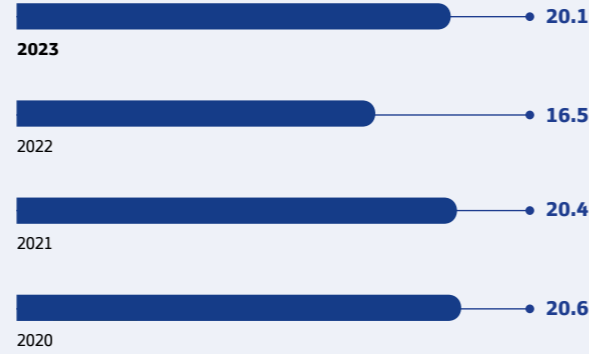
FESCO has an effective HR policy in place and uses a variety of staff recruitment methods, which help it maintain a stable personnel turnover rate in terms of dismissed employees. In 2023, it stood at 16.4%

for voluntary resignations and 20.1% for all reasons for resignation, showing a YoY increase to the level registered back in 2021.

Personnel turnover rate (voluntary turnover), %



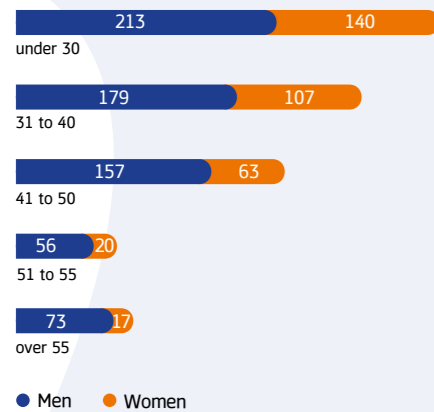
Personnel turnover rate (total turnover), %



Source: Company data

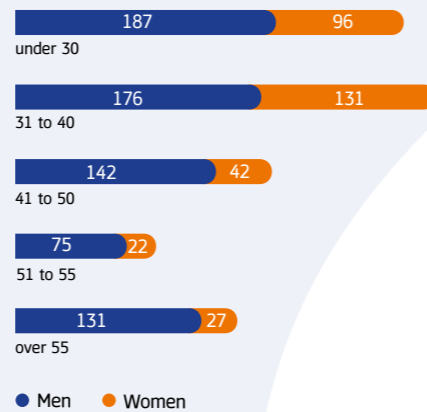
Number of hired and dismissed employees by age group and gender in Russia

Hired in 2020



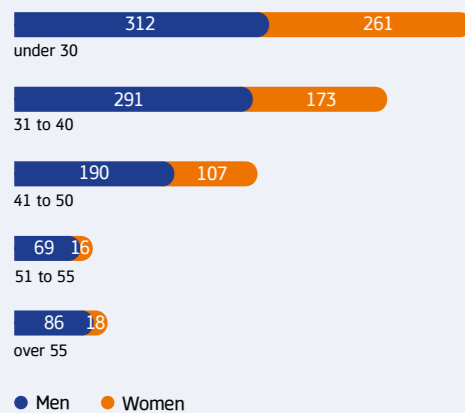
Total 1,025

Dismissed in 2020 (with FESCO's intra-company staff transfers factored in)



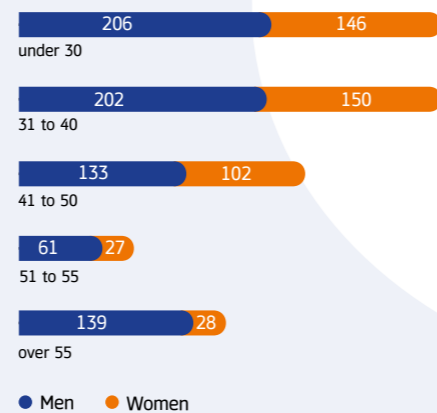
Total 1,029

Hired in 2021



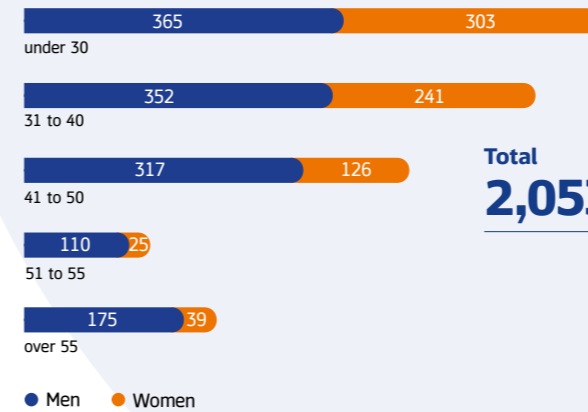
Total 1,523

Dismissed in 2021 (with FESCO's intra-company staff transfers factored in)



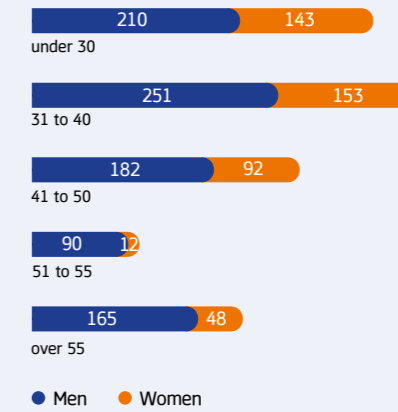
Total 1,194

Hired in 2022



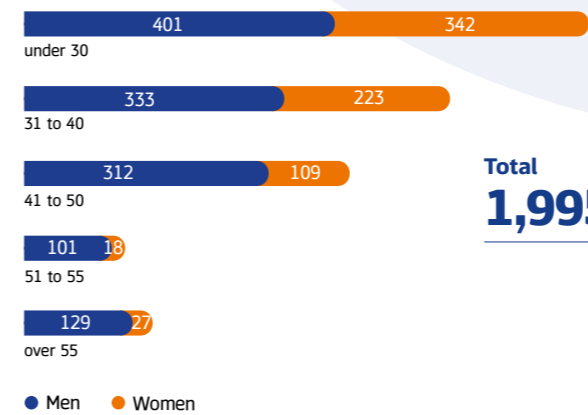
Total 2,053

Dismissed in 2022 (with FESCO's intra-company staff transfers factored in)



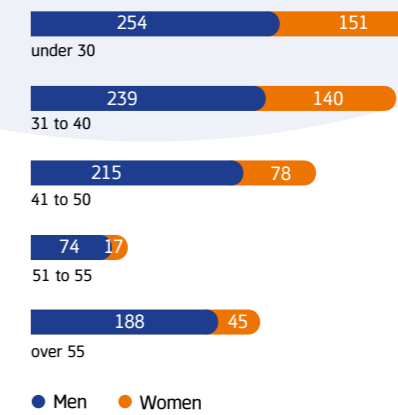
Total 1,346

Hired in 2023



Total 1,995

Dismissed in 2023 (with FESCO's intra-company staff transfers factored in)



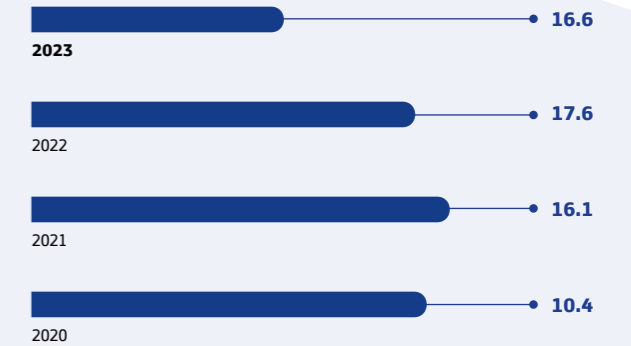
Total 1,401

Source: Company data

Average employee age in Russia as at the employment date, years



Recruitment of young professionals (under 35 years old), %



16.4%
personnel turnover rate in 2023

Incentives

Financial incentives

FESCO strives to create comfortable working conditions for its employees and provides them with competitive salaries and corporate benefits.

The remuneration system contemplated by FESCO's strategy is focused on increasing transportation volumes and profit margins, improving the quality of cargo forwarding services, and enhancing labour efficiency. The incentive scheme provides for remuneration payment depending on employees' operating and financial performance and personal contribution.

In 2023, FESCO Transportation Group adopted a unified approach to employee incentives and benefits (voluntary health insurance (VHI), business trip and hospitality expenses, mobile telephony and transportation, relocation and training).

Additionally, FESCO approved a unified approach to salary indexation and payroll reviews.

In 2023, income of the Company's employees grew by an average of 18.4% YoY. This increase was driven by progressive annual salary indexations (in the companies covered by a collective bargaining agreement) and payroll reviews in other companies conducted to bring remuneration levels in line with the market average.

Social protection

FESCO provides its employees with social protection and benefits over and above those provided for by the Russian labour laws, which helps increase labour efficiency and performance. All FESCO employees hold VHI policies and can receive free medical care at the country's best healthcare facilities specified in the insurance contract. The VHI programme also covers outpatient care, hospital services, preventive vaccination, dental care, treatment procedures, round-the-clock trauma services, diagnostic testing, healthcare at home, and emergency medical services. VHI policies are made available to all of the Company's employees in the first month of their employment.

> RUB **130** +24% YoY
mln

VHI expenses in 2023

FESCO offers its employees financial aid on special occasions in their life or to help them and their families overcome serious health issues.

> RUB **150** ×2 YoY
mln

financial aid expenses in 2023

FESCO has developed and put in place additional support measures for all of the Group's employees as required by Russian President's Order No. 647 On Declaring Partial Mobilisation in the Russian Federation dated 21 September 2022. These additional support measures include financial aid, and mental health and legal assistance in the form of free psychological and legal consultations for the Group's employees and members of their families more than 18 years old. Financial aid is provided in the following cases

- one-off payment upon the mobilisation of an employee – RUB 100,000
- one-off assistance to pay for the mobilisation outfit and accoutrements – RUB 200,000
- average salary payments for the entire mobilisation period
- one-off payment upon the completion of mobilisation service – RUB 300,000
- one-off assistance to pay for health resort treatment upon the completion of mobilisation service – RUB 100,000
- one-off payment in case of minor injuries – RUB 500,000
- one-off payment in case of severe injuries – RUB 1 million
- one-off payment in case of decease of the mobilised employee during military service – RUB 3 million

Total social expenses in 2023 exceeded RUB 530 million (a 2.5x increase YoY), with a significant portion allocated to support mobilised employees of FESCO

Furthermore, we launch regular charity initiatives for our employees, including those centred on clothing collection boxes, blood donor days, and first aid and tactical medicine courses.

Staff recruitment and acquisition

In 2023, FESCO actively worked to enhance its HR brand as an employer, which had a positive effect on the recruitment funnel conversion. The total number of responses to job vacancies posted on work search websites increased by 10%, with loyalty growing among the potential candidates.

As part of process automation, for recruitment purposes the Company transitioned to an automated candidate management system, which was later integrated into internal corporate systems. The new system covers all recruitment stages – from managing job requisitions to hiring the candidate. Additionally, the assessment of recruitment performance was automated, which helped track process effectiveness, increase the loyalty of hiring managers, and make the hiring process more transparent.

By the end of the reporting year, hiring managers fully met their young talent acquisition targets thanks to the active participation of recruitment staff in youth forums and case championships. During these events, our staff selected the best graduates with relevant backgrounds to eventually offer them employment.

In 2023, personnel recruitment efforts covered 13 Russian regions and four foreign countries. Compared to the previous reporting period, the number of job requisitions increased by 11%, with the number of filled jobs rising by 9%. The average time to fill vacancies decreased by two days.

Job requisitions

Indicator	2021	2022	2023
Job requisitions received	1,193	1,655	1,839

Source: Company data

Requisition fulfilment by category

Indicator	2021	2022 ¹	2023
Commercial personnel	49	145	206
Blue-collar employees	65	413	412
Middle management	42	622	770
Top management	58	28	29
Total requisition fulfilment speed, days	49	39	37

Recruitment of young professionals

In 2023, FESCO launched Young Talent Engagement and Cooperation with Educational Institutions, a new function seeking to:

- staff FESCO Transportation Group with qualified personnel, including rejuvenation of the workforce
- attract young professionals from universities and vocational schools in the regions of operation, including through internships, apprenticeships and employment
- provide career guidance for schoolchildren in the regions where FESCO operates



> RUB **47** mln
staff acquisition costs in 2023
(flat YoY)

¹ Taking into consideration automated calculations introduced in 2022.

FESCO's youth policy has four focus areas:



Cooperation with universities and vocational schools. Engagement with existing students and young talents to get them work in FESCO Transportation Group

Partnerships were established with the following Russian universities:

- Far Eastern Federal University (Vladivostok);
- Admiral Nevelskoy Maritime State University (Vladivostok)
- Vladivostok State University (Vladivostok);
- Far Eastern State Technical Fisheries University (Vladivostok)
- Siberian Transport University (Novosibirsk);
- Siberian State University of Water Transport (Novosibirsk)
- Novosibirsk State University of Economics and Management (Novosibirsk)
- Admiral Makarov State University of Maritime and Inland Shipping (St Petersburg)
- Saint Petersburg State University of Economics (St. Petersburg)
- Higher School of Economics (Moscow)
- Russian University of Transport (MIIT) (Moscow)
- Financial University under the Government of the Russian Federation (Moscow)
- Kutafin Moscow State Law University (Moscow)
- Kazan Federal University (Kazan)

FESCO joined forces with the Far Eastern Federal University to deliver on the following initiatives:

- three case championships in economics held
- over 15 projects developed jointly as part of dedicated project activities
- Sea Inside co-working space established
- project management office launched in Building G, enabling students to gain practical experience and help businesses in addressing production challenges
- Company-branded classroom opened

Collaboration with universities is structured around four areas:

development of professional skills in students:

- apprenticeships
- internships
- employment
- involvement in projects
- work in a project management office (Far Eastern Federal University)

science and education:

- teaching
- workshops
- conferences
- open lectures

social and sponsorship support:

- classroom renovations
- establishment of public creative spaces (co-working spaces)
- assistance in maintaining administrative and household property

selection and assessment of students for future employment in FESCO Transportation Group

- case tournaments
- project activities
- participation in the state examination boards

FESCO also actively engages with educational institutions in Vladivostok and Novosibirsk to offer their graduates internships in FESCO Transportation Group.



Career guidance and industry promotion

Engagement with school students and graduates to help them choose their future profession and to raise awareness about opportunities offered by the Primorye Territory and the Russian Far East.



Industry ambassadors

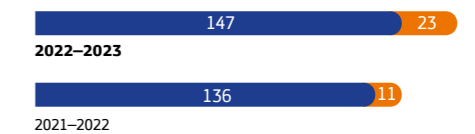
Transfer of practical professional knowledge to students and professors, development of communication between educational institutions, industry representatives and FESCO.



Social and sponsorship support for key educational partners



2023 saw an uptick in the number of hired graduates.



● Students who completed an apprenticeship and/or internship
 ● Graduates hired

Personnel training and development

In 2023, the training and development function gained further traction, as the Company unveiled FESCO Academy, a corporate structure combining several key aspects, including adaptation, training and development, assessment and talent pool, mentorship, and succession management.

Key objectives of the Academy are to centralise the training function, and to digitalise and automate all personnel development processes. In March 2023, the Company's new corporate educational platform entered an active phase. Employees can choose the courses, books, and interviews they are most interested in, with topics ranging from personal effectiveness, conflict management and governance to mastering new software packages and more. In less than 9 months, over 2 thousand people completed various courses on the platform.

In addition to asynchronous learning where the student interacts with pre-recorded materials, the Academy also actively develops synchronous formats (face-to-face and online). The Academy's methodologists monitored current processes to build several portfolios of programmes meeting a wide variety of business needs. These portfolios include Service Academy,

Leadership Academy, and Sales Academy, each offering its students training sessions, workshops, and live streams. From August to December 2023, 437 people completed training under the Academy's internal programmes. The Company also introduced internal coaching, with coaches hosting regular events in Moscow, St Petersburg, Vladivostok and Novosibirsk.

In addition to building its own pool of coaches, the corporate Academy expands cooperation with the country's leading business schools and universities to offer FESCO's employees best-in-class educational solutions. One of such partnerships with the Institute of Business Studies under the Russian Presidential Academy of National Economy and Public Administration resulted in the launch of corporate mini-MBA programme Development of Managerial Skills.

The drive towards centralisation enabled us to extend changes to the fleet staff training programmes. We launched document digitisation projects and introduced system improvements to track expiration dates of mandatory certificates in the real-time mode, provide training in a timely manner, and monitor trainee performance more efficiently. In addition to providing compulsory training required by applicable laws,

the Academy launched regular educational events for sharing experiences and discussing operational targets.

We use neural networks to produce some of the educational content: image selection and processing, summarisation of texts (including technical ones), and development of verification cases and assignments are all partially or fully delegated to generative artificial intelligence. This significantly reduces time inputs and costs.

The educational centre at the Commercial Port of Vladivostok also leverages new opportunities offered by artificial intelligence. In 2023, the centre is expected to digitise educational and methodological materials in key training areas, with neural networks helping to process images, structure materials, and quickly gather the required information. In 2023, the educational centre's programmes were accessed 11,250 times.

The internal expertise built as part of the personnel training and development process does not prevent the Company from engaging external providers. FESCO employees attend conferences, seminars, training sessions and practical workshops, while the corporate Academy helps select the best available solution and process structure. In 2023, we processed 322 training requests for 1,338 employees.

The applied nature of selected subjects and an opportunity to put the acquired knowledge into practice are important aspects of the training process. In 2023, to further enhance the learning process, the Academy set up an assessment unit designed to build core corporate competencies, develop profiles for different job categories, and find solutions for automating both the assessment process and issuance of recommendations in the form of individual development plans. By the end of 2023, more than 250 people completed assessment, with profiles for several competency categories and an approach to drafting recommendations developed.

In 2023, personnel development expenses rose 3.5 times YoY to reach approximately RUB 70 million.

Training sessions

30 internal training sessions

40 training days

320 training hours

285 attendees

75 absentees

Online training

4,290 employees registered on the platform

3,587 courses completed

762 students who completed the courses

Training on request

322 requests in total

1,338 students in total

488 students enrolled at Skyeng (online English school)



Corporate culture

Sports

At FESCO, we view sports as an element of our corporate culture, as they have a positive impact on employee performance primarily through the development of teamwork skills. Group companies provide all the basic opportunities for employees wishing to practise sports.

VMTP has built a fully-equipped gym offering its staff group and individual training sessions run by male and female coaches. In addition to the fitness facility, the gym has a sauna and a Turkish bath. Port workers can visit a swimming pool and attend volleyball, basketball, futsal, hockey, jogging and wrestling classes for free. Furthermore, VMTP hosts friendly Russian bench press, table tennis and ice hockey competitions.

Thanks to the promotion of sporting activities, the Company has its own sports teams: VMTP Tigers (basketball), Port Worker (football), and VMTP Sharks (hockey). Employees participate (including as part of the above teams) in various sports competitions of the Primorye Territory – winter and summer business spartakiads, the Interregional Amateur Basketball League, Alternative Hockey League of the Primorye Territory, Hockey Federation Cup of the Primorye Territory, Open Futsal Championship of Vladivostok,

Open Football Championship, etc. – and win different awards. FESCO's employees also take part in sports marathons such as Vladivostok Bridges and Hero Race.

In 2023, Vladivostok hosted a total of 12 sports events attended by over 700 people.

Other Group companies also invest a lot of effort into promoting sports:

- the Moscow office has organised regular football, hockey and yoga drills for FESCO employees;
- the St Petersburg office offers regular football drills.

More than 400 employees took part in the Hero League events – Hero Race and ZaBeg.

Cultural and corporate events

In 2023, 5,872 employees from 21 cities attended the FESCO Time corporate fest. Vladivostok hosted more than 40 events bringing together over 4,000 people. 6,000 employees were given gifts on special occasions. Additionally, all children of employees under the age of 14 received New Year gifts from the Company.

> **RUB 10** +35% YoY mln

corporate sports expenses in 2023

> **RUB 140** x5.5 YoY mln

expenses on cultural and corporate events in 2023

Trade unions

FESCO's trade unions are represented by six shop-floor trade unions consolidated into regional trade union organisations of Vladivostok and the Primorye Territory and forming part of three public organisations: the Primorye Territory Public Organisation of Sea Port Workers of the Russian Dockers' Union, the Water Transport Workers Union, and the Russian Seafarers' Union which is affiliated with the International Transport Workers' Federation.

In their activities, the trade unions of dockers and seafarers represent and protect the rights and legitimate interests of the trade union members in matters associated with labour relations and coordination of the trade union organisations' efforts to protect trade union members' individual and collective social, labour, professional, and other related rights and interests.

In 2023, more than 30% of all FESCO employees were trade union members, with management accounting for circa 25% of such members and blue-collar staff for 75%.

In 2023, the trade unions provided social support to trade union members and their families in the following areas:

- financial support (in connection with illness, death, child birth, marriage registration, employees' anniversaries, retirement, as well as for families with multiple children and those raising disabled children)
- presenting letters of acknowledgement to 224 trade union members for their professionalism and proactive attitude during a special ceremony, and offering them commemorative gifts on the occasion of their birthday
- awarding distinguished trade union members on the occasion of the Port Day with honorary diplomas and gift certificates
- offering legal assistance to 64 trade union members, including legal advice and document processing
- providing assistance to 26 trade union members in filling out the 3-NDFL form for tax deductions

- compensating the cost of tickets for children's New Year events (circus, theatre, morning performances, New Year's shows, and performances with entertainers), with compensations paid for 186 children of trade union members
- staging 105 corporate events for members of the VMTP trade union as a way to foster team spirit
- organising a tennis and chess tournament to mark the Defender of the Fatherland Day
- congratulating female trade union members on the International Women's Day and giving them sweets as a gift
- handing out Samberi gift cards and souvenir products to veteran home front workers in honour of the Victory Day
- holding Port of My Dreams, a creative drawing and craft competition, on the occasion of the Children's Day, and handing out gift certificates to 1,540 children of trade union members on the Knowledge Day
- corporate events staged by the Russian Union of Dockers for 200 trade union members on the Day of Sea and River Fleet Workers: a rafting getaway on the Partizanskaya River and an excursion to the Valley of Atlantis
- arranging visits to the Gorky Theatre for over 1,000 trade union members, and organising excursions with experienced guides to the Benev Waterfalls for more than 100 members
- holding a clean-up day at Regional Children's Hospital No. 2 in partnership with VMTP

The trade unions maintain an ongoing and constructive dialogue with the employer – FESCO Group. In 2023, the following amendments were made to collective bargaining agreements.

- The collective bargaining agreement of VMTP:
 - provisions on financial assistance in case of an employee's decease were amended to reflect the Group's unified approach
 - provisions on financial assistance in case of a child birth were amended to reflect the Group's unified approach
 - Regulations on Indexation were adopted as an appendix to the collective bargaining agreement
 - the amount of disability benefits was modified (the amount was fixed in hard monetary terms by eliminating ties to the statutory minimum wage)
 - age range was modified for jubilee payments



- compensation of health resort treatment packages was modified
- the list of companies included in the Single Stevedore project was expanded to calculate the previously omitted compensations payable to employees departing due to retirement
- provisions were added on one-off compensation of moral harm caused to the health of employees as a result of a workplace accident or occupational disease
- provisions on remuneration, bonuses and corporate awards were taken out from the collective bargaining agreement and added to local regulations as a way to align the collective bargaining agreement with FESCO's general approaches
- payments made to employees before their annual paid leaves subject to their employment record were cancelled, and payments due to employees of Vladportbunker were raised as follows: starting 1 January 2024, the basic salary and hourly tariff rate will increase by RUB 625 and RUB 3.79 respectively
- employee payments on the occasion of the Defender of the Fatherland Day, International Women's Day, and the Day of Sea and River Fleet Workers were cancelled
- The collective bargaining agreement of FESCO's Vladivostok branch:
 - the cost of daily seafarer diet and food compensations payable to crew members on auxiliary ships were increased by 30%
 - the insurance amount paid to beneficiaries in case of decease of the insured person or for any other reasons not specified in the collective bargaining agreement was increased from RUB 16,000 to ten minimum wages, with the insurance company undertaking to pay said amount under respective personal accident insurance contracts
 - the maximum amount paid to compensate the cost of trips to children's stationary recreational camps and health resorts was increased from RUB 8,000 to RUB 10,000 per each child of an employee (up to 14 years old inclusive)
 - as part of the efforts to align remuneration approaches across Group companies, FESCO introduced additional payments for the employee's lost-time injury days (no more than five working days per calendar year)

FESCO Council of War and Labour Veterans

FESCO finances the Council of War and Labour Veterans. The funds allocated in 2023 were used as follows:

- financial assistance provided in connection with illness and costly medical treatment, including for the purchase of medications, dental treatment and prosthetics
- partial compensation of funeral costs to the families of deceased veterans
- operations of the Council of War and Labour Veterans
- jubilee payments
- one-time financial assistance paid on the Victory Day, on the Day of Sea and River Fleet Workers, and to the widows of deceased sailors



RUB 7,840 thousand +20% YoY
 support for the Council of War and Labour Veterans in 2023

Human rights policy

FESCO's human rights policy aims to ensure respect of human rights and freedoms enshrined in Russian law, the Universal Declaration of Human Rights adopted by the UN General Assembly, and other international regulations. FESCO views its commitment to human rights in all aspects of the Company's activities as a fundamental principle underpinning the effective structuring and implementation of the human rights policy.

Key principles of FESCO's human rights policy

- Non-discrimination. The Company respects cultural diversity and individual differences among employees, and prohibits all forms of discrimination, including by gender, nationality, language, social background, age, religious beliefs, and others. The Company strives to participate in the social and political life of local communities in the regions of operation, and treats people in a fair and just manner.
- Prohibition of child and forced labour. The Company's employees work on a voluntary basis, they are familiar with the working conditions and receive regular wages. The Company upholds children's rights, taking a zero tolerance approach towards child labour.
- The Company guarantees people dignity and equality by preventing all forms of persecution and violence and taking appropriate response measures.
- Official employment and personnel decisions guided by legal and objective criteria such as employees' knowledge and skills.
- Decent, competitive, and fair remuneration that meets or exceeds the statutory minimum wage requirements; equal pay for equal work, taking into account salary differences across regions.
- Compliance with all regulatory requirements on working and rest hours, commitment to minimising overtime work (in situations where it is not required by production needs) and to ensuring appropriate compensation.
- The Company provides equal access to social guarantees, benefits, and training opportunities to all stakeholders to help them maintain sufficient living standards necessary for health, well-being, and improvements in life quality.
- Effective communication between employees and management, respect for freedom of association and collective bargaining, timely notification of employees about changes that might affect them.
- The Company takes a responsible approach to respecting the rights and addressing the issues related to the well-being of local communities and indigenous peoples in the areas of operation. It also collaborates with relevant government authorities and respects residents of the areas where it operates.

Code of Corporate and Business Ethics

FESCO vigorously supports and strictly respects employment regulations and employees' rights and freedoms, offers equal opportunities, and guarantees employee protection against any form of discrimination. FESCO's ethical conduct rules apply to employee relations through its Code of Corporate and Business Ethics, which states that the Company has no work limitations based on gender, ethnic origin, religion, or any other grounds or circumstances unrelated to employees' business qualities.

The Company follows the principles of an honest, fair, and open policy in respect of both its own staff and external counterparties:

- promoting open attitudes in business communication

- ensuring workplace management conducive to effective teamwork and employees' satisfaction with their job
- creating and maintaining a stable favourable moral environment for personnel to ensure an open exchange of opinions facilitating efficient implementation of tasks assigned and to unlock staff members' potential
- creating conditions for staff training and skill enhancement

The Code of Corporate and Business Ethics applies to staff relations with external counterparties.