

Corporate governance in 2024

A leading player in the transport and logistics industry, FESCO is guided by best standards and practices while retaining its own well-established competences.

In 2024, FESCO's corporate governance framework fully complied with the Moscow Exchange's requirements for Level 2 listed securities, as well as all relevant legislative requirements.

In March 2024, there was a change in the Company's controlling shareholder as State Corporation Rosatom increased its ownership stake to 92.5025% of FESCO. This transition prompted changes throughout the Company's governance structure, including the Board of Directors and its committees, partial Executive Board replacement, and re-election of the sole executive body.

To facilitate seamless integration of the FESCO Group into Rosatom's governance system, the Company adopted new internal documents governing key interaction protocols between the entities, covering the initiation, preparation, and execution of corporate events.

On 21 May 2024, the Company's Extraordinary General Shareholders Meeting approved revised Articles of Association of FESCO¹. These amendments redefined the competencies of the General Shareholders Meeting, Board of Directors, and Executive Board, while aligning the Articles of Association with current laws:

- Under Rosatom's shareholder control, the Board of Directors' responsibilities were sharpened to focus on key strategic matters, major transactions and projects, while the Executive Board received expanded authority to oversee the Group's day-to-day business operations.

- The Board of Directors received authority to approve the Company's annual report and annual accounting (financial) statements.

Following these Articles of Association revisions, the Annual General Shareholders Meeting on 27 June 2024 approved updated versions of the following corporate documents:

- Regulations on the General Shareholders Meeting;
- Regulations on the Board of Directors;
- Regulations on the Sole Executive Bodies².

To enhance efficiency of corporate document approval and corporate action management, the Company and Rosatom now operate in accordance with the Procedure for Preparing Corporate Documents³ and the Regulations on Corporate Action Interaction between Rosatom State Corporation and Far-Eastern Shipping Company⁴.

FESCO's integration into Rosatom Group has strengthened the Company's credit profile:

- On 26 July 2024, the National Credit Ratings (NCR) agency upgraded the Company's credit rating from A.ru to AA.ru, with a stable outlook. NCR attributed this improvement to reduced shareholder risks following the ownership restructuring, alongside FESCO's maintained low leverage, strong operational performance, and healthy cash flow sufficient for both operational needs and capital investments. The agency noted FESCO's transparent beneficiary structure and praised its high-quality corporate governance, risk management, and strategic planning. The enhanced risk assessment reflects the transfer of the Company's share package to a controlling shareholder with the highest creditworthiness rating on Russia's national scale. NCR also valued FESCO's extensive experience as a public company, robust governance framework, public disclosure of audited consolidated financial statements, and Level 2 listing status on the Moscow Exchange⁵.

- On 24 December 2024, Expert RA rating agency assigned FESCO an ruAA credit rating with a stable outlook. The agency linked FESCO's strong creditworthiness partly to its low corporate risk profile, enhanced by robust strategic support and relatively strong corporate governance. The rating also recognised the moderate benefit of backing from Rosatom, whose conditional rating is the highest on the national scale in Russia (ruAAA). This marked Expert RA's first-ever creditworthiness assessment of FESCO⁶.

¹ Approved by the Annual General Shareholders Meeting on 21 May 2024 (Minutes No. 61 dated 22 May 2024).

² Approved by the Annual General Shareholders Meeting on 27 June 2024 (Minutes No. 62 dated 28 June 2024).

³ Approved by Order No. 1/672-P of Rosatom State Corporation dated 24 July 2012, implemented based on Order No. 01-90 of FESCO dated 16 August 2024.

⁴ Approved by Order No. 1/2322-P of Rosatom State Corporation dated 29 November 2024, implemented based on Order No. 01-159 of FESCO dated 18 December 2024.

⁵ <https://ratings.ru/ratings/press-releases/FESCO-RA-310724/>.

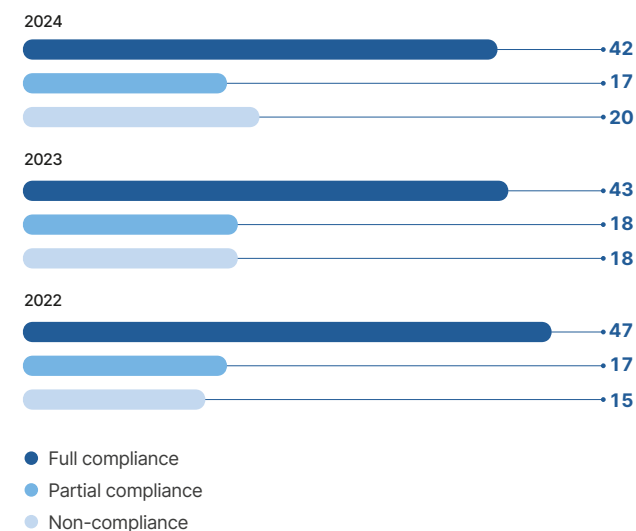
⁶ <https://raexpert.ru/releases/2024/dec27a>.

Compliance with the Bank of Russia's Corporate Governance Code

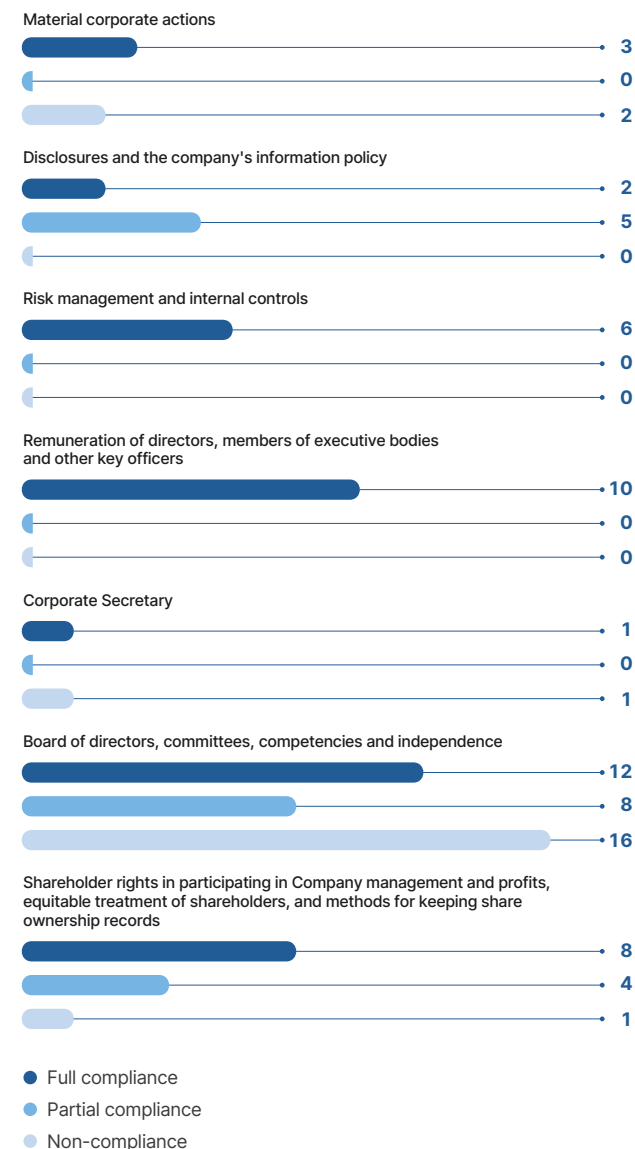
In assessing the quality of corporate governance, FESCO relies on the Bank of Russia's Corporate Governance Code¹, which defines relevant principles. The Company conducts annual assessments measuring its practices against Bank of Russia criteria, documenting results in the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code², which receives Board approval as part of the Annual Report.

During the reporting year, two significant factors influenced the Company's compliance with the Corporate Governance Code: necessary restrictions on information transparency (implemented to mitigate sanctions risks from unfriendly countries and protect stakeholder interests) and the absence of independent Board directors during the second half of 2024.

Compliance with the Bank of Russia's Corporate Governance Code in 2022–2024



Compliance with the Bank of Russia's Corporate Governance Code in 2024³



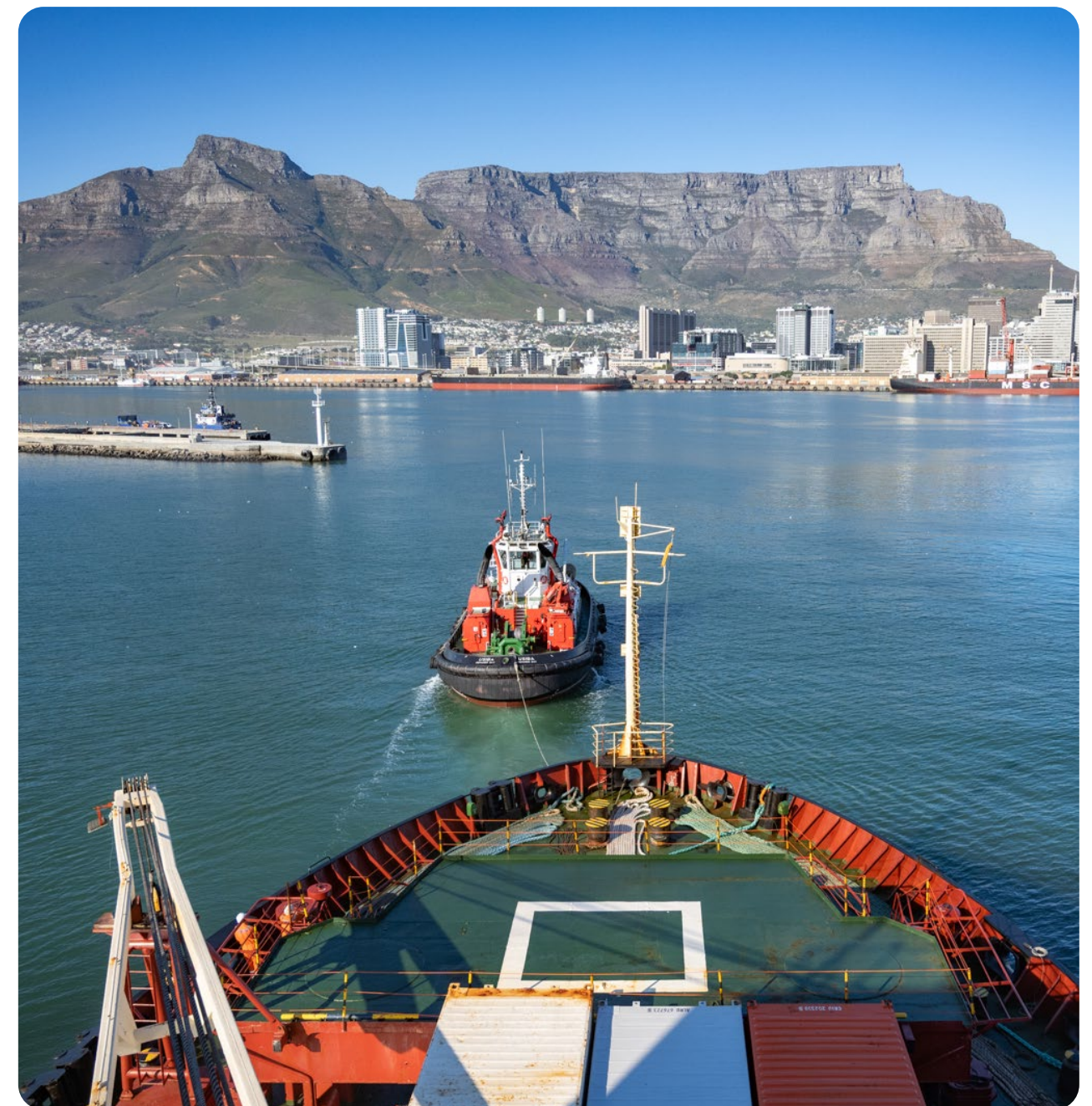
¹ Letter of the Bank of Russia No. 06-52/2463 dated 10 April 2014 On the Corporate Governance Code.

² Letter of the Bank of Russia No. IN-06-28/102 dated 27 December 2011 On Disclosure of Compliance with the Principles and Recommendations of the Corporate Governance Code in the Annual Report of a Public Joint Stock Company.

³ Statistics is provided based on the 2024 Report on Compliance with the Principles and Recommendations of the Corporate Governance Code recommended by the Bank of Russia as per Letter of the Bank of Russia No. IN-06-28/102 dated 27 December 2011 On Disclosure of Compliance with the Principles and Recommendations of the Corporate Governance Code in the Annual Report of a Public Joint Stock Company.

Company's governing bodies

According to FESCO's Articles of Association, the Company operates through the following governing bodies: General Shareholders Meeting, Board of Directors, Executive Board, President, CEO, and General Manager.



Mooring of the Vasily Golovnin diesel-electric vessel in Cape Town