

Executive Board

The Executive Board as the collegial executive body manages the Company's day-to-day operations within the respective scope of authority established by FESCO's Articles of Association. Activities of the Executive Board are governed by the Articles of Association and the Regulations on the Executive Board¹.

Executive Board members are appointed and removed by Board of Directors' resolution. The Executive Board is formed from candidates proposed by the President and/or CEO, though the Board of Directors may independently appoint other individuals as stipulated in the Regulations on the Executive Board.

The number of the Executive Board members is set by the Company's Board of Directors and shall be optimal for practical discussion of matters and making timely and effective decisions. As at 31 December 2024, the Executive Board was composed of seven persons.

Until 23 September 2024, the Executive Board operated with the composition elected by the Board of Directors on 9 March 2022². From 23 September 2024³, the Board of Directors appointed a new Executive Board.

The President serves as Chairman of the Executive Board, having been elected to this position by Executive Board resolution on 7 October 2024.

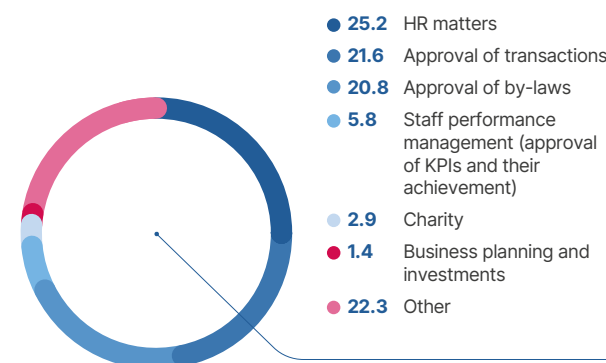
The current Executive Board possesses the necessary experience and competencies to perform at the highest level.

In 2024, the Executive Board held 38 meetings (in absentia) and considered 312 items concerned with performance of FESCO Group's companies, including items on:

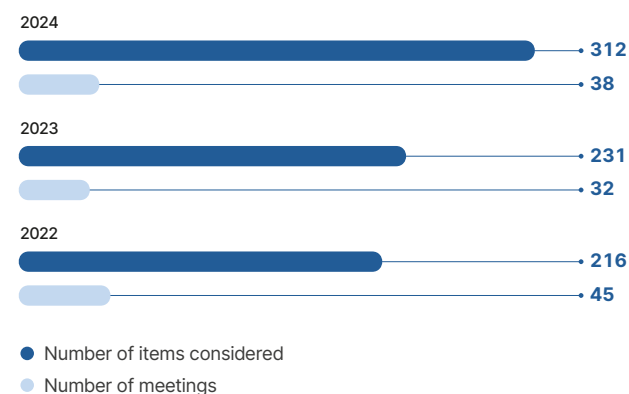
- ✎ implementation of strategies and development concepts of FESCO Group;
- ✎ approval of 2024 budgets of controlled entities;
- ✎ participation and cessation of participation in controlled entities;
- ✎ optimisation of FESCO Group's organisational structure to meet business needs;
- ✎ HR matters related to the appointment of sole executive bodies of controlled entities, approval and achievement of KPIs;
- ✎ harmonisation of FESCO Group companies' by-laws, including alignment of controlled entities' personnel incentive systems with the Group-wide approach;

- ✎ FESCO's accession to Rosatom's Unified Industry Procurement Standard (Procurement Regulations);
- ✎ controlled entities' accession to Company internal documents to establish unified legal regulation across FESCO Group and integration into Rosatom's industry management model;
- ✎ charitable assistance, including that in the Primorye Territory where the Group operates.

Items related to performance of controlled and dependent entities considered by the Executive Board, %



Statistics of meetings and items considered by the Executive Board



¹ Approved by the Annual General Shareholders Meeting on 27 June 2024 (Minutes No. 62 dated 28 June 2024).

² Minutes No. 5/22 of the Board of Directors dated 10 March 2022.

³ Minutes No. 18/24 of the Board of Directors dated 21 September 2024.

Remuneration of executive bodies

The Company's executive body remuneration policy (President, Managing Director, and Executive Board) is established in the Regulations on Bonus Payment to FESCO's Top Management⁴.

The remuneration of the sole executive bodies and the Executive Board members as the Company's top executives consists of an official salary paid on a monthly basis and a bonus paid after summing up the results of achieving the KPIs for the reporting year.

The Company's remuneration policy for members of executive bodies is established by the Board of Directors based on recommendations of the Human Resources and Remuneration Committee.

The Human Resources and Remuneration Committee assesses the effectiveness of the remuneration policy, provides recommendations on how to improve it, and draws final conclusions on whether the Company's management has achieved the KPIs. The KPIs are set individually for each top executive, include operational, financial, and strategic criteria, and are approved by a meeting of the Board of Directors for each one-year period.

The remuneration paid to the members of the Executive Board and the sole executive bodies in 2024 totalled RUB 770,980.23 million. Neither reimbursement for expenses was paid, nor loans were granted to the members of the Executive Board in the reporting period.

Control and audit

Internal controls

An integral part of corporate governance, our internal control system embraces all operations, key business processes, and governance levels. Internal controls are continuous integrated processes performed by governing bodies and employees as part of their duties.

In 2024, FESCO's risk management and internal control system was assessed for compliance with the Bank of Russia's Recommendations for Public Joint Stock Companies to Organise Risk Management, Internal Controls, Internal Auditing, and the Work of Auditing Committees under Boards of Directors (Supervisory Boards) (information letter No. IN-06-28/143 dated 1 October 2020). The Bank of Russia's recommendations have been largely implemented, with the internal control system integrated across all Company business processes.

Internal audit has assessed FESCO's internal control system maturity level as stable – processes are documented and standardised, with significant process risks addressed by control procedures.

In accordance with Federal Law On Joint Stock Companies and provisions of the Corporate Governance Code, the Company maintains an Internal Audit Department. This Department is functionally accountable to FESCO's Board of Directors and administratively to the sole executive body or acting executive.

As a FESCO structural unit established by sole executive order following Board of Directors' resolution, the Department conducts internal audits of FESCO and its controlled entities.

Head of the Department, appointed by sole executive order based on Board of Directors' resolution following preliminary Audit Committee review, leads a ten-person department. In 2024, the Department underwent restructuring based on Board Audit Committee resolution (Minutes No. 8/24 dated 23 September 2024), resulting in the establishment of two units:

- ✎ internal audit unit for processes and projects (Moscow, five employees);
- ✎ internal audit unit for Group assets in Siberia and Far East (four employees).

⁴ Approved by resolution of the Board of Directors dated 30 July 2024 (Minutes No. 15/23 dated 30 July 2024).

The Department conducts independent, objective, risk-based internal audits to help Company and controlled entity governing bodies maintain and enhance FESCO Group value. The Department follows international best practices, regularly assesses risk management and internal control system reliability and effectiveness, and collaborates with the Board of Directors, and management of FESCO and controlled entities to improve risk management, internal control, and corporate governance.

The Department operates according to FESCO's Internal Audit Policy approved by Board of Directors resolution on 28 November 2022 (Minutes No. 22/22 dated 29 November 2022).

It conducts independent assessments and internal consultations based on Board-approved work plans, completing 16 internal audits in 2024.

The Department operates without independence limitations or restrictions that would hinder its ability to fulfil statutory and Articles of Association-mandated responsibilities.

External audit

On 28 June 2024, the General Shareholders Meeting appointed Kept as the Company's external auditor for 2024 (Minutes dated 28 June 2024). The external auditor was responsible for auditing the Company's financial and operating performance as prescribed by the applicable laws of the Russian Federation and pursuant to the contract signed between the Company and the auditor. According to clause 4, article 5 of Federal Law No. 307-FZ On Audit Activities dated 30 December 2008, no open tender was required to select the Company's external auditor.

The Company selected the external auditor through a tender procedure (Russian laws on procurement did not apply to said tender procedures). The Company selected its external auditor by collecting and comparing bids submitted by the auditors. The external auditor was appointed by the General Shareholders Meeting.



FESCO vessel in China

Risk management

Risk management system

The risk management system (RMS) forms an integral part of FESCO Group corporate governance, encompassing all activities, management levels, and activity types.

The RMS is a set of risk management components (culture, competencies, methodology, practices, resources), methods, and processes integrated into the Group companies' strategic planning and operational management. It aims to identify and analyse risks that might affect the Group's long-term goals and operational activities in a timely manner. The RMS relies on international and national risk management standards.

FESCO continuously identifies, describes, and assesses risks and develops measures to manage them. Risk monitoring is a vital RMS element which includes the analysis and evaluation of realised risks and effectiveness of risk management

measures. Regular Group aggregate risk assessments are conducted, with significant risk information included in Board-reviewed reports.

We keep improving our risk management system to timely respond to changes (both external and internal), maintain strong performance, and increase efficiency amid risks and uncertainty.

The following RMS improvement measures were implemented in 2024.

Measures to improve the RMS

Area	Measure
Development and improvement of the RMS methodology	Developed and approved: <ul style="list-style-type: none">Risk Management Policy of FESCO and its controlled entities;Regulations on Risk Management at FESCO Group
Risk culture development	<ul style="list-style-type: none">Developed face-to-face training on risk management fundamentals for Group employees.Conducted training for managers and key employees across Group companies.Incorporated risk management course into Group training programmes
Integration into planning and decision-making processes	Risk management elements implemented in: <ul style="list-style-type: none">key decision-making processes;budget planning process;investment project development process
Improvement of RMS processes	<ul style="list-style-type: none">Implemented new approaches to risk identification, analysis, and assessment. Designated risk sessions as the primary Group risk identification tool.Conducted maturity assessment of FESCO's RMS