

Sustainable development is a fundamental pillar of FESCO Group's corporate culture. The Company has decades of experience applying corporate governance best practices and implementing meaningful social and environmental projects across all its regions of operation.

Building upon this successful track record and recognising the growing importance of logistics in advancing sustainable supply chains – which are fundamental to global sustainable development models – FESCO Group has set a strategic goal to comprehensively transform its business by embedding environmental, social, and governance principles across all its operations.

This ESG transformation addresses global challenges facing the logistics industry while meeting the expectations of the Company's shareholders, partners, employees, and society at large.

Sustainable development management system

In 2024, FESCO began developing a comprehensive sustainable development management system with a view to ensuring timely updates to goal-setting and maintaining transparency in this area.

- ✦ A dedicated sustainable development management function was established within the corporate governance system, along with an internal centre of expertise and coordination for sustainable development.
- ✦ Key internal regulations on sustainable development were drafted and approved.

FESCO Group shares the commitment of Rosatom State Corporation to prioritising ESG considerations in its operations. To align its sustainable development management approaches and have them successfully integrated with Rosatom's industry-wide model, FESCO adopted several of Rosatom's regulations and methodologies, the key of them being:

- ✦ Uniform Industry-Wide Policy on Sustainable Development of Rosatom State Corporation and its Organisations: this core regulation governs FESCO Group's sustainable development efforts, establishing goals, objectives, and core principles for environmental protection, occupational health and safety, social responsibility, and corporate governance;
- ✦ Uniform Industry-Wide Environmental Policy of Rosatom State Corporation and its Organisations: this core regulation outlines requirements for environmental protection and safety, defining goals and key focus areas for ensuring environmental protection and safety across all regions of operation.

In 2025, the Company will continue improving its sustainable development management system, with the following steps planned:

- ✦ establishment of a collegial body overseeing sustainable development;
- ✦ development and approval of strategic initiatives and targeted projects across key areas of operation;
- ✦ development and approval of functional sustainable development KPIs for the management of key business lines;
- ✦ expansion of the internal regulatory framework for sustainable development;
- ✦ centralisation of ESG risk management approaches within the key companies of FESCO Group.

Key internal regulations on sustainable development

- ✦ Uniform Industry-Wide Policy on Sustainable Development of Rosatom State Corporation and its Organisations, approved by Rosatom Order No. 1/800-P dated 27 July 2024.
- ✦ Uniform Industry-Wide Environmental Policy of Rosatom State Corporation and its Organisations, approved by Rosatom Order No. 1/1232-P dated 5 December 2017.
- ✦ Uniform Industry-Wide Guidelines for Sustainable Development Management at Rosatom State Corporation and its Organisations, approved by Rosatom Order No. 1/1623-P dated 25 December 2020 (as amended by Order No. 1/897-P dated 19 May 2023).
- ✦ Uniform Industry-Wide Guidelines for Greenhouse Gas Emissions Calculations at Rosatom State Corporation and its Organisations, approved by Rosatom Order No. 1/2470-P dated 21 December 2023.
- ✦ Uniform Industry-Wide Guidelines for Environmental Policy Implementation at Rosatom State Corporation and its Organisations, approved by Rosatom Order No. 1/517-P dated 4 June 2014.
- ✦ Regulations on a System for Accounting Greenhouse Gas Emissions at Rosatom Organisations Operating in Russia, approved by Rosatom Order No. 1/170-P dated 20 February 2020 (as amended by Orders No. 1/1714-P dated 21 December 2022 and No. 1/322-P dated 21 February 2024).
- ✦ Production and Consumption Waste Management Standard of Far-Eastern Shipping Company PLC (FESCO) and its Controlled Entities, No. 01-148 dated 29 November 2024.
- ✦ Industrial Safety Management System Regulations of FESCO and its Controlled Entities, along with the list of entities and resolutions required to initiate their consolidation, No. 01-154 dated 29 November 2024.
- ✦ Occupational Health and Industrial, Environmental and Fire Safety Policy of FESCO and its Controlled Entities, No. 01-151 dated 29 November 2024.
- ✦ Regulations on Occupational Health and Industrial, Environmental and Fire Safety Training of FESCO and its Controlled Entities, No. 01-81 dated 29 July 2024.
- ✦ Resource and Energy Efficiency Regulations of FESCO and its Controlled Entities, No. 01-129 dated 8 November 2024.

FESCO's core sustainable development principles

Precaution

Prioritising the safety of people and environmental protection in all FESCO operations

Compliance

Upholding high ethical standards and transparent, fair business practices to foster a corporate culture based on best international practices

Open dialogue and transparency

Promoting constructive, open dialogue, respecting stakeholder rights, and balancing diverse stakeholder interests in decision-making

Continuous improvement

Constantly refining internal processes to enhance sustainable development practices and contribute to the achievement of the United Nations Sustainable Development Goals (UN SDGs)




Human centricity

Focusing on creating positive, lasting changes in the well-being of employees at FESCO and its subsidiaries, suppliers, and contractors, as well as local communities, and all stakeholders

Contribution to Russia's National Development Goals and UN SDGs

FESCO aligns its sustainable development initiatives with Russia's National Development Goals through 2030 and the UN Sustainable Development Goals (UN SDGs). The Company has identified four priority National Development Goals and six key UN SDGs.

Russia's National Development Goals	UN SDGs	Initiatives	FESCO's 2024 contribution
Preserving the population, promoting health and improving the well-being of people, supporting families		<ul style="list-style-type: none"> Comprehensive social benefits, including voluntary health insurance (VHI), for all Company employees Support for charitable events and participation in initiatives of charitable foundations in the regions of operation Programmes to promote sports and a healthy lifestyle 	<ul style="list-style-type: none"> Nine types of financial assistance to employees was approved. Financial assistance expenditure increased by 5% to approximately RUB 157 million. VHI expenditure increased by 23% to over RUB 160 million. Occupational health and safety expenditure increased by 23% to RUB 65.7 million. Benefits and compensations were granted to 1,620 employees working in hazardous or dangerous conditions. Over 370 cultural events were held for employees' children and families.
Ensuring steady growth in household incomes. Unlocking the potential of each individual, developing their talents, and fostering a patriotic and socially responsible personality		<ul style="list-style-type: none"> Comprehensive young talent management efforts: programme for young talent onboarding and professional development, and the Youth Council Personnel development programmes: corporate academy, and professional development and further education programmes Corporate volunteering Collaboration with universities Support for educational initiatives Preservation of historical memory Protection of cultural and historical heritage Grant support for researchers 	<ul style="list-style-type: none"> A unified approach to employee incentives and benefits was adopted. A unified salary indexation system was adopted. Collective agreements have been extended in their entirety through 31 December 2025. More than 50 educational solutions addressing Group needs were developed. Russia's first inter-university industry championship for maritime specialty students was organised (involving five Russian universities). Annual economics and logistics championships were conducted (involving four Vladivostok universities). Over 15 projects were developed jointly with universities. Investment in cultural support programmes surpassed RUB 100 million. Beneficiary reach exceeded 100 thousand people. More than 400 events were carried out across six cities in Russia.
Sustainable and dynamic economy		<ul style="list-style-type: none"> Vessel fleet and port and terminal infrastructure development and upgrade programme Advancement of business digitalisation and development proprietary digital solutions 	<ul style="list-style-type: none"> Electronic workflow was implemented. An automated corporate system for accounting fuel and energy resources was developed and implemented.

Russia's National Development Goals	UN SDGs	Initiatives	FESCO's 2024 contribution
Environmental well-being	  	<ul style="list-style-type: none"> Energy saving and energy efficiency measures Environmental impact mitigation programmes Commitment to reducing the share of waste sent to landfills Biodiversity conservation through participation in dedicated environmental campaigns 	<ul style="list-style-type: none"> Total environmental protection expenditure in 2024 amounted to RUB 314.2 million. The share of waste sent to landfills went down by 22.8%. The Company implemented the monitoring of potential seabed contamination in the Golden Horn Bay due to pollution from its operations and participated the shoreline and water area clean-ups. Boiler upgrades were carried out, including the conversion of boilers in Vladivostok and Khabarovsk to less carbon-intensive fuels. Greenhouse gas emissions were reduced by 1.74% as a result of energy saving and energy efficiency measures. In 2024, VMTP employees released 10 thousand juvenile chum salmon into the wild.

ESG ratings and rankings



EPS (Environment, Personnel, State) Responsible Business Rating:

- FESCO was awarded the **Leader** status with a rating of **AAA**.
- FESCO ranked among the **Top 3** leaders in the Environment section of the responsible business rating.
- FESCO topped the rating of responsible water transportation companies.



FESCO Group was ranked in the **High Performance** category, according to RBC.



FESCO Group was ranked among Russia's **Top 100** largest employers and **Top 3** employers in the transport and logistics sector, according to HeadHunter.



FESCO Group maintained its **Gold** employer status in 2024, awarded by Forbes in 2023.

FESCO was named laureate of the Corporate Charity Leaders Award in the high **A** category.



FESCO ranked among the **Top 10** Russian ESG transparency leaders in the **transport and infrastructure** sector, according to the Expert RA rating agency.

FESCO was named laureate of the **Corporate Charity Leaders Award** for the best programme promoting sustainable development through grant competitions (Sea of Opportunities grant contest) and the best corporate family support programme (FESCO for the Kids).