

Stakeholder group	Stakeholder engagement tool/channel
Higher education institutions	<ul style="list-style-type: none"> <li>• Internship offers;</li> <li>• work in the FEFU project management office (FSC – Workflow Management, Accounting);</li> <li>• implementation of the Accounting joint educational module;</li> <li>• organisation of competitions to select talented students (case championships, brain storms);</li> <li>• lectures and master classes from FESCO experts;</li> <li>• resolution of project-based challenges.</li> </ul>
Rating agencies	<ul style="list-style-type: none"> <li>• Regular contacts with agency officers;</li> <li>• information disclosure;</li> <li>• press releases disclosing financial results;</li> <li>• publication of financial statements and annual reports;</li> <li>• conference calls with management.</li> </ul>
Financial organisations	<ul style="list-style-type: none"> <li>• Disclosures under financial monitoring;</li> <li>• engagement with analysts and lawyers during Q&amp;A sessions held as part of disclosures;</li> <li>• monthly and quarterly management meetings with partner banks;</li> <li>• discussions with analysts and client managers as part of the efforts to manage bank product requests.</li> </ul>
Government agencies	<ul style="list-style-type: none"> <li>• 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;</li> <li>• 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.);</li> <li>• preparation of the Company's responses to requests submitted by government agencies;</li> <li>• sponsorship of regulatory initiatives on maritime shipments, stevedoring services at ports, container shipment by various means of transport;</li> <li>• participation in working groups, joint meetings, round tables, conferences, and forums;</li> <li>• submission of queries and proposals to federal and regional executive authorities;</li> <li>• interaction with relevant government agencies to obtain permits, certificates, licences, etc.;</li> <li>• implementation of initiatives for improving intermodal transportation processing procedures in partnership with relevant government authorities.</li> </ul>

## PERSONNEL

FESCO has drafted an HR management strategy until 2025. The strategy covers all aspects of employer–employee relationships. In 2022, the Company took the first steps on the way towards its implementation. Key focus areas under the strategy include:

- **staff acquisition** through a 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** with reliance on the Corporate University and a shared training system covering all employees across the Group and focusing on:
  - online educational opportunities (the Company is introducing a new distance learning platform),
  - development of relevant professional and leadership competencies;
- **talent engagement**, including:
  - creation of a talent pool for key business positions,
  - provision of opportunities for career growth based on intra-Group transfers,
  - development of a procedure ensuring participation in cross-functional projects;
- **improvements in the efficiency of HR management processes** achieved through:
  - description of all HR processes for their further automation,
  - 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),
  - automated collection and control of HR management data (metrics),
  - electronic workflow in the HR sector;
- **development of corporate culture**, including:
  - improvements in employee engagement,
  - enhancement of the employer's social responsibility,
  - creation of a single corporate culture;
- **organisational development**:
  - creation of a uniform system for building organisational structures across FESCO Group,
  - analysis of the the current structure's efficiency,
  - a single budgeting model;

- **target management**:
  - development of a KPI catalogue covering all of the Company's business units,
  - implementation of an automated system for setting and assessing KPIs,
  - development of individual development plans for employees (with reliance on the unified automated KPI system);
- **remuneration management**:
  - creation of a unified remuneration and incentivisation system for all employees of FESCO.

FESCO Group won a golden status in Forbes' rating, which includes 118 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.

In the rating of Russia's best employers compiled by RBC, FESCO came in the 16th place on the overall ranking as the only logistics company which made it to the list. RBC analysts reviewed a total of 82 companies and ranked them based on the following criteria: business reliability and efficiency, the quality of working conditions, and business reputation. The pros that the rating participants (FESCO included) have in common are their significant investments in business development, favourable working conditions for employees, including high wages and training expenses, and the superior quality of their social package.

Thanks to the implementation of strategic personnel management initiatives, FESCO Group made it to the ratings of Russia's best employers in 2022.

## STAFF COMPOSITION

In 2022, FESCO's average headcount went up 13.4% YoY to 5,883 FTEs. The increase was driven

by the development of business lines and business growth.

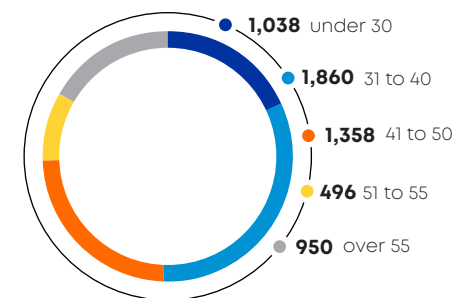
### FESCO'S AVERAGE HEADCOUNT, FTEs<sup>1</sup>

Location	2019	2020	2021	2022
Russia	4,844	4,897	5,008	5,702
Asia	152	146	146	146
Europe	49	48	33	35
<b>Total</b>	<b>5,045</b>	<b>5,091</b>	<b>5,187</b>	<b>5,883</b>

Source: Company data

FESCO's employees come from various age groups.

### PERSONNEL STRUCTURE BY AGE IN RUSSIA IN 2022, FTEs



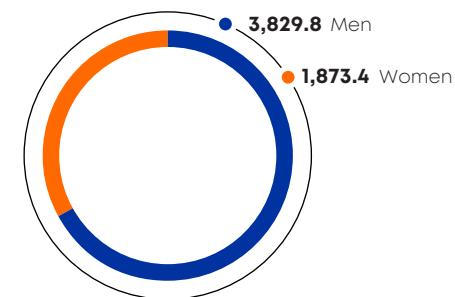
Source: Company data

### AVERAGE EMPLOYEE AGE IN RUSSIA, YEARS

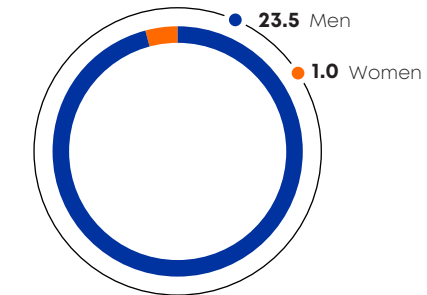
2019	2020	2021	2022
41.0	41.4	41.2	41.2

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.

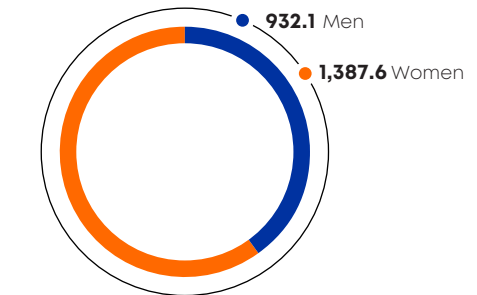
### PERSONNEL STRUCTURE BY GENDER IN RUSSIA IN 2022, FTEs



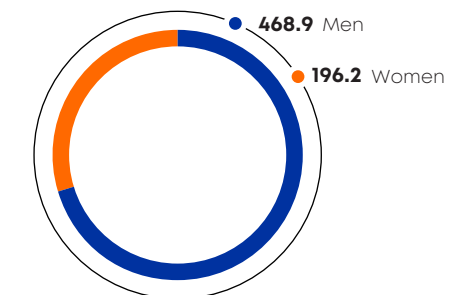
### JOB LEVEL STRUCTURE BY GENDER IN RUSSIA IN 2022 (SENIOR EXECUTIVES), FTEs



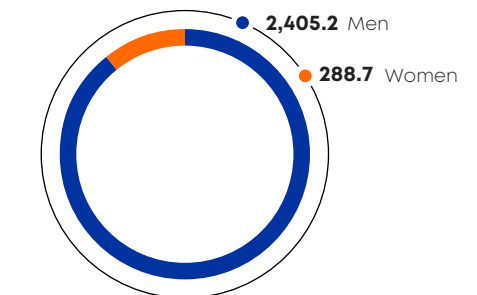
### JOB LEVEL STRUCTURE BY GENDER IN RUSSIA IN 2022 (SPECIALISTS), FTEs



### JOB LEVEL STRUCTURE BY GENDER IN RUSSIA IN 2022 (EXECUTIVES), FTEs



### JOB LEVEL STRUCTURE BY GENDER IN RUSSIA IN 2022 (BLUE-COLLAR WORKERS), FTEs



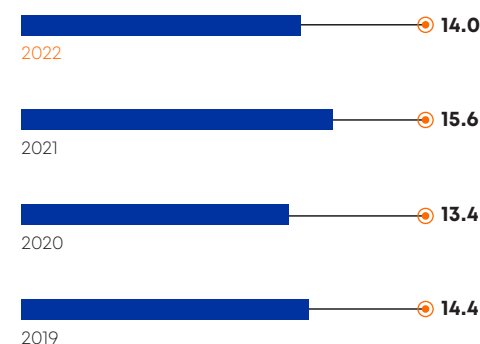
Source: Company data

<sup>1</sup> 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.

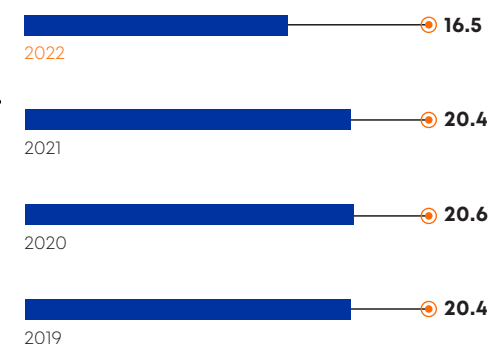
## PERSONNEL TURNOVER

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 2022, it stood at 14.0% for voluntary resignations and 16.5% for all reasons for resignation, declining by 10.3% and 19.1% YoY, respectively.

### 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 2019

Under 30		31 to 40		41 to 50		51 to 55		Over 55		Total
Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
271	234	228	105	130	53	52	14	63	16	1,166

### DISMISSED IN 2019 (WITH FESCO'S INTRA-COMPANY STAFF TRANSFERS FACTORED IN)

Under 30		31 to 40		41 to 50		51 to 55		Over 55		Total
Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
158	143	180	146	114	55	74	29	136	44	1,079

### HIRED IN 2020

Under 30		31 to 40		41 to 50		51 to 55		Over 55		Total
Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
213	140	179	107	157	63	56	20	73	17	1,025

### DISMISSED IN 2020 (WITH FESCO'S INTRA-COMPANY STAFF TRANSFERS FACTORED IN)

Under 30		31 to 40		41 to 50		51 to 55		Over 55		Total
Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
187	96	176	131	142	42	75	22	131	27	1,029

### HIRED IN 2021

Under 30		31 to 40		41 to 50		51 to 55		Over 55		Total
Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
312	261	291	173	190	107	69	16	86	18	1,523

### DISMISSED IN 2021 (WITH FESCO'S INTRA-COMPANY STAFF TRANSFERS FACTORED IN)

Under 30		31 to 40		41 to 50		51 to 55		Over 55		Total
Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
206	146	202	150	133	102	61	27	139	28	1,194

### HIRED IN 2022

Under 30		31 to 40		41 to 50		51 to 55		Over 55		Total
Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
365	303	352	241	317	126	110	25	175	39	2,053

### DISMISSED IN 2022 (WITH FESCO'S INTRA-COMPANY STAFF TRANSFERS FACTORED IN)

Under 30		31 to 40		41 to 50		51 to 55		Over 55		Total
Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
210	143	251	153	182	92	90	12	165	48	1,346

Source: Company data

### AVERAGE EMPLOYEE AGE IN RUSSIA AS AT THE EMPLOYMENT DATE, YEARS

	2019	2020	2021	2022
	34.9	37.1	36.9	37.9

## 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.

FESCO offers its employees financial aid on special occasions in their life or to help them and their families overcome serious health issues. In 2022, total financial aid allocated by the Group amounted to RUB 64.2 million, with financial support per employee increasing by an average of 16.0% YoY.

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 in the first six months of mobilisation service<sup>1</sup>;
- 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.

## 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 2022, the income of the Company's employees grew by an average of 17.2% 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 voluntary health insurance (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. Starting from 2022, VHI policies are made available to all of the Company's employees in the first month of their employment. In 2022, VHI costs amounted to RUB 102 million. VHI expenses per employee increased by an average of 24.4% YoY driven by both the expansion of the Group's headcount and improvements in the quality of healthcare services provided to employees.

## 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. The Group's companies provide all the basic opportunities for employees wishing to practise sports.

Port Vladivostok 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, Port Vladivostok 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: Tigers (basketball), Port Worker (football), and 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.

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

- the Moscow office has organised regular football, hockey and yoga drills for FESCO's employees;
- the St Petersburg office offers regular football drills;
- in November 2022, a combined team of FESCO's employees participated in Hero Race, an extreme cross-country marathon that took place in Novosibirsk.

In 2023, FESCO plans to implement a unified approach to sports events by integrating into it, among other things, best practices developed by the Group.

In 2022, corporate sports expenses per employee increased by an average of 31.8% YoY.

**RUB 7.1 MLN**  
Corporate sports expenses in 2022

<sup>1</sup> In March 2023, average salary payments were extended to cover the entire term of mobilisation service.



## 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 2022, 37.8% of all FESCO employees were trade union members, with management accounting for 25.7% of such members and blue-collar staff for 74.3%.**

In 2022, 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);
- issuing letters of acknowledgement to trade union members for their professionalism and proactive attitude;
- legal and accounting support (consultations, document processing);
- compensation of costs associated with the purchase of tickets to New Year festive events for children;
- recognition of female workers' contribution in the form of gift certificates presented on the occasion of 8 March;
- social team-building events (excursions to the Dardanelles Gorge, ascent to Mount Falaza, the Race of Heroes sporting event, tennis and chess tournaments, corporate events and getaways on the occasion of New Year, Day of Sea and River Fleet Workers, and other professional festivities);

- compensation of health resort treatment packages for the trade union's seafarers.

FESCO's trade unions actively contribute to the raising of future generations by arranging social events for trade union members' children on holidays. In keeping with the well-established tradition, the trade union presented gift certificates to employees' children on the occasion of the Knowledge Day. The shop-floor trade union of FESCO's seafarers purchased New Year gifts and tickets to New Year children's shows, while also compensating the cost of recreational camp packages for children.

The trade unions maintain an ongoing and constructive dialogue with the employer – FESCO Group. In 2022, the following amendments were made to collective bargaining agreements:

- the collective bargaining agreement of Port Vladivostok:
  - 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 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 replaced with payments in the amount of two average daily salaries with no connection to the employment record;
  - employee payments on the occasion of the port's anniversary were cancelled.
- the collective bargaining agreement of FESCO's Vladivostok branch:
  - 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;
  - 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;
- as part of the efforts to align remuneration approaches across the Group's companies, FESCO introduced extra payments to bring employees' incomes in line with the actual salary in cases where average wages during business trips or training period are below the basic salary and applicable incentives;
- as part of the efforts to align remuneration approaches across the Group's companies, FESCO introduced additional

- payments for lost-time injury days (no more than five working days per calendar year);
- 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 the branch's employee (up to 14 years old inclusive);
- the employer's obligation to transfer funds to the account of the trade union committee on an annual basis as a way to remunerate the chairman of this committee who is not exempted from his professional responsibilities was abolished.

## PERSONNEL TRAINING

In 2022, FESCO continued with its efforts to transform the Personnel Training function by focusing on distance learning opportunities and promotion of internal trainers. The first internal online training sessions were tailored to the business needs. The total number of employees who completed training as part of the initiative reached 197, while the average ratio of residual knowledge came in at 80%. In late 2022, FESCO selected a new educational platform from Knomary, the leading provider of employee training services, and a supplier of online courses – Eduson Academy of online professions. These changes will help overhaul the catalogue of online courses, significantly expand the existing competency base, and make training available to the Group's employees from any personal device.

FESCO continues to rely on the 70/20/10 corporate training model where:

**70%** – remote on-the-job training for the development of soft skills and personal qualities;

**20%** – internal education conducted by FESCO's in-house trainers with a focus on staff interactions tailored to specific business needs, including post-training support and residual knowledge testing;

**10%** – external training to develop employees' key skills and knowledge in their respective professional areas (upskilling and additional training).

In October 2022, Action 360, a new help desk and educational system, was made available to the Group's HR management staff enabling them to find quick answers to their questions and take professional development courses in relevant areas. Over this period, employees signed up for 94 programmes and successfully completed more than thirty of them. The new service helps broaden professional horizons, seek prompt advice in the context of ongoing challenges, and demonstrate a consistently high level of expertise.

In 2022, in addition to in-house training capabilities, FESCO continued building a professional development programme for employees of the C.I.T. container terminal providing FESCO with container examination services for detecting defects. Since the start of the project, 88 professionals have completed training under the programme, which proves its overall popularity.

In 2022, FESCO considerably expanded the functions of its electronic corporate library enabling employees not only to read professional literature, but also to participate in webinars and corporate competitions held in partnership with Alpina Digital. The library with hard-copy books was overhauled so as to match new employee preferences, and a dedicated area was arranged for employees to bring their favourite books and take new ones thus facilitating the green exchange of books and other printed materials.

To support employees working with foreign counterparties and partners, FESCO launched a continuous English learning process within the Company. To this end, in 2022 we entered into a partnership with Skyeng, a Russian school of foreign languages. By the end of 2022, 130 employees from across the Group's companies were the school's students. Furthermore, FESCO put in place a conversation club to create a comfortable environment for improving language skills among like-minded people.

### INTERNAL TRAINING IN 2021–2022

2021				2022			
Operating personnel	Middle management	Top management	Total	Operating personnel	Middle management	Top management	Total
<b>Employees who completed remote training</b>							
759	176	45	<b>980</b>	3,274	360	71	<b>3,705</b>
<b>Courses completed</b>							
2,145	513	118	<b>2,776</b>	9,678	901	154	<b>10,733</b>
<b>Employees who completed internal in-person training</b>							
				179			<b>179</b>

Source: Company data

### EXTERNAL TRAINING IN 2022 (ALL RUSSIAN COMPANIES OF FESCO)

	2022	
	Employees who completed training	Training cost, RUB '000
<b>In-person training</b>	2,068	7,465
<b>Online training</b>	143	3,323

Source: Company data

## RECRUITMENT AND ONBOARDING

FESCO seeks to engage talented professionals who can contribute to the Company's development and achievement of strategic goals. To that end, the recruitment function develops a pool of potential candidates.

In 2022, the Group switched to an automated HR management system from Huntflow, which helped streamline the recruitment process at all stages of selection and make it transparent for recruiters and hiring managers.

In 2022, the number of received job requisitions increased by 38.7% YoY, with the number of persons recruited growing by 34.7% thus affecting the percentage of filled jobs, which totalled 77% of received requisitions. Staff recruitment efforts covered 13 Russian regions and five foreign countries.

### JOB REQUISITIONS

Indicator	2019	2020	2021	2022
Job requisitions received	510	1,071	1,193	1,655
Filled jobs	446	416	946	1,274
% of requisitions fulfilled	87.4	38.8	79.3	77

Source: Company data

We identified effective staff acquisition channels for a wide variety of categories, which helped improve the speed of requisition fulfilment compared to 2021:

- commercial personnel – by 7 working days;
- blue-collar workers – by 15 working days;
- operating personnel – by 8 working days;
- top management – by 9 working days.

### REQUISITION FULFILMENT BY CATEGORY

Indicator	2019	2020	2021	2022 <sup>1</sup>
Commercial personnel	64	58	49	145
Blue-collar workers	63	112	65	413
Middle management	34	50	42	622
Top management	45	27	58	28
<b>Total requisition fulfilment speed, days</b>	<b>34</b>	<b>25</b>	<b>49</b>	<b>39</b>

Source: Company data

At FESCO, we are successfully developing an onboarding system for various employee categories. Port Vladivostok took part in the HR Impact nationwide contest with its onboarding project implemented in 2022, and made it to the list of finalists. The project aims to make onboarding more efficient by reducing induction time, improving the quality of internal communications, enhancing corporate culture and mentorship quality, and boosting employee loyalty.

The project also provided tools for the timely assessment of onboarding events with reliance on the following cutting-edge induction techniques:

- chatbot offering a step-by-step introduction to the company;
- Tabletop Port, a game simulating the company's operating processes;
- a special onboarding block giving insights into the operating context of other business units.

These tools enable a new employee to delve deeply into the company's processes for building a successful career in it.

<sup>1</sup> Taking into consideration automated calculations introduced in 2022.