

ENERGY SAVING ACTIVITIES

In pursuance of its Energy Policy, FESCO Group developed the Energy Saving and Energy Efficiency Improvement Programme for 2023, which describes organisational and technical initiatives planned by the Group in this area.

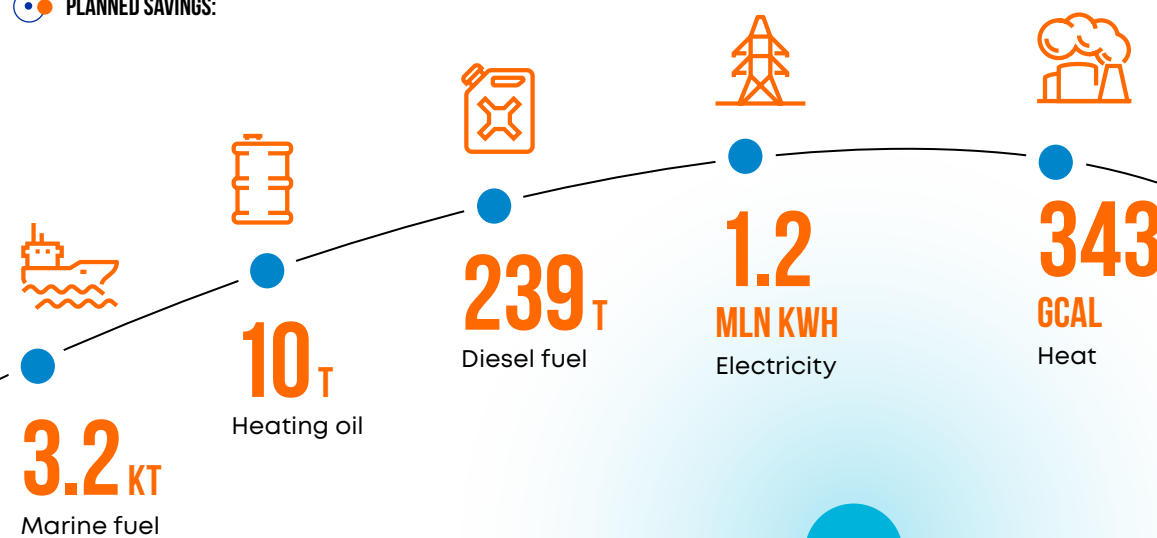
The Energy Saving Programme includes activities with the following focuses:

- improvement in the efficiency of resource use in shipping operations;
- improvement in the efficiency of resource use in heat generation facilities and other heat supply system facilities;
- improvement in the efficiency of resource use in the maintenance of buildings and structures;

- improvement in the efficiency of resource use in operations of loading and unloading, special and motor transport vehicles and equipment;
- improvement in the efficiency of resource use in railway operations;
- improvement in energy efficiency of lighting systems;
- improvement in the efficiency of resource use in operational processes.

In 2023, total fuel and energy savings are planned at 5.3 thousand tonnes of reference fuel, which is in line with the 3% savings target set by FESCO's Executive Board taking into account changes in the volume of activities.

PLANNED SAVINGS:



FESCO vessels comply with the requirements of the International Convention for the Prevention of Pollution from Ships (MARPOL) in terms of energy efficiency of ships. Fuel consumption is monitored in accordance with the approved Ship Energy Efficiency Management Plan (SEEMP). All of the Company's vessels are certified by the Register confirming correct data collection.

The Group's vessels operated in Europe comply with the EU MRV¹ Regulation, which requires them to have an approved energy efficiency plan and collect and submit data on fuel consumption, greenhouse gas emissions and activities completed to date. These measures are also designed to reduce GHG emissions into the air.

¹ Monitoring, reporting and verification.

SOCIAL PROJECTS

OUR APPROACH

Implementation of initiatives contributing to sustainable development in the regions of operations is one of the key priorities of FESCO's strategy.

FESCO's definition of "corporate social responsibility" is based on ISO 26000 Guidance on social responsibility: "Responsibility of an organisation for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour that:

- contributes to sustainable development, including health and the welfare of society;
- takes into account the expectations of stakeholders;
- is in compliance with applicable law and consistent with international norms of behaviour;
- is integrated throughout the organisation and practised in its relationships".

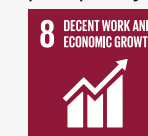
FESCO pursues its corporate social responsibility strategy relying on the Sustainable Development Goals (SDGs) set out in the Resolution of the UN General Assembly adopted on 25 September 2015.

The Company places emphasis on the following SDGs where it can make the greatest difference as part of its daily operations:



Goal 17: partnership for sustainable development – FESCO pays all due taxes in a timely manner and pursues comprehensive partnerships with government and international organisations as a way to ensure social

prosperity;



Goal 8: decent work and economic growth;



Goal 10: reduced inequalities – FESCO offers decent remuneration, honours all its social commitments, and closely cooperates with trade unions;



Goal 3: good health and well-being – FESCO has never ceased to take care of its employees' lives and health by improving occupational health and safety technologies;



Goal 12: responsible consumption and production;



Goal 16: peace, justice and strong institutions – FESCO implements best anti-corruption practices and sticks to high business ethics standards;



FESCO also shares the position on corporate social responsibility set out in the Social Charter of the Russian Business. The document expands the concept of corporate social responsibility to include responsible business practices, respect for human rights, responsible labour practices, responsibility for sustainable use of natural resources and environmental protection, and responsibility to consumers and local communities.





Goal 13: climate action;



Goal 14: life below water;



Goal 15: life on land – FESCO seeks to minimise its environmental impact and continuously searches for best-in-class environmental technologies and solutions;



Goal 9: industry, innovation and infrastructure – FESCO strives to apply the latest technologies across its operations.

As part of its charity activities, FESCO takes on additional voluntary commitments aligned with the SDGs:



- promoting culture and education to unlock human potential in the key region of operation (Goal 4: quality education; Goal 11: sustainable cities and communities; and Goal 17: partnership for sustainable development);



- providing consistent and ongoing assistance to local communities in addressing the most pressing challenges (Goal 3: good health and well-being; Goal 11: sustainable cities and communities; and Goal 17: partnership for sustainable development).



In addition to that, FESCO takes into consideration national development goals envisaged by Russian President's Order No. 474 On National Development Goals of the Russian Federation for the Period until 2030 dated 21 July 2020:

- population preservation, people's health and well-being;

- self-fulfilment and talent development opportunities;
- comfortable and safe living environment;
- decent and effective labour, and successful entrepreneurship.

SOCIAL RESPONSIBILITY AS A PART OF FESCO'S EVERYDAY LIFE

The social responsibility principle is embedded into FESCO's development strategy and day-to-day operations. Commitment to the principle manifests itself at all levels of the Company. The social responsibility principle also underpins the internal and external communication; the Company's employees develop competencies and motivations required to use it in the decision-making process and operations.

FESCO seeks to continuously improve its social responsibility practices, keeps monitoring its impact on social, economic and environmental systems, and analyses the effects of its social,

cultural and environmental initiatives. The Company analyses the potential social and environmental impacts of its decisions and integrates the social responsibility principle into its procurement, sales and investment practices. Implementation of initiatives contributing to sustainable development in the regions of operations is one of the key priorities of FESCO's strategy.

In 2022, the Group reaffirmed its B+ status (Best Practices) in the Leaders of Corporate Charity ranking put together by the Donors Forum (Association of Sponsoring Organisations) in partnership with National Priorities, Kommersant publishing house, and B1 Group (previously Ernst & Young).

MANAGEMENT OF CORPORATE SOCIAL RESPONSIBILITY STRATEGY

The Board of Directors and the Executive Board of FESCO are the main governing bodies in charge of corporate social responsibility. Their duties include approving the Company's strategy in this area, monitoring its progress, and assessing the performance. On an annual basis, the Board of Directors approves an Annual Report that contains exhaustive information about progress against programmes and projects run as part of the corporate social responsibility strategy.

As a body responsible for the development and implementation of the Company's

corporate social responsibility strategy, the Corporate Communications Division annually submits a programme of charity initiatives and social projects to the Executive Board for it to approve this programme and associated expenditures.

To have a better understanding of the impacts its programmes produce, the Company regularly collects stakeholder feedback through surveys (covering both employees and local communities), focus groups and interviews.



PARTNER SELECTION PRINCIPLE

FESCO's values include a focus on the overall result, professionalism and responsibility. Committed to these values, the Company strives to maximise the efficiency of its external social and charity programmes by building long-term partnerships with the government and society.

A special role is played by professionals: social entrepreneurs, community-focused non-profit organisations, and charity experts.

FESCO takes consistent efforts to improve the quality of external social and charity projects in which it participates. The efforts include engagement of internal and external experts in programmes and projects, evaluation of results, and promotion of ideas, principles and best practices of corporate social responsibility, social entrepreneurship and charity.

CRITERIA

In addition, the mandatory selection criteria for external social and charity programmes and projects include:

- needs of stakeholders and the regions of operations;
- systematic approach to achieving specific sustainable development goals, focus on a measurable result;
- potential of long-term partnership with a minimum risk of creating dependence of the target audience on charity support;
- proportionality of costs and expected effect.



The Company supports the following forms of external social programmes:



SPONSORSHIP

Contribution to the activities of another legal entity or individual in exchange for promoting the Company's brand



AWARENESS RAISING



CHARITY

Voluntary and gratuitous transfer of funds and/or property by the Company to a legal entity or individual, or performance of work, provision of services, and other support or assistance



SOCIAL PARTNERSHIP

Equal cooperation between the Company and the government and/or society on the basis of special agreements with regional authorities to address pressing social problems and contribute to the achievement of sustainable development goals across its footprint

EXCEPTIONAL ROLE OF THE PRIMORYE TERRITORY AND VLADIVOSTOK

Since the history of FESCO establishment and evolution is closely linked to the exploration and development of the Russian Far East, the region as a whole and Vladivostok as its capital play an exceptional role in the Company's corporate social responsibility strategy. FESCO prioritises external social and charity projects and programmes implemented in the Primorye Territory.

In running external social and charity projects and programmes in the Russian Far East, FESCO keeps in mind the region's special geopolitical position, historical development, social and economic aspects.

Since a substantial part of FESCO's assets are located in the Russian Far East, the welfare of Vladivostok and other communities of the region has always been of top importance for the Company.

The Company's corporate social responsibility efforts in the Russian Far East are focused on developing the human capital, improving the quality of life, and creating new opportunities for self-fulfilment of local people.

The youth policy is a top priority for FESCO seeking to create an inviting environment for young talents, develop infrastructure to support the potential and aspirations of young people, and encourage the younger generation to preserve and study the region's cultural and historical heritage.

SOCIAL, CULTURAL AND SPORTS INITIATIVES BY FESCO IN 2022

In 2022, FESCO carried on with its corporate social responsibility strategy, with total social investments coming close to RUB 730 million and more than 50 thousand people benefitting from a variety of the Company's social and cultural initiatives.

SEA OF OPPORTUNITIES, A CONTEST OF SOCIAL PROJECTS

One of the key events of 2022 under FESCO's corporate social responsibility strategy was the third edition of the Sea of Opportunities, a contest of social projects. Grant contests as a tool of interaction with local communities are used throughout Russia, however, the Primorye Territory had not seen any such initiative until 2020.

In 2020, FESCO was the first business to launch its own contest in the Primorye Territory.

The Sea of Opportunities strives to strengthen social partnership between FESCO, the public, government and local authorities of the Primorye Territory. The social partnership helps to:

- jointly introduce innovative sustainable development technologies across the Company's footprint;
- run projects seeking to improve the quality of life in the regions of operations and create new opportunities for self-actualisation;
- develop local communities, volunteering and social entrepreneurship.

KEY ELEMENTS OF THE SEA OF OPPORTUNITIES GRANT CONTEST



Non-profit organisations and government and municipal institutions, as well as volunteers, including FESCO employees, were encouraged to participate in the Contest. Organisations could apply for a maximum grant of RUB 500,000, and volunteer groups for a maximum grant of RUB 50,000.

Major innovations of 2022 included doubling of the maximum grant amount and introduction of in-person defence procedures for projects seeking grants in excess of RUB 250,000. Furthermore, a special nomination was established on the occasion of Port Vladivostok anniversary. This allowed us to increase the overall grant fund and number of implemented projects.

The Company continues to place a heavy emphasis on networking, horizontal links between participants and other stakeholders, and training for applicants and winners to enable them to be successful in other grant contests going forward. The contest operator was still Razvitiye Autonomous Nonprofit Organisation, a provider of advanced professional training and consulting services, acting as a resource centre for non-profit organisations in the Primorye Territory.

In 2022, contest grants were awarded to 34 social projects, including eight projects implemented by volunteer groups involving FESCO's employees and 26 projects run by non-profit organisations and government institutions of the Primorye Territory. The total number of applications filed came in at 85, or 21 applications more than in 2021.

The winning projects aimed to address social issues in Vladivostok, the capital of the Primorye Territory, as well as in other coastal towns (Nakhodka, Partizansk, Artem) and villages (Krasnorechensky, Chuguevka, Krasny Yar).

Key areas of social projects under the Sea of Opportunities contest



Support to vulnerable social groups



Offer career guidance to the students of special needs schools



Foster cultural development



Promote science and healthy lifestyles



Protect historical heritage and environment



Improve financial literacy among low-income households of the Primorye Territory

In 2022, the contest's grant fund increased from RUB 5 million to RUB 8.5 million. As the Sea of Opportunities winners managed to raise additional RUB 4.8 million on their own, the total social impact of the contest exceeded RUB 12 million. The projects covered more than 5,600 beneficiaries, with 540 people registering as volunteers to help implement the social initiatives.

RUB 8.5 MLN
the contest's grant fund

PARTNERSHIP WITH STATE TRETYAKOV GALLERY

In 2022, FESCO continued to develop its strategic partnership with the State Tretyakov Gallery launched one year earlier. In the reporting period, the Company entered into a landmark agreement with the cultural institution, committing to provide financing and premises for the State Tretyakov Gallery to open its branch in Vladivostok.

A memorandum to that end was signed on the sidelines of the Eastern Economic Forum by Andrey Severilov, the Chairman of FESCO's Board of Directors, and Zelfira Tregulova, Head of the Tretyakov Gallery.



“We believe that by creating ties like that and providing a platform for communication, we help unlock huge human potential in both the Primorye Territory and Russia in general”.

Andrey Severilov

A temporary representative office of the Tretyakov Gallery is slated to open in the historical building of Far-Eastern Shipping Company located at 15 Aleutskaya Street. The new civic space will host exhibitions, workshops, lectures, film screenings, and other public events. Apart from that, visitors will be able to work and study here, as the Gallery's representative office will feature a small library with books on painting and fine arts, several fully equipped workplaces, and a lounge area.

The cultural centre will work while we are building a large museum and theatre facility on the Eagle's Nest hill where the Vladivostok branch of the Tretyakov Gallery will move once it is completed.

Also, the master's programme in museum studies launched in 2021 at the Far Eastern Federal University with FESCO's support continued operating in 2022. As part of it, students develop skills for working in museums, while the State Tretyakov Gallery employees and the Far Eastern Federal University professors participate in classes on fundraising, exhibitions, hands-on course on writing about arts, digital environment and museum PR.

FESCO FOR THE KIDS PROGRAMME

In 2022, the Company continued implementing its FESCO for the Kids programme launched in 2021. Its ambition is to create a children's support system in the Primorye Territory to make sure each and every kid in the region is able to fully unlock his or her potential. FESCO for the Kids includes a number of initiatives.

PROGRAMME TO SUPPORT CHILDREN'S AND FAMILY READING

Run since autumn 2021, the programme helps solidify children's natural love of learning, strengthen family ties and create new forms of leisure that are good for the kids. As part of the programme, FESCO provides financing to publish high-quality children's books (new editions of pre-Revolutionary and Soviet books for kids, and new books written specifically for the programme), and to hold a variety of events nurturing love for reading in children. In 2022, dozens of children's facilities in Vladivostok received more than 250 thousand copies of nine books, and hundreds of training sessions with kids were held.

PARTNERSHIP WITH THE TEACHER FOR RUSSIA PROGRAMME

The programme has been run by the New Teacher Foundation since 2015. The programme is designed to fight inequalities in educational opportunities for kids by developing school education in Russian regions. With this programme, professionals from different areas and sectors spend two years working as teachers in ordinary schools across Russia. This will help to create a community of talented professionals capable of giving an impetus to the Russian system of school education for it to upgrade and evolve.

With financial and administrative support from FESCO, it was launched in the Primorye Territory in 2021. In September 2022, 14 teachers commenced their work in seven schools of Vladivostok. In less than four full months of work, the teachers initiated important changes in respective schools. School No.

32 launched a mediation service teaching children how to settle conflicts and disputes through a dialogue. The same school formed a KVN team, which has played its first game in the city's school league, while the school's cinema club has held its first meetings. The Vector educational centre opened a club of tabletop games and organised several school events. School No. 68 created a theatre studio for fifth and sixth-graders, with the first theatrical performance staged at the end of December as part of the school's New Year festivities. In 2022, two participants of the programme qualified for the final round of the Young Professional of the Year contest sponsored by Vladivostok's Education Department.

SUPPORT FOR SEVERELY ILL CHILDREN OF PRIMORYE

The programme is run for the third consecutive year together with Rusfond, Russia's largest charity foundation. The goal is to create a system of swift and effective targeted assistance to severely ill children that for various reasons are unable to get treatment for their conditions under mandatory health insurance. In 2022, high-tech medical care under the programme was provided to 16 children.

PROCUREMENT

FESCO Group's procurement function has its own specifics, as the operations of the Port Division companies are governed by Federal Law No. 223-FZ On Procurement of Goods, Works and Services by Certain Types of Legal

SUPPORT FOR SPORTS AND OTHER INITIATIVES

In 2022, FESCO continued its support for a number of Primorye-based sports organisations, most notably the Hockey Club Admiral. Also, targeted support was made available to dozens of social care facilities in FESCO's regions of operation, with priority help provided to the most vulnerable children's facilities and healthcare providers in Primorye. On top of that, Port Vladivostok completed several urban improvement projects, including the construction of playgrounds for children.

GOLDEN TURTLE WILDLIFE FESTIVAL

In 2022, FESCO became a title partner of the Golden Turtle wildlife festival. Thanks to the Company's sponsorship this year, the festival spanned two venues at once. In September, the residents of Vladivostok had a chance to see the best works of the festival's history, while from October to November the 16th edition of the festival took place in Moscow, with attendance rates exceeding 33 thousand people.

Entities dated 18 July 2011, while procurement operations of the other companies are governed by the Group's internal documents.

FESCO GROUP'S DOCUMENTS RELATED TO PROCUREMENT:

- Regulations on the Procurement of Goods, Works and Services for the Needs of PJSC Commercial Port of Vladivostok and its Subsidiaries¹ available on the official website of the Unified Information System in Public Procurement (<https://zakupki.gov.ru/>);
- Uniform Procurement Standard for FESCO and Controlled Entities of FESCO;
- internal regulations that set out the procedure for interaction when carrying out procurement and contractual work.

¹ Applicable to the Port Division companies only.