

FESCO's approach to the sustainable development strategy fits into the classical definition set out in Our Common Future, report of the World Commission on environment and development (1987):

“ Meeting the needs of the present generation without compromising the ability of future generations to meet their own needs”.

STAKEHOLDER ENGAGEMENT

FESCO seeks to identify the full range of stakeholder interests in a timely manner and integrate them into its operations. Our relations with stakeholders are constantly

evolving and improving. The Company's goal is to ensure effective communication and open dialogue with all stakeholders.

Stakeholder group	Stakeholder engagement tool/channel
Shareholders and investors	<ul style="list-style-type: none"> • General Shareholders Meeting; • annual report, information brochures and booklets; • financial statements; • press releases, mandatory disclosure publications; • meetings with the Company's management; • press conferences, presentations, forums; • corporate website, including the Shareholders and Investors section; • shareholder surveys; • query responses, provision of requested documents and information; • inclusion of independent directors in the Board of Directors to protect shareholders; • hotline and email.
Suppliers and contractors	<ul style="list-style-type: none"> • Invitations to tender for the supply of goods, performance of works, and provision of services; • supplier and contractor reliability checks; • one-on-one and online negotiations; • formalisation of partnership (cooperation contracts and agreements); • electronic trading and procurement platform.
Customers	<ul style="list-style-type: none"> • Information on services, rates, and schedules available on the Company's website and via email; • MY.FESCO, customer's personal account; • single customer support service (call centre); • NPS, CSAT, in-depth interviews with key customers, focus groups; • launch of a Telegram channel; • negotiations, offline customer events; • development of personalised transportation and logistics solutions for key customers; • participation in industry-specific conferences and exhibitions; • formalisation of contractual relations; • on-site customer support.

Stakeholder group	Stakeholder engagement tool/channel
Business partners	<ul style="list-style-type: none"> • Negotiations, meetings, presentations; • participation in conferences, forums and exhibitions; • membership in industrial unions and associations; • annual report, financial statements, press releases.
Employees	<ul style="list-style-type: none"> • Corporate means of communications, including FESCO's news portal, Telegram channel, and educational webinars; • mass cultural and sports events; • personnel engagement surveys; • regular management meetings; • target (KPI) management; • by-laws: remuneration, benefits and compensations, internal staff rules, personal data, training and development, staff recruitment; • collective bargaining agreement; • veteran council; • trade unions.
Local communities	<ul style="list-style-type: none"> • Long-term or one-off social, environmental and cultural programmes in the regions of operation; • partnership projects and programmes in the regions of operation; • volunteer programmes, projects and campaigns; • organisation of sociological and other studies, surveys, and focus groups, participation in them; • PR activities, including dedicated events, workshops, forums and competitions; • management meetings with representatives of local communities, including managers and employees of non-profit organisations, volunteer movements, social and cultural institutions, representatives of university students and teachers in the regions of operation, school students, teachers and administrative staff, veteran organisations, etc.; • meetings with officials from government agencies and local authorities in the regions of operation; • participation in industry-specific, public and other exhibitions, conferences, forums, etc.; • the Group's corporate websites and social media pages, the websites and social media pages of individual programmes and projects pursued by the Group.
Members of professional industrial communities	<ul style="list-style-type: none"> • Membership in industrial unions and associations: <ul style="list-style-type: none"> – Eurasian Union of Rail Freight Transport Participants; – Organisation for Cooperation of Railways; – Union of Railway Operators Market; – Association of Commercial Sea Ports; – Russian Chamber of Shipping; – International Coordinating Council on Trans-Eurasian Transportation; – Russian Union of Industrialists and Entrepreneurs (RSPP); – Russian Association of Freight Forwarding and Logistic Organisations; – Public Council of the Northern Sea Route; – Russian-Chinese Business Council; – Association of Exporters and Importers; – Chamber of Commerce and Industry of the Primorye Territory; – Association of Operators of the Refrigerator Rolling Stock; – Association of Partners on Coordination and Usage of the Northern Sea Route; • participation in expert councils; • establishment of joint coordination committees and task forces; • participation in conferences, forums, round tables, plenary and strategic sessions.

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

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.