

the Bank of Russia recommendations and the Company's Procurement Regulations;  
→ the powers and responsibilities of the Audit Committee of FESCO's Board of Directors, the sole executive body, and the Director of the Internal Audit Department were clarified.

In line with the newly adopted Policy and based on a self-assessment of the Internal Audit Department's conformance with IPPF standards, FESCO's 2025 Quality Assurance and Improvement Programme (QAIP) was developed and approved. The QAIP for 2025 was approved by the Audit

## External audit

On 30 June 2025, the Annual General Shareholders Meeting appointed B1 – Audit LLC and Pacholi LLC as the Company's external auditors for 2025 (Minutes dated 1 July 2025). The auditors were responsible for auditing the Company's financial and operating performance as prescribed

Committee of FESCO's Board of Directors (Minutes No. 7/25 dated 22 September 2025). The QAIP for 2025 was 100% fulfilled.

To comply with FESCO's Articles of Association, the Bank of Russia recommendations, and the Corporate Governance Code suggested by the Bank of Russia's Letter No. 06-52/2463 dated 10 April 2014, amendments were made to the Regulations on the Audit Committee of FESCO's Board of Directors in 2025 (Minutes No. 28/25 dated 30 December 2025).

by the applicable laws of the Russian Federation and pursuant to the contracts signed between the Company and the auditors. 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 Internal Audit Department conducts independent assessments and internal consultations based on Board-approved work plans, completing 37 internal audits in 2025.

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

The issuer selected auditors through a tender procedure in accordance with the Rosatom's Unified Industry Procurement Standard.

# Risk management

GRI 2-25

## 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.

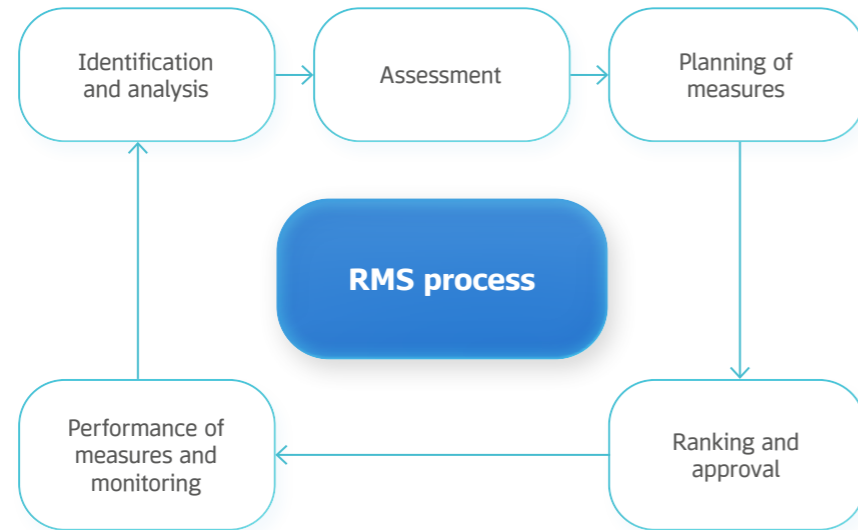
We keep improving our risk management system to timely respond to changes (both external and internal), maintain strong performance, and increase efficiency amid risks and uncertainty.

The following RMS improvement measures were implemented in 2025.

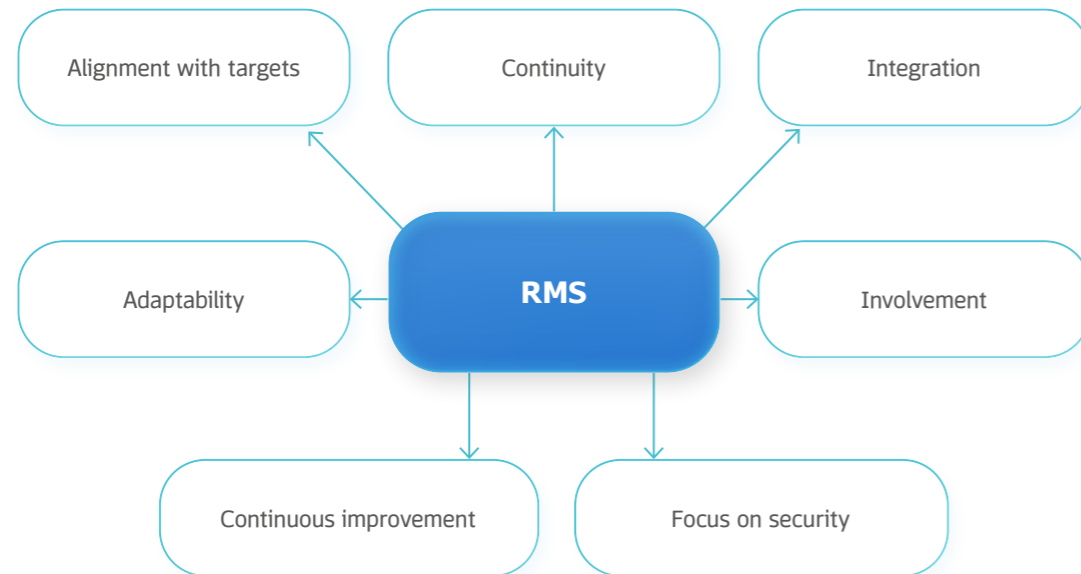
Area	Measure
Integration of risk management tools into business processes	<ul style="list-style-type: none"> <li>Implemented the practice of calculating counterparty credit risk, and developed a scoring model</li> <li>Integrated risk mapping into budget planning and variance analysis of key budget performance indicators</li> <li>Incorporated project risk management tools into the investment management process</li> <li>Established and launched the Risk Committee under the sole executive body</li> </ul>
Risk identification and analysis	<ul style="list-style-type: none"> <li>Conducted risk sessions for key business processes and areas of activity</li> <li>Introduced the practice of risk mapping for investment projects</li> </ul>
Business continuity management	<ul style="list-style-type: none"> <li>Drafted pilot business continuity plans</li> </ul>
Risk culture development	<ul style="list-style-type: none"> <li>Developed and recorded an online training course on risk management fundamentals</li> <li>Risk management module is included in training programmes implemented across the Group</li> </ul>
Improvement of RMS processes	<ul style="list-style-type: none"> <li>Improved the risk map format (including the introduction of risk scoring)</li> <li>Refined and automated quantitative risk assessment using mathematical modelling</li> <li>Conducted a maturity assessment of FESCO's RMS</li> </ul>



**Risk management process at FESCO**



**RMS functioning principles**



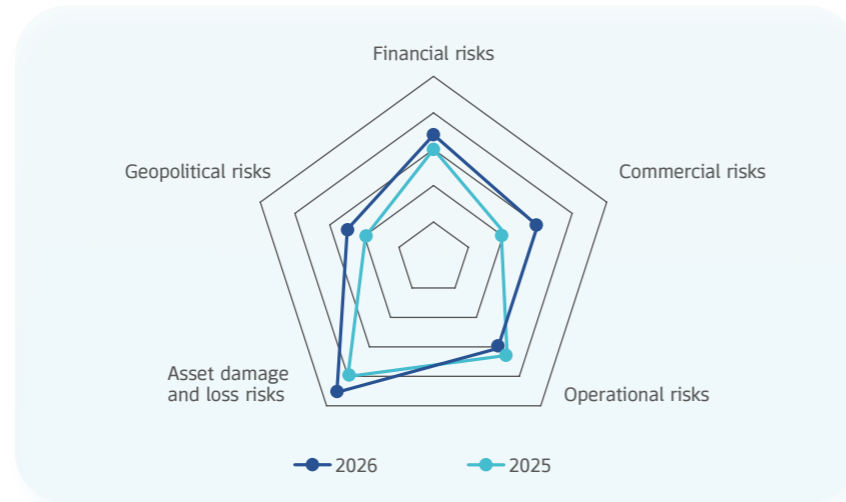
**Organisational structure for risk management**



<sup>1</sup> RMU – risk management units, structural units of FESCO Group whose primary functions include the authority to manage certain types of risks.

## Corporate map of material risks

As part of the RMS, a list of key risks and risk owners were identified, risks were assessed, and risk management initiatives were developed and implemented.



### Financial risks

The most material financial risks for FESCO are currency risk (unfavourable exchange rate changes) and credit risk (counterparties failing to fulfil obligations fully and on time)

The key approaches to minimising financial risks are:

- for credit risk:
  - preliminary counterparty verification;
  - assessing counterparty credit risk;
  - using sureties, guarantees, and restrictions on advance payments to external counterparties;
  - regular monitoring of accounts receivable and counterparty financial condition;
- for currency risk:
  - maintaining balanced currency-denominated receivables and payables (natural hedging);
  - constant exchange rate monitoring to enable timely currency risk mitigation decisions;
  - transitioning to settlements with counterparties in friendly jurisdiction currencies;
  - exploring settlement possibilities with counterparties through friendly jurisdiction banks

### Commercial risks

Risks of losses arising from external (demand, competition, market changes, etc.) and internal (quality and price of services provided, etc.) volatility

To minimise commercial risks, the Group:

- implements a balanced pricing policy;
- builds long-term partnerships with counterparties;
- develops existing and opens new transportation routes and services;
- optimises internal business processes and shipment structure in order to respond more effectively to market changes

### Operational risks

Given FESCO's significant transport assets (railcars, containers, vessels, terminals), the management of operational risks is one of the key priorities due to their sheer number

To minimise operational risks, the Group:

- repairs and upgrades existing assets;
- invests in new asset acquisition;
- improves asset quality management and protection

### Asset damage and loss risks

Asset loss and/or damage may result from external factors (emergencies, adverse weather, third-party illegal actions, etc.) and internal (equipment failure, operational errors, management deficiencies, personnel actions/omissions, etc.) factors

To minimise asset damage and loss risks, the Group:

- conducts regular monitoring of assets' technical condition;
- provides personnel training and development;
- develops emergency response plans;
- insures property risks

### Geopolitical risks

Geopolitical risks stem from the US, EU and other countries building up their sanctions pressure, including potential sanctions against Group companies, its customers, and the industries where they operate, as well as customers and suppliers exiting the market

To minimise geopolitical risks, the Group:

- operates in strict compliance with Russian and international laws and constantly keeps track of all regulatory changes affecting its operations;
- regularly monitors the sanctions pressure, analyses the possibility of new sanctions, and promptly adjusts its activities, where necessary;
- conducts compliance checks of counterparties, cargo, correspondent banks, agents, and other transaction elements

## ESG risks

The ESG risk management system is integrated into the corporate risk management system and follows the requirements of national and international legislation in the realm of risk management and sustainable development.

In 2025, the Company initiated the development of a unified ESG risk management approach, encompassing the identification

of key risks and an assessment of their potential impact on operations. Based on the analysis findings, three groups of risks were identified:

- Environmental risks
- Social risks
- Corporate governance risks

To follow up on the endeavour, a sustainable development risk register was created. Each risk is documented with its type, event, and underlying factors, alongside a detailed description and the opportunities arising from mitigation efforts. For all identified risks, the Group has designated responsible

units, established standard mitigation measures, and defined metrics to evaluate risk management performance.

Simultaneously, a qualitative assessment of physical climate risks was conducted, accounting for their specific characteristics<sup>1</sup>. Looking ahead, the Group will continue to refine its assessment methodology and evaluate the efficiency and effectiveness of the ESG risk management system.

## Objectives for 2026 and the medium term

FESCO has identified the following key areas to focus on improving its risk management system:

- conducting risk sessions on key business processes and activities;
- developing and testing business continuity plans;

- implementing the practice of monitoring risk indicator values and developing risk management measures when they exceed their thresholds;

- continuing the integration of risk management tools into Group business processes.



# Information for shareholders

### Charter capital

As at 31 December 2025, the Company's charter capital was **RUB 2,951,250,000**.

The Company's charter capital is divided into common registered uncertificated shares in the amount of 2,951,250,000 with a face value of RUB 1 per share.

All common shares have the same face value, are registered and uncertificated, and grant their holders equal rights.

In accordance with the Articles of Association, the Company is entitled to place 737,812,500 common shares with a face value of RUB 1 each in addition to the outstanding shares.

As at 31 December 2025, FESCO Group is controlled by Rosatom.

### Shares

FESCO shares are traded on the Moscow Exchange and included in the Level 2 quotation list (ticker: FESH). FESCO share price was **RUB 52.56** as at 31 December 2025.

FESCO's market capitalisation reached **RUB 155 billion** as at the end of 2025.

### Credit ratings

As at the end of 2025, FESCO maintained an issuer credit rating from Russian rating agencies

 National Credit Ratings (NCR) at <b>AA+</b> with a stable outlook,	 Expert RA at <b>AA</b> with a stable outlook.
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### Dividend policy

Pursuant to the Company's Articles of Association, resolutions on the payout of dividends are made by the General Shareholders Meeting following a recommendation of the Board of Directors, which is based on the Company's current financial position and development plans. In 2025, no dividends were accrued or paid.

<sup>1</sup> For more details, see the Environment and Energy Efficiency section.