

Annual Report & Accounts 2021



Sustainability Report

“ At Globaltrans nothing is more important than the safety and well-being of our employees. We are committed to developing a strong culture of zero-harm and promoting a safe work environment. The Group regards safety as both an individual and collective responsibility, thus employee involvement is key to our safety programme. In 2021 we put our efforts into boosting employee awareness and increasing the number of ongoing training opportunities needed for our employees to perform their job tasks in a safe manner.

Stanislav Khromov
H&S expert, BaltTransServis

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Sustainability

HIGHLIGHTS OF 2021

ESG
Committee formed
to guide Globaltrans' ESG agenda

2.6[▲]x
increase in training hours
largely attributable to safety training

LTIFR¹
zero

Improved safety performance with Lost Time Injury Frequency Rate (LTIFR) falling from 0.66 to zero while business continuity maintained throughout the COVID-19 pandemic

GPG²
-3%

First time disclosure of gender pay gap (measured at non-managerial level) - women earn on average 3% more due to greater proportion of women in highly skilled positions

OUR APPROACH

The Sustainability Report which is integrated into the 2021 Annual Report has been prepared in accordance with the sustainability reporting guidelines of the Global Reporting Initiative (GRI).

The overall aim is to achieve high standards in the areas of balance, comparability, accuracy, timeliness, clarity and reliability, as defined by the GRI Standards. The structure and content of this sustainability report reflects the relevant GRI Reporting Principles.

The details within this sustainability report cover the key results and activities of Globaltrans Investment PLC and its subsidiaries in the field of sustainable development for the year ended 31 December 2021.

HOW IT WORKS:

Step 1
Identification
of material topics

We identified material topics relevant to the Group's business operation by carefully reviewing and analysing global sustainability trends, our sustainability performance, internal regulations and non-financial reports issued by peers.

Step 2
Prioritisation
of material topics

To develop a broader, deeper understanding of the materiality of the sustainability issues the Group faces, we sought input from a range of stakeholders (employees, shareholders, investors, clients, regulators and other authorities) on what mattered to them.

Step 3
Preparation
of materiality matrix

We developed a materiality matrix to identify those topics that are deemed most important/significant to the Group's system of sustainability reporting. A validity check was also conducted on identified material topics to ensure that all of them are disclosed in the Annual Report.

¹ LTIFR (Lost Time Injury Frequency Rate) is the number of lost time injuries multiplied by 1,000,000, divided by the employee total hours worked in the reporting period.

² The gender pay gap at non-managerial level is the difference between the average hourly earnings of a company's male and female employees who are below management level. Calculating the mean gender pay gap involves adding the hourly rates for all male employees and then for all female employees in two groups and then dividing these totals by the number of male or female employees in each list. Then one needs to subtract the female hourly rate from the male hourly rate, divide the total by the male hourly rate, and multiply the figure by 100. This will give a percentage difference in pay.

Scope 2
emissions
First time reporting

Reinforced ESG disclosure
with the publication of the Integrated Report, ESG Data Book and TCFD Report

Green
office initiative
Introduced

External recognition
Further external recognition of the Group's ESG efforts with **improved rating** by leading rating agency Sustainalytics

MATERIALITY MATRIX



Economic impact

- 1 Economic performance
- 2 Socioeconomic development of regions
- 3 Business ethics, risk management and anti-corruption
- 4 Customer satisfaction

Environmental impact

- 5 Risks and opportunities posed by climate change
- 6 Responsible water use and reduction of water consumption
- 7 Reduction of energy consumption
- 8 Non-compliance with environmental laws and regulations

Social impact

- 9 Employee education and development
- 10 Employee motivation
- 11 Diversity and equal opportunity
- 12 Occupational health and safety

Sustainability

ESG COMMITTEE CHAIR'S MESSAGE

Advancing ESG at Globaltrans

I joined the Board of Globaltrans in 2008, the year the company went public, and strong governance, based on the highest standards of ethical business practices, has always been held by the Board as an absolute prerequisite for future success. In other words, our commitment to sustainable business development that benefits all stakeholders started long ago, even as the approach has evolved and changed significantly over the years.



Elia Nicolaou
Chair of the ESG Committee,
Non-executive Director

In 2021, we expanded our governance approach to better monitor and organise our ESG work. In January, we issued our ESG policy and established the ESG Committee, which I chair, to advise and oversee the Group's sustainability programmes. I see these as major milestones in our journey towards full integration of sustainable business practices

across our operations at all levels of the organisation. Managing our business increasingly sustainably is by definition a work in progress, but I am pleased our efforts last year were recognised, resulting in improved sustainability scores, notably from Sustainalytics, one of the leading global ESG rating agencies, as well as approval from shareholders.

2021

We faced a second year of health and safety challenges, travel restrictions and remote working as the pandemic persisted. However, we learned to adapt quickly to changes and adopted new ways of doing things effectively during this period. Our top priorities were the well-being of our employees and the continuation of all business processes. Last year, the ESG Committee met twice to discuss a broad range of ESG-related topics, approve our 2020 integrated sustainability report and review the Group's current environmental and employee-related policies and initiatives planned for 2021.

Over the past year, the ESG Committee continued to support the establishment of more substantial ESG foundations across the businesses. As part of this, the Group recruited several specialists to increase our internal expertise in critical areas such as health and safety, environment, and training and development. In addition, as part of our support for employees, Globaltrans significantly increased its provision of skills and learning in this area, resulting in a more than doubling of the number of training hours over the year.

Safety is one of our core values: it is the primary consideration in terms of our employees' welfare. Although the Group has a strong safety track record, there is still more we can do.

Hence, we introduced a stringent new safety compliance regime last year, which promotes a 'zero-harm' culture and included a formal Health & Safety Code as well as increased hours of safety training. As a result, I am pleased to report that in 2021, there was a reduction to zero in our Lost Time Injury Frequency Rate and, most importantly, there were no recorded fatalities.

In terms of our environmental performance, it is reassuring to report that there were no cases of non-compliance with environmental laws and regulations during the reporting period. However, as a responsible business, we are determined to move beyond compliance and proactively reduce our impact on the environment. As many of you know, rail is not a significant contributor to greenhouse gas emissions, but we still have a duty to reduce our carbon footprint.

The most effective way we achieve this is by delivering highly efficient logistics, minimising the mileage that railcars travel empty. In 2021, we again led the industry in operational efficiency, and maintained low levels of Empty Runs.

Our GHG emissions for 2021 were impacted by the increased use of our locomotive fleet our most significant source of GHG emissions — on the back of accelerating growth in volumes for oil products and oil.

However, while these emissions were up 11% compared to the extraordinarily low levels of 2020 (as a result of the pandemic), they were still 5% lower than the pre-COVID level of 2019.

We are at the same time taking steps to offset our impact. For instance, BaltTransServis, which operates the bulk of our locomotive fleet, is planting trees in 2022 in order to help offset our CO₂ emissions, a project that could grow over the next few years.

As well as making our fleet operations more eco-friendly, we are doing our best to promote green policies in day-to-day office activities. In 2021, we introduced a Green Office initiative which will be rolled out across the Group, with the aim of reducing overall waste levels, particularly plastic. We believe that such actions contribute to society's broader efforts to protect the environment.

Last year, we took steps to improve disclosure of the Group's ESG factors to meet stakeholder expectations. New metrics were included in our integrated sustainability report to enhance our disclosure levels. For the first time we included analysis of gender pay differences in 2021 our gender pay gap¹ at the non-managerial level stood at -3%, meaning our female employees earn, on average, a 3% higher wage. The report which was prepared with reference to the Global Reporting Initiative (GRI) Standards, also saw a greater focus on materiality.

We included for the first time a description of the climate-related risks and opportunities facing the business, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). We intend to raise awareness of climate-related risks internally and develop a greater understanding of the TCFD framework so we can use it to track our climate action progress in future.

Closing remarks on the future development

We strive to be a responsible and attractive employer, business partner and investment target. We recognise that by prioritising sustainability and gradually integrating it into everything we do, we will improve our long-term prospects, reduce our business risk and build greater engagement with our stakeholders. We are fully aware that we have a long journey ahead to become a truly sustainable organisation. However, we are working hard to raise awareness of our sustainability work among stakeholders, and executing well across multiple initiatives throughout the Group. Our progress in 2021 gives me confidence that we are on the right track and we will continue to pursue our sustainability ambitions.

¹ The gender pay gap at non-managerial level is the difference between the average hourly earnings of a company's male and female employees who are below management level. Calculating the mean gender pay gap involves adding the hourly rates for all male employees and then for all female employees in two groups and then dividing these totals by the number of male or female employees in each list. Then one needs to subtract the female hourly rate from the male hourly rate, divide the total by the male hourly rate, and multiply the figure by 100. This will give a percentage difference in pay.

Sustainability



OUR RESPONSE TO THE ONGOING COVID-19 PANDEMIC

Supporting our people

In 2021, COVID-19 continued to present many challenges to the wellbeing of people around the world. That is why the safety of our employees, clients and other stakeholders remained the Group's highest priority throughout the year. Despite a high percentage of vaccinated employees, as a responsible employer Globaltrans continued to promote hybrid working, offering all employees the opportunity to work from home with voluntary and more limited office attendance.

In response to the pandemic, we enhanced our internal policies to further support a safe environment at our offices and facilities. In addition to ensuring the basic health and safety of our people, we also focused on their mental wellbeing, maintaining an active and open dialogue with them. We introduced a number of initiatives to support the needs of our employees, and to enable us all to get through this difficult period.

STAKEHOLDER ENGAGEMENT

Building good, strong relationships with a diverse range of stakeholders sets the foundation for sustainable growth and, therefore, the success of any business. Globaltrans has always listened to and considered the interests of its stakeholders and is committed to maintaining an open, constructive and ongoing dialogue with all.

Through a programme of active year-round engagement using various channels and processes, we strive to improve transparency for our stakeholders and deepen their understanding of our strategy, performance and initiatives. These interactions also allow us to gather valuable feedback, opinions and expectations and, in due course, to reflect them in our business.

In terms of our day-to-day operations, Globaltrans' stakeholders include employees, customers, investors, government and regulators and our local communities. At the Group level, we maintain ongoing contact with investors, shareholders, credit rating agencies, financial institutions and the media.

As 2021 was another year of COVID-19 restrictions and physical distancing, we continued to rely on digital communication methods.

For the second consecutive year, all client communications, investor roadshows and conferences, and the Annual General Meeting of shareholders, were held online.

During the pandemic we saw an increase in demand for information, as would be expected during any period of market uncertainty. The Group devoted considerable time and effort to maintaining close engagement with our stakeholders and we believe we made effective use of the digital format to respond to information requests.

The corporate website is the main source of information on the Company: news releases, results presentations, webcasts, current and historical financial information, market statistics, and other important data can be found there. We have a separate section on Sustainability, in light of our increased commitment and reporting on this important issue.

STAKEHOLDER ENGAGEMENT MECHANISMS



Employees

Mechanisms of engagement

- Intranet
- Labour-management consultations
- Staff surveys
- Corporate booklets, information boards

Outcomes in 2021

- Regular, direct communication between managers, teams and individuals
- Career development, training and performance reviews
- No COVID-related redundancies
- COVID-related measures to protect health and safety of employees implemented
- Number of training hours up 2.6x due to resumption of training programs and increased volume of safety training
- Reduction of LTIFR to 0
- Provision of social benefits and guarantees, including medical insurance



Shareholders and investors

Mechanisms of engagement

- Open, effective and transparent communication
- Investor Relations website
- Dedicated Investor Relations team
- Annual General Meetings
- Corporate reporting, webcasts
- Broker-hosted investor events and roadshows, conference calls, and Company-initiated roadshows

Outcomes in 2021

- Information disclosure on a semi-annual basis
- Analyst and investor conference calls and webcasts
- Virtual non-deal roadshows: more than 200 international investor meetings held
- Series of investor meetings with Russian retail investors introducing Globaltrans to local investors
- Publication of Annual Report and integrated sustainability report
- Completion of numerous ESG questionnaires received from international and local investors, financial institutions and rating agencies
- Interaction with international and local credit rating agencies



Customers and business partners

Mechanisms of engagement

- Regular meetings, presentations, and formal consultations
- Customer analytics and customer evaluation system
- Industry conferences and forums
- Customer satisfaction surveys
- Transparent supply chain

Outcomes in 2021

- Strong portfolio of service contracts with superior clients in metallurgical and oil products and oil segments maintained contributing 59% of Net Revenue from Operation of Rolling Stock in 2021
- Successful service contract extensions with two key customers: Metalloinvest and Rosneft



Sustainability

Stakeholder engagement mechanisms (continued)



Government, regulators and professional authorities

Mechanisms of engagement

- Regular communication with regulators and policy makers on industry issues
- Industry and regulatory forums

Outcomes in 2021

- Participation in industry associations including the Council of Railway Operators and the Russian Union of Transport Workers
- All applicable guidelines to manage the impact of COVID-19 implemented

Local communities

Mechanisms of engagement

- Corporate philanthropy and charitable contributions
- Community investment

Outcomes in 2021

- Assistance to support socioeconomic development of our communities
- Regular contributions to aid charitable projects

Media

Mechanisms of engagement

- Communication with media representatives
- Transparent disclosure through various channels
- Dedicated Media section on corporate website
- Dedicated media relations contacts
- Press conferences and exhibitions

Outcomes in 2021

- Distribution of news and information announcements
- Providing access to results calls with CEO & CFO
- Responding to media queries
- Interviews with senior management, ad hoc commentary on industry issues, and responding to journalists' questions

ETHICS AND BEHAVIOUR

A company's reputation is the bedrock on which its business is built. At Globaltrans, maintaining our good name is of paramount importance and we are well aware of how easily it could be damaged by actual or suspected unethical behaviour. We are committed to operating to the highest ethical and professional standards and to ensuring that all our business dealings are conducted openly and transparently.

Our **Code of Ethics and Conduct** sets out the ethical standards that our Group adheres to and how we expect our employees to act to maintain them. It describes the Group's principles with respect to confidential information, anti-bribery, conflicts of interest and reporting concerns. Its purpose is to help our employees understand the Group's core values and what is expected of them to ensure compliance with our policies and all relevant laws and regulations.

We do not tolerate any violations of the Code. All employees are required to read and fully understand the Code and sign an acknowledgement to this effect.

Our partners are an integral part of our business, and how they behave also reflects on us. Therefore, they must understand and commit to upholding the same ethical standards as we set for ourselves. Accordingly, in 2020 the Group formally adopted a **Supplier Code of Conduct**, based on the principles set out in the UN Global Compact, which describes what Globaltrans expects from its suppliers with regards to business ethics, human and labour rights, employee relations, health and safety and other related topics. By building on our shared values, Globaltrans and its suppliers can create stronger and more successful businesses.

In January 2021, Globaltrans established an **ESG Committee** to support and direct the Group towards improving its sustainability-related practices and policies and its reporting and transparency. Its creation reflects the Group's conviction that behaving responsibly underpins our ability to deliver sustainable value for all our stakeholders. By assisting the Board with oversight of ESG-related issues, the Committee supports the development of a practical Group-wide approach to sustainability and disclosure.

The Committee's efforts were bolstered by the adoption in January 2021 of a formal **ESG policy** that set out formal ESG commitments and established lines of responsibility and accountability.

The ESG Committee consists of two Board members: Elia Nicolaou, Non-executive Director, who is the Chair, and John Carroll Colley, Independent Non-executive Director. In addition, Globaltrans CEO Valery Shpakov is actively engaged in all ESG-related matters, emphasising the importance of these issues for the Group.

Globaltrans has adopted a number of formal Group-wide policies that address human rights, freedom of association, data protection, diversity and inclusion, and supplier conduct. These documents are subject to ongoing review and monitoring to ensure their relevance and compliance with legal requirements. The Group requires all employees to acknowledge that they understand and accept the relevant policies. All the documents are publicly available and can be viewed on the Company's website.

Charts of Code of Ethics and Conduct

Tolerance	Impartiality	Respect	Equality	Safety
Understanding and respecting diverse cultures and people with different views	Acting objectively and professionally	Acknowledging people's abilities, qualities and achievements and complying with all applicable labour laws	Creating opportunities and a working environment that excludes any form of discrimination	Compliance with required rules to create a safe and healthy workplace

Sustainability

Ethics and behaviour (continued)

Globaltrans makes every effort to be an employer, partner and community member who values people and respects their fundamental rights and freedoms. We are committed to maintaining strong human rights and labour practices not just in our own operations and business network, but within the broader community as well. The **Human Rights Policy** we introduced in 2020 sets out the minimum human rights standards that everyone who works for and with Globaltrans must meet. To ensure that we are constantly progressing on this front, we regularly review our conduct, policies and training and integrate any changes or learnings required into our operations. Our approach is consistent with international human rights standards such as the UN Guiding Principles on Business and Human Rights. Our commitment to human rights is also clearly stated in our Code of Ethics and Conduct, Supplier Code of Conduct, and in our Diversity and Inclusion Policy.

We believe that working in a diverse and inclusive work environment is rewarding for our people and ultimately for our business. By treating everyone with dignity and respect, by providing equal opportunities regardless of ethnicity, gender, religious beliefs, nationality, age or any physical disability, we can create an environment where people can be themselves and excel in what they do. Our **Diversity and Inclusion Policy** details our commitment to creating an inclusive and welcoming environment. That commitment is supported at the highest levels within the Group and is reflected in our approach to new appointments and Board membership.

Alongside our commitment to inclusivity is our respect for all applicable labour laws and regulations and our recognition that it is a fundamental right of Globaltrans employees to form and join workers' organisations and to engage in collective bargaining. This is enshrined in our **Freedom of Association Policy**, adopted in 2020, which reflects the Group's commitment to respecting employees' choices and maintaining a regular and constructive dialogue with them and their designated representatives.

Globaltrans has a zero-tolerance approach to bribery and corruption in all its forms. While this is detailed in our **Anti-fraud Policy**, we have always endeavoured to act ethically, professionally, fairly and with integrity in all our business activities and relationships. We are very clear on the standards of conduct that all employees must adhere to, and we provide guidance on how to avoid and recognise unacceptable behaviour. Our approach is consistent with all applicable regulations and we have established rules and procedures to deal with any alleged violations. We ensure that each employee understands the types of violations that can occur within their area of responsibility and closely monitor for any signs of potential non-compliance.

To support this, the Group maintains a **Whistleblowing Policy** which encourages the investigation and reporting of improper activities, including non-compliance with our Code of Ethics and Conduct, and helps foster a culture based on honesty and good behaviour. We encourage

employees to speak up and report any concerns that they may have. We provide confidential, safe and secure mechanisms for anonymous reporting of suspected violations, as well as safeguards and support for those who report such breaches.

Senior management meets regularly to discuss, inter alia, anti-fraud and anti-corruption measures. During 2021, no instances of alleged fraud, bribery or corruption were reported within the Group.

We respect and protect the confidentiality and security of our stakeholders' personal information. We comply with the EU General **Data Protection Regulation (GDPR)** which was adopted in April 2016. Data privacy and security are of the utmost importance to the Group and we have a dedicated **Privacy Policy** that can be accessed on the Group's website.



KEY ESG ACTIVITIES:



Corporate governance

The objective of corporate governance is to support the Board in its efforts to provide effective, transparent and ethical oversight of the Group. Our governance framework is in line with the highest international standards supporting the Board to make decisions that are in the best long-term interests of the Group and its communities that will create value for all its stakeholders.



Employees

Creating and sustaining a safe workplace is the key role of a responsible employer. Our goal is to enable people to work with dignity and respect, to provide opportunities for growth and development and to create a just and rewarding work culture. We also ensure that we operate in full compliance with all relevant employment legislation.



Environment

Employing more energy-efficient practices, reducing carbon emissions and promoting recycling are ways in which we work to minimise the adverse impact of Globaltrans' activities on the environment.



Communities

We are very conscious of our role in supporting our communities. We do this through our employees' interactions, the opportunities our businesses create and the economic value generated by our Company. We also actively participate in community initiatives and provide direct support to important community causes through charitable giving.

Globaltrans continuously strives to improve the way it controls, manages and mitigates the impact of non-financial risks, which include strategic, operational and compliance risks. This is not just to satisfy regulatory obligations but also to meet the expectations of our stakeholders.



Further details on Globaltrans' risk management are set out on pages 62-77.

Sustainability

EMPLOYEES



People are the driving force behind the success of any business. Globaltrans is committed to caring for its employees, creating a safe and supportive workplace, promoting professional development, and protecting their working conditions and well-being.

Our role and responsibility as an employer is to create an environment where every employee is engaged, heard, valued and rewarded. This aligns with our culture and central principles of various Group's commitments, policies and programs. We are committed to creating the conditions in which every employee can work productively and grow professionally. At Globaltrans, we offer fair remuneration that recognises individual performance. In doing so, we strive to encourage our people to reach their full potential by providing them with expertise, education and training opportunities.

We apply a zero-tolerance approach to all forms of discrimination, hostility, harassment or unprofessional behaviour.

We continue to put the safety of our employees first. The pandemic period has led us to strengthen our commitment to health and safety issues.

To enable our people to work safely, we have implemented the appropriate frameworks and reviewed our training programmes. As a result, the company has improved its safety indicators.

At our Company, we strive to effectively manage people issues through our robust HR strategy and policies that define our philosophy and values. These are policies related to human rights, health and safety, workplace relations, performance and development processes and non-discrimination.

Our core policies and guidance include:

- Anti-fraud Policy;
- Code of Ethics and Conduct;
- Compensation and benefits Policy;
- Diversity and Inclusion Policy;
- Freedom of Association Policy;
- Health and Safety Policy;
- Human Rights Policy;
- Internal code of labour conduct;
- Regulations on business trips;
- Regulations on contractual work;
- Regulations on protection of personal data of employees.

In 2021 average employee headcount increased 5% year on year to 1,750 (2020: 1,664) employees. Overall headcount as at the year end rose 5% compared to 2020 to 1,777¹ employees (2020: 1,697). The increase was mostly attributable to the shift to using in-house locomotive crews. Consequently, the Group's subsidiary BaltTransServis continued to employ the most people within the Group.

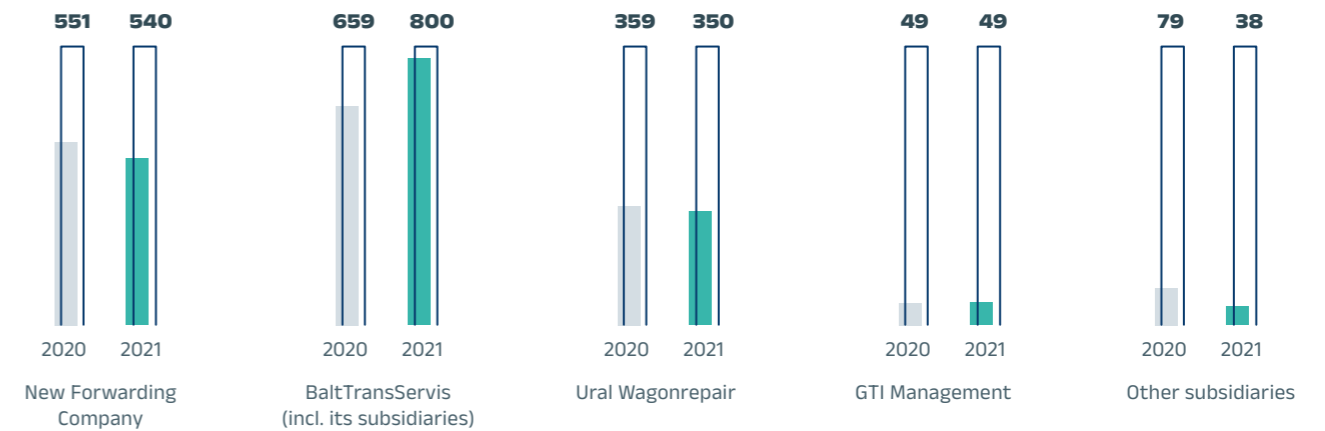
Diversity

We believe that equality, inclusion and diversity are essential elements that must be incorporated into the culture and business strategy of any business. Globaltrans strives to be an equal opportunity employer and our philosophy is to treat everyone fairly and respectfully. Regardless of age, disability, ethnicity, country, gender, race, color, religion, or sexual orientation, we value and embrace our employees' individuality and respect them for their performance, talents, and contributions.

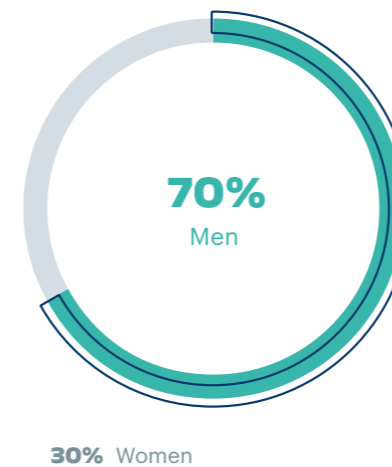
We seek to prevent any act of discrimination and provide our people with equal employment. This zero tolerance for discrimination is set out in the Group's Diversity and Inclusion Policy, the breaches of which are grounds for disciplinary action.

Globaltrans' commitment to diversity extends to all of our business activities including hiring, employee retention, promotions, pay and benefits, career development and training, working arrangements and appointments to the Board.

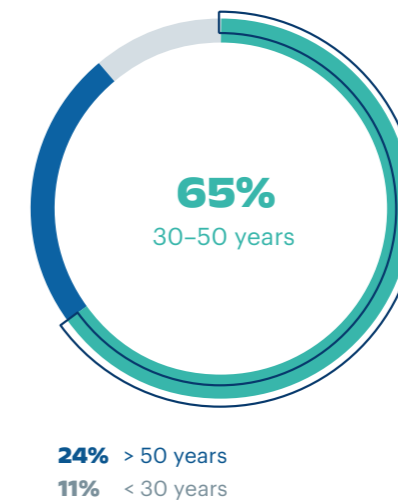
Headcount by companies, 2020-21 (at year-end)



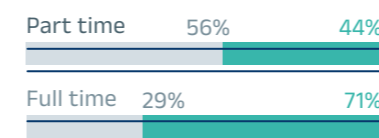
Headcount by gender in 2021 (at year-end)



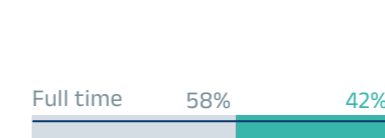
Headcount by age in 2021 (at year-end)



Permanent contract in 2021 (at year-end)



Temporary contract in 2021 (at year-end)



■ Women
■ Men

¹ The difference between the headcount and the average headcount is due to different calculation techniques. The headcount is presented as at the end of 2021, while the average headcount is calculated by summing up the number of employees in each month of the reporting period and dividing this sum by the number of months.

Sustainability

The Group has always sought to provide equal pay opportunities for both women and men. To increase the transparency of our diversity data this year we are publishing our first-ever gender pay gap¹ figures. The gender pay gap relates to differences in average pay between men and women within an organisation; it does not compare the wages paid to men and women for doing identical or similar jobs (known as equal pay). In 2021 the average pay gap between men and women in our non-managerial workforce was -3% which indicates that female employees' average hourly pay is higher than male employees. This reflects the fact that there are proportionally more men in our workforce in less-skilled roles.



We are committed to building a more diverse workforce and a more inclusive workplace where everyone feels accepted, respected and empowered. Historically, the freight rail transportation sector has been male dominated. By concentrating on attracting more women into the workforce, we are progressively and successfully addressing the gender imbalance within our Group.

As at year end 2021, women comprised 30% of our workforce. At board level, women comprised 13% of the Board of Directors (two Board members).

The second priority of how we manage diversity is the inclusion of employees with disabilities. There Group currently employs 27 individuals with disabilities whose daily contributions help the Group meet its business goals and achieve success.

-3%

Average pay gap between men and women in our non-managerial workforce in 2021

95%

of all training and development happening online

Training and education

Globaltrans regards education and talent development as important contributors to the Group's high efficiency and long-term success. We strive to retain our people and their knowledge and enable them to grow professionally by providing them with the experience and skills they need. In doing so, we keep them engaged in their work and with the Company and help them reach their full potential.

At Globaltrans, we educate and train our people in many ways, including training, workshops, seminars and programmes that are tailored to individual work requirements and current needs.

Over 2021, the Group increased its training hours by 2.6 times devoting 55,780 hours to learning and development activities (2020: 21,226). Those areas where training was provided included health and safety, accounting, business administration, environmental safety, information security, financial management and marketing, as well as the development of technical and soft skills.

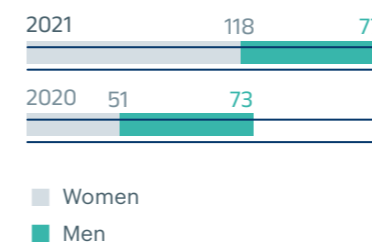
In 2021, as the pandemic persisted and our people kept working from home, the majority of learning activities remained digital, with 95% of all training and development happening online. The pandemic has accelerated our digital transformation, especially in two key areas: deepening digital literacy for all our employees and advancing the digitisation of processes throughout the Group.

Source: Globaltrans

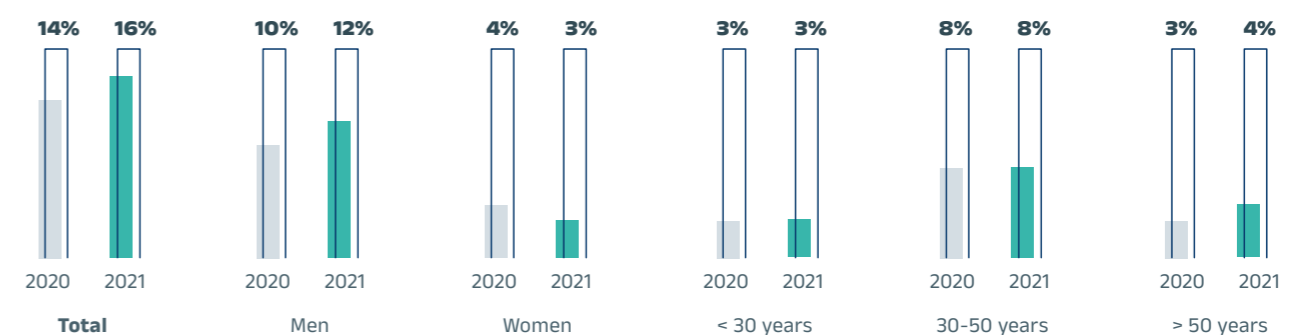
Distribution of training among employees by employee categories in 2021



Average training hours by gender in 2021



Employee Turnover Rate based on gender and age, 2020-21



Motivation

Nothing can be achieved without our people. In order to demonstrate strong results and achievements, we have to keep our workforce engaged, enthusiastic about what they do and highly motivated. These are critical drivers of sustainable business success.

Globaltrans strives to offer the best employee experience. Our goal is to inspire and motivate our people and provide them with a safe, creative and collaborative workplace and culture. We are determined to stay closely in touch with our colleagues and respond to their needs. We can best serve our people by listening carefully, collaborating together and adapting. We help them monitor their performance and achievements through ongoing feedback.

The pandemic created a very different social environment for our people, which prompted us to reassess and strengthen our support for them. We arranged flexible working arrangements for our staff, ensured their well-being, provided learning opportunities, communicated frequently and shared feedback.

Globaltrans did not make any COVID-related redundancies and, most importantly, kept salaries at pre-COVID levels.

We are committed to maintaining a motivated and productive workforce that values being part of Globaltrans. To retain talent within the organisation, we must continually improve working conditions and offer attractive compensation and benefits as well as rewarding work and opportunities for learning and development. Our staff reward packages include health insurance, childcare support, extra holidays and other benefits. Eligible employees can participate in various incentive schemes operated by the Group.

In 2021 our overall staff turnover rate increased slightly to 16% (12% for men and 3% for women) (2020:14%). We still regard it as a low figure, but nevertheless, the Group will work in future to reduce the level of employee exits. The HR function of each subsidiary conducts exit interviews when colleagues leave to analyse the reasons for leaving and improve the loyalty of our employees.

¹ The gender pay gap at non-managerial level is the difference between the average hourly earnings of a company's male and female employees who are below management level. Calculating the mean gender pay gap involves adding the hourly rates for all male employees and then for all female employees in two groups and then dividing these totals by the number of male or female employees in each list. Then one needs to subtract the female hourly rate from the male hourly rate, divide the total by the male hourly rate, and multiply the figure by 100. This will give a percentage difference in pay.

Sustainability

Corporate culture and internal communications

Our culture is built around what we value: respect, mutual appreciation, transparency and collaboration. We believe that they contribute to sound business decisions, foster a trustworthy and supportive workplace, and help us achieve better outcomes in everything we do.

At Globaltrans, we listen to every employee's voice. For us, it is a powerful way of helping our business grow and progress. That is why we prioritise, promote and practice open communication with our people.

All employees are encouraged to raise any issues and concerns and provide input and feedback to improve the business. Our communication channels enable everyone to learn more about our performance, major events and projects, and to connect with senior management. To understand our employees' needs and improve their experience, we conduct various surveys and some Group subsidiaries have employee helplines.

To encourage a sense of community and promote better teamwork, we also regularly host sports, cultural and recreational events for our employees and their families.

During COVID-19, taking care of people became our everyday priority. We did our best to make our employees feel connected and engaged. The Group communicated regularly with staff via reports and updates, management calls, webinars, and formal and informal virtual meetings.

Health and safety

Health and safety are a fundamental part of our philosophy. We strongly believe that supporting the physical and mental health and well-being of our employees is the correct thing to do for us and our business. The Group has always been committed to maintaining high standards of occupational safety and to complying with all applicable health and safety regulations and legislation.

However, during the pandemic, safety took on a new meaning and became an entirely new level of concern. In 2021, Globaltrans continued to apply safety management and distancing measures to support our employees and suppliers. We provided our office-based staff with flexible working arrangements and the option to continue working remotely. For our on-site (repair depot) employees, we revised our work procedures to ensure their safety, implementing precautions that included workplace disinfection, shift rotations, social distancing, mask-wearing, and the use of temperature scans and hand sanitisers.

Our **Code of Conduct** and **Human Rights Policy** sets out our commitment to act in a socially responsible manner that protects our people, suppliers and partners, all of whom we expect to share that commitment. Globaltrans has health and safety procedures, practices and policies which are being continuously reviewed. We strive to ensure that all levels of the Group conform to the rules. Our Group companies are implementing the following policies:

- Fire-safety instructions;
- Instruction for carrying out health and safety briefings;
- Instruction on pre-medical first aid;
- Occupational safety regulations;
- Workplace safety guidance for PC users.

In 2022, following the pandemic, in order to formalise our commitment to safety at the Group level and strengthen our workplace safety programme we introduced a Group **Health and Safety Policy**. We believe this will help us improve and promote our culture of zero harm and risk awareness among our people, thereby reducing the number of work-related incidents. While we have a positive occupational health and safety track record, as typically most of our employees work in a low risk environment, we remained focused on our ultimate target of zero incidents.

Safety is always a team effort. We encourage our employees to adopt good health and safety practices and to make the right decisions about their everyday wellbeing. As a responsible employer, we provide appropriate information and training opportunities to all employees to prevent future workplace incidents.

We conduct regular safety spot-checks at our operations to ensure that they continue to meet high standards. In 2021, due to the pandemic and the move to remote working, we reduced the number of workplace safety audits to 173 visits (2020: 341 visits). Instead, we focused on providing on-line training sessions on occupational health and safety, the numbers of which increased significantly across the Group.

We are glad to report that there were no work-related incidents or fatalities in 2021. Following our first-ever workforce fatality at one of our repair depots in 2020, the Group made every effort to prevent the recurrence of such tragic incidents. The Group immediately investigated the incident, took corrective measures and improved internal safety protocols. All employees underwent extensive training following the incident. We also enhanced our expertise in the area of health and safety by hiring specialists to help implement a continuous improvement plan for occupational safety management.

Our continued focus on safety and proactive measures allowed us to improve our overall safety performance in 2021 and achieve a zero Loss Time Injury Frequency Rate (LTIFR). In 2020, the LTIFR (per million hours worked) performance of the Group stood at 0.66.

In 2022, our approach to health and safety will continue to be proactive and preventative. We will continually reinforce employees' risk awareness, increase internal audits and improve accountability.

LTIFR zero

Improved safety performance with Lost Time Injury Frequency Rate (LTIFR) falling from 0.66 to zero while business continuity maintained throughout the COVID-19 pandemic



Sustainability

ENVIRONMENT

Rail is one of the greenest and most efficient modes of transport. Therefore, with its limited impact on the environment, rail is well positioned to meet the growing need for low-carbon freight transportation, due to its lower greenhouse gas emissions¹ and low rates of energy consumption.

Globaltrans recognises its operations have the potential to impact the environment. The Group is committed to minimising the environmental impact of its activities, recognising it has a responsibility to protect the environment on behalf of the communities it serves, its stakeholders and society as a whole. To this end, we focus not just on controlling emissions but also on other areas such as energy efficiency, water management, and waste recycling.

The Group is fully compliant with all applicable environmental laws, industry regulations and requirements, and we continually seek to improve our environmental performance to stay compliant. Our overall environmental management approach is underpinned by the Group's formal ESG Policy and Environmental and Energy policies. These policies define our commitment to conduct our activities in an environmentally responsible way. We ensure that all of our employees understand and act in a manner consistent with our policies.

Guided by these policies, we are constantly investigating ways to improve our subsidiaries' environmental management and reporting systems to better monitor, measure and assess the environmental aspects of our activities.

We are also raising environmental awareness among our employees' and suppliers and improving transparency for our investors. To support this, we disclose the Group's environmental performance over a number of metrics consistent with external reporting frameworks such as the Global Reporting Initiative (GRI). Annual data and information on monitoring and progress are included in our integrated sustainability reports, which are publicly available on the Group's website.

Our 2021 results are set out below. There were no violations of environmental legislation or regulations during the reporting period.



Energy usage

At Globaltrans, our focus is always on energy efficiency. We are determined to use energy prudently and strive to be climate conscious. This goal is something that we are working to promote and improve at all levels of the organisation. The Group's operations use different forms of energy, including diesel, electricity, gas, and we are constantly working to improve our energy efficiency and reduce our carbon footprint.

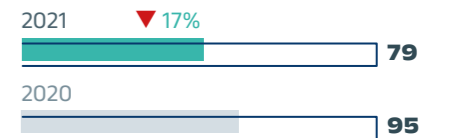
In 2021, our pattern of energy consumption showed mixed dynamics due to several factors. There was a 5% year-on-year increase in electricity use, primarily attributable to the reopening of offices, following the gradual lifting of COVID-19 restrictions. Also, increased locomotive operations due to the post-pandemic recovery in demand in oil products and oil segment contributed to an 11% year-on-year rise in diesel consumption.

Total consumption of energy resources by type, 2020-21

Energy type	2020	2021	Change
Electricity (KWh)	4,182,373	4,401,655	5%
Diesel (litres)	45,584,067	50,758,074	11%
Petroleum (litres)	158,816	137,723	-13%

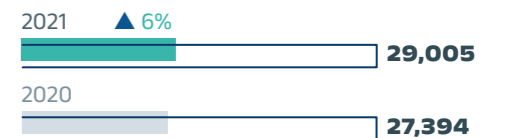
Petrol consumption, 2020-21

litres per employee



Diesel consumption, 2020-21

litres per employee



Source: Globaltrans



¹ Greenhouse gas (GHG) emissions are the emission into the earth's atmosphere of any of various gases, esp carbon dioxide, that contribute to the greenhouse effect.

Sustainability

Use of water

As part of our commitment to conserve resources, we monitor water usage to optimise its use and consumption. While Globaltrans is not a major user of water, we recognise that it is a vital resource for society and we are committed to using it responsibly. Our internal management systems and practices ensure effective oversight of water use in our everyday operations.

Since 2018, we have been improving our monitoring, collection and processing of water usage data across the Group's subsidiaries. In 2020, we released our first annual water consumption results. In 2021, water consumption declined by 2% year on year to 16,279 m³ (2020: 16,627 m³)¹. Globaltrans continues to look for ways to improve water use and adopt practices to help its employees manage and use water efficiently.

-2%

The decrease in water consumption in 2021, y-o-y

Paper recycling

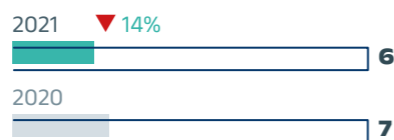
We are very familiar with the issue of office waste because the Group consumes relatively large quantities of paper. Consequently, we actively promote the value of a green workplace and encourage employees to reduce the frequency and volume of printing. We have focused on digitising business processes and using electronic documentation over recent years, but the COVID-19 pandemic has accelerated these trends. In 2021, we further reduced employee paper consumption by 14% year-on-year, as most of our office activities remained "virtual".

-14%

The reduction in paper consumption by employees in 2021, y-o-y

Paper consumption, 2020-21

kg per employee



Source: Globaltrans

Green office

We strive to take proactive steps to reduce the Group's environmental impact, for instance, by undertaking various corporate sustainability initiatives. One of the latest is our **Green Office initiative**, which we introduced in 2022. As a responsible business, we want to make all of our processes and day-to-day activities more efficient, including in the workplace. This initiative is designed to promote the adoption of the green office best practices across the Group and encourage employees to adopt environmentally friendly behaviours.

We are committed to reducing energy and natural resource use and waste generation by improving the environmental efficiency of the Group's offices. Concerning energy savings, we plan to replace lighting containing mercury with energy-efficient LED lighting and optimise the efficiency of our facilities' heating and cooling systems. Waste management measures include paperless communication methods, reduced use of plastic and environmentally responsible waste collection and recycling.

As part of the Green office initiative, we are encouraging our employees to participate and take responsibility for their day-to-day actions, as these will significantly influence the success of the project. Moreover, we hope that in future years this initiative will enable us to increase transparency and better manage and report on our waste management data.

Greenhouse gas management

Our industry is among the greenest and least polluting forms of transport from an energy and emissions perspective. Rail remains the most fuel-efficient mode of transport. Nevertheless, we recognise that we can do more to minimise our impact on the environment.

From a strategic standpoint, Globaltrans' core operational and environmental objectives align perfectly: delivering efficient logistics and carefully managing assets are our top priorities. Since its creation, Globaltrans has focused on operational efficiency, in particular on reducing the number of empty railcars transported as part of the Group's logistics movements. This not only helps us achieve solid financial and business results, it also helps us improve our environmental performance. We have led the industry for many years in terms of efficiency, consistently delivering one of the sector's lowest gondola Empty Run Ratios, which speaks to our commitment in this area.

In the freight rail industry, GHG emissions are directly linked to fuel consumption and, therefore, the primary source of emissions is from locomotives.

The Russian state railway company JSC Russian Railways (RZD) retains a monopoly in the provision of rail infrastructure, and is by far the largest provider of locomotive traction services.

Globaltrans runs one of Russia's largest privately-owned locomotive fleets, providing a specialist service for its clients primarily in the oil products and oil segment. Therefore, we only measure, report and record those emissions (Scope 1) directly attributable to our fleet of 71 mainline locomotives. Operating a modern and well-maintained fleet also helps reduce our environmental footprint. Of our locomotive fleet, 14% consists of new, more fuel-efficient and cleaner diesel locomotives.

Since 2018 we have made significant progress in measuring, managing and disclosing direct GHG emissions information in our operations, and this process is ongoing. In 2021, our GHG emissions were impacted by greater utilisation of our locomotive fleet due to a post-COVID-19 recovery in oil product and oil volumes. Direct GHG emissions at 153,794 tonnes of CO₂ equivalent² were 11% higher than the COVID-affected levels of 2020 (2020: 138,198 tonnes of CO₂ equivalent). However, they were still 5% lower than the pre-pandemic levels of 2019 (2019: 161,299 tonnes of CO₂ equivalent).

We are constantly working to improve the quality and consistency of our data. In recent years, we have been working toward a better understanding of our carbon footprint.

For the first time, we calculated the indirect GHG emissions generated by our energy purchases (Scope 2) using Scope 2 GHG Protocol guidelines. In 2021 the Group's indirect emissions totalled 1,555 tonnes of CO₂ equivalent.

We will continue to take action and explore ways to improve fuel efficiency and lower our emissions. For instance, we will investigate whether different diesel additives can help us achieve the goal of lower emissions in the future. In addition, in 2022, we are investing in a small environmental project that may expand in the coming years: BaltTransServis, which operates the bulk of our locomotive fleet, will be planting trees to help offset our CO₂ emissions.

Minimising our environmental footprint is a fundamental part of our sustainability strategy. Therefore, we will continue to monitor our environmental practices and performance, improve our energy efficiency and explore appropriate options and proposals to reduce our GHG emissions.



¹ This excludes data from AS Spacecom and BaltTransServis (except for data from the BTS railcar repair depot in Ivanovo which is included).

² The Group's greenhouse gas emissions were calculated per IPCC Guidelines for National Greenhouse Gas Inventories (2006).

COMMUNITIES



Globaltrans works hard to make a positive impact on the communities where it operates. As an employer and business partner, we have a responsibility to our society and the people around us. This approach is evident in our commitment to following applicable rules and our transparent approach to financial and non-financial reporting. Our ethos is also apparent in how we engage with our employees, partners and the environment.

It is by continuing to be a successful and sustainable business that we will remain a vibrant contributor to our communities, supporting their economic and social development. We add value through our business operations in various ways: direct and indirect employment, tax payments and social activities, and by providing internships and educational support. Our employees welcome the opportunity to engage with interns or take part on our pro bono social programmes to develop their capabilities and contribute more to society. Having a close relationship with our local communities means we can identify what support — skills, time or financial assistance — will help deliver the best outcome.

It is our business success that enables us to provide this support and create opportunities for both current and future employees. It also means we are making a direct financial contribution to the broader economy through the payment local

and national taxes of license and other fees and the use of third-party services and suppliers.

The table on page 101 illustrates how our company creates financial value for its stakeholders.

We want our people and those we work with to feel valued and supported, to know that they work in a safe, fair and respectful environment where they can prosper, where diversity is valued and, where, as a result, they feel they can fully contribute to the success of their communities and of Globaltrans. By providing childcare support and health insurance, or offering employees the option of working part-time, we show our employees that they are valued and we aim to improve the quality of life for them and their families.

We believe participation in charitable activities, sports and community initiatives gives our employees a greater

sense of well-being and helps instill our core values of respect and cooperation within our communities. We contribute directly to charitable efforts in the areas of health, well-being, sports, culture and education. We also support groups working with vulnerable groups like the disabled and elderly. We have supported the Life Line Fund for many years, which provides vital assistance to children with life-threatening conditions.

We understand that we can play a pivotal role in improving the lives of those in and around our business. By creating opportunities to grow, feel valued and prosper — within our business and within our communities — we are setting in place the best foundations for success, for us and all our stakeholders.



Direct economic value generated, distributed and retained¹

	2021 RUB mln
Direct economic value generated ²	73,151
Economic value distributed	68,108
Total cost of sales (excluding Employee benefit expense)	46,148
Total selling, marketing and administrative expenses (Community investments and excluding Employee benefit expense and Taxes (other than income tax and value added tax))	0,964
Employee benefit expense	5,491
Payments to the providers of capital ³	12,670
Payments to the government ⁴	2,835
Economic value retained	5,043



¹ Information in the table is derived from the Consolidated Management Report and Consolidated Financial Statements for the year ended 31 December 2021.

² Direct economic value generated includes "Revenue".

³ Payments to providers of capital include "Interest paid", "Dividends paid to owners of the Company" and "Dividends paid to non-controlling interests in subsidiaries".

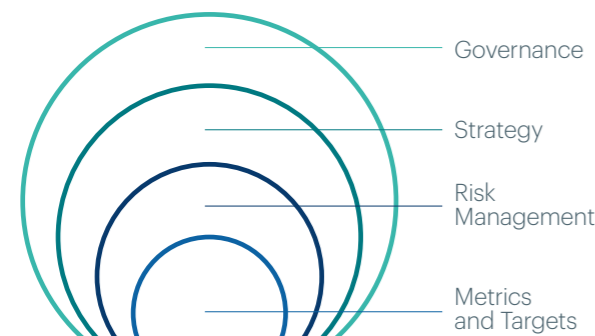
⁴ Payments to government include "Tax paid" and "Taxes (other than income tax and value added taxes)". The Company also pays Russian Value Added Tax ("VAT"). VAT related to sales and purchases is recognised in the balance sheet on a gross basis and disclosed separately as an asset and liability. Purchases of property, plant and equipment are shown net of VAT. Related input VAT is included in movement in changes of working capital, within trade and other receivables.

Climate-related Financial Disclosure (TCFD)

THE GROUP'S EFFORTS TO RESPOND TO CLIMATE CHANGE — ENDORSING THE RECOMMENDATIONS OF THE TCFD

In line with applicable regulations, the Group will make disclosures as required by the TCFD recommendations in its 2022 Annual Report. In preparation for full compliance, the Group has undertaken to proactively include the following TCFD-compliant disclosures addressing the key elements of the TCFD recommendations.

Core Elements of Recommended Climate-Related Financial Disclosures



■ Governance

The organisation's governance around climate-related risks and opportunities

■ Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

■ Risk Management

The processes used by the organisation to identify, assess, and manage climate-related risks

■ Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

GOVERNANCE AND RISK MANAGEMENT

Globaltrans has long identified climate change as a material issue, and we include the most relevant climate-related risks in the Group's risk management process. However, we understand that companies are increasingly expected to take more proactive measures to combat climate change.

Therefore, to improve transparency and respond to our stakeholders' growing interest in our approach to climate change, Globaltrans has chosen to adopt the Taskforce for Climate-related Financial Disclosures methodology (TCFD) to align its climate-change reporting. As our understanding of the risks and opportunities posed by climate change develops, we will incorporate climate-related issues into our business strategy and further increase the levels of related disclosure.

In the coming year, we will conduct an assessment of the climate-related risks and opportunities relevant to our business and report on the four areas of Governance, Strategy, Risk Management and Metrics. Our intention is to increase the level of disclosures year-by-year.

The Board of Directors, through the work of its Audit and ESG committees, is accountable for the overall management of all risks, including climate-related risks. The ESG Committee ensures that all the appropriate policies, mechanisms and processes are in place to allow the Board to effectively manage sustainability matters and address stakeholder needs. Furthermore, the Board has delegated responsibility for the efficient implementation and maintenance of the risk management system to the Group's CEO.

The CEO is actively involved in all sustainability-related matters, including climate change, and closely monitors the Group's overall ecological performance. He receives updates from the Group's subsidiaries on their performance and planned initiatives. This careful monitoring of the Group's environmental activities allows the CEO to set the right tone and guide the development of Globaltrans' sustainability strategy.

Management of climate-related issues

Responsibilities of the Board include:

- Overseeing the management of climate-related issues;
- Monitoring and reviewing the effectiveness of the management approach (review of the policies, initiatives, metrics and action plans);
- Overseeing the climate-related disclosures.

Responsibilities of the management team include:

- Monitoring, managing and assessing climate-related issues;
- Providing analyses, recommendations and updates for the Board or Board committees;
- Maintaining effective data collection, including environmental and climate-related data;
- Determining the allocation of costs and resources, such as personnel, and coordinating within the Group to identify, manage and mitigate environmental and climate-related issues.



Sustainability

STRATEGY

Globaltrans' operations and financial results could be adversely affected by climate change and regulatory and legislative responses to climate change. Following the TCFD's methodology, we identify and consider both the transitional risks (those associated with the transition to a low-carbon society) and the physical risks of climate change.

Physical

Acute physical risk

Description

Natural disasters, severe weather events and extreme temperatures pose a material risk to rail infrastructure in Russia and other countries and, therefore, to the Group's operations and rolling stock.

Delays, disruptions, derailments, infrastructure damage and other events may result in significant interruption to, or disruption of, the Group's business operations and damage to its rolling stock, which may negatively affect the Group's operations and performance. Moreover, disruptions to our clients' operations may also impact demand for the Group's services and affect its business and performance. Although the Group's rolling stock is fully insured, replacing damaged rolling stock may take a considerable amount of time.

Controls and mitigating factors

In addition to implementing its business continuity policy, the Group plans to refine its analysis of potential physical risks and mitigation plans. The Group intends to conduct future climate assessments and adapt strategies to enhance its business resilience.

Transition

Policy/regulation

Description

As a fuel-intensive industry, the rail freight sector is exposed to the risk of increased regulation related to carbon emissions and the use of fossil fuels which may lead to:

- Increased fuel and energy costs, as well as spare parts and rolling stock due higher prices for iron and steel;
- Problems operating diesel locomotives if one is unable to comply with increased regulations;
- Increases in the cost of cleaner, more fuel-efficient locomotives;
- Higher costs related to the introduction of carbon taxes and increased carbon offset costs and carbon footprint reduction solutions;
- Early asset write-downs/impairment due to new and stricter energy standards.

Controls and mitigating factors

In response to these types of transitional risks, the Group will continue to improve its operational efficiency and reduce its environmental footprint. Furthermore, Globaltrans will proactively monitor the carbon emissions associated with the operation of the Group's locomotive fleet to identify and evaluate operational and technological improvements in fuel efficiency. Annual emissions testing will help us better prepare for future changes to the regulatory environment.

Market

Description

Market risks include potential declines in demand for certain types of freight transported by rail due to strengthened and/or new climate change regulations and shifts in consumer preferences (for example, coal demand is affected by energy policy and GHG emission regulations). This may negatively impact demand for the Group's services, cause increased competition and affect the Group's operations and performance.

Controls and mitigating factors

The Group has always focused on maintaining a balanced fleet that better positions its operations to face the consequences of increased regulation and evolving market demand. By operating a fleet balanced between universal gondola cars that can carry various different bulk cargoes, and tank cars that just transport oil-related cargoes, the Group reduces its dependence on any one cargo flow. It also means it can adjust quickly to changing market conditions.

METRICS AND TARGETS

Globaltrans is committed to openness and transparency. Since 2018, we have reported annually on our key environmental performance metrics. We measure, monitor and report on our carbon emissions relating to the operations of our locomotive fleet, energy usage, and water consumption. We have for some time disclosed our Scope 1 GHG emissions that the Group makes directly.

In 2021, for the first time we also provided data on our Scope 2 GHG indirect emissions.

Scope 1:

153,794 tonnes of CO₂ equivalent.

Scope 2:

1,555 tonnes of CO₂ equivalent.

Going forward, the Group will work to demonstrate its progress in addressing climate change through our sustainability reports. We will continue to identify mitigation measures to minimise climate-related risks and improve reporting transparency.

Reputation

Description

Increased expectations among stakeholders of more aggressive environmental measures and climate change actions may lead to greater scrutiny from investors and other stakeholders. If this happens and the Group fails to meet these expectations and/or it fails to properly prepare for changes in applicable climate change regulations, it may lead to a fall in investment, rising funding costs and a potential loss of clients.

Controls and mitigating factors

The Group will continue to engage with stakeholders and improve transparency around all ESG topics material to our business, including climate change, to meet stakeholder expectations.



Governance

“ Our people are at the heart of everything that we do and in 2021 our focus was again on protecting our employees’ well-being with Health & Safety our top priority. We also focused on supporting their mental health and motivation through positive engagement with staff throughout the year. The pandemic taught us to quickly adapt to the rapidly changing environment. The acceleration in the Group’s digital transformation we believe is benefitting both our people and our Company.

Julia Ryzhkova
Head of HR, New Forwarding Company

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Board of Directors

The Board of Globaltrans is responsible for providing effective leadership for the Group, establishing its values and culture, overseeing its governance, and promoting the success of the Group for the benefit of all stakeholders. The Board is composed of highly experienced directors equipped with the diverse skills, expertise and commercial experience required to lead the Group effectively and provide support for, and constructive challenge to, the executive management.



Sergey Maltsev

Chairman of the Board, Executive Director, Chief Strategy Officer, co-founder and shareholder of Globaltrans

Appointed: Chairman in April 2018 and Chief Strategy Officer in August 2017.

Skills and experience: Mr. Maltsev was instrumental in the development of the freight rail market in Russia and has worked in the industry for over 30 years. He co-founded Globaltrans and served as Chief Executive Officer from 2008 until 2015 when he left the Group to join JSC Russian Railways as Senior Vice President for strategy and corporate governance. He rejoined Globaltrans as Chief Strategy Officer in 2017 before becoming Chairman the following year.

Mr. Maltsev was a founding member and Chairman of the non-profit partnership "Council of Railway Operators". In recognition of his services to the rail industry, Mr. Maltsev received the "Honoured Railwayman of Russia" award. He has a degree in railway engineering.



John Carroll Colley

Independent Non-executive Director, Chairman of the Audit Committee

Appointed: April 2013.

Committee Memberships:



Skills and experience: Mr. Colley has extensive experience in international trade and risk management both in the public and private sectors. From 2007 to 2010, Mr. Colley served as country manager for Russia at Noble Resources SA. Prior to that, he held a variety of positions in the public sector, including at the office of the US Trade Representative and the US Department of Commerce in Washington, DC. He worked for Linkful Ltd and Noble Resources SA in Moscow from 1992 to 1999. Mr. Colley, a fluent Russian speaker, holds an MA in History and a BA in International Affairs and Russian Studies from the University of Virginia.

Other appointments: Mr. Colley is currently the principal of Highgate Consulting LLC, a global advisory consulting company.



Dr. Johann Franz Durrer

Senior Independent Non-executive Director, Chairman of the Remuneration and Nomination committees

Appointed: March 2008.

Committee Memberships:



Skills and experience: Dr. Durrer began his career at Union Bank of Switzerland and in 1970 founded Fidura Treuhand AG which provides bookkeeping, auditing and financial services.

Dr. Durrer graduated from the University of Zurich with a doctorate in Economics and is a member of the Swiss Fiduciary Association.



Vasilis Hadjivassiliou

Independent Non-executive Director, member of the Audit committee

Appointed: September 2019.

Committee Memberships:



Skills and experience: Mr. Hadjivassiliou was a partner in Assurance and Advisory services at PricewaterhouseCoopers (PwC), Cyprus, from 1990 until 2018 when he retired. During this time he held various leadership positions with PwC including as an elected member of the Executive Board, Head of the Limassol office as well as a number of other offices in Cyprus and was a leading figure in business development. He has extensive experience in auditing, International Financial Reporting Standards and business advisory services having advised major local and international groups including companies publicly listed on the London Stock Exchange as well as in Cyprus. Mr. Hadjivassiliou is a graduate of The University of Manchester and a Fellow of the Institute of Chartered Accountants of England and Wales.

15 members

of the Board of Directors

Other appointments:

Mr. Hadjivassiliou holds directorships in several companies affiliated with his family and is also a Board member in a number of other private companies.

Board of Directors



George Papaioannou
Independent Non-executive Director

Appointed: April 2013.

Committee Memberships:

A

Skills and experience:

Mr. Papaioannou has more than 20 years in financial reporting, risk management, auditing, financial performance analysis and taxation. In 2004, he founded G. Papaioannou Auditors Ltd, which provides accounting, audit, tax and consulting services. From 2002 to 2004, he worked at Grant Thornton in Cyprus and before that for PricewaterhouseCoopers in Cyprus.

Mr. Papaioannou holds a degree in Accounting and Financial Management from the University of Essex. He is a qualified chartered accountant and a Fellow of the Institute of Chartered Accountants in England and Wales.

Other appointments: Mr. Papaioannou holds directorships in a number of family owned companies and in a very limited number of other private companies.



Alexander Eliseev
Non-executive Director, co-founder of Globaltrans

Appointed: March 2008.

Skills and experience: Mr. Eliseev co-founded Globaltrans in 2004 and has played a leading role in introducing market-based reforms to the Russian freight rail transportation market. He has spent more than 17 years in senior management positions, mostly within the rail sector, and sits on the boards of two Globaltrans subsidiaries – New Forwarding Company and BaltTransServis.

Mr. Eliseev is a graduate of the Russian State Medical University where he studied biophysics.

Other appointments: Mr. Eliseev is Chairman of the Board of Globaltruck, a leading freight trucking operator in Russia, listed on the Moscow Exchange.



Andrey Gomon
Non-executive Director

Appointed: April 2017.

Skills and experience: Mr. Gomon has over 13 years management experience in the railway industry. From 2006 to 2012 he was CEO of Transoil, one of the largest oil rail transportation companies in Russia, having previously served as CFO between 2003 and 2006. He sits on the boards of two Globaltrans subsidiaries – New Forwarding Company and BaltTransServis.

Mr. Gomon studied economics at St Petersburg State University and holds an MBA from INSEAD.



Elia Nicolaou
Non-executive Director, Company Secretary, Secretary to the Board

Appointed: March 2008.

Committee Memberships:

E

Skills and experience: Ms.

Nicolaou has extensive experience in commercial, corporate and funds law. She is currently the Managing Director of Amicorp (Cyprus) Ltd. Previously, she was head of the Corporate Legal department at Polakis Sarris LLC and also worked at C. Patsalides LLC. Ms. Nicolaou is a member of the Board of CIFA and WICCI, the Chair of Cyprus-South East Asia Business Association, participates in various associations of the Cyprus Chamber of Commerce and sits on the boards of other listed and private companies.

Ms. Nicolaou graduated with an LLB in Law from the University of Nottingham and holds an LLM in Commercial and Corporate Law from University College London. She has an advanced diploma in Business Administration from the Cyprus International Institute of Management. She was admitted to the Bar in Cyprus in 2003.



Melina Pyrgou
Non-executive Director

Appointed: April 2013.

Skills and experience: Ms. Pyrgou is a barrister and registered insolvency practitioner and has practised corporate law for over 25 years. She is currently Managing Director of Pyrgou Vakis Law Firm, a Cyprus based corporate and commercial law practice. Previously she was Director of Legal Services at PricewaterhouseCoopers in Cyprus. Ms. Pyrgou served as the Chairman of EuropeFides Association, a European network of accounting, audit, tax and legal firms, from 2015 to 2016 and is a member of various business associations.

Ms. Pyrgou graduated from the University of Keele with a degree in Law and Sociology and holds a diploma in Environmental Law from the University of Geneva. She was called to the bar in Cyprus in 1992 and in London (Grays Inn) in 1995.

4 independent

Non-executive Directors

Other appointments: Ms. Pyrgou currently serves as a member of the Cyprus Investments Promotion Agency (CIPA). She also sits on the Disciplinary Committee of the Institute of Certified Public Accountants of Cyprus (ICPAC). Ms. Pyrgou is also a Board member of the Health Insurance Organisation.

Board of Directors



Konstantin Shirokov

Executive Director,
Head of Internal Audit

Appointed: March 2008.

Skills and experience: Mr. Shirokov has over 12 years of senior international management experience. Prior to joining Globaltrans, he worked in senior finance roles at Mechel and as an economist at Glencore International. He served as a non-executive member on the board of Global Ports Investments PLC between 2008 and April 2018 where he was a member of the Audit and Risk committee.

Mr. Shirokov graduated from the Finance Academy under the Russian government and studied business management at Oxford Brookes University.



Alexander Storozhev

Executive Director, Chief Procurement
Officer

Appointed: April 2013.

Skills and experience: Mr. Storozhev has held senior management roles throughout a 20-year career in the rail industry and has been with Globaltrans since it was established. He is chairman of a number of Globaltrans subsidiary boards, including AS Spacecom, AS Spacecom Trans, GTI Management and BaltTransServis and serves on the boards of other Globaltrans subsidiaries including New Forwarding Company and Ural Wagonrepair Company. Since February 2015 he has been Director of Investments and Business Development at New Forwarding Company. Mr. Storozhev is a recipient of the "Honoured Transport Worker of CIS" Award.

Mr. Storozhev graduated from the Kiev Military Academy of Aviation and Engineering in 1990 with a degree in Engineering. He holds a diploma from the Mirbis Business School in Moscow and a Master's degree in Business Administration and Finance.



Alexander Tarasov

Non-executive Director

Appointed: April 2013.

Skills and experience: Mr. Tarasov served as a deputy director general in Sevtekhnotrans, a Globaltrans subsidiary that subsequently merged with Ferrotrans. He has held management positions at a number of leading Russian companies across different sectors, with a focus on financial management and analysis.

Mr. Tarasov graduated from the Bauman Moscow State Technical University with a degree in Engineering and holds a degree in Economics from the Moscow State University of Commerce.



Michael Thomaidis

Non-executive Director

Appointed: April 2014.

Skills and experience: Mr. Thomaidis served as a director at Globaltrans from 2004 to 2008 and sat on the Board of Global Ports Investments PLC, Russia's leading container port operator. He has been a director at Leverret Holding Ltd (Cyprus) since 2007.

Mr. Thomaidis graduated from London Southbank University with a BSc degree in Consumer Product Management.



Marios Tofaros

Non-executive Director

Appointed: April 2013.

Skills and experience: Mr. Tofaros is a director of the Client Accounting department at Amicorp (Cyprus) Ltd. He was a financial accountant at Depfa Investment Bank Ltd from 2004 to 2008 and a finance officer at Louis Catering Ltd from 2003 to 2004. He has held various positions in the Audit department at KPMG Cyprus.

Mr. Tofaros has a degree in Accounting, Finance and Economics and a master's degree in Business Studies, both from the University of Kent. He holds a chartered certified accountant (FCCA) diploma and is a member of the Institute of Certified Public Accountants of Cyprus.



Sergey Tolmachev

Executive Director,
Managing Director

Appointed: Non-executive Director in April 2013 and Executive Director in October 2013.

Skills and experience: Mr. Tolmachev became the Group's Managing Director in October 2013. He joined N-Trans Group in 2001 and has held various management positions focused on corporate finance and treasury. He also serves on Globaltrans subsidiary boards, including AS Spacecom and AS Spacecom Trans. He has extensive experience in financial analysis and modelling.

Mr. Tolmachev graduated from Lomonosov Moscow State University with a degree in Mechanics and Applied Mathematics.

Executive Management

The executive leadership has responsibility for managing the Group's day-to-day business operations and support functions. The senior management team comprises the executive directors along with individuals responsible for the key subsidiaries and Group functions. Senior management is in turn supported by a team of highly skilled and competent line managers.



Valery Shpakov
Chief Executive Officer

Mr. Shpakov became CEO in March 2016, having served as interim CEO since November 2015. He joined New Forwarding Company, a Globaltrans subsidiary, in 2003 and has been its CEO since 2007.

He is an experienced manager with a track record of over 30 years in the rail industry. He began his career in the private sector in 1999 and has held managerial positions at various companies in the transport sector. He is a recipient of the "Honoured Railwayman of Russia" award.



Sergey Maltsev
Chief Strategy Officer,
Chairman of the Board, Executive Director, co-founder and shareholder

Mr. Maltsev has served as Chief Strategy Officer of the Group since August 2017 and was elected as Chairman of the Board of Directors of Globaltrans in April 2018.

Mr. Maltsev has worked in the rail sector for over 30 years and was instrumental in the development of the private freight rail market in Russia. He was a founding member and Chairman of the non-profit partnership "Council of Railway Operators". Having co-founded Globaltrans, he served as the Company's CEO and a member of the Board for over a decade before stepping down in 2015. Subsequently, he worked as the Senior Vice President for strategy and corporate governance at JSC Russian Railways. He is a recipient of the "Honoured Railwayman of Russia" award.



Alexander Shenets
Chief Financial Officer

Mr. Shenets has been CFO of Globaltrans since the Group's establishment and has more than 16 years of experience in senior finance positions, mostly in the rail sector. He is a member of the boards of GTI Management, New Forwarding Company, BaltTransServis, AS Spacecom, AS Spacecom Trans and Ural Wagonrepair Company, all Globaltrans subsidiaries.

He holds an MBA from Lomonosov Moscow State University.



Vyacheslav Stanislavsky
Deputy Chief Executive Officer,
Head of Operations

Mr. Stanislavsky joined New Forwarding Company, a Globaltrans subsidiary, as Deputy General Director for Operations and Commerce in March 2010 and became First Deputy General Director in April 2011.

He has more than 30 years of experience in the rail industry and is a recipient of the "Honoured Railwayman of Russia" award.



Alexander Storozhev
Chief Procurement Officer,
member of the Board,
Executive Director

Mr. Storozhev joined the Board as an Executive Director in April 2013. He has held a series of senior management roles over a 20-year career in the rail industry. He has been with Globaltrans since the company was established and is chairman of a number of Globaltrans subsidiary boards, including AS Spacecom, AS Spacecom Trans, GTI Management and BaltTransServis. He also serves on the boards of New Forwarding Company and Ural Wagonrepair Company, both Globaltrans subsidiaries.

Mr. Storozhev is a recipient of the "Honoured Transport Worker of CIS" award. He graduated from the Kiev Military Academy of Aviation and Engineering in 1990 with a degree in Engineering. He also holds a diploma from the Mirbis Business School in Moscow and a Master's degree in Business Administration and Finance.

Executive Management



Kirill Prokofiev
CEO of BaltTransServis

Mr. Prokofiev was appointed CEO of BaltTransServis, a Globaltrans subsidiary, in February 2017. Prior to his appointment, he spent more than seven years working in senior executive roles in the rail sector.

He graduated from Saint Petersburg State University of Economics where he majored in economics. He also holds an MBA in Strategic Management from Moscow's Higher School of Economics.



Roman Goncharov
Head of Treasury

Mr. Goncharov has served as CFO of New Forwarding Company, a Globaltrans subsidiary, since 2005 and has over 15 years of management experience.

He has an MBA from the Moscow International School of Business.



Sergey Avseykov
Business Development Officer

Mr. Avseykov is in charge of business development for the Group. He joined New Forwarding Company, a Globaltrans subsidiary, in 2011 as Head of the Marketing and Development Division. Between 2017 and 2018, Mr. Avseykov served as acting Head of Business Project Management at JSC Russian Railways before rejoining Globaltrans in 2018.

Mr. Avseykov graduated from Tomsk State University and holds a PhD in political science from the Russian Presidential Academy of National Economics.



Svetlana Brokar
Government Relations Officer

Ms. Brokar joined as Government Relations Officer in December 2018. She is an attorney with significant expertise in civil, tax, commercial, corporate, finance and railway transport matters. She has worked with government departments including the Russian Transport, Finance and Railway Ministries. From 2009 to 2013, Ms. Brokar was a member of the Board of New Forwarding Company, a Globaltrans subsidiary, and since 2014 has acted as its in-house legal counsel or provided it with legal services. She also previously worked with the non-profit partnership "Council of Railway Operators".

Ms. Brokar graduated with a law degree from Kaliningrad State University.



Artem Gabestro
General Counsel, Corporate Governance Advisor to CEO

Artem Gabestro joined the Group in 2007 as a lawyer before becoming general counsel of Globaltrans two years later. He is a member of the Audit committee of Globaltrans subsidiary New Forwarding Company and in January 2020 was appointed as an advisor to Globaltrans' CEO on issues of corporate governance.

Mr. Gabestro is a graduate of Moscow State University of International Affairs and holds a Master's degree in law.

Corporate Governance Report



Dear Shareholders,

On behalf of the Board, I am pleased to introduce the Group's Corporate Governance Report for 2021. The report provides an overview of what the Board focused on during the year, with details on our governance framework that supports the business.

The Board believes that good governance is essential to the long-term success of the Group and has committed to high standards of compliance. Our governance principles are based on the UK Code of Corporate Governance and are regularly updated and adapted to ensure we remain in line with best practice and meet our obligations to stakeholders.

The Board's governance focus over the last year was on our sustainability agenda, the health and wellbeing of our people, dialogue with shareholders and business resilience.

Sustainability is central to the achievement of our strategic goals and the long-term viability of the business. It is critical that the Group has the governance structure to support its environmental, social and governance strategies, and in January 2021 the Board established a new ESG committee to oversee our sustainability strategy. Thanks to the committee's work, and improved ESG disclosures, our ESG profile improved, and we were rewarded with upgraded ESG ratings and supportive shareholder feedback.

Climate change is high on the Board's agenda. Our industry is well-positioned to facilitate the green transport development and we continue to support management in its efforts to reduce emissions and optimise energy usage. Reflecting our commitment to strong sustainability governance, sustainability plan identifies and focuses on specific sustainability priorities. The Board oversees, and is ultimately responsible for, sustainability and the progress made against the sustainability plan. In response to stakeholders' increasing interest in our climate change approach, Globaltrans has chosen to use the Taskforce for Climate-related Financial Disclosures methodology (TCFD) to align its climate-change reporting. Looking ahead, we intend to increase the level of disclosure as we develop our understanding of the risks and opportunities posed by climate change, as reflected in the Governance of climate-related issues section of this report.

COVID-19 has focused interest on the social aspects of ESG. The Board recognises that the demand for companies to do more in areas such as health and safety, staff development, workforce diversity and equality can only intensify. One of the most important and visible manifestations of how a business treats its employees is safety. Our Company's culture has always been one of safety first, helping to ensure that our people are not put in harm's way. However we can still do more build a sustainable safety culture.

We greatly value the views of shareholders and we appreciate their support of the business. The Board is committed to maintaining high levels of engagement with shareholders. In 2021, we expanded our contact programme to include Russian investors following the successful secondary listing of the Company's GDRs on MOEX in 2020. Our 2021 discussions with shareholders covered a wide range of topics with corporate strategy, governance, and ESG matters especially in focus.

As I have briefly outlined, I am pleased with our progress this year.

Sergey Maltsev

Chairman of the Board,
Executive Director,
Chief Strategy Officer,
Co-founder and shareholder
of Globaltrans

Corporate Governance Report

Corporate governance policies

Globaltrans' corporate governance policies and practices are designed to ensure that the Group upholds its responsibilities to shareholders and other stakeholders. This key principle is promoted and applied across all levels of the Group supported by effective and transparent governance structures. To that end, Globaltrans' Board of Directors has adopted and updated the Company's Code of Corporate Governance (based on the principles of the UK Corporate Governance Code), guaranteeing that the interests of all shareholders are given due consideration.

Globaltrans' policies include, inter alia:

Corporate documents and policies

- Articles of Association
- Appointment Policy for the Board of Directors and committees
- Audit committee – terms of reference
- Board of Directors – terms of reference
- Dividend Policy
- ESG (Environmental, Social and Governance) committee – terms of reference
- Nomination committee – terms of reference
- Policy on assessment of independence and objectivity of external auditor
- Remuneration committee – terms of reference

Business ethics

- Anti-Fraud Policy
- Business Continuity Policy
- Code of Ethics and Conduct
- Corporate Diversity and Inclusion Policy
- Environmental and Energy Policy
- ESG Policy
- Freedom of Association Policy
- Health and Safety Policy
- Human Rights Policy
- Policy on reporting and investigating allegations of suspected improper activities (Whistleblowing Policy)
- Supplier Code of Conduct

Disclosure, transparency and market abuse regulation

- Continuing Obligations Policy
- Corporate Policy on the treatment of the rights of minority shareholders
- Disclosure Policy
- Internal control rules for insider information
- List of insider information
- Securities Dealing Code and the PDMR Securities Dealing Code

Privacy

- Privacy Policy



For the Group's corporate governance documents and policies, please visit our corporate website at: <https://globaltrans.com/governance/corporate-documents>

Board responsibilities and activities

Globaltrans' Board of Directors is accountable to the Company's shareholders for standards of governance across the Group's activities. The Board is committed to providing effective, transparent and ethical oversight of the Group so that the Board can take decisions which it believes benefit all its stakeholders and communities and create value for the Group.

Responsibilities

- Providing leadership, setting the overall strategy and ensuring that the necessary components are in place for the Group to meet its objectives.
- Setting Group values and standards, and ensuring that obligations to all stakeholders are understood and met.
- Monitoring and reviewing the performance of the Group and its management.
- Maintaining an effective system of internal control and risk management to safeguard shareholders' rights and interests and the Group's assets.
- Ensuring an effective governance framework and compliance with relevant regulations.
- Assessing from time to time whether the Independent Non-executive Directors continue to demonstrate independence.

Membership

The process for Board appointments is led by the Nomination committee and members of the Board are elected at the General Meeting. Board members are nominated based on their industry knowledge, expertise and experience in areas such as accounting, finance, business management and strategic planning.

In selecting candidates for the Board, the Group seeks to create an effective and complementary Board whose capability is appropriate for the scale, complexity and strategic positioning of the business. Non-executive Directors are drawn from a wide range of industries and backgrounds including infrastructure, transport, audit and financial services, and have appropriate experience working with and for large international organisations. In addition, the Group selects Independent Directors intending to ensure that the views of the free-float shareholders are represented and that the interests of all stakeholders are taken into account.

The Board comprises 15 members, eleven of whom are Non-executive Directors. Four of the Non-executive Directors are independent.

Globaltrans separates the positions of Chairman and CEO to ensure appropriate segregation of roles and a clear division of responsibilities.

In 2021, members of the Board of Directors held 14,716,545 shares and GDRs in Globaltrans.

Diversity

The Board does not operate a formal diversity policy concerning age, gender or educational and professional backgrounds. However, in line with best practice, the Board does take into account these aspects when making new Board appointments and considering the composition of the Board.

There are 2 female members on the Board, equivalent to about 13% of the Board. The average age of the Board is 53.5 years, and ranges in age from 40 to over 70 years old. Board members have experience across the following areas: the transportation and ports industry, audit, accounting, economics, finance and banking, legal, engineering and mechanics, biophysics and mathematics, history, international affairs and risk management.

Corporate Governance Report

Induction and professional development

The Chair is responsible for ensuring that there is a properly constructed and timely induction for new directors upon joining the Board. Directors have full access to a regular supply of financial, operational, strategic and regulatory information to help them discharge their responsibilities.

Performance evaluation

The Board's performance is assessed annually and the evaluation process is conducted through a combination of self-assessment and annual appraisals. The Chairman's performance is evaluated by the Non-executive Directors.

Activities

The Board meets at least four times a year. Fixed meetings are scheduled at the end of each quarter, while ad hoc meetings are called when there are pressing matters requiring the Board's consideration in between the scheduled meetings.

The Board met 17 times during 2021 and considered 70 items including the following:

Regular meetings

- Review of the Group's financial and operational performance.
- Approval of the annual budget.
- Review of the Group's performance against the approved annual budget.
- Approval of the annual and semi-annual financial statements and the respective regulatory announcements.
- Review of the results of risk assessments.
- Approval of the Annual General Meeting agenda, including dividend proposals and Board reappointments.
- Approval of appointments to the Board of Directors of subsidiaries.
- Approval of the interim dividend of the Company.

Ad hoc meetings

- Approval of material borrowings and pledges by the Company and its subsidiaries.
- Approval of the contracts of the Company.
- Approval of the remuneration of key management and executive directors.
- Appointment of the key management of the Group.
- Approval of dividend distribution by subsidiaries.
- Review and consideration of various business development opportunities and major transactions.
- Approval of the prolongation of the buy-back of the Company's GDRs from the market.
- Consideration of M&A transactions.

17 times

The Board met in 2021

The Board and the Board Committees meetings in 2021 and the attendance of Directors

	Board of Directors		Nomination committee		Remuneration committee		Audit committee		ESG committee	
	E	A	E	A	E	A	E	A	E	A
Sergey Maltsev (Chairman)	17	17								
John Carroll Colley	17	17	1	1	5	5	6	6	2	2
Dr. Johann Franz Durrer	17	17	1	1	5	5				
Alexander Eliseev	17	17								
Andrey Gomon	17	17								
Vasilis Hadjivassiliou	17	17					6	6		
Elia Nicolaou	17	17							2	2
George Papaioannou	17	17					6	6		
Melina Pyrgou	17	17								
Konstantin Shirokov	17	17								
Alexander Storozhev	17	17								
Alexander Tarasov	17	17								
Michael Thomaides	17	17								
Marios Tofaros	17	17								
Sergey Tolmachev	17	17								

E – Eligible

A – Attended

Remuneration of the Board and the management

Directors serve on the Board under letters of appointment which specify their terms of appointment and remuneration. Appointments are effective until the following Annual General Meeting. Remuneration levels for Non-executive Directors reflect their expertise, time commitment, responsibilities and membership of any Board Committees. Directors are also reimbursed for expenses associated with the discharge of their duties.

Non-executive Directors are not eligible for bonuses, retirement benefits or participation in any incentive plans operated by the Group. The Group's shareholders approved the remuneration of Board members for 2021 at the Annual General Meeting held on 29 April 2021. For details of the remuneration paid to the Board and key executives in 2021, please refer to Note 35a of the Group's Consolidated Management Report and Consolidated Financial Statements included in the Financial Statements section of this Annual Report.

Corporate Governance Report

Board committees

Globaltrans has 4 principal committees that advise the Board: the Audit committee, the Nomination committee, the Remuneration committee and the ESG committee. These committees oversee, review and monitor key areas on behalf of the Board and while they have the authority to make recommendations, ultimate decision-making responsibility for all matters lies with the full Board. Each committee has written terms of reference, approved by the Board, that summarise the committee's role and responsibilities.



AUDIT COMMITTEE

The role of the Audit committee is to ensure the integrity of the Group's published financial information and the effectiveness of the internal audit function and the systems for internal control and risk management, as well as the external audit process.

Members and meetings

Number of members	Members as at 31 December 2021	Minimum meetings a year	Number of meetings in 2021
3 members; all independent	John Carroll Colley, Independent Non-executive Director (Chairman) Vasilis Hadjivassiliou, Independent Non-executive Director George Papaioannou, Independent Non-executive Director	4	6

Responsibilities

- Integrity of the Group's financial statements.
- Effectiveness of the Group's internal control and risk management systems.
- Relationship with the Group's external auditors, including the audit process and reports.
- Terms of the auditor's appointment and remuneration.
- Implementation of codes of conduct.
- Assessment of the Chairman of the Board's performance.

Issues considered in 2021

- Review of the Group's Consolidated Financial Statements for 2020 and interim financial results for the six months ended 30 June 2021.
- Review of the external auditor's report to the Audit Committee following its full-year audit for 2020 and review for the six months ended 30 June 2021.
- Review of the Group's external auditor and terms of reappointment for 2021. The Committee recommended reappointment of the external auditors to the Board which, in turn, proposed their reappointment at the Annual General Meeting of the Group held on 29 April 2021.
- Review of the report of the external auditor on the audit strategy for 2021.
- Review of regulatory announcements by the Group.
- Review of internal controls and risk management processes.
- Approval of non-audit services to be provided to the Group by the external auditor.
- Review of the internal audit function and reports on its activities, and on the internal audit model and plan.

The Audit Committee meetings in 2021

	Eligible	Attended
John Carroll Colley	6	6
George Papaioannou	6	6
Vasilis Hadjivassiliou	6	6

4

Board committees



NOMINATION COMMITTEE

The role of the Nomination committee is to monitor and review the size, composition and balance of the Board and its committees to ensure Globaltrans has the right structure, skills and diversity for the effective management of the Group.

Members and meetings

Number of members	Members as at 31 December 2021	Minimum meetings a year	Number of meetings in 2021
2 members; all independent	Johann Franz Durrer, Senior Independent Non-executive Director (Chairman) John Carroll Colley, Independent Non-executive Director	1	1

Responsibilities

- Preparation of selection criteria and appointment procedures for Board members.
- Regular review of the Board's structure, size and composition.
- Future Board appointments.
- Recommendations regarding the membership of the Audit and Remuneration committees.

The Nomination Committee meetings in 2021

	Eligible	Attended
Dr. Johann Franz Durrer	1	1
John Carroll Colley	1	1

Issues considered in 2021

- Advice to the Annual General Meeting on the appointment of Board members.
- Recommendation on appointment of Directors to the Committees of the Board.

Corporate Governance Report



REMUNERATION COMMITTEE

The role of the Remuneration committee is to ensure that executive remuneration aligns appropriately with the business strategy and that the remuneration policy remains appropriate.

Members and meetings

Number of members	Members as at 31 December 2021	Minimum meetings a year	Number of meetings in 2021
2 members; all independent	Johann Franz Durrer, Senior Independent Non-executive Director (Chairman) John Carroll Colley, Independent Non-executive Director	1	1

Responsibilities

- Remuneration of Executive Directors (Chairman and Executive Directors determine the remuneration for independent members).
- Review of the Group's remuneration policies.

Issues considered in 2021

- Approval of bonuses to the chief strategy officer, chief financial officer and managing director.

The Remuneration Committee meetings in 2021

	Eligible	Attended
Dr. Johann Franz Durrer	5	5
John Carroll Colley	5	5



ESG COMMITTEE

The role of the ESG committee is to monitor the development of the Group's sustainability strategy, review and recommend ESG disclosures for Board approval and approve the Group's sustainability reports.

Members and meetings

Number of members	Members as at 31 December 2021	Minimum meetings a year	Number of meetings in 2021
2 members; 1 independent	Elia Nicolaou, Non-executive Director (Chair) John Carroll Colley, Independent Non-executive Director	2	2

Responsibilities

- Monitoring of the development of the Group's sustainability strategy (issues, policies, initiatives related to ESG).
- Oversight of ESG disclosures.
- Approval of annual integrated sustainability reports.
- Review of the ESG activities of the Group.
- Review of key performance indicators.

Issues considered in 2021

- Review of the Group's ESG activities and key performance indicators in 2020 covered in the annual integrated sustainability report.
- Approval of the annual integrated sustainability report for 2020.
- Approval of the 2021 meetings/work plan of the ESG committee.
- Review of latest sustainability trends, the Group's ESG activities, and investor feedback during the H1 2021 non-deal roadshow.
- Review of the Group's ESG plan, key activities and ESG performance in H1 2021.
- Review and approval of the ESG work plan for H2 2021.

The ESG Committee meetings in 2021

	Eligible	Attended
Elia Nicolaou	2	2
John Carroll Colley	2	2

Corporate Governance Report

Shareholder engagement

The Board places great importance on its relationships with the Company's shareholders. It continually strives to provide high levels of transparency and build trust, recognising that engaging with shareholders is key to creating long-term, sustainable shareholder value. The Board engages with shareholders in a variety of ways. The CEO and CFO meet regularly with the Group's institutional investors to hear their views and provide updates on the Group's strategy and business performance. The Group has a dedicated Investor Relations team that acts as the primary point of contact with the investor community.

Management undertakes a regular schedule of meetings, presentations, conference calls and webcasts with institutional investors and sell-side analysts. The Group's commitment to open and constructive communication has been particularly important in the last year in light of the coronavirus pandemic. The management, along with Investor Relations team, worked hard to maintain open channels of communications, using remote communications tools to interact with investors. In connection with the Group's secondary listing on the Moscow Exchange, the Company focused on events and seminars for Russian retail investors to introduce them to the Company and set out the investment case. Over 2,000 local investors took part in these events during 2021 contributing to the significant increase in the stock liquidity. The Group's new website was also launched in 2020, providing easy-to-navigate access and an enhanced investor relations experience.



Corporate information, including annual reports, Company announcements and presentations is available on the corporate website at www.globaltrans.com/investors.

INTERNAL CONTROL AND AUDIT

The Board is primarily responsible for establishing a framework of prudent and effective internal controls and risk management in relation to the financial reporting process for the undertakings included in the Group consolidation that enables risks to be assessed and managed and financial reports to be prepared.

The Audit committee reviews and assesses the Group's internal control and risk management processes. The system of controls is designed to manage rather than eliminate the risks relevant to the Group's operations and, therefore, can only provide reasonable, and not absolute, assurance against material errors, losses, fraud or breaches of laws and regulations.

At Globaltrans, the body responsible for internal audit is the Internal Audit Service (IAS).

>2,000

local investors took part in dedicated seminars in 2021

It tests the Group's systems of risk management, internal control and corporate governance to obtain reasonable assurance that:

- the risk management system functions efficiently;
- material financial, management and operating information is accurate, reliable and up-to-date;
- the actions of employees and management bodies comply with the Group's policies, standards and procedures and applicable laws;
- resources are procured reasonably and used efficiently and their safekeeping is fully guaranteed; and
- Group companies conduct their business in compliance with applicable laws.

Every year the Audit committee approves an internal audit plan, which is developed by identifying the audit universe, performing a risk analysis and obtaining input from management relative to risks, controls and governance processes. The internal auditor regularly reports to the Audit committee on the progress of planned audits. If any material internal control deficiencies are identified, they are immediately communicated to the Audit committee and consequently to the Board.



EXTERNAL AUDITOR

The Audit committee manages the relationship with the external auditor on behalf of the Board. Each year it considers the reappointment of the external auditor, reviews requirements on the rotation of the audit partner and the audit firm when applicable, as well as its remuneration and other terms of engagement, and makes a recommendation to the Board. Shareholders are then asked to approve the appointment at the Annual General Meeting.

The Group has a formal policy on assessing the independence and objectivity of the external auditor. It regulates the terms of appointment of the external auditor and the nature of audit and permitted non-audit services provided to the Group.

External auditors periodically (at least annually) provide written confirmation to the Committee that, in their professional judgement, they are independent of the Group. The Committee is satisfied that the independence and objectivity of the external auditors is not impaired and that the external audit process remains effective.

The Audit committee recommended the reappointment of PricewaterhouseCoopers as the Group's external auditor for 2021 and 2022. The appointment for 2021 was approved by the Group's shareholders at the Annual General Meeting on 29 April 2021.

Share Capital

Globaltrans was formed in 2004 when a group of like-minded entrepreneurs brought their freight rail businesses together to form the Company, giving it the scale, governance and focus to become one of the leading players in the region.

These founders remain shareholders with a total stake of about 43% between them, and their entrepreneurial December 2021, news surrounding spirit remains at the heart of our culture and approach today. In addition, other directors and officers of Globaltrans are shareholders of the Company representing approximately 0.2% of the issued share capital.

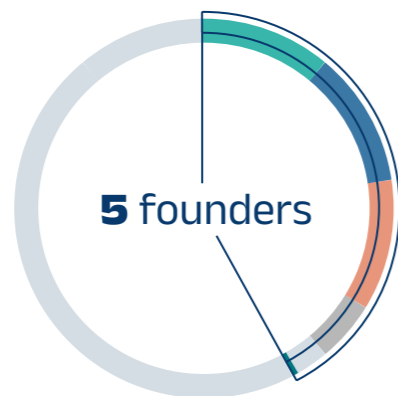
In 2008, Globaltrans' founders recognised the benefits of an international listing and undertook an Initial Public Offering on the London Stock Exchange (LSE), becoming the first freight rail company serving Russian cargo flows to be listed internationally. In 2020, Globaltrans' GDRs were admitted to trading on the Moscow Exchange (MOEX). Today, the majority of the Company's shares are in public hands with Globaltrans' free float amounting to approximately 56.8% of the issued share capital.

The issued share capital of Globaltrans consists of 178,740,916 ordinary shares with a nominal value of USD 0.10 each, a certain portion of which is held in the

form of Global Depository Receipts ("GDRs"). The GDRs represent one ordinary share each and have been traded on the Main Market of the LSE (ticker symbol: GLTR) since May 2008¹ and on the Level One quotation list of MOEX (ticker symbol: GLTR) since October 2020. Citibank N.A. is the depository bank for the GDR programme of Globaltrans.

As of 4 March 2022 the total number of the GRDs held in treasury represented 0.24% of the Company's share capital.

Ownership structure as of 4 March 2022



¹ Imposed suspension of GDRs trading on the London Stock Exchange on 3 March 2022 continued as of the date of publication.
² Andrey Filatov, Nikita Mishin and Konstantin Nikolaev are co-founders of Globaltrans and are beneficiaries with regard to 11.5% and 11.5% and 10.8% respectively of Globaltrans' ordinary share capital each through their respective SPVs (Marigold Investments Ltd, Onyx Investments Ltd and Maple Valley Investments Ltd).
³ Beneficially owned by Alexander Eliseev, Non-executive Director and co-founder of Globaltrans.
⁴ Beneficially owned by Sergey Maltsev, Chairman of the Board of Directors, Chief Strategy Officer and co-founder of Globaltrans.
⁵ Beneficially owned by Andrey Filatov, Nikita Mishin and Konstantin Nikolaev, co-founders of Globaltrans.
⁶ For these purposes, the free float consists of the ordinary shares and GDRs held by investors not affiliated or associated with Globaltrans.

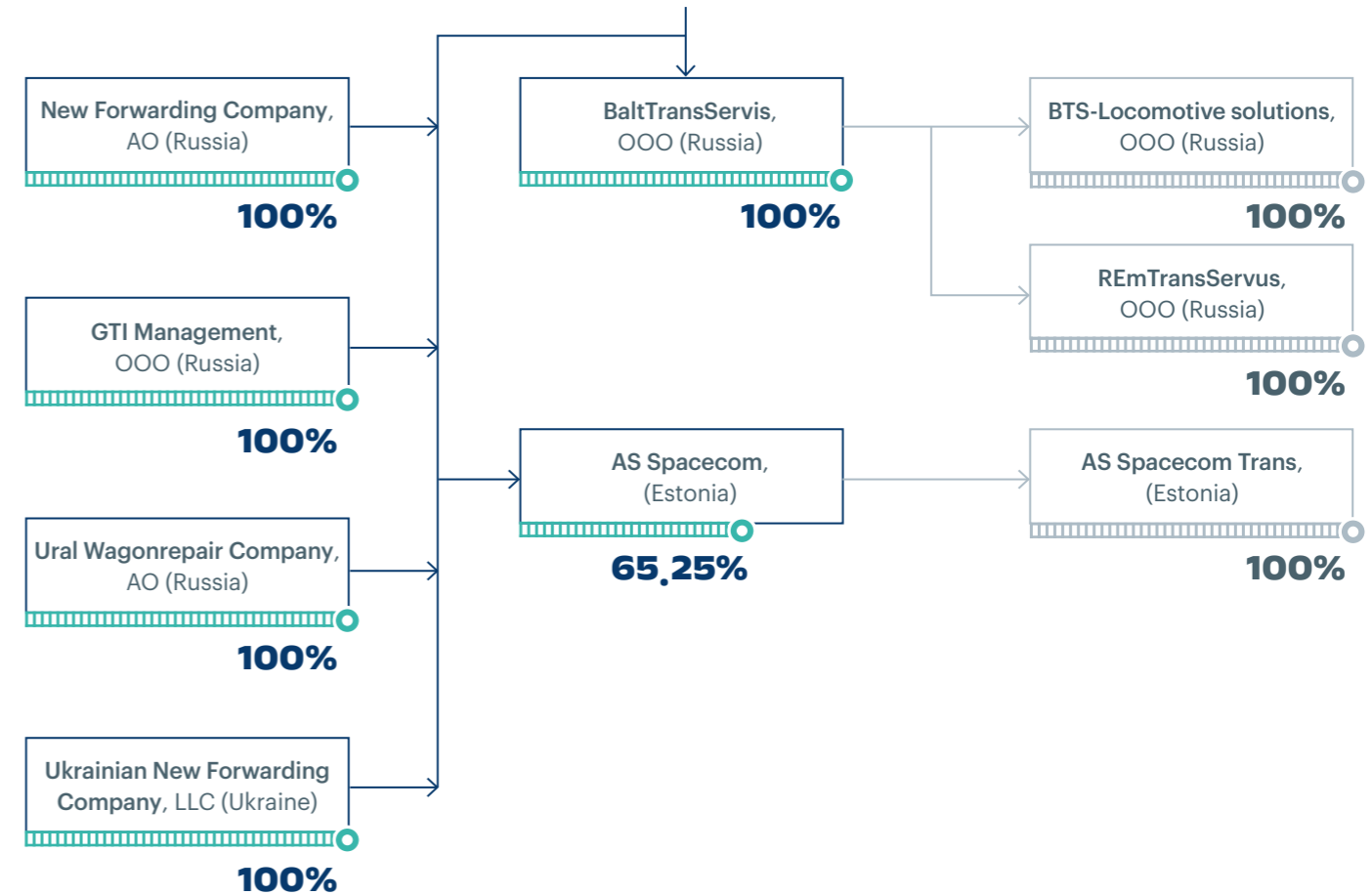
Corporate Structure

Globaltrans provides freight rail transportation, railcar leasing and other ancillary services to clients through its subsidiaries: New Forwarding Company, BaltTransServis, GTI Management, Spacecom and Ukrainian New Forwarding Company.

The Group's corporate structure ensures effective asset management and operational control while creating logical business segments.

Globaltrans Investment PLC

as of 1 March 2022



Source: Globaltrans