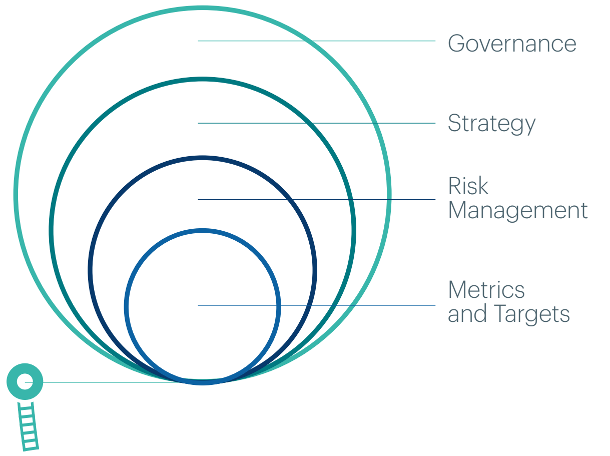
Climate-related Financial Disclosure (TCFD)

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 ofthe 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.

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.

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 CO_2 equivalent.
Scope 2:
1,555 tonnes of CO_2 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.