

■ 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

Sustainability Report

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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.

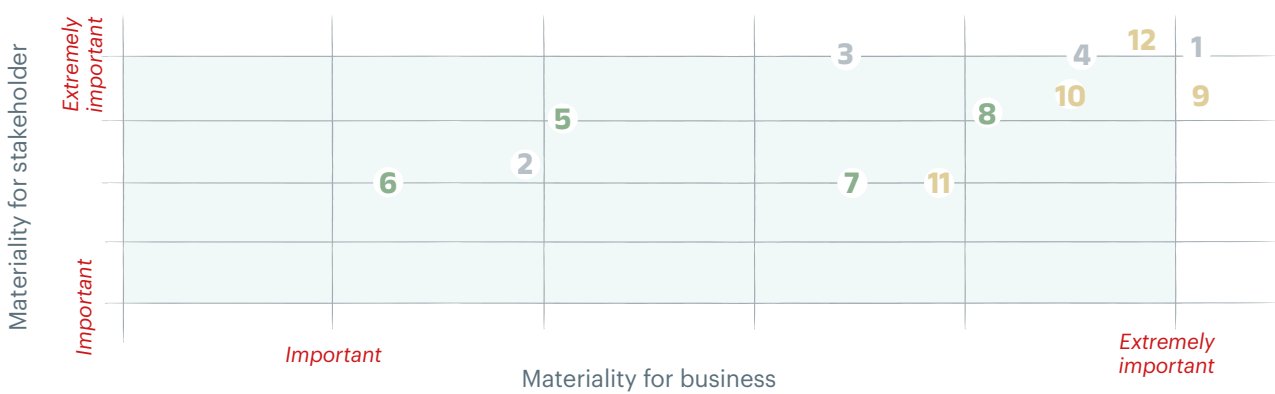
Scope 2
emissions
First time reporting

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)



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.

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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.

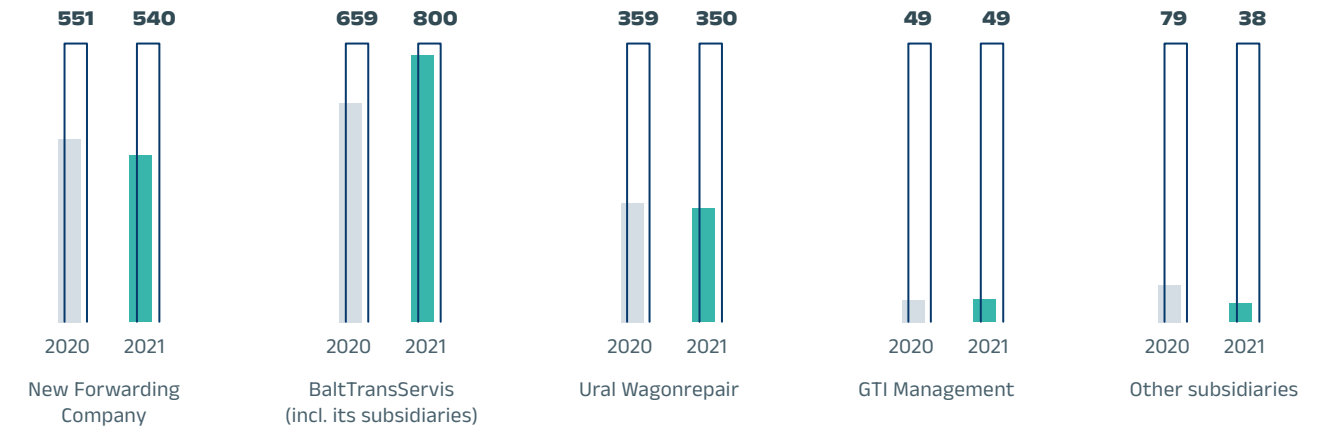
Diversity

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.

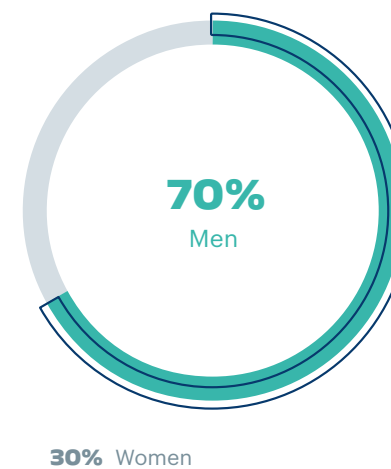
We seek to prevent any act of discrimination and provide our people with equal employment. This zero tolerance for discrimination is set out in the Group's Diversity and Inclusion Policy, the breaches of which are grounds for disciplinary action.

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.

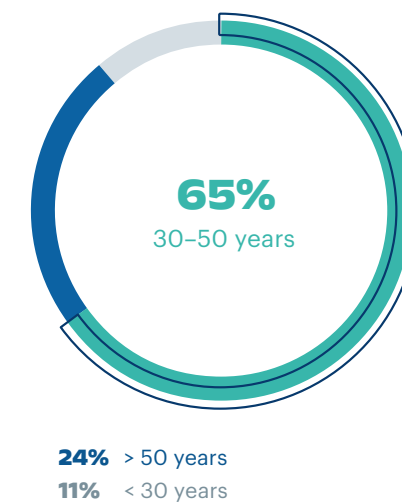
Headcount by companies, 2020-21 (at year-end)



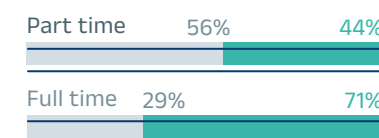
Headcount by gender in 2021 (at year-end)



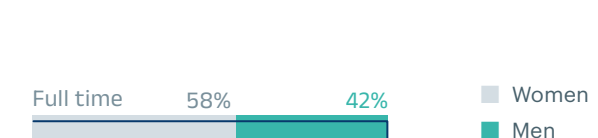
Headcount by age in 2021 (at year-end)



Permanent contract in 2021 (at year-end)



Temporary contract in 2021 (at year-end)



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.



-3%

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

95%

of all training and development happening online

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.

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.

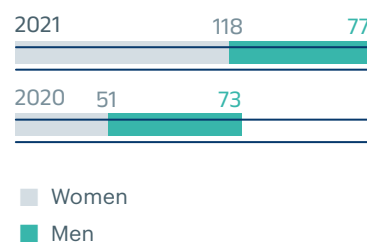
Source: Globaltrans

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.

Distribution of training among employees by employee categories in 2021



Average training hours by gender in 2021



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.

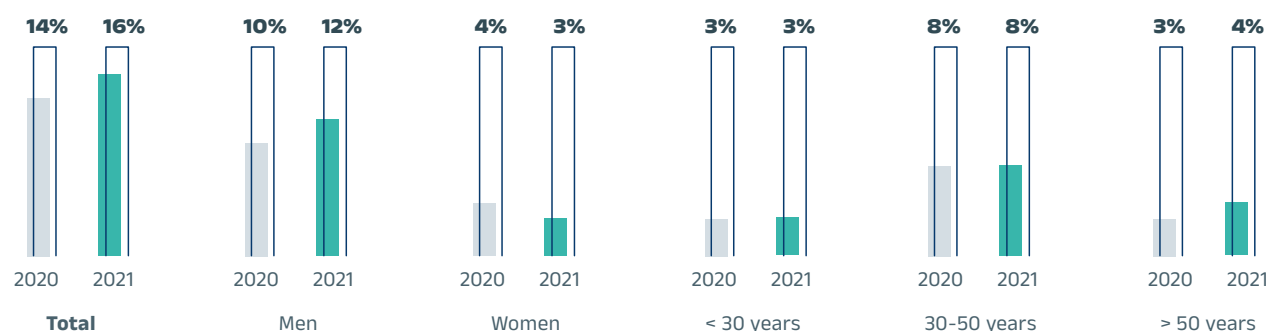
The pandemic created a very different social environment for our people, which prompted us to reassess and strengthen our support for them. We arranged flexible working arrangements for our staff, ensured their well-being, provided learning opportunities, communicated frequently and shared feedback.

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.

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



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.



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.

Energy usage

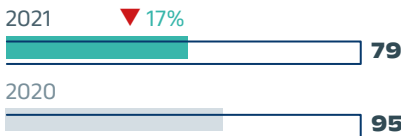
At Globaltrans, our focus is always on energy efficiency. We are determined to use energy prudently and strive to be climate conscious. This goal is something that we are working to promote and improve at all levels of the organisation. The Group’s operations use different forms of energy, including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

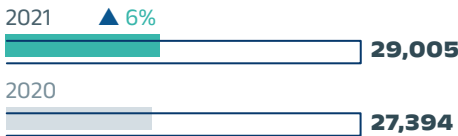
Total consumption of energy resources by type, 2020-21

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



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

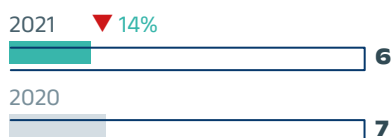
Paper recycling

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".

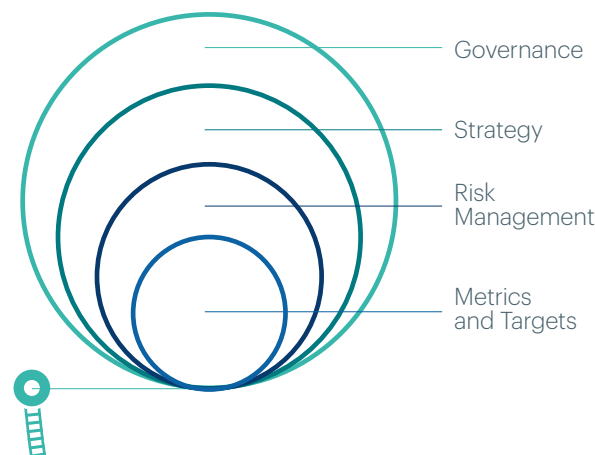
⁴ Payments to government include "Tax paid" and "Taxes (other than income tax and value added taxes)". The Company also pays Russian Value Added Tax ("VAT"). VAT related to sales and purchases is recognised in the balance sheet on a gross basis and disclosed separately as an asset and liability. Purchases 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.

