globalports™

Corporate Social Responsibility Report 2020

DEMONSTRATING RESILIENCE, ACHIEVING RESULTS

Global Ports Investments PLC

GLOBAL PORTS TODAY

Despite the unparalleled challenges that both Russia and the world faced in 2020, Global Ports proved that its business is fundamentally stable, sustainable and cash generative.

Over the year the Group continued to deliver excellent quality of operations, launching a range of new services and supporting its clients in this uncertain time, increased its market share and decreased leverage level.

In 2020 the Group outperformed the Russian container market for the third year in a row with outstanding growth of 6.6% against a market decline of 0.8%.

The Group demonstrated strong financial results in 2020 achieving like-for-like[2] Adjusted EBITDA Margin growth of 65.2% and stable high Free Cash Flow at USD 157.1 million.

The Group continued its deleveraging strategy and decreased Net Debt / EBITDA by 0.4 to 2.9x supporting its eventual path towards resumption of dividends once targets have been achieved.

Credit ratings by all rating agencies that rate the Group and its financial instruments with stable outlook were reaffirmed in 2020: Fitch Ratings at BB+, Moody's at Ba2, RA Expert at RuA+.

Information (including non-IFRS financial measures) requiring additional explanation or terms which begin with capital letters and the explanations or definitions thereto are provided at the end of this report. Certain financial information is derived from the management accounts.

KEY STRENGTHS

No.1

container terminal operator in Russia[1]

7 marine container

and multipurpose terminals in Russia and Finland

The only player with a network of terminals in key container gateways of Russia

Unique partnership of strategic shareholders: a global leader and a strong local player, APM Terminals and Delo Group each with

30.75%

of total share capital

GDR listed on the Main Market of the LSE (free-float of 20.5%)

Sustainable and responsible business: MSCI ESG rating at BB level, Sustainalytics estimated Global Ports' risk of material financial impacts driven by ESG factors at medium level

[1] In terms of container throughput and container handling capacity, based on ASOP data for 2020.

2020 RESULTS

0.54 LTIFR

The lowest on record for the Group

+6.6%

Consolidated Marine Container Throughput vs −0.8% Russian container market in 2020

38.7%

Consolidated Marine Bulk Throughput increased to 5.1 million tonnes

USD **209.7** mln

Adjusted EBITDA

2.9x

The lowest level of Net Debt to Adjusted EBITDA in 8 years

65.2%

Like-for-like[2] Adjusted EBITDA Margin

USD **157.1** mln

Free Cash Flow

[2] Like-for-like is an adjusted growth metric calculated on management accounts: cash cost and revenue for 2020 and 2019 adjusted for VSC transportation services. As a result of the new terms of certain sales agreements, in 2020 VSC acted as a principal vs as an agent at the beginning of 2019: previously the net result of revenue from transportation services and associated costs was included in the consolidated revenue. Since the middle of 1H 2019 full revenue and associated costs have been recognized in consolidated revenue and transportation expenses accordingly. This Adjusted EBITDA neutral change resulted in additional USD 62.8 million to consolidated revenue (USD 11.4 million in 2019) and USD 62.8 million (USD 11.4 million in 2019) to cost of sales in 2020.

Global Ports at a Glance

Strategic Report

Corporate Governance

Additional Information

GLOBAL PORTS AT A GLANCE

ABOUT US. PERFORMANCE

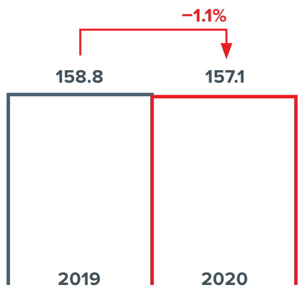
In a very challenging 2020, the Group's clear strategy proved to be the right one enabling Global Ports, with its well equipped terminals and ready infrastructure for handling full export containers, to take advantage of its strategic position in the two key marine gateways of Russia.

A continued focus on driving efficiency, productivity, and innovation across all operations was matched by a relentless focus on clients' needs through providing technological solutions and the highest service standards in the industry.

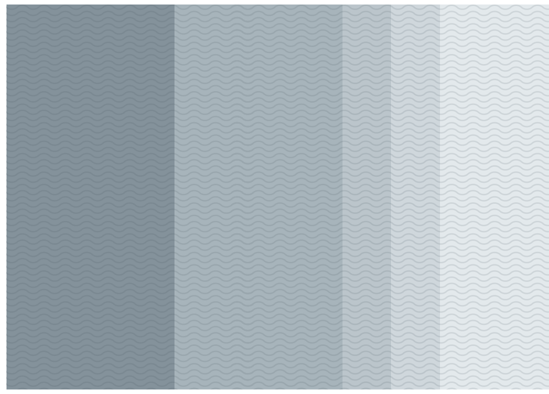
Supported by our co-controlling shareholders, a unique partnership of an international industry leader and a strong domestic player: APM Terminals and Delo Group each with 30.75% of total share capital.

These attributes and strategic decisions enabled the Group to demonstrate resilience, increase container and bulk throughput to protect market share as well as increase like-for-like Adjusted EBITDA Margin and continue deleveraging.

Free Cash Flow, USD mln



Ownership Structure, %



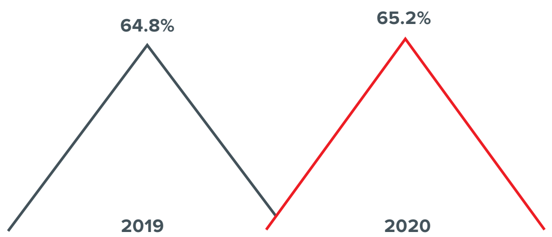
- Delo Group **30.75%**
- APM Terminals **30.75%**
- Ilibrinio Establishment Limited **9%**
- Polozio Enterprises Limited **9%**
- Free float (LSE listing) **20.5%**

Delo Group is one of the largest transportation and logistics holding companies in Russia[1]. The Group's stevedore business includes DeloPorts stevedore holding, the leading operator of port container terminals Global Ports and TransContainer, leading rail operator in Russia, owner of 38 railway container terminals, more than 32,000 containers and 86,000 flatcars.

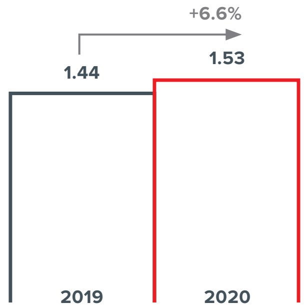
APM Terminals operate a global terminal network of 20,000 professionals with 75 operating port facilities. APM Terminals is a part of A.P. Moller-Maersk, the world's largest integrator of container and ports logistics.

Ilibrinio Establishment Limited and Polozio Enterprises Limited (former owners of NCC Group) each own 9% of the share capital of Global Ports.

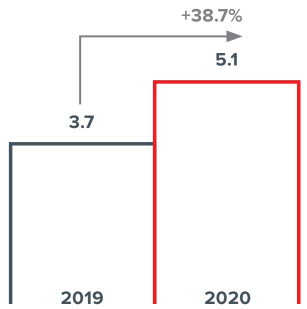
Like-for-like Adjusted EBITDA Margin,[2] %



Consolidated Marine Container Throughput, mln TEU



Consolidated Marine Bulk Throughput, mln tonnes



Net Debt / Adjusted EBITDA

2020
2.9x

2019
3.3x

Key consolidated financial and operational data

	2020	2019	Change	Change, %
Selected IFRS financial information, USD mln				
Revenue	384.4	361.9	22.6	6.2%
Cost of sales and administrative, selling and marketing expenses	-225.0	-187.3	-37.7	20.1%
Gross profit	184.1	210.1	-25.9	-12.4%
Operating profit	157.4	144.8	12.6	8.7%
Net profit / (loss)	50.0	67.7	-17.7	-26.1%
Selected operational information				
Consolidated Marine Container throughput, mln TEU	1.53	1.44	0.1	6.6%
Consolidated Marine Bulk throughput, mln TEU	5.1	3.7	1.4	38.7%
Ro-Ro, thousand units	20.3	20.0	0.3	1.3%
Cars, thousand units	82.0	103.3	-21.3	-20.6%
Balance sheet and cash statement, USD mln				
Total assets	1,327.2	1,454.3	-127.1	-8.7%
Cash and cash equivalents	207.0	124.4	82.6	66.4%
Net cash from operating activities	190.9	185.4	5.5	3.0%
Selected non-IFRS financial information, USD mln				
Like-for-like Revenue*	321.7	350.5	-28.8	-8.2%
Total Operating Cash Costs	-176.0	-136.7	-39.3	28.7%
Like-for-like Total Operating Cash costs*	-113.2	-125.3	12.1	-9.7%
Adjusted EBITDA	209.7	226.9	-17.2	-7.6%
Like-for-like Adjusted EBITDA Margin*	65.2%	64.8%		
Free Cash Flow	157.1	158.8	-1.8	-1.1%
Net Debt	612.1	747.0	-134.9	-18.1%
Net Debt to Adjusted EBITDA	2.9x	3.3x	-0.4	-11.3%

[1] According to Delo Group data.

[2] As a result of the new terms of certain sales agreements, in 2020 VSC acted as a principal vs as an agent at the beginning of 2019: previously the net result of revenue from transportation services and associated cost was included in the consolidated revenue. Since the middle of 1H2019 full revenue and associated costs have been recognized in consolidated revenue and transportation expenses accordingly. This Adjusted EBITDA neutral change resulted in additional USD 62.8 million to consolidated revenue (USD 11.4 million in 2019) and USD 62.8 million (USD 11.4 million in 2019) to cost of sales in 2020.

STRONG PRESENCE IN RUSSIA'S KEY CONTAINER AND BULK GATEWAYS[1]

By Sea

The Baltic Sea Basin's container terminals are close to key transhipment hubs for Russia's inbound and outbound containers, such as Hamburg and Rotterdam. The basin has a strong customer base due to its economic development, access to Russia's most populous regions and cost-effective transportation of containers to major Russian cities.

By Rail

The Far East Basin is the fastest route for transporting containers from Asia to the European part of Russia and many CIS countries and transit to EU. The shorter transit time is a key advantage for customers shipping high-value and time-sensitive cargo.

BALTIC SEA BASIN

The Group's container and multipurpose terminals in the Baltic Sea Basin offer direct access to the most populous and economically developed regions of the European part of Russia, including Moscow and St. Petersburg.

FAR EAST BASIN

The Group's container terminal in the Far East Basin is located in an ice-free harbour with deep-water access and a direct link to the Trans-Siberian railway.

48%

Baltic basin share of Russia's marine container traffic

33%

Far East share of Russia's marine container traffic

- Location
- Cargo handled
- Container throughput berth/yard capacity[2]
- Land total
- Ownership

1. First Container Terminal (FCT)

- St. Petersburg
- Containers
- 1.25 mln/0.9 mln TEU per year
- 88.6 ha
- 100%

2. Petrolesport (PLP)

- St. Petersburg
- Containers, Ro-Ro, bulk cargo
- 1 mln/0.35 mln TEU per year
- 120.7 ha
- 100%

3. Vostochnaya Stevedorings Company (VSC)

- Vrangel, Nakhodka
- Containers, bulk cargo
- 0.65 mln/0.65 mln TEU per year
- 76.6 ha
- 100%

4. UST-LUGA Container Terminal (ULCT)

- Ust-Luga port cluster
- Containers, bulk cargo
- 0.44 mln/0.24 mln TEU per year
- 54.0 ha
- 80%

Fully consolidated in IFRS

5. Moby Dik (MD)

- Kronstadt, St. Petersburg
- Ro-Ro, bulk and general cargo
- 13.0 ha
- 75%

6. Yanino (YLP)

- St. Petersburg
- Containers, bulk cargo
- 0.2 mln TEU per year
- 51.3 ha
- 75%

7. MLT Kotka

- Kotka, Finland
- Containers, Ro-Ro, bulk cargo
- 0.15 mln TEU per year
- 4.3 ha
- 75%

8. MLT Helsinki

- Helsinki, Finland
- Containers, Ro-Ro, bulk cargo
- 0.27 mln TEU per year
- 7.0 ha
- 75%

JV accounting

Russian Ports segment:

PLP, VSC, FCT, ULCT, Yanino, MD

Finnish Ports segment:

MLT Kotka and MLT Helsinki

Our Partners:

Entity: Moby Dik, Finnish Ports, Yanino
Partner: CMA Terminals S.A.S.
Share: 25% in each
Entity: ULCT
Partner: Eurogate
Share: 20%

[1] Numbers for the Group are presented on a consolidated basis. [2] Company estimates based on annual potential berth and yard throughput capacity.

STRATEGIC REPORT

DELIVERING QUALITY AND LEADERSHIP

GLOBAL PORTS MISSION

To increase long-term value for all our stakeholders by shaping and determining the trends in the container segment of the Russian transportation and logistics market, thereby driving international trade.

WE WILL ACHIEVE OUR FUNDAMENTAL STRATEGIC GOAL BY:

- providing the best services to our clients
- maintaining operational excellence
- using technology effectively
- attracting and retaining a workforce with the right skills

Strategically we remain focused on expanding our business through both organic growth and investment projects that offer tangible opportunities to the Group.

GLOBAL PORTS VISION

To be the partner of choice for shipping lines and freight forwarders in our role as Russia's best-connected independent container terminal operator offering unparalleled access to international and domestic trade flows.

Global ports values

- **Professionalism**
- **Respect**
- **Cooperation**

STRATEGY

Our strategy aims to produce value growth by offering unparalleled access to international and domestic trade flows through our network of terminals sited at Russian key marine locations.

TO SUCCEED, WE REMAIN FOCUSED ON:

Preferred port in every location, partner of choice for all parties involved

Our key market: Russia.
We have the strong knowledge and ability to add value to Russian container market.

Assured healthy, safe and effective organisation

Our key services: terminal operations.
We provide our clients with first class port and related logistics services.

Integral part of import/export and transit logistics chains

Our key clients: shipping lines and freight forwarders.
By connecting and simplifying supply chains, we enable our customers to grow their businesses.

Solid business profile and prudent capital allocation

Our business focus: containers.
Our non-container operations diversify our revenues and increase our terminals' utlisation rates.

SUSTAINABLE AND SAFE BUSINESS

SAFETY REMAINS AT THE CORE OF THE GROUP'S VALUES AND WE WILL CONTINUE TO STRIVE TO ACHIEVE A ZERO-HARM ENVIRONMENT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As an owner and supplier of critical infrastructure, we believe it is our duty to make a positive contribution to society. We recognise that to deliver competitive returns to our shareholders, sustainable value to our customers and opportunities for our employees, Global Ports has to operate with the utmost integrity and behave in a responsible way, consistent with the broader interests of society.

We consider the core components of Corporate Responsibility (CR) of Environment, Society and Governance as fundamental to the Group's future success and not mere additions to how we operate. As such, CR has an essential place in our strategy and is a vital part of our value proposition. Our CR approach aims to embed and reinforce our industry leadership position and corporate reputation and is in line with the Group's values. We believe that actively addressing ESG priorities helps to strengthen the business and improve corporate resilience.

The impact of the pandemic crisis has led to a heightened focus on all aspects of Corporate Responsibility, especially Safety. The effectiveness of the Group's pandemic response in 2020 in part reflects the work undertaken to improve all aspects of our corporate responsibility agenda.

Sustainability approach

We are deeply committed to being a responsible organisation and an active participant in the community, which means ensuring responsible environmental stewardship, promoting safe working conditions for our employees, supporting our local communities and creating long-term economic value for all our stakeholders.

The importance of ESG has risen dramatically in the eyes of customers, investors, media and markets - and rightly so given today's climate change challenge and the impact of the Covid pandemic. In addition, the sustainability reporting landscape is evolving rapidly, and we recognise that when it comes to reporting, we, like other companies, are on a long journey. As we develop our Sustainability Approach, our intention is to ensure that our reporting is kept at a level that we deem appropriate for the Group and also useful for our stakeholders.

Society

Our role in society

As a critical infrastructure business we help connect Russia to the global economy and international markets and, in doing so, help local economies, provide employment and support local communities. Our seven marine container terminals handle millions of tonnes of cargo annually and employ almost 2,800 people* directly and many more indirectly. We aim to be the best at what we do, which means acting responsibly, providing sustainable services, safeguarding our employees, supporting our communities and protecting the environment.

Our business ethics

Our culture is built on honesty, integrity, transparency, and accountability. We expect our employees always to act fairly and ethically when dealing with colleagues, customers, contractors, suppliers, authorities and other stakeholders. We take pride in having our name associated with the highest ethical standards.

At Global Ports, everyone has a responsibility to understand and abide by the ethical behaviours and standards of conduct set out in our Code of Ethics. Every officer of the Group and each employee joining the Group must acknowledge that he or she has read the Code and understood its importance. We also expect our business partners and suppliers to be aware of our publicly available Code of Ethics and apply similar ethical standards to their own business operations. The relevant anti-corruption, conflict of interests provisions and representations and warranties in relation to good standing are included in Global Ports Group companies standard contracts.

We regularly review and update the Code of Ethics to ensure Global Ports continues to meet the highest ethical standards. In 2020, a new version of the Code was approved by the Board. We believe identifying and managing Conflicts of Interest is fundamental to the conduct of our business, our relationships with clients, and the markets in which we operate. Consequently, we separately adopted a new Conflicts of Interest policy to provide clear guidance on this critical issue.

Anti-bribery and anti-corruption

The Group has an anti-bribery and anti-corruption framework in place. Our zero-tolerance approach to bribery and corruption is reflected in our Code of Ethics and is further supported by detailed policies on related areas.

The Group's anti-corruption framework is an important part of our risk management arrangements. The policy is there for any person working at or with Global Ports, if they face a situation that they are concerned about or contradicts the Code. Employees are encouraged to seek help from line managers and our legal team if they are concerned about what to do in difficult situations. Issues to do with known breaches of our anti-bribery policy are dealt with in accordance with our Investigation Policy that defines thorough process either performed by or overseen by our internal audit team.

BRITTA DALUNDE
Independent Non-Executive Director

Global Ports has a rigorous approach to governance and continues to improve its standards. In 2020 we created a new version of our Code of Ethics and adopted our Policy on Conflicts of Interest — all essential or crucial steps. Most importantly in this year where people have been the key focus in terms of ESG, we launched our new talent management system, which will strengthen our ability to attract and retain the best people in the business.

Employ

2,800 people*

The updated Code of Ethics is available on our website www.globalports.com

*As of 31 December 2020

Whistleblowing

Global Ports has a group-wide whistleblowing policy that applies to all employees, contractors, suppliers and clients. The whistleblowing service, established in 2017, provides a mechanism for individuals with serious concerns about the conduct of the Group or its employees' conduct, to report those concerns. Suspected improper activities or breaches of our Code of Ethics can be reported via a confidential hotline. All hotline messages received are conveyed directly to the Head of Internal Audit and the Chairman of the Audit & Risk Committee. All reports are treated confidentially, and appropriately investigated and concluded. The Group maintains a non-retaliation policy that allows each employee to freely report their concerns.

Policy on reporting allegations of suspected improper activities (Whistleblowing policy) and Anti-Fraud policy are available in the Corporate Governance section of our website www.globalport.com.

Human rights

As a major listed company with international stakeholders, we recognise our responsibility for upholding and protecting the human rights of our employees and other individuals with whom we deal with in our business.

The Group's approach to human rights is founded on our values and on our belief that everyone is entitled to fundamental rights and freedoms. Our Code of Ethics defines our approach which is strictly in accordance with Russian and international human rights law.

Our Code of Ethics recognises the fundamental civil, political, economic and social human rights and freedoms of every individual and strives to reflect them in our business activities. Compliance with and respect for human rights is promoted throughout the organisation and reflected in our wider policies and in how we interact with our employees, customers, suppliers, and other stakeholders.

Our communities

Global Ports is committed to giving back to society. Our port locations are more than sources of local employment; they are part of the fabric of the community and play an essential role in everyday life. We want to support our employees and their communities and improve their quality of life. Our approach is based around supporting our communities through targeted social investment. This is the philosophy that underpins the Group's approach to social investment.

Total

RUB **32** mln

spent on charity

(Equivalent of 0.4 USD million)

We are a significant employer in our communities and our employees are encouraged to volunteer and support our social investment schemes. The Group's social and community investment is targeted around four principal themes: Health, Education, Welfare and Culture. In total, the Group contributed RUB 32 million (0.4m USD) in 2020 to its charitable and community support ventures.

In the Health area, the Group provides support for a number of community-based sports programs. The Group's education and welfare programs support projects that help vulnerable adults and children. The Group's support for culture prioritises local social infrastructure projects including funding heritage restoration projects.

In 2020 Global Ports Family Day was held in an online format. The event culminated with a traditional drawing competition among young participants.

The Group's charitable and social activities in 2020 included:

- VSC, FCT, ULCT and PLP supported the Life Line Charitable Foundation which helps to support seriously ill children;
- VSC supported local hospital with purchase of personal protection equipment, COVID-19 tests, medical equipment, as well as the purchase of special cars for hospital use;
- VSC also supported local social sector including Vrangel Cultural Centre, social rehabilitation center for minors Albatross, schools and Society of disabled people;
- MD provided financial aid to Center of rehabilitation of disabled children in Kronstadt district, St. Petersburg;
- FCT donated tablet computers to support local school children with distance learning during lockdown.
- MLT Oy supported The Association of Friends of the University Children's hospitals in their efforts to improve the comfort of patients during their hospital stay.

Our suppliers

We rely on a range of suppliers to provide goods and services linked to our commercial operations. We aim to foster good relations with all our suppliers. We expect our suppliers to adhere to the Group's policies and high ethical standards as defined in the Code of Ethics. We also expect our supplier and their supply chains to adhere to high operational and ethical standards and ensure proper accountability throughout the supply chain. The guidelines relating to suppliers are covered in the Group's Procurement Policy.

The Procurement Department of Global Ports Management LLC has purchasing responsibility for the terminals of the Group based on the following principles:

- full compliance with the legislation of the Russian Federation, and in particular law 223-FZ[1];
- competitiveness and transparency;
- supplier selection based on price, quality and timeliness;
- total cost of ownership.

All procurement information is placed on www.etprf.ru and www.fabrikant.ru electronic marketplaces. All necessary information is also shared on the EIS (Electronic Information System) website www.zakupki.gov.ru.

All tender requests are published on the websites stated above to ensure fairness and transparency in the tendering process. The Group's Procurement team closely monitors global best practices, drawing on its relationship with APM Terminals and Delo Group.

Health & Safety

We have a fundamental duty of care to ensure the safety and wellbeing of all our people. We are committed to achieving the highest standards of Health & Safety, ensuring that appropriate resources are available to meet our objectives of a zero-harm work environment.

The paramount importance of health and safety was a key imperative behind the measures successfully introduced by the Group to mitigate the risks posed by COVID-19 to our people. These included regular medical check-ups, restrictions on travel, social distancing protocols, stringent hygiene measures and the provision of personal protective equipment (PPE).

Our approach to developing a sustainable safety culture is based on three principles:

- providing a safe working environment;
- providing comprehensive implementation plans built around best practice safety and compliance standards;
- offering comprehensive training focused on risk awareness and reduction.

Our approach

The nature of our work and working environments means that our employees and contractors are regularly exposed to risk. We are constantly monitoring and identifying health and safety risks to ensure that our risk controls and working practices are the safest they can be. We believe our stringent approach, which involves continually updating our work protocols and risk controls to effectively manage safety-related risks leads to better safety outcomes.

Our safety management framework covers all aspects of safety compliance, monitoring, and training. Our safety management system focuses on ensuring compliance with our safety standards to provide a safe work environment.

In 2021, we will continue to improve the safety processes and controls we enacted last year. In addition, we are focused on the implementation of the Fatal 5 program, within which we will reduce risks in essential areas:

- Safety under the crane
- Work at height
- Work with hazardous cargo
- Work with contractors
- Speed limit

In addition, we will create and develop the work of the Safety Committees at the terminals.

[1] 223-FZ on Procurement of goods, works and services by certain types of legal entities

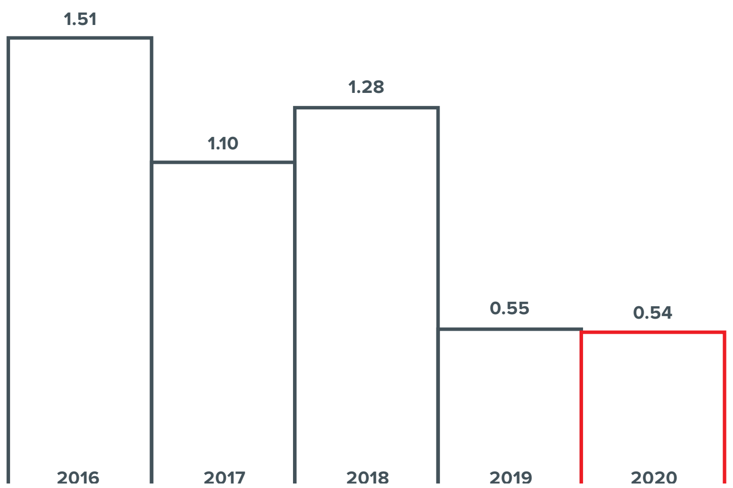
0.54

LTIFR, the lowest on record for Global Ports

It is structured around:

- critical minimum safety standards that are aligned with industry best practice (Global Minimum Requirements);
- regular safety audits that benchmark our facilities' compliance in implementing our GMRs;
- regular safety and risk awareness briefings and information updates for our staff and contractors;
- regular and high quality daily safety walks organised at each terminal;
- regular health and safety training for line management and employees staff;
- regular training drills covering general safety issues;
- specialised training programmes for employees that need it, for instance for those involved in handling hazardous materials;
- regular monitoring of the health and wellbeing of our employees aimed at improving and maintaining their wellbeing and reducing the incidence of occupational illnesses.

LTIFR



Governance

The Board has overall responsibility for health and safety matters and is committed to continuous improvement in our safety culture and systems. The Board sets Heath and Safety policy, agrees on safety standards and reviews performance. The Chief Operating Officer is the senior executive responsible for health and safety compliance and performance monitoring.

The Chief Operating Officer regularly reviews feedback and performance reports supplied by the individual business units and the Board receives quarterly performance reports. The Group's safety performance is regularly reviewed by the Board and any decisions taken are discussed and agreed with the executive team.

Performance in 2020

The pandemic and the health risks posed by COVID-19 made it imperative that we redouble our efforts to safeguard the health and safety of our employees and achieve a zero-harm working environment. Our focus was on ensuring compliance not just with COVID-related measures but with our fundamental health and safety standards and controls, so significant attention was paid to improving all aspects of health and safety communications.

During the year we continued to focus on our Lost Time Injury Frequency Rate (LTIFR) measure, a key safety metric. It is very reassuring to report that despite the disruption caused to our operations by the pandemic and notwithstanding the fact that our facilities continued to run uninterrupted throughout 2020, we achieved our best ever LTIFR at 0.54 incidents per 1 million exposure hours, making further progress on the prior period's strong result. This improvement was due to ongoing commitment from the senior leadership, positive support from all management levels, strong employee engagement and allocation of appropriate resources.

Over the course of the year, we made significant progress in specific focus areas:

› **safety walks** — we organised regular and high quality daily safety walks. By the end of the year, the required frequency of audits had reached almost 100%;

› **introduction of mobile safety app** — to improve the audit process and ensure that all safety incidents are promptly processed and recorded, we developed a unique mobile telephone application that has been installed on the mobile phones of the responsible employees of the terminals;

› **staff involvement** — the involvement of personnel in safety issues. In this direction, all terminal employees have access to a light version of the above mobile application, which allows any employee to promptly make an appeal on security issues;

› **systemised training** — in the implementation of regular training programs at terminals on the response and action of personnel and emergency services in the event of a fire, incidents with dangerous goods, people falling into the water, etc. As a result, the personnel training processes have been given a systemic and non-formalized character;

› **safe movement of staff** — we focused on improving the lay-out of routes and paths used by our employees at our terminals to ensure their safe movement;

› **safety procedures** — to improve how we educate our personnel on safe working methods, we developed and introduced a series of short visual reminders for employees on the main handling processes.

Safety remains at the core of the Group's values and we will continue to strive to achieve a zero-harm environment.

Our People

The Group's 2,800 employees* are fundamental to its successful development and performance. We believe in empowering and engaging with our employees, promoting a positive culture where people of all backgrounds are treated with respect and given equal opportunity to develop. Having a well-motivated and well-supported workforce means that we are able to provide a better service to our customers. We are determined to make Global Ports an even better place to work for all our staff and this continues to be an important focus for the Board and senior management.

Employee engagement

The Board takes its responsibilities for workforce engagement seriously. Our people play a key role in the success of our business, which is why we make it a priority to involve, consult and inform employees. We believe that an engaged workforce is a source of competitive advantage in a service-led industry.

We use several of channels to interact with our employees including: formal and informal briefings, internal communications, strategy workshops, training courses, via our new intranet platform and our Annual Report. The impact of COVID-19 saw much of our employee engagement, especially around issues to do with health, safety and wellbeing move to our online platform.

Employees and their representatives are consulted regularly on a variety of matters affecting their interests. We hold regular feedback sessions with staff as well as periodic employee surveys. Our most recent staff survey showed that satisfaction levels among our staff are high. Building on the positive response of employees, this year we have focused on:

› building a shared sense of unity and teamwork among employees;

› building cross-functional working and reducing complexity;

› improving human resource management processes via implementing best practices and automating routine processes;

› our new intranet communications platform provides a space for employees across the Group to connect, build networks, and share best working practices.

*As of 31 December 2020

Diversity data

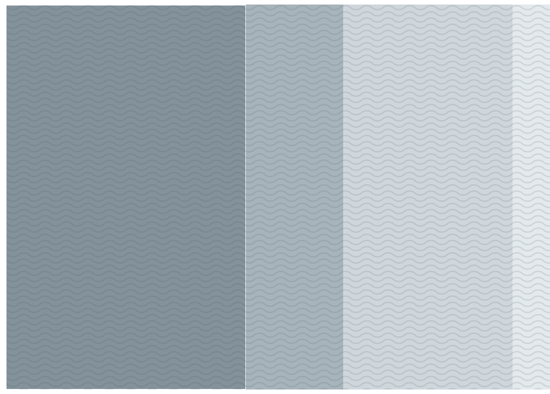
Females as a percentage

30% of total

26% of production staff

66% of administrative staff

Length of average service (years)



Less than 5 years **44%**

5–10 years **18%**

11–20 years **31%**

More than 20 years **7%**

Performance and development

Recruitment and people development are critical parts of our long-term growth strategy, ensuring that we have the right people to deliver for our customers. We recognise the need to invest in the training and development of our people to fill our pipeline of talent, identify high potential candidates and provide our people with opportunities to grow and progress their careers within the business.

We aim to recruit and retain the best employees in our sector, offering a competitive benefits package that incentivises our people to succeed and recognises and rewards outstanding performance and behaviours. We have detailed performance management systems in place across the Group to ensure that our rewards packages are aligned and clearly linked to our corporate goals.

We offer fast-track development opportunities to our high potential employees. We are also intent on developing our next generation of senior executives. We support them with coaching, mentoring and development programs alongside practical management.

In 2020, we worked hard to continue our commitment around learning and development, moving many of our training and development programs online, thus ensuring that we continued to support the development of our people.

Diversity & inclusion

We continue to focus on diversity and inclusion. We see diversity as a positive and we value, encourage and support difference. We want to ensure that we have access to the broadest pool of talent available, selecting the best candidates based on their ability to do the job. We aim to offer equal opportunities for all our staff regardless of race, religious or political beliefs, marital status, age, gender, sexual orientation or disability. Our approach is set out in our Code of Ethics and underpinned by our values.

Global Ports operates in a sector that has traditionally employed many more men than women. At Global Ports we continue to work to change this.

As at the year-end, 30% of our total workforce was female, including 26% of production staff and 66% of administrative staff. On our Board of Directors, women account for 27% of the membership and two out of the three independent directors. We continue to look at ways further to promote diversity at all levels of the organisation.

RUB**91**mln

on various environmental protection measures

(Equivalent of 1.3 USD million)

Environment

Protecting the environment

As the leading container ports business in Russia, we recognise that there is a balance to be struck between enabling trade flows whilst protecting the environment. We consider ourselves stewards of the places where we operate charged with looking after the environment with diligence and care. We aim to make sure that not only do we minimise the environmental impact of our activities, but that we make a positive difference to the environmental outcomes.

Our environmental work is focused on many priority areas: reducing energy consumption; optimising our water usage and, improving our waste management and recycling performance. To address these issues the Group has invested in installing energy efficiency schemes, environmentally-beneficial waste management solutions and enhanced environmental protection measures. Over the last year this has involved projects to upgrade wastewater treatment facilities; install more energy efficient lighting; install energy-efficient heating systems; upgrade our stormwater drainage systems; and construct pollution monitoring systems. In 2020 we spent RUB 91 million (USD 1.3 million) on various environmental protection measures at our terminals, mainly at ULCT and VSC, as part of our overall environmental investment programme (2018–2021) in conjunction with regional administrations.

We are also determined that our environmental activities are transparent and accountable and that we comply with all applicable environmental regulations and requirements in each of the regions where we operate. Compliance with environmental rules and regulations at our terminals is an ongoing operational focus for the business. Compliance protects the business legally, reassures our customers, and protects our reputation as an environmentally friendly and sustainable business. Comprehensive sustainability plans are in place at all our terminals and are embedded in all of Global Ports' investment programmes.

Carbon footprint

The Group is committed to reducing its carbon footprint but we recognise the challenge of reducing energy consumption while at the same time growing our business operations. We continue to examine ways to increase our energy efficiency and also reduce air emissions.

We comply with all mandatory energy and CO_2 compliance, and reporting requirements. In terms of carbon reporting, our environment management system tracks our operational emissions performance and that data is captured annually for the purposes of reporting our greenhouse gas emissions.

We have successfully reduced our electricity consumption per tonne of cargo handled in the last three years. We are targeting a further reduction in electricity consumption in the year 2021. We also continue to collaborate with our customers to try to find ways to reduce the impact that visiting vessels have on the ports' air quality.

Water Usage

As a ports business, water is fundamental for our operations and the communities around them. We are committed to managing our water resources more effectively. We have a particular focus on minimising the impact of negative water quality on the natural environment. As part of our natural resource management, all accumulated rainwater and wastewater is treated before being returned to waterways.

Energy usage

	Units	2018	2019	2020
Electricity consumption per 1 tonne of cargo handled by Russian Ports' marine terminals	kWh	2.14	2.08	1.69
Fuel consumption per 1 tonne of cargo handled by Russian Ports' marine terminals	l/t	0.45	0.46	0.44
Energy intensity of Russian Ports' marine terminals (MWh per million of sales revenue in USD)	USD	119	120	108

Waste Management

We aim to minimise the amount of waste our terminals produce, reuse resources where possible and dispose of waste in a way that minimises the environmental impact, while also maximising operational and financial efficiency.

Generally the activities of the Group do not lead to the formation of any solid or dangerous waste products. However, the Group does monitor and analyse its waste management activities, and each facility regularly review opportunities for waste recycling and reuse of materials. Global Ports is also continuing to work with its industry partners to reduce the impact of shipping and port operations on water quality at its port terminals.

All non-recyclable waste such as waste oil is carefully stored in ways designed to prevent any harmful substances escaping into the environment.

Future Priorities

We will continue to focus strongly on environmental compliance. We will continue to focus on improving the environmental sustainability of our operations, focusing on training and best practice development in areas such as compliance, energy usage, recycling and waste management.

WE AIM TO MAKE SURE THAT NOT ONLY DO WE MINIMISE THE ENVIRONMENTAL IMPACT OF OUR ACTIVITIES, BUT THAT WE MAKE A POSITIVE DIFFERENCE TO THE ENVIRONMENTAL OUTCOMES.

ENVIRONMENT

	Units	2018	2019	2020
Electricity used	thousand MWh	41.9	42.0	39.8
Fuel used (diesel, petrol)	mln l	9.1	9.6	10.6
Water recycled	%	0	0	0
Electricity consumption per 1 tonne of cargo handled by Russian Ports' marine terminals	kWh	2.14	2.08	1.69
Fuel consumption per 1 tonne of cargo handled by Russian Ports' marine terminals	l/t	0.45	0.46	0.44
Energy intensity of Russian Ports' marine terminals (MWh per million of sales revenue in USD)	USD	119	120	108

SOCIAL

Diversity

	Units	2018	2019	2020
Diversity of staff				
male	%	67	68	70
female	%	33	32	30
Administration staff				
male	%	35	35	34
female	%	65	65	66
Production staff				
male	%	73	73	74
female	%	27	27	26
Executive management				
male	%	87	87	100
female	%	13	13	0

Health and safety

	Units	2018	2019	2020
LTIFR	number	1.28	0.55	0.54
Fatalities	number	0	1	0
Fatalities / thousand employees	number	0	0.35	0

Sustainability governance

	Units	2018	2019	2020
Length of service (years)				
Less than 5 years	%	26%	40%	44%
5–10 years	%	23%	19%	18%
11–20 years	%	30%	28%	31%
More than 20 years	%	21%	12%	7%
Number of sites	number	7	7	7
Political donations	number	0	0	0
Business Ethics Policy	yes / no	yes	yes	yes
Anti-Bribery Ethics Policy	yes / no	yes	yes	yes
Number of employees – CSR	number	2,700	2,870	2,797[1]
Number of part-time employees	number	x	5	52
Employee turnover	%	x	12%	14%
Employee voluntary turnover	%	x	9%	8%
Employee involuntary turnover	%	x	2%	5%
Employee training cost	USD mln	x	0.1	0.1
Employee average age	number	x	x	43.3

GOVERNANCE

Board of Directors

	Units	2018	2019	2020
The Board of Directors size	number	15	11	11
Number of Independent Directors	number	3	3	3
% Independent Directors	%	20	27	27
Number of Executive Directors	number	1	0	0
Number of Non-Executive Directors	number	14	11	11
Percentage of Non-Executive Directors on the Board	%	93.3	100.0	100.0
Tenure of the Board				
< 1 year	%	47	36	9
1–4 years	%	33	64	91
> 4 years	%	20	0	0
Number of Board meetings for the year	number	21	18	13
Board meeting attendance	%	92.4	96.0	100.0
Board meeting attendance by Independent Directors	%	98.4	98.1	100.0

Diversity

	Units	2018	2019	2020
Board diversity				
male	%	73	73	73
female	%	27	27	27
Independent directors diversity				
male	%	33	33	33
female	%	67	67	67
Number of women on Board	number	4	3	3
Age of the youngest director	number	33	31	32
Age of the oldest director	number	71	66	62
Board of Directors age range	number	38	35	30
Board average age	number	49	52	50

Board Committee

	Units	2018	2019	2020
Number of Board committees	number	3	3	3

Other

	Units	2018	2019	2020
Total Board of Directors compensation paid	USD thou.	1,188	818	245
Total salaries and bonuses paid to executives	USD thou.	10,041	8,311	3,743
Auditor ratification	yes / no	yes	yes	yes

[1]as of the end of period

*The full list of ESG disclosure metrics can be found in our latest databook on www.globalports.com/en/investors/reports-and-results.

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CORPORATE GOVERNANCE

EFFECTIVE GOVERNANCE IS CENTRAL TO GLOBAL PORTS' LONG-TERM SUCCESS

RISK MANAGEMENT

Risk Management Process, Principal Risks and Uncertainties

Global Ports is exposed to various of risks and opportunities that can have commercial, financial, operational and compliance impacts on its business performance, reputation and licence to operate. The Board recognises that creating shareholder value involves the acceptance of risk. Therefore, effective management of risk is critical to achieving the corporate objective of delivering long-term growth and added value to our shareholders.

Global Ports bases its risk management activities on a series of well-defined risk management principles, derived from experience, best practice, and corporate governance regimes. The Group's enterprise risk management (ERM) processes are designed to identify, assess, respond, monitor and, where possible, mitigate or eliminate threats to the business caused by changes in the business, financial, regulatory and operating environment.

The Board has overall oversight responsibility for GPI's risk management and for the establishment of the framework of prudent and effective controls. As such, it systematically monitors and assesses the risks attributable to the Group's performance and delivery of the GPI strategy. Where a risk has been identified and assessed, the Group selects the most appropriate risk measure available to reduce the likelihood of its occurrence and mitigate any potential adverse impact.

The Board delegates to the Chief Executive Officer of LLC Global Ports Management responsibility for the effective implementation and maintenance of the risk management system. Day-to-day responsibility for risk management lies with the management team. The Audit and Risk Committee is authorized by the Board to monitor, review and report on the organization, functionality and effectiveness of the Group's enterprise risk management (ERM) system.

Global Ports is exposed to a variety of risks which are listed below. The order in which these risks are presented is not intended to be an indication of the probability of their occurrence or the magnitude of their potential effects.

Not all of these risks are within the Group's control, and the list cannot be considered to be exhaustive, as other risks and uncertainties may emerge in a changing external and internal environment that could have a material adverse effect on the Group's ability to achieve its business objectives and deliver its overall strategy.

Further information on our risk management system, including a detailed description of identified risk factors is contained in the notes to the Consolidated Financial Statements attached to the Annual Report.

The Group's financial risk management and critical accounting estimates and judgments are disclosed in Notes 3 and 4 to the consolidated financial statements.

The Group's contingencies are disclosed in Note 28 to the consolidated financial statements.

Risk factor	Risk management approach
Strategic risks	
Market conditions: Global Ports' operations are dependent on the global macroeconomic environment and resulting trade flows, including in particular container volumes. Container market throughput is closely correlated to the volume of imported goods, which in turn is driven by domestic consumer demand, and influenced by RUB currency fluctuations against USD/EUR, and exported goods, which in their turn correlate with the Russian rouble exchange rate fluctuations and global commodity markets` trends. The Group remains exposed to the risk of contraction in the Russian and world economy which, if it were to occur, could further dampen consumer demand and lead to a deterioration in the container market which could have a materially adverse impact on the Group.	The Group has responded to throughput volatility in the container market by: › focusing on quality and value-driven services (getting closer to the customer); › greater focus on balancing export and import container flows; › offering operational flexibility to all clients; › effective cost containment; › development of IT solutions; › adopting new revenue streams and attracting new cargoes.
Competition: Barriers to entry are typically high in the container terminal industry due to the capital-intensive nature of the business. However, challenging market trading conditions mean that competition from other container terminals continues to be a significant factor, which is also supported by the existing excess capacity in the market, i.e. in the North-West of Russia. Further consolidation between container terminal operators and container shipping companies, the creation of new strategic alliances, the introduction of new/upgraded capacity and carrier consolidation could result in greater price competition, lower utilisation, and potential deterioration in profitability. Strategic international investors may develop or acquire stakes in existing competitor Russian container terminals, which could bring new expertise into the market and divert clients and cargoes away from the Group. Also, Beneficial Cargo Owners may optimise their logistics chains and decide to control them, which may lead to changes in the competitive environment. Given the historically high margins in the Russian container handling industry, this trend may continue.	The Group actively monitors the competitive landscape and adjusts its strategy accordingly, i.e. the Group prioritises building close long-term strategic relationships with its leading customers (locally, regionally and with headquarters). The Group's focus on service quality is a key differentiator from its competition and the Group believes this is one of its key competitive advantages. The Group continues to invest in its terminals and infrastructure to ensure competitive levels of service. It takes a long-term approach to managing its network of terminals that represent core infrastructure assets in Russia with an expected operating lifespan of 10 to 20 years and beyond. The Group owns a significant land bank giving it flexibility should market conditions require it. The Group maintains the level of capital expenditure in line with the requirements needed to maintain effective development of its existing capacity. The Group has developed long-term operating masterplans for each of its terminals that enable it to react quickly in the case of additional market demands being placed on its facilities' infrastructure and equipment. The Group's healthy cash flow generation and decreasing leverage allows financial flexibility in terms of timing and size of required capital expenditure programme.
Political, economic and social stability: Instability in the Russian economy, as well as social and political instability, could create an uncertain operating environment and affect the Group's ability to sell its services due to significant economic, political, legal and legislative risks. Certain government policies or the selective and arbitrary enforcement of such policies could make it more difficult for the Group to compete effectively and/or impact its profitability. The Group may also be adversely affected by US, EU and other jurisdictions sanctions against Russian businesses/companies whose measures have had and may continue to have an adverse effect on the Russian economy and demand for commodities. Ongoing sanctions could also adversely impact the Group's ability to obtain financing on favourable terms and to deal with certain persons and entities in Russia or in other countries.	In light of the macroeconomic challenges faced by the ports industry in recent years, the Group has focused on improving its resilience, in particular its ability to withstand short-term economic fluctuations in Russia, as well as the wider regional and global environment. This has included a strong focus on cost containment measures, and on strengthening its financial position by refinancing its debt, switching to longer maturities at fixed rates. In addition, the Group has developed its growth strategy to embrace exports and new revenue streams to counteract the impact of any fall in consumer sentiment or any macro-economic downturn. The Group has strengthened its system to monitor compliance with restrictions posed by international sanctions and fend off the risk of secondary sanctions. The Group continues to maintain an international base of shareholders, bondholders and business partners. The Group is not aware of any specific sanctions' risks related to its ownership or operations.

Risk factor	Risk management approach
Coronavirus (COVID-19): The global coronavirus (COVID-19) pandemic that emerged during 2020 impacted the container ports industry and Global Ports own operations, resulting in significant interruption to global trade, disruption to supply chains, reshuffling of vessel calls, and high FX volatility. Despite the introduction of vaccination programmes, visibility remains low and there remains a risk of future outbreaks and disruptions to business operations. Risks include: › personnel shortages due to COVID-19 related illness; › inability to deliver contracted services due to regulatory or safety requirements; › loss of revenue due to business interruption, loss of customer volumes or customer withdrawals; › additional process steps or safety measures; › liquidity issues associated with delays in customer payments, potential customer failures or availability of financing.	There are no restrictions imposed by the governments on the operations of ports, since they are considered being the core transport infrastructure servicing the inbound and outbound traffic from the country. Group measures to mitigate risk are grouped under/focused on four main priorities: › protecting all employees (operations and admin) and communities: including medical examinations, restrictions on travelling and external/internal meetings, social distancing, additional disinfection according to the schedule, personal protective equipment provided for personnel, improved cleaning, and COVID-19 tests. Administrative staff was moved to work from home. The Group tried to establish the maximum comfort for its employees during remote work. The IT infrastructure was adapted to new challenges and was working without major failures. As of the date of publication of this Report, the employees were not fully returned from working from home. The Group has not taken a final decision, whether some of the employees shall continue working from home going forward. Any return to the office is and will be accompanied by following the strict safety protocols including social distancing, disinfection, use of masks, limitation of external contacts; › supporting customers: uninterrupted 24/7 round the clock operations (quay, yard and gates), to support and protect customers' supply chains in Russia, improved commercial and operational flexibility; › strengthening online channels, including maximum digitalisation of documentation and customer integration, further development of online-solutions to decrease the necessity of client's presence at the terminal, improvement of resilience of IT systems to external shocks and cyber attacks; › ensuring financial stability and cash preservation, including pro-active management of costs, receivables and capacity for effective adaptation to crisis and its consequences, stress testing of financial performance and liquidity position, revisiting financial plans. All these measures implemented ensured that the terminals of the Group (quay, yard and gates) remained 100% operational to service vessels/handle cargoes throughout the pandemic as well as the call and service centres of the Group were working without interruption.

Risk factor	Risk management approach
Operational risks	
Leases of terminal land: The Group leases a significant amount of the land and quays required to operate its terminals from government agencies and to a lesser extent from private entities. Any revision or alteration to the terms of these leases or the termination of these leases, or changes to the underlying property rights under these leases, could adversely affect the Group's business.	The Group believes it has a stable situation at present regarding its land leases and its terminals have been in operation for a number of years. The Group owns the freehold on 66% of the total land of its terminals and 70% of the land of its container and inland terminals in Russia. The remainder is held under short and long-term leases routinely renewable at immaterial costs.
Customer Profile and Concentration: The Group is dependent on a relatively limited number of major customers (shipping lines, freight forwarders etc.) for a significant portion of its business. These customers are affected by conditions in their market sector which can result in contract changes and renegotiations as well as spending constraints, and this is further exacerbated by carrier consolidation.	The Group conducts extensive and regular dialogue with key customers and actively monitors changes that might affect our customers' demand for our services. The Group has a clear strategy to reduce its dependence on its major customers, by targeting new customers, increasing the share of business from other existing global customers, and new cargo segments. The Group is also relying on the contribution from non-container revenues by building its presence in marine bulk cargoes like coal and scrap metal (share of non-container revenue was 26% and 22% in 2019 and 2020 respectively).
Reliance on third parties: The Group is dependent on the performance of services by third parties outside its control, including all those other participants in the logistics chain, such as customs inspectors, supervisory authorities, railway and others, and the performance of security procedures carried out at other port facilities and by its shipping line customers.	The Group strives to maintain a continuous dialogue with third parties across the supply chain. In addition, its geographic diversification provides it with some flexibility in its logistics, should bottlenecks develop in one area.
Tariff regulation: Tariffs for certain services at some of the Group's terminals have in the past been regulated by the Russian Federal Antimonopoly Service (FAS). As a result, the tariffs charged for such services were, and may potentially in the future be, subject to a maximum tariff rate and/or fixed in Russian roubles as PLP, VSC, and FCT, like many other Russian seaport operators, are classified as natural monopolies under Russian law.	All tariffs are set in Russian roubles. To the best of the knowledge of the Group's management, the Group is in full compliance with the tariff legislation. The Group continues to monitor legislative proposals and regulatory actions that could lead to changes to the existing tariff regulations. It seeks a proactive dialogue with the relevant Russian federal authorities. It believes it is as well placed as any market participant to adapt to any future changes in tariff regulation.
Human resources management: The Group's competitive position and prospects depend on the expertise and experience of its key management team and its ability to continue to attract, retain and motivate qualified personnel. Industrial action or adverse labour relations could disrupt the Group's operating activities and have an adverse effect on performance results.	The Group annually reviews labour market trends and aligns employee salaries and benefits at all levels to foster and retain skilled labour. The Group invests in the professional development of its staff, including international best practices implementation and internal development/training programmes. The Group engages in socially responsible business practices and support of local communities. The Group strives to maintain a positive working relationship with labour unions at its facilities. Moreover, it pursues overall labour policies designed to provide a salary and benefit package in line with the expectations of our employees.

Risk factor	Risk management approach
Health, safety, security and environment: Accidents involving handling hazardous materials at the Group's terminals could disrupt its business and operations and/or subject the Group to environmental and other liabilities. The risk of safety incidents is inherent in the Group's businesses. The Group's operations could be adversely affected by terrorist attacks, natural disasters or other catastrophic events beyond its control.	The Group has implemented clear safety policies designed around international best practices and benchmarks using such measures as GPI Global Minimum Requirements. Safety is one of the Group's top priorities. A safety strategy and annual action plans have been developed to build a sustainable safety culture across the whole Group. The detailed roadmap is designed to ensure sustainable implementation of safety culture over the medium term. GPI is constantly improving its safety practices by involving the employees in identifying and mitigating potential safety risks. Similarly, GPI works with all its stakeholders to maintain a high level of environmental security around port facilities and vessel operations to minimise the risk of terrorist attack.
Information technology and security: The Group's container terminals rely on IT and technology systems to keep their operations running efficiently, prevent disruptions to logistic supply chains, and monitor and control all aspects of their operations. Any IT glitches or incidents can create significant disruptions for complex logistic supply chains. Any prolonged failure or disruption of these IT systems, whether a result of a human error, a deliberate data breach or an external cyber threat could create significant disruptions in terminal operations. This could dramatically affect the Group's ability to render its services to customers, leading to reputational damage, disruption to business operations and an inability to meet its contractual obligations.	The Group has centralised its IT function in recent years which is an important step in ensuring both the efficiency and consistency of the Group's security protocols implementation. We are continuing to align our IT strategy with the business objectives. We regularly review, update and evaluate all software, applications, systems, infrastructure and security. All software and systems are upgraded or patched regularly to ensure that we minimise vulnerabilities. Each of our business units has an IT disaster recovery plan. Our security policies and infrastructure tools are updated or replaced regularly to keep pace with changing and growing threats. Our security infrastructure is updated regularly and employs multiple layers of defence. Connectivity to our partners' systems is controlled, monitored and logged.
Regulatory and compliance risks	
Regulatory compliance: The Group is subject to a wide variety of regulations, standards and requirements and may face substantial liability if it fails to comply with existing regulations applicable to its businesses. The Group's terminal operations are subject to extensive laws and regulations governing, among other things, the loading, unloading and storage of hazardous materials, environmental protection and health and safety.	The Group strives to comply at all times with all regulations governing its activities and devotes considerable management and financial resources to ensure compliance.
Changes in regulations: Changes to existing regulations or the introduction of new regulations, procedures or licensing requirements are beyond the Group's control. They may be influenced by political or commercial considerations not aligned with the Group's interests. Any expansion of the scope of the regulations governing the Group's environmental obligations, in particular, would likely involve substantial additional costs, including costs relating to maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of its ability to address environmental incidents or external threats.	The Group maintains a constructive dialogue with relevant federal, regional and local authorities regarding existing and planned regulations. The Group does not have the power to block any or all regulations it may judge to be harmful, but this dialogue should ensure it has time to react to changes in the regulatory environment.

Risk factor	Risk management approach
Conflict of interests: The Group's controlling beneficial shareholders may have interests that conflict with those of the holders of the GDRs or notes. The major implications of this risk are that (i) co-controlling shareholders pursue other businesses not related to GPI and hence may not be deeply involved with developing GPI and (ii) one of the major shareholders is also a major customer of the Group. The employees of the Group may have interests in the companies, that may or potentially may have the business with the Group.	The Group's corporate governance system is designed to maximise the company's value for all shareholders and ensure the interests of all stakeholders are taken into account. The Group's LSE listing ensures our compliance with the highest international standards. In addition, the Board consists of highly experienced individuals including strong independent directors. In 2020 the Group adopted the Policy on Conflicts of Interest regulating the potential conflicts of interest by the employees of the Group.
Legal and tax risks: Adverse determination of pending and potential legal actions involving the Group's subsidiaries could have an adverse effect on the Group's business, revenues and cash flows and the price of the GDRs. Weaknesses relating to the Russian legal and tax system and appropriate Russian law create an uncertain environment for investment and business activity and legislation may not adequately protect against expropriation and nationalisation. The lack of independence of certain members of the judiciary, the difficulty of enforcing court decisions and governmental discretion claims could prevent the Group from obtaining effective redress in court proceedings. The UK left the EU on 31 January 2020 with the prior conclusion of the EU — UK Trade and Cooperation Agreement. Although the Agreement covers the financial services in general, it is expected that the parties will further establish a framework for regulatory cooperation on financial services.	The Group maintains a solid and professional legal function designed to monitor legal risks, avoid legal actions where possible and carefully oversee any changes in applicable legislation that may occur. The Group performs ongoing monitoring of changes in relevant tax legislation and court practice in the countries where its companies are located and develops the Group's legal and tax position accordingly.
Financial risks	
Foreign exchange risks: The Group is subject to foreign-exchange risk arising from various currency exposures, primarily the Russian rouble and the US dollar. Foreign-exchange risk is the risk of fluctuations in profits and cash flows of the Group arising from movement of foreign-exchange rates. Risk also arises from revaluation of assets and liabilities denominated in foreign currency.	As of 2020, all Group tariffs are denominated in Russian roubles, and part of the Group's debt is denominated in US dollars. On the other hand most of the Group's operating expenses, are and will continue to be denominated and settled in RUB. To mitigate the possibility of foreign exchange risks arising from a significant mismatch between the currency of revenue and the currency of debt (open FX position), the Group is converting part of its existing USD debt into RUB, the currency of revenue. In order to further mitigate FOREX risk, between June and September 2019 the Group put in place forward hedges and currency options totalling USD 231.4 million to convert part of USD denominated debt into RUB. During 2018–2020, the Group repurchased part of its USD denominated Eurobonds and currently/to date around 29% of the total issued Eurobonds have been canceled. New debt in 2020 was attracted/raised only in Russian rouble (VSC bonds in the amount of 5 billion RUB–USD equivalent of USD 67,681 thousand). In addition, the Group has negotiated with some of its customers the right to change its Russian rouble tariffs in conjunction with RUB/USD exchange rate fluctuations within a range of +/-15% each time when average RUB/USD exchange rate for a given month falls beyond 5% from the base exchange rate used for translating original USD tariffs to RUB, however the risk above the levels of these currency moves remains.

Risk factor	Risk management approach
Credit risk: The Group may be subject to credit risk, arising primarily from trade and other receivables, loans receivable and cash and cash equivalents and derivative financial instruments. The Group's business is also dependent on several large key customers.	The Group closely tracks its accounts receivables overall and the creditworthiness of key customers and suppliers.
Debt, leverage and liquidity: The Group's indebtedness or the enforcement of certain provisions of its financing arrangements could affect its business or growth prospects. Failure to promptly monitor and forecast compliance with loan covenants both at the Group and individual terminal levels may result in covenant breaches and technical defaults. If the Group is unable to access funds (liquidity) it may be unable to meet financial obligations when they fall due, or on an ongoing basis, to borrow funds in the market at an acceptable price to fund its commitments.	The Group has been able to reduce its total debt level. During 2018–2020 the Group repurchased USD 203.5 million nominal value of 2022 and 2023 Eurobonds of which USD 69.5 million were refinanced via a 5 year/60 month RUB bank loan in 2019. FCT Series 1 Bonds were repaid in 2020 using the proceeds from VSC bonds issued in December 2020 with maturity over 5 years and lower interest rate than FCT bonds. Debt reduction beyond minimum repayment requirements remains a management priority in 2021. Liquidity risk is carefully monitored, with regular forecasts prepared for the Group and its operating entities. The risk of liquidity shortfalls within the following 18–24 months has been significantly reduced via extensions of debt maturities through public debt issuance in 2020: VSC issued Russian rouble bonds in the amount of 5 billion RUB — USD equivalent of USD 67,681 thousand, which is a part of the rouble-denominated Bond Program of VSC with Moscow Exchange which provides VSC with the potential to issue additional bonds of RUB 25 billion — USD equivalent of USD 338,406 thousand over an unlimited period of time with a maturity of up to 10 years. FCT has a similar Bond Program for RUB 50 billion — USD equivalent of USD 676,813 thousand. In addition the Group has over US dollars 300 million of open uncommitted limits for credit line facilities from the banks which in combination with VSC and FCT bonds can facilitate financial flexibility and diversification of the debt portfolio of the Group and the refinancing of the existing debt of the Group and ensure all obligations of the Group falling due in the next 12 months are met. The Group regularly stress tests scenarios when different negative trends that could affect cash flows are identified. The liquidity position is carefully monitored in case of further deterioration of financial performance. Multi-Link Terminals Ltd Oy, a Finnish joint venture of the Group, secured a waiver from its financing bank confirming that the bank will not exercise its right for an early prepayment of the loan due to breach of financial covenants as of 31 December 2020.

ADDITIONAL INFORMATION

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

This Report includes a fair, balanced and understandable review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Board of Directors of Global Ports Investments Plc

DEFINITIONS

Terms that require definitions are marked with capital letters in this report and the definitions of which are provided below in alphabetical order. The non-IFRS financial measures defined below are presented as supplemental measures of the Group's operating performance, which the Group uses as key performance indicators of the Group's business and to provide a supplemental tool to assist in evaluating current business performance. The Group believes these metrics are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Russian market and global ports sector. These non-IFRS financial measures are measures of the Group's operating performance that are not required by, or prepared in accordance with, IFRS. All of these non-IFRS financial measures have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under IFRS and should not be considered as alternatives to revenues, profit, operating profit, or any other measures of performance derived in accordance with IFRS or as alternatives to cash flow from operating activities or as measures of the Group's liquidity. In particular, the non-IFRS financial measures should not be considered as measures of discretionary cash available to the Group businesses.

Adjusted EBITDA (a non-IFRS financial measure) for Global Ports Group is defined as profit for the period before income tax expense, finance income/(costs)—net, depreciation, write-off and impairment of property plant and equipment, depreciation and impairment of right-of-use assets, amortisation, write-off and impairment of intangible assets, share of profit/(loss) of joint ventures accounted for using the equity method, other gains/(losses)—net.

Adjusted EBITDA Margin (a non-IFRS financial measure) is calculated as Adjusted EBITDA divided by revenue, expressed as a percentage.

ASOP is "Association of Sea Commercial Ports" (www.morport.com).

Baltic Sea Basin is the geographic region of northwest Russia, Estonia and Finland surrounding the Gulf of Finland on the eastern Baltic Sea, including St. Petersburg, Ust-Luga, Tallinn, Helsinki and Kotka.

Cash Cost of Sales (a non-IFRS financial measure) is defined as cost of sales, adjusted for depreciation, write-off and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, amortisation, write-off and impairment of intangible assets.

Cash Administrative, Selling and Marketing Expenses (a non-IFRS financial measure) is defined as administrative, selling and marketing expenses, adjusted for depreciation, write-off and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, amortisation, write-off and impairment of intangible assets.

CD Holding Group consists of Yanino Logistics Park (an inland terminal in the vicinity of St. Petersburg) and CD Holding Group. The results of CD Holding Group group are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below Adjusted EBITDA).

Consolidated Container Revenue is defined as revenue generated from containerised cargo services.

Consolidated Marine Bulk Throughput is defined as combined marine bulk throughput by consolidated terminals: PLP, VSC, FCT and ULCT.

Consolidated Marine Container Throughput is defined as combined marine container throughput by consolidated marine terminals: PLP, VSC, FCT and ULCT.

Consolidated Non-Container Revenue is defined as a difference between total revenue and Consolidated Container Revenue.

Container Throughput in the Russian Federation Ports is defined as total container throughput of the ports located in the Russian Federation, excluding half of cabotage cargo volumes. Respective information is sourced from ASOP ("Association of Sea Commercial Ports", www.morport.com).

Far East Basin is the geographic region of southeast Russia, surrounding the Peter the Great Gulf, including Vladivostok and the Nakhodka Gulf, including Nakhodka on the Sea of Japan.

First Container Terminal (FCT) is located in the St. Petersburg harbour, Russia's primary gateway for container cargo and is one of the first specialised container terminals to be established in the country. The Global Ports Group owns a 100% effective ownership interest in FCT. The results of FCT are fully consolidated.

Finnish Ports segment consists of two terminals in Finland, MLT Kotka and MLT Helsinki (in the port of Vuosaari), in each of which CMA Terminals currently has a 25% effective ownership interest. The results of the Finnish Ports segment are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

Free Cash Flow (a non-IFRS financial measure) is calculated as Net cash from operating activities less Purchases of PPE.

Functional Currency is defined as the currency of the primary economic environment in which the entity operates. The functional currency of the Company and certain other entities in the Global Ports Group is US dollars. The functional currency of the Global Ports Group's operating companies for the years under review was (a) for the Russian Ports segment, the Russian Rouble and (b) for the Finnish Ports segment, the Euro.

Gross Container Throughput represents total container throughput of a Group's terminal or a Group's operating segment shown on a 100% basis. For the Russian Ports segment it excludes the container throughput of the Group's inland container terminal – Yanino.

MLT Group consists of Moby Dik (a terminal in the vicinity of St. Petersburg) and Multi-Link Terminals Oy (terminal operator in Vuosaari (near Helsinki, Finland) and Kotka, Finland), MLT-Ireland and some other entities. The results of MLT Group are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

Moby Dik (MD) is located on the St. Petersburg ring road, approximately 30 kilometers from St. Petersburg, at the entry point of the St. Petersburg channel. It is the only container terminal in Kronstadt. The Global Ports Group owns a 75% effective ownership interest in MD, CMA Terminals currently has a 25% effective ownership interest. The results of MD are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

Net Debt (a non-IFRS financial measure) is defined as the sum of current borrowings, non-current borrowings, current and non-current lease liabilities (following adoption of IFRS 16) and swap derivatives less cash and cash equivalents and bank deposits with maturity over 90 days.

Petrolesport (PLP) is located in the St. Petersburg harbour, Russia's primary gateway for container cargo. The Group owns a 100% effective ownership interest in PLP. The results of PLP are fully consolidated.

Ro-Ro, roll on-roll off is cargo that can be driven into the belly of a ship rather than lifted aboard. Includes cars, buses, trucks and other vehicles.

Revenue per TEU is defined as the Global Ports Group's Consolidated Container Revenue divided by total Consolidated Container Marine Throughput.

Russian Ports segment consists of the Global Ports Group's interests in PLP (100%), VSC (100%), FCT (100%), ULCT (80%) (in which Eurogate currently has a 20% effective ownership interest), Moby Dik (75%), Yanino (75%) (in each of Moby Dik and Yanino, CMA Terminals currently has a 25% effective ownership interest), as well as certain other entities. The results of Moby Dik and Yanino are accounted in the Global Ports' consolidated financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

TEU is defined as twenty-foot equivalent unit, which is the standard container used worldwide as the uniform measure of container capacity; a TEU is 20 feet (6.06 metres) long and eight feet (2.44 metres) wide and tall.

Total Debt (a non-IFRS financial measure) is defined as a sum of current borrowings, non-current borrowings, current and non-current lease liabilities (following adoption of IFRS 16) and swap derivatives.

Total Operating Cash Costs (a non-IFRS financial measure) is defined as Global Ports Group's cost of sales, administrative, selling and marketing expenses, less depreciation, write-off and impairment of property, plant and equipment, less depreciation and impairment of right-of-use assets, less amortisation, write-off and impairment of intangible assets;

Ust Luga Container Terminal (ULCT) is located in the large multi-purpose Ust-Luga port cluster on the Baltic Sea, approximately 100 kilometres westwards from St. Petersburg city ring road. ULCT began operations in December 2011. The Global Ports Group owns an 80% effective ownership interest in ULCT, Eurogate, the international container terminal operator, currently has a 20% effective ownership interest. The results of ULCT are fully consolidated.

Vopak E.O.S. (VEOS) includes AS V.E.O.S. and various other entities (including an intermediate holding) that own and manage an oil products terminal in Muuga port near Tallinn, Estonia. The Group owned a 50% effective ownership interest in Vopak E.O.S. The remaining 50% ownership interest was held by Royal Vopak. In April 2019 the Group sold its stake in the VEOS oil products terminal to Liwathon.

Vostochnaya Stevedoring Company (VSC) is located in the deep-water port of Vostochny near Nakhodka on the Russian Pacific coast, approximately eight kilometers from the Nakhodka-Vostochnaya railway station, which is connected to the Trans-Siberian Railway. The Group owns a 100% effective ownership interest in VSC. The results of VSC are fully consolidated.

Weighted Average Effective Interest Rate is the average of interest rates weighted by the share of each loan in the total debt portfolio.

Yanino Logistics Park (YLP) is the first terminal in the Group's inland terminal business and is one of only a few multi-purpose container logistics complexes in Russia providing a comprehensive range of container and logistics services at one location. It is located approximately 70 kilometres from the Moby Dik terminal in Kronstadt and approximately 50 kilometres from PLP. The Global Ports Group owns a 75% effective ownership interest in YLP, CMA Terminals currently has a 25% effective ownership interest. The results of YLP are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of net profit shown below EBITDA).

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