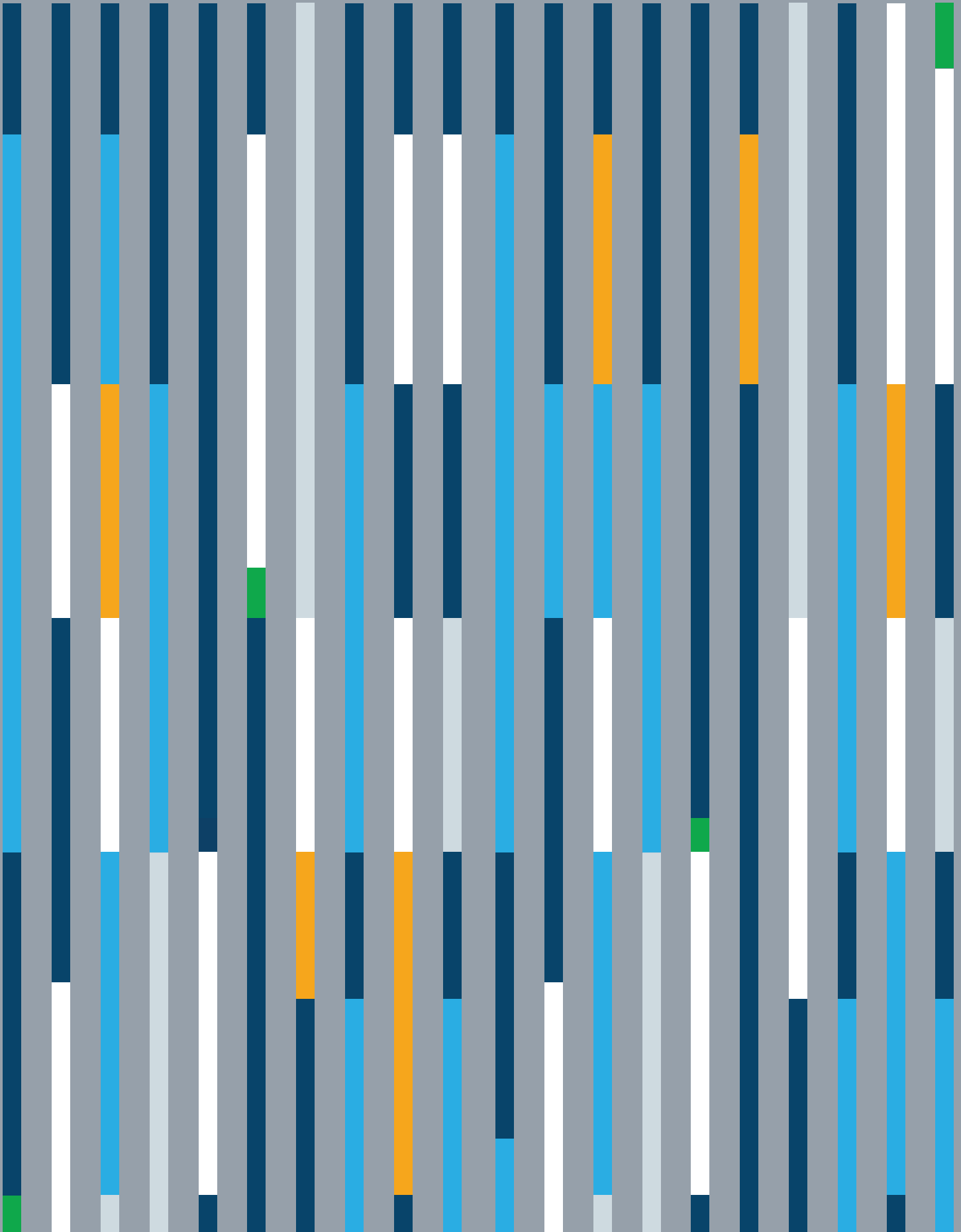


# SUSTAINABLE LOGISTICS LINKS

2020



# The report's concept

Logistics is a highly ordered system where all parts are interdependent. Sustainable logistics is even more ordered but at the same time is flexible and able to respond to the challenges that confront our world.

We chose to express this idea like a modern abstract artist—to find minimal forms allowing us to describe such a system artistically without it losing its properties.

For TransContainer's, RUSCON's and DeloPorts' reports, we created a series of abstract, almost infographic compositions symbolising ideal sustainable logistics. Each of their elements (a block/module, a part) is independent and self-contained, yet at the same time, taken in their totality, they assemble into an ordered geometrical system capable of scaling and transformation.



# Contents

	Statement from the President	5
01.	Information about the Company	8
01.1.	General disclosures	9
01.2.	Business model	10
01.3.	Market presence	11
01.4.	Economic performance	15
02.	Sustainable logistics	17
02.1.	Our approach to sustainability	18
02.2.	Sustainability in logistics	19
02.3.	Sustainable logistics during the COVID-19 pandemic	22
03.	Responsible business practices	26
03.1.	Anti-corruption	27
03.2.	Observance of human rights	30
03.3.	Procurement practices	32
03.4.	Quality management	35
03.5.	Data security	39
04.	Corporate governance	40
04.1.	Governance structure	41
04.2.	Board of Directors and Management Board remuneration system	49
04.3.	Risk management and internal control and audit	51

05.	Creating good working conditions for employees	59
05.1.	Staff breakdown	62
05.2.	Staff remuneration and incentives	65
05.3.	Training and education	69
05.4.	Social support for employees	76
05.5.	Occupational health and safety	80
06.	Environmental footprint	89
06.1.	Energy consumption and efficiency	95
06.2.	GHG and pollutant emissions	97
06.3.	Water consumption and water resources protection	99
06.4.	Waste management system	101
07.	Social activities	103
	Appendix	109
1.	Our approach to sustainability reporting	110
2.	Approach to identifying material topics	111
3.	Stakeholder engagement	113
4.	Quantitative data	120
5.	GRI content index	131
6.	Glossary	141
7.	Contact information	142

# Statement from the President

Dear readers,

We are pleased to present our first Sustainability Report — an important milestone for the Company and a signal of our commitment to environmental stewardship, social responsibility and good corporate governance. Given that sustainable development is an integral part of our business strategy and a strategic priority for our shareholder, Delo Group, we have elected to publish annual sustainability reports.

This report sets out TransContainer's approach to sustainable development in such areas as responsible business practices, environmental impact, working conditions for employees, social activities and sustainable economic performance.

In 2020, we have witnessed significant social and economic transformations. No less important, it was the first year that TransContainer operated as a private company integrated with other assets of its sole shareholder.

In the first quarter of 2020, against the onset of the COVID-19 pandemic, our Company and the whole world was confronted by serious challenges that required us to quickly adapt and change our approaches to doing business. As part of our response, we streamlined, digitalised and automated our existing processes. The new normal also led us to rethink our approach to human resource management. The executive team considered this not only as a business necessity but also as an inalienable part of the Company's responsibilities to its employees, shareholders, clients and society as a whole.

We focused our efforts on the health and safety of our employees, along with the continuity of our business and operations. By leveraging our infrastructure and online services to launch new products, we successfully shifted our

GRI  
102-14



Aleksandrs Isurins  
President of TransContainer

employees to remote work where possible. We provided field employees who continued to work offline with all the necessary personal protective equipment. Additionally, we introduced regular PCR and antibody tests, as well as regular temperature checks and health monitoring. Our employees received access to the vaccine at the earliest opportunity, as we organised on-site vaccination booths at our locations.

When the logistics system and supply chain began to buckle under the weight of the pandemic, we continued to set a high bar, given our desire to maintain our leading position in the container logistics segment in Russia and to deliver great customer experience. We have since provided high quality and reliable customer service throughout the pandemic. We quickly responded to our customers' needs by launching new services and shifted operations online where possible. As a result, in 2020 the Company's customer satisfaction scored 8.8 points on a 10-point scale.

The logistics sector has enormous social and economic significance. In the face of challenging economic and public health conditions, reliable logistics services help to reduce the transportation component in the price of almost any product. The wide geographic scope of TransContainer's routes supports international trade and ensures the connectivity of the economy along with the availability of merchandise—including strategically important goods—across our entire country.

**In 2020, TransContainer's rail container traffic came to 2.4m TEUs, an increase of 17% over 2019. Railcar turnover fell by 0.6 days, while container turnaround time decreased by 0.8 days.**

Last year, we initiated the revision of our sustainability reporting framework and updated our Code of Business Ethics. This document outlines our values and the ways we work, including the balance between our economic interests and our social, economic and environmental commitments.

In 2020, changes in TransContainer's ownership structure, coupled with the new management team, brought to the fore the need to design a new strategy. It is important for



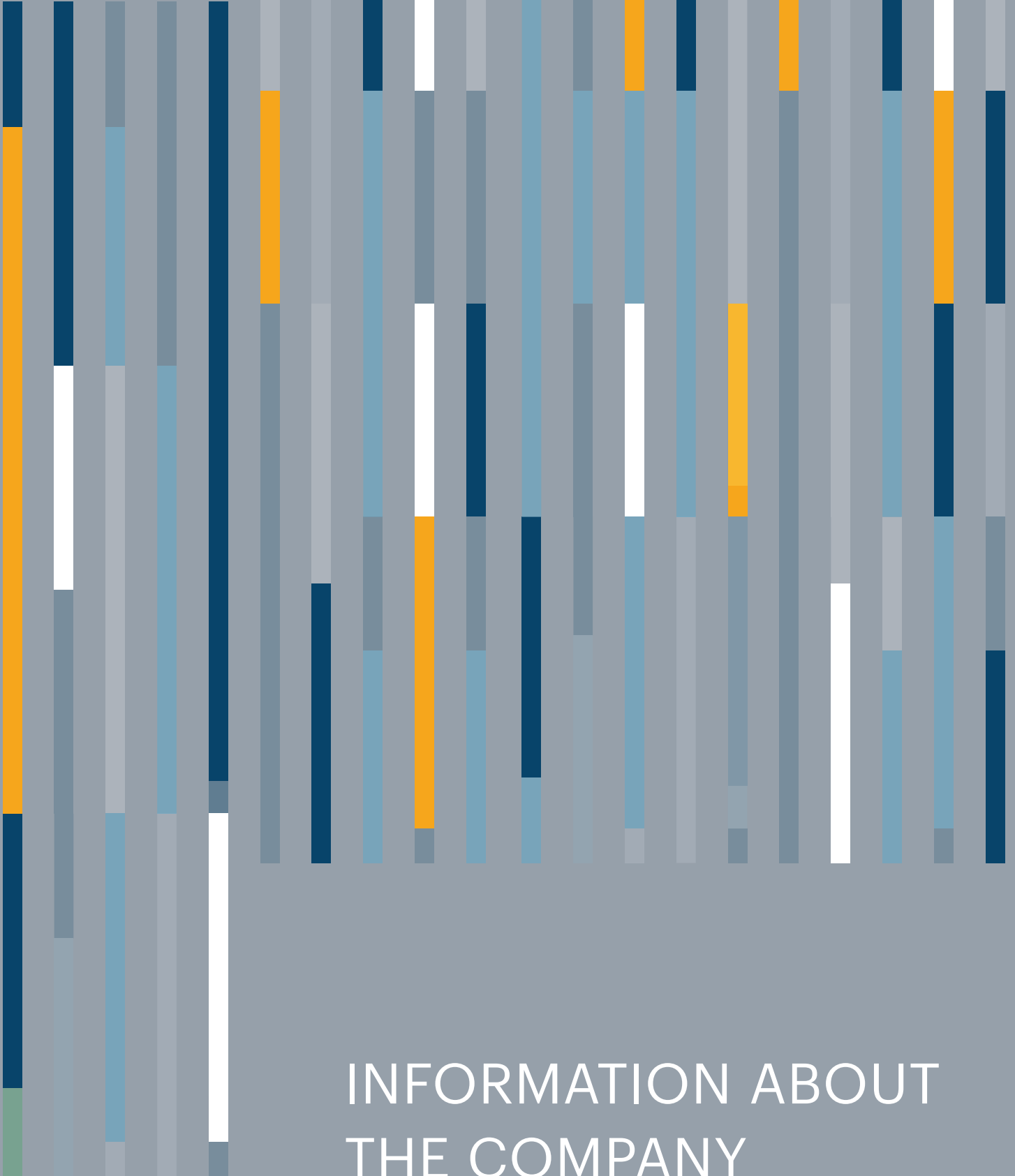
Customer Satisfaction Index in 2020, +0.2 points compared to 2019

us to define our purpose and priorities in light of our sustainable development principles and Delo Group's key objectives. This will help us to contend with our stakeholders' expectations.

We understand that over the next few years we must develop our sustainability approach and integrate it into our overall strategy. We will put together a team that will set our sustainability goals and objectives and will work to achieve them. We are confident that incorporating the perspectives and expectations of a wide range of our stakeholders into our efforts to manage our impact on the economy, society and environment will not only make our Company stronger, but will also facilitate the sustainable development of the logistics industry in the long term.

Aleksandrs Isurins  
President of TransContainer

01



INFORMATION ABOUT  
THE COMPANY



# 01.1. General disclosures

TransContainer (the “Company”) is the largest intermodal container operator in Russia. The Company has a unique proven track record of managing a large fitting platform and a container fleet across more than 3,300 routes in Russia and abroad, as well as extensive experience in successfully organising complex door-to-door transport and logistics solutions that make it possible to deliver a container to any destination in Russia, Europe and Asia using our own assets or those of our partners.

Container shipments have proven effective in organising international and domestic long-distance logistics.

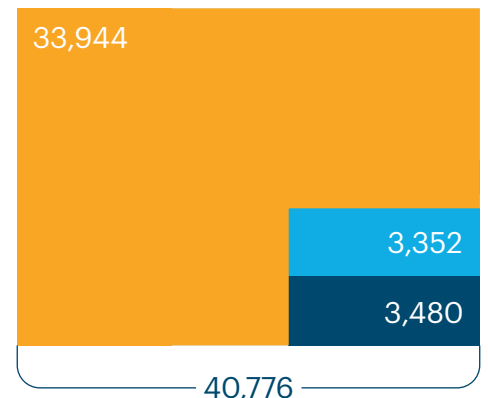
**Our mission is to become the leading company in the rail container logistics segment through our integration with Delo Group’s assets.**

The scope of TransContainer’s activities includes:

- Rail container transportation
- Integrated freight forwarding and logistics services for rail container transportation
- Terminal services
- Container truck deliveries

In August 2020, TransContainer became part of Delo Group. This has opened up opportunities for efficiency gains and a more holistic customer service thanks to economies of scale and integration.

GRI	GRI	GRI	GRI
102-1	102-2	102-4	102-7



Creation of value through mutual integration of assets (RUB m)

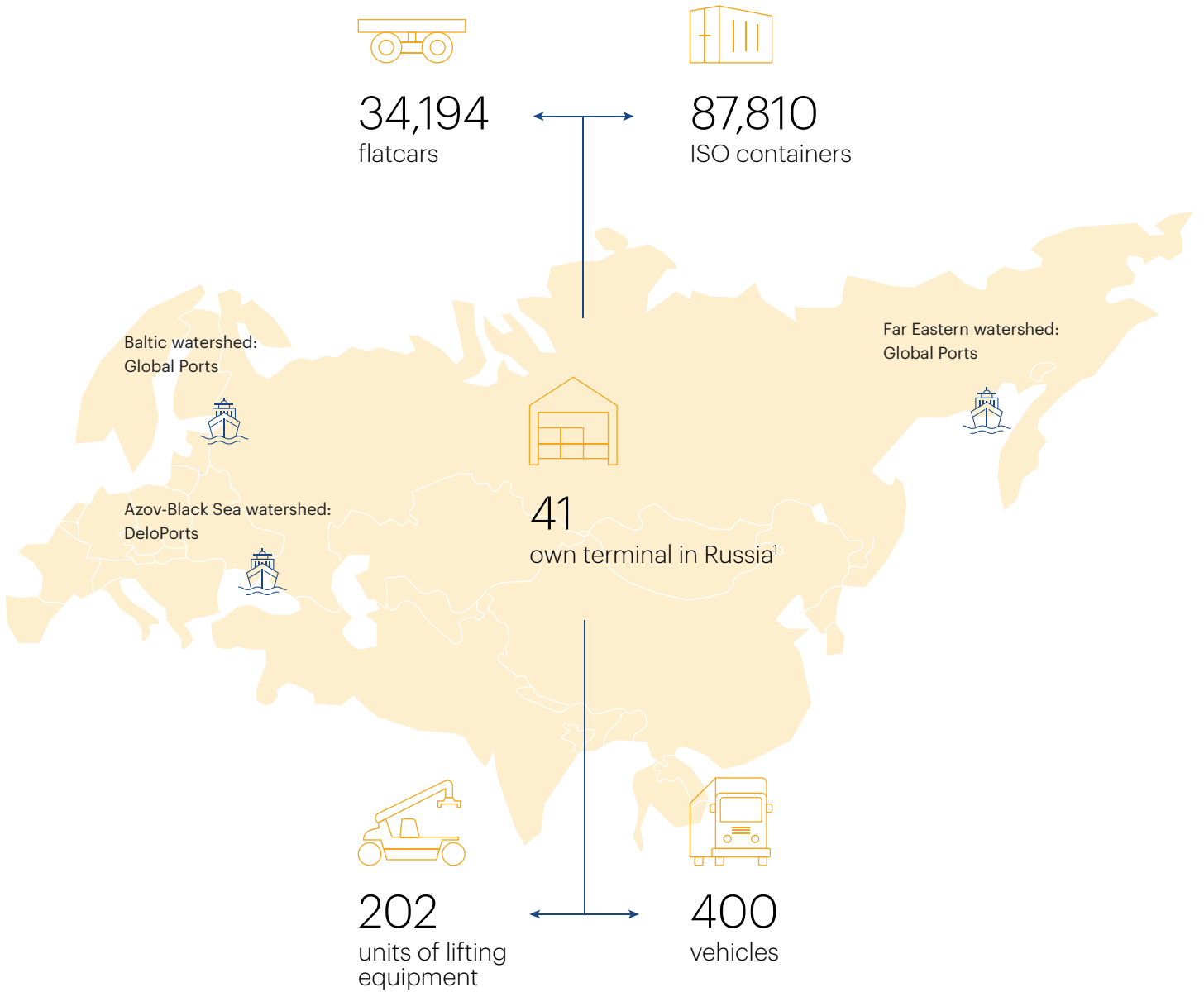
- Adjusted revenue
- Integrated freight forwarding and logistics services
- Agency fees (terminal handling on behalf of Russian Railways)
- Other revenues

# 01.2. Business model

GRI  
102-2

Highly profitable logistics solutions based on the synergy of TransContainer’s own transportation assets and Delo Group’s assets

<sup>1</sup> Including two terminals registered as separate legal entities and one terminal registered as a JV



# 90

offices

# 24/7

digital sales channel

# OTM

End-to-end processes in OTM System

# 01.3. Market presence

GRI 102-4    GRI 102-6    GRI 102-7



**34**  
thousand flatcars

**90**  
sales offices in Russia

**88**  
thousand containers

**4**  
representative  
offices abroad

**38**  
container terminals  
in Russia

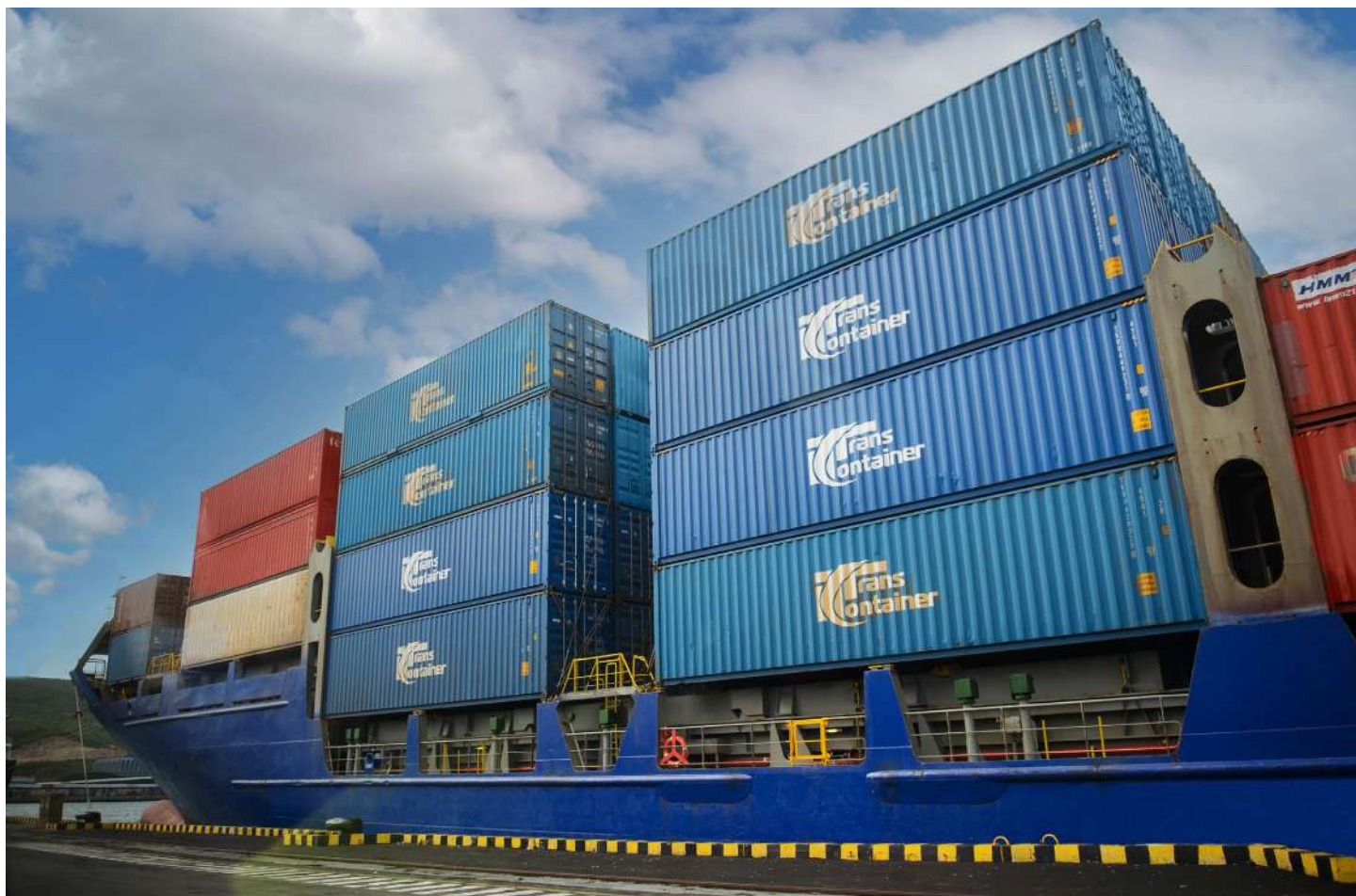
**14**  
branch offices across  
the Russian Railways network

**37%**  
the Company's share  
in profitable railway container  
transportation in Russia

**20,000**  
clients

**iSales**  
online sales service

- |                    |                   |                      |
|--------------------|-------------------|----------------------|
| 1 Arkhangelsk      | 15 Kostarikha     | 29 Rostov-Tovarny    |
| 2 Bazaikha         | 16 Krasnodar      | 30 Skachki           |
| 3 Barnaul          | 17 Kuntsevo       | 31 Tver              |
| 4 Batareynaya      | 18 Kurgan         | 32 Trofimovskiy      |
| 5 Blagoveshchensk  | 19 Kutum          | 33 Ussuriysk         |
| 6 Blochnaya        | 20 Lagernaya      | 34 Khabarovsk-2      |
| 7 Bryansk          | 21 Lesok          | 35 Chelyabinsk       |
| 8 Vladikavkaz      | 22 Magnitogorsk   | 36 Chernikovka       |
| 9 Vorsino          | 23 Nizhnevartovsk | 37 Chita             |
| 10 Yekaterinburg   | 24 Omsk           | 38 Yuzhno-Sakhalinsk |
| 11 Zabaikalsk      | 25 Penza          | 39 Yaroslavl         |
| 12 Kaliningrad     | 26 Pervaya Rechka | 40 Saint Petersburg  |
| 13 Kirov-Kotlassky | 27 Pozim          |                      |
| 14 Kleshchikha     | 28 Pridacha       |                      |



TransContainer operates across the entire geography of the 5-ft (1,520 mm) railway track gauge in the CIS, Baltic states, Mongolia and Finland. The 5-ft gauge track—with a length of more than 150,000 km—connects Eurasia into a common social and economic space. The Company's head office is located in Moscow. The Company has an extensive network consisting of 14 branches across the entire country from Sakhalin to Kaliningrad.

The Company's infrastructure includes 38 transport and logistics hubs that make container logistics accessible for main container traffic flows.

Five foreign offices support the Company's global operations at key locations in Europe and the Asia-Pacific region.

## 150 km

the length of the 5-ft (1,520 mm) railway track gauge

## 14

branches across Russia, from Sakhalin to Kaliningrad

## 38

transport and logistics hubs

## Clients

TransContainer is a customer-centric company that builds long-term partnerships to create value for its clients.

The Company offers a complete range of container logistics services, including:

- Turnkey multimodal delivery of containerised cargo on short notice from the sender's to the recipient's warehouse using assets of the Company and Delo Group, as well as the services of co-contractors
- Rail transportation of cargo with the provision of the Company's railcar and container for loading complete with terminal handling of containers and cargo at departure and destination stations
- Terminal cargo handling, temporary storage/bonded warehousing services, last-mile services, including trucking services and customs clearance
- Logistics consulting, containerised cargo tracking, assistance with cross-border document issuance, insurance, customs clearance and other value-added services

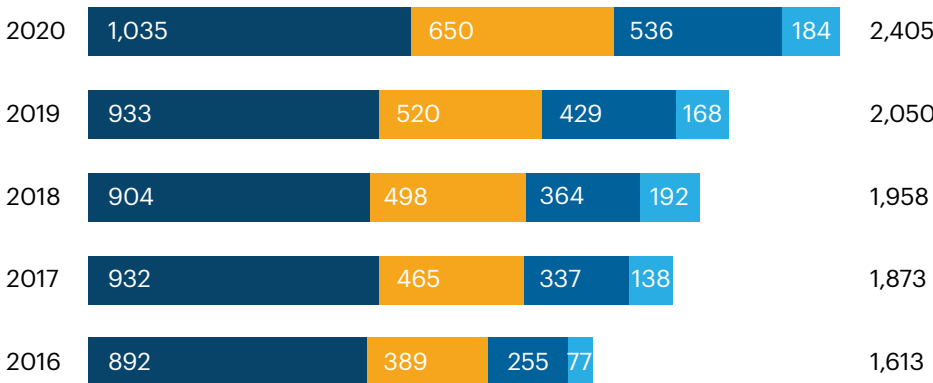
TransContainer provides transport and logistics services to forwarding companies and end consignors. The Company's client base comprises tens of thousands of clients ranging from global majors to small businesses and individuals. In 2020, the Company provided services to more than 20,000 clients.

20  
thousand

clients in 2020

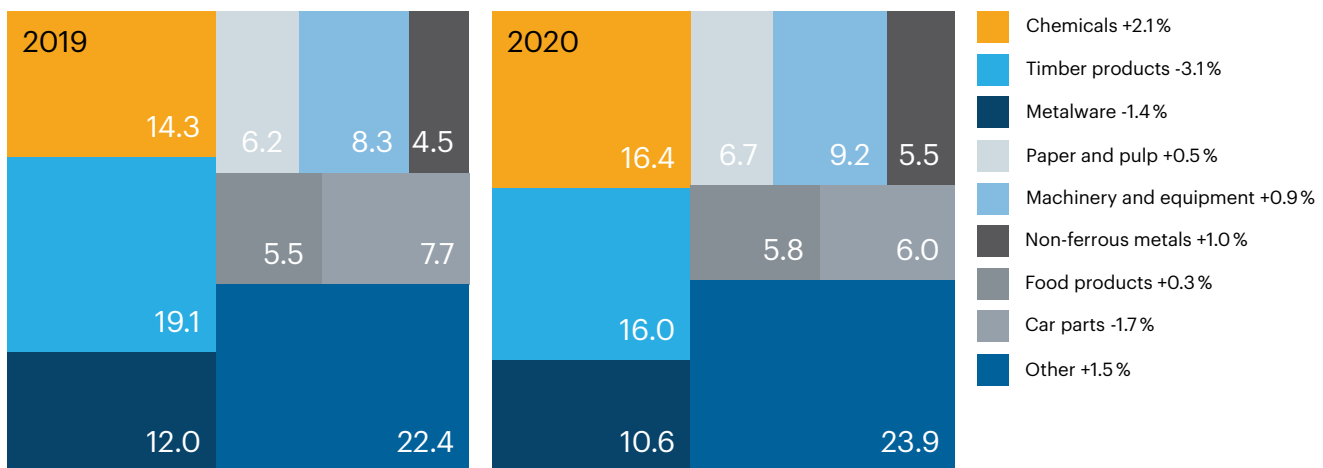
## Rail container transportation

Rail container traffic using the Company’s rolling stock and containers increased to 2.4m TEUs, up 17.3% year-on-year, while the Company’s market share grew to 41%.



Railway container shipments by the Company’s rolling stock (loaded and empty ISO containers, ‘000 TEU) in 2016–2020

In 2020, chemicals (16.4% of the total loaded container shipments), timber and metals (16.0% and 10.6%, respectively) were the largest product categories handled by the Company.



Breakdown of loaded container shipments by the Company’s own rolling stock in 2019–2020 by cargo type (percent shares based on transportation volumes in TEUs)

# 37%

TransContainer’s share in profitable railway container transportation in Russia

# +16.2%

compared to 2019—an all-time high in revenue-generating transport services

# 01.4. Economic performance

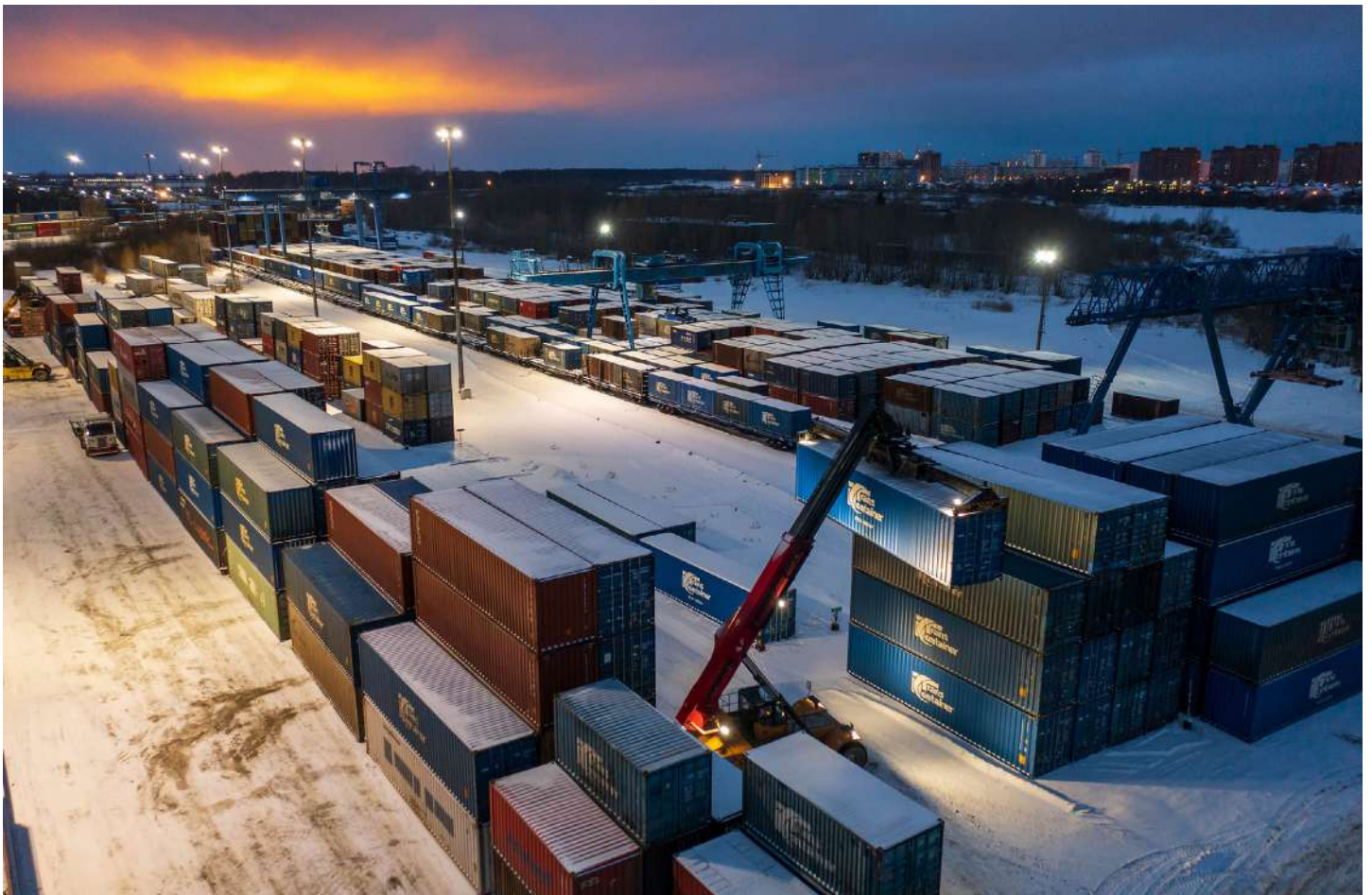
The COVID-19 pandemic that hit us in early 2020, as well as the restrictions that followed, had a significant impact on our economies and societies. In the face of uncertainty, supply chain disruptions and macroeconomic instability, the Russian container market has demonstrated resilience and the ability to quickly adapt to new challenges, with rail container traffic growing 16.3% to a record 5.8m TEUs in 2020. This growth was mainly driven by international shipments (up 19.4%) and transit shipments (up 37.5%). The growth of transit shipments was caused by disruptions in air supply chains and sea container shipments.

With the market booming, TransContainer achieved stronger financial and operating performance in 2020, hitting an all-time high of 1.9m TEUs in revenue-generating transport services (up 16.2% year-on-year).

GRI  
102-7

# 5.8 m TEUs

rail container traffic in 2020



Strong operating performance led to an increase in financial indicators, with revenue exceeding RUB 100bn for the first time (up 20.1% year-on-year). Net profit increased 7.7% to RUB 12.66bn while EBITDA reached RUB 22.65bn (up 13.3%). Management improvements and operating efficiency gains led to record high productivity in transportation services with 19.9% growth year-on-year to 745 TEUs per man-year.

In 2020, the turnover of platforms fell from 12.3 days to 11.9 days year-on-year. In the reporting period, container turn-around time also improved (from 34.1 to 33.4 days) thanks to the Company's efforts aimed at optimising fleet management, introducing flexible tariff policies and increasing regular container services.

# 1.9 m TEUs

revenue-generating transport services in 2020

# 20.1%

revenue growth in 2020

## Key financial indicators of the Company (RUB m)<sup>1</sup>

Item	2019	2020	Year-on-year change	
			RUB m	%
Total revenue	86,179	103,497	17,318	20.1
Adjusted revenue <sup>2</sup>	37,896	40,776	2,880	7.6
Adjusted expenses <sup>3</sup>	23,286	26,701	3,415	14.7
EBITDA <sup>4</sup>	19,987	22,645	2,658	13.3
Adjusted EBITDA margin <sup>5</sup> (%)	52.7	55.5	—	3 p. p.
Profit for the period	11,750	12,659	909	7.7
Adjusted net profit margin (%)	31.0	31.0	—	0 p. p.
Debt	22,352	63,223	40,871	182.9
Net debt <sup>6</sup>	18,772	54,631	35,859	191.0
LTM EBITDA <sup>7</sup>	19,987	22,645	2,658	13.3
Net debt / LTM EBITDA	0.94	2.41	1.47	—
Equity capital	48,434	22,509	-25,925	-53.5
Return on equity (%)	24.3	56.2	—	32 p. p.

<sup>1</sup> The review provides an analysis of TransContainer's data (combined with subsidiaries) based on consolidated financial results for 2020 in accordance with international financial reporting standards (IFRS).

<sup>2</sup> Adjusted revenue is calculated as total revenue less cost of integrated freight forwarding and logistics services.

<sup>3</sup> Adjusted operating expenses are calculated as operating expenses less cost of integrated freight forwarding and logistics services.

<sup>4</sup> EBITDA is defined as profit for the period before income tax, interest expense and depreciation and amortisation.

<sup>5</sup> Adjusted EBITDA margin is defined as EBITDA divided by Adjusted revenue.

<sup>6</sup> Net debt is calculated as long-term debt, finance lease obligations, short-term debt and current portion of the long-term debt less cash and cash equivalents.

<sup>7</sup> LTM EBITDA is calculated as EBITDA for the past 12 months.



02



SUSTAINABLE  
LOGISTICS

# 02.1. Our approach to sustainability

TransContainer holds itself accountable to all the Company’s stakeholders and declares its commitment to sustainability while striving to maintain a balance between economic growth, environmental stewardship, and social and economic impact<sup>1</sup>. The Company fully supports the approach laid out in the 17 UN Sustainable Development Goals adopted by the UN General Assembly (UN SDGs). TransContainer’s strategic business priorities are aligned with most of the SDGs.



<sup>1</sup> For more details, see the Stakeholder engagement section.

## The Company follows the principles set by the UN Global Compact and the Bank of Russia sustainability guidelines.

Sustainable development lays the groundwork for the Company’s long-term growth, as the Company cannot expect to maintain its market leadership without integrating sustainability into its core operations. The Company’s strategy embraces social and environmental topics, with a focus on the following dimensions.

### Focus of TransContainer’s sustainability efforts

Business ethics	Accountability to employees	Environmental responsibility	Charity and Philanthropy
<ul style="list-style-type: none"> <li>Information transparency and openness</li> <li>Corporate governance effectiveness</li> <li>Anti-corruption and anti-fraud policy</li> <li>Respect for human rights and freedoms</li> <li>Continual dialogue with stakeholders</li> <li>Balance between economic value and stakeholder expectations</li> <li>Reliable supply chains</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring decent and safe working conditions</li> <li>Non-discrimination</li> <li>Diversity and inclusion</li> <li>Competitive salaries</li> <li>Social support for employees</li> <li>Employee learning and development</li> </ul>	<ul style="list-style-type: none"> <li>Environmental impact mitigation</li> <li>Preparedness for emergencies</li> <li>Rational use of natural resources</li> <li>Application of innovative solutions</li> <li>Compliance with international and local environmental standards</li> </ul>	<ul style="list-style-type: none"> <li>Transparency of charity and philanthropy projects</li> <li>Systematising charity and philanthropy activities</li> <li>Effective targeting of social investments</li> <li>Control over the targeted use of funds, inadmissibility of corruption and conflicts of interests</li> </ul>

## 02.2. Sustainability in logistics

Rail container transportation services ensure sustainable logistics, contributing not only to social and economic development but also to combatting climate change and reducing our overall environmental footprint. Sustainable logistics is mainly aimed at satisfying the needs of stakeholders while mitigating the negative impact on the environment and society.

The Company is engaged in domestic, cross-border and transit container shipments that are among the safest, cleanest and most reliable types of transportation for high value-added products, raw materials and semi-finished goods. By expanding Russia's transport network through container shipments, increasing the accessibility of local exports on foreign markets, and developing transport and logistics



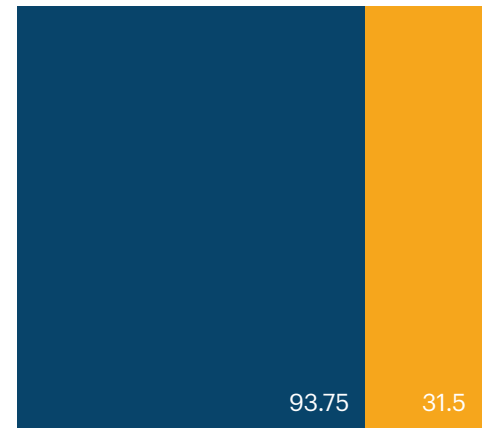
corridors, the Company makes a contribution to the social and economic development of communities, regions and Russian businesses.

The global climate agenda and greater interest from business in climate change have led to the rapid emergence of green logistics. TransContainer makes a significant contribution to decarbonisation by increasing rail freight traffic at the expense of trucking, which accounts for a significant share of emissions of greenhouse gases and other pollutants.

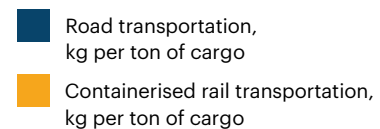
According to the International Energy Agency, rail is among the most energy efficient modes of transport for freight. The rail sector carries 7% of global freight transport but represents only 3% of total transport energy demand. Rail freight transport is responsible for only 0.3% of CO<sub>2</sub> emissions.<sup>1</sup>

**Rail transport figures heavily in carbon reduction policies as the greenest way to transport freight. For example, the carbon footprint of a containerised cargo shipment from Moscow to Novosibirsk is three times lower than if the same cargo were sent by road.<sup>2</sup>**

As a large employer, TransContainer makes a significant contribution to local employment by creating jobs at its operational sites and indirectly impacting employment in other sectors that are intrinsically linked to sustainable logistics.<sup>3</sup>



Average CO<sub>2</sub> emissions on the Moscow–Novosibirsk route (3,400 km)



<sup>1</sup> IEA, Eurasian Rail Alliance Index, 2020.

<sup>2</sup> The Company's estimates are based on the guidelines for voluntary carbon reporting (GHG inventory) in Russian regions approved by Russian Ministry of Natural Resources Order No. 15-r of 16 April 2015.

<sup>3</sup> For more details, see the Staff breakdown section.

## Sustainable logistics performance in 2020

### Responsible business practices

0

human  
rights abuses

0

corruption or corporate  
fraud incidents

0

personal  
data breaches

### Good working conditions for employees

**RUB 171m**

spent on social  
programmes for employees

**RUB 48.5m**

spent on healthy and  
safe work conditions

**1,798 people**

completed training

0

fatalities

### Sustainable economic performance

**2.4m TEUs**

of transportation volumes

**RUB 103.5bn**

of revenue

**RUB 12.66bn**

of net profit

**RUB 22.65bn**

of EBITDA

### Social activities

**RUB 292m**

spent on charity and philanthropy

### Environmental footprint<sup>1</sup>

**4.4%**

reduction of  
direct GHG emissions

**27%**

reduction of  
energy consumption

**42.6%**

reduction of  
indirect GHG emissions

<sup>1</sup> For more detail, see the  
Environmental footprint section.

## 02.3. Sustainable logistics during the COVID-19 pandemic

### COVID-19's impact on the logistics market

The COVID-19 pandemic has not only impacted the lives of many people but has also led to profound changes in the logistics sector. Cargo flows have become more uneven due to shifting demand, plant shutdowns and restrictions. The pandemic broke connections between manufacturers and consumers and drastically altered the business of logistics companies.

COVID-19's unprecedented impact on passenger airlines in 2020 led to disruptions in freight air deliveries as well, as transportation volume fell more than 37.2%, while the number of deployed cargo planes dropped 22.6%. Lockdowns also resulted in a significant decline in cargo availability on passenger planes and forced a shift to other types of transport.<sup>1</sup> Air cargo rates skyrocketed, as airlines operated on charter flight schedules and charged increased rates (2–3 times higher).

The pent-up demand and freight flows shifted from road and air caused unprecedented infrastructure and equipment interruptions, as well as disruptions to container logistics in the deep sea segment,<sup>2</sup> including an acute shortage of containers and shifts and delays in vessel schedules. In response, rail transit corridors had to uptake an unprecedented amount of new freight traffic. In 2020, transit shipments exhibited the highest upward trend in the international transportation market, increasing by 37.5%, or 219,000 TEUs.

The reliability of rail deliveries during the pandemic opened up new opportunities for TransContainer. In 2020, the Company significantly increased its customer base and continued to develop long-term relationships with its customers.

–37.2%

air freight volume in 2020

–22.6%

number of deployed cargo planes in 2020

–6%

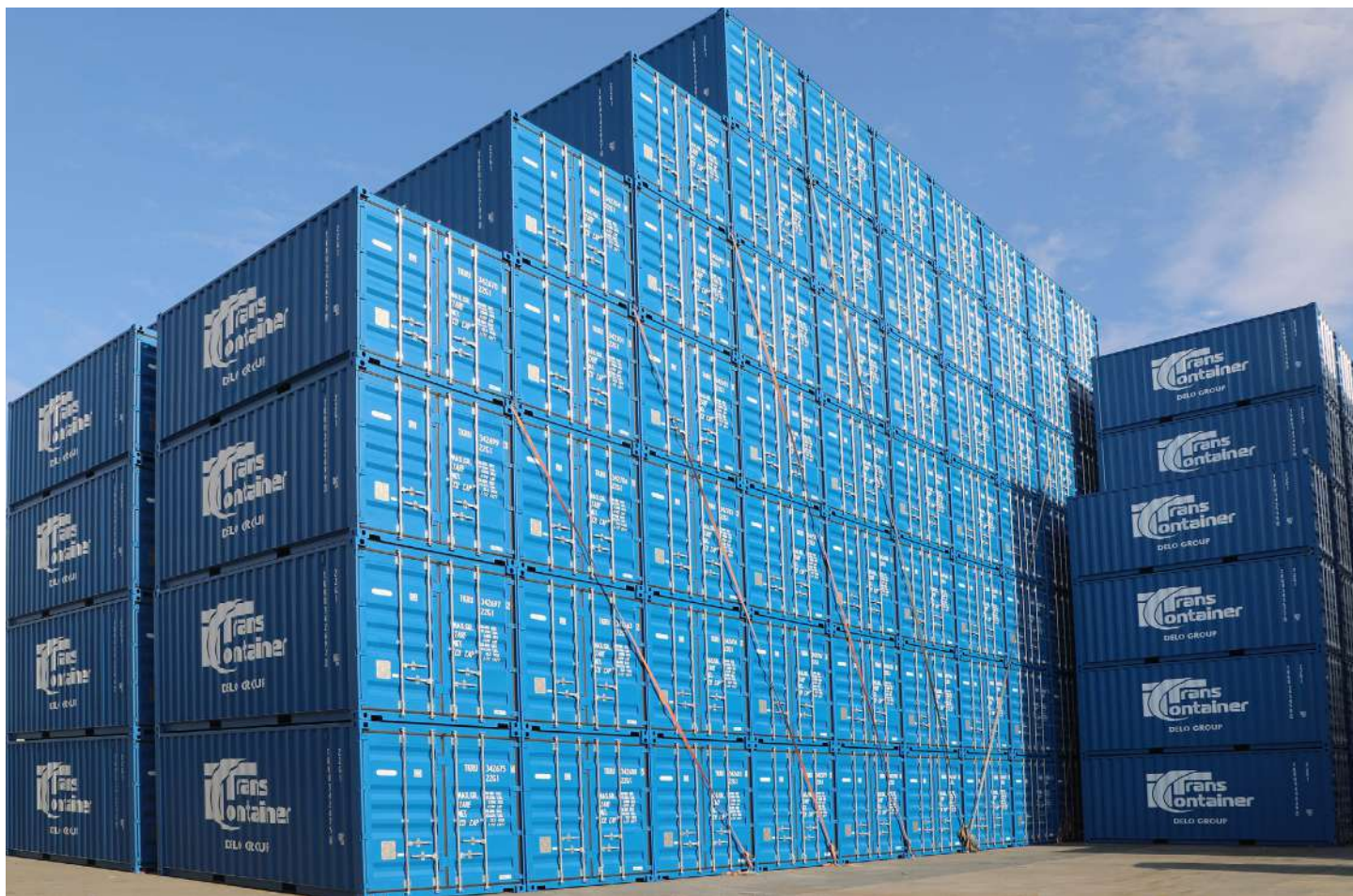
road freight traffic volume in 2020

37.5%

transit shipments increase in 2020

<sup>1</sup> Cargo carried in baggage compartments of passenger airplanes.

<sup>2</sup> Ocean and sea freight long-distance shipments.



## IT infrastructure and digitalisation of business processes and services

By promptly responding to changing circumstances, shifting employees to remote work and deploying new IT solutions, the Company successfully ensured the safety of its personnel and the resilience of its operations in the face of the COVID-19 pandemic.

Technology upgrades enabled the Company to quickly shift employees to remote work in 2020. Early in 2019, the Company upgraded its network infrastructure by modernising the local area network at its administrative headquarters. The Company upgraded the user network, the entire LAN core and distribution switches.

The main upgrades to IT systems included:

- Modernisation of the VPN central gateway to support the shift of employees to remote work with stable connections to the remote server.

- Transition to a new virtual automatic telephone exchange (ATX) platform. As a result, all contact centre operators have switched to remote work. Modern telephony services have made communication more convenient. In addition, the Company has reduced operating costs associated with the communications services.
- The use of Zoom enabled the Company to reduce spending on video conference systems by a factor of 20.
- The deployment of SaaS helped to significantly reduce spending on IT infrastructure and on access to new online communications platforms.<sup>1</sup> This was relevant for both internal processes and engagement with clients and partners.
- The Company initiated a transition to modern micro-service architecture. The key goal is to ensure the quick development, scalability and stable operation of the Company's services and, as a result, improve customer experience.
- The corporate integration bus implementation enabled the Company to put in place a single data transfer tool for all key information systems, helping to simplify communications and information exchange with external partners and co-providers.

# 99%

of the Company's orders were placed via iSales in 2020

The digitalisation of business processes and improvements to in-house IT infrastructure made it possible for the Company to provide services online and prevent disruptions to communications with customers at no additional cost.<sup>2</sup> Thanks to the digitalisation of TransContainer's business processes and services, the Company's clients, despite the COVID-19 pandemic and the related disruptions affecting many businesses all over the world, remained satisfied with the quality of services. In 2020, the Company's client satisfaction index scored 8.8 points on a 10-point scale.

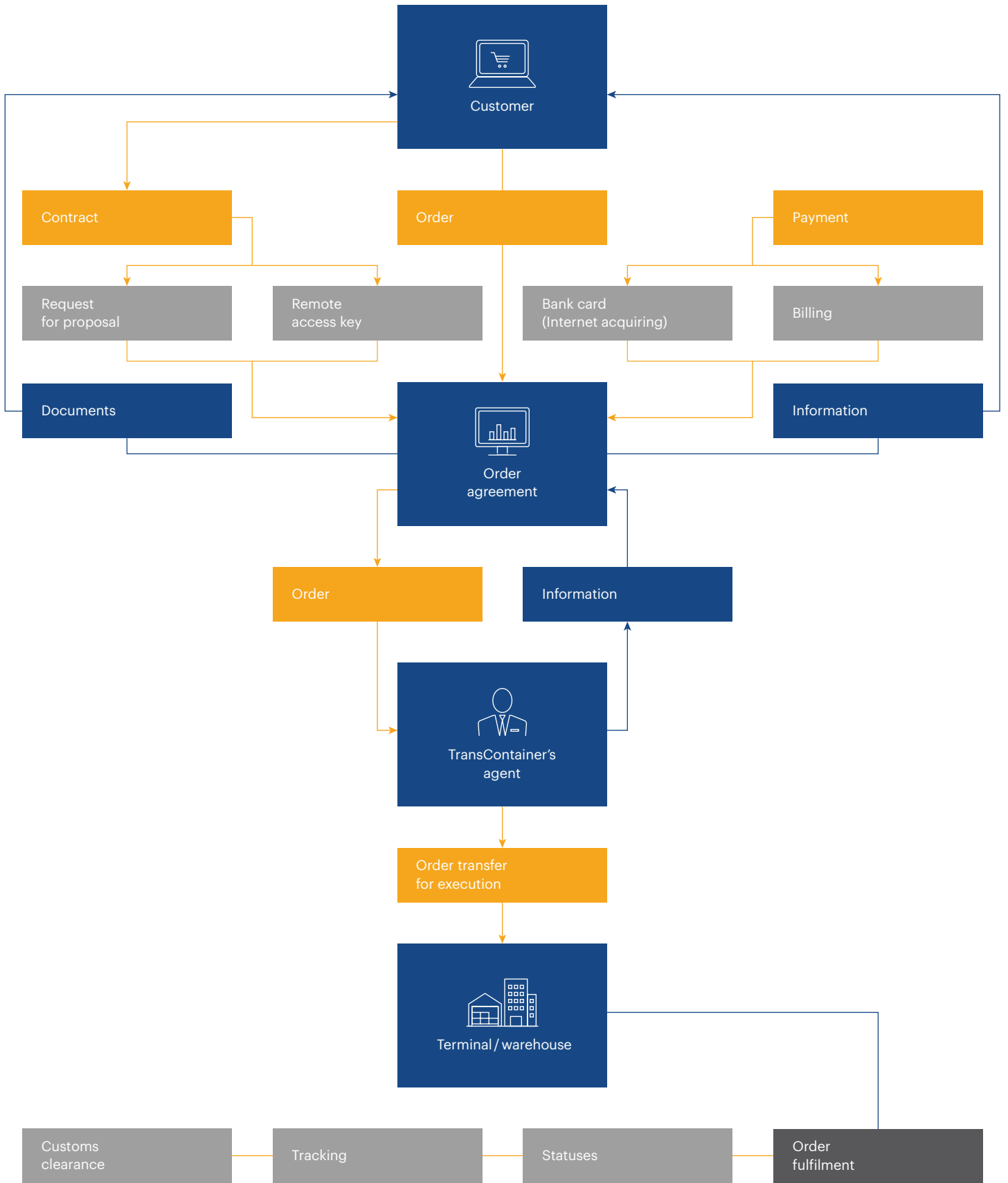
TransContainer was one of the first rail freight operators to adopt online sales platforms. Thanks to its online service, iSales, customers can order container service from TransContainer in just a few clicks from just about anywhere in the Eurasian continent. The service has provided customers with quick and easy access to a wide range of services and information. In 2020, 99% of the Company's orders were placed via iSales. The Company has launched a project to further develop iSales in order to meet growing customer needs and expectations.

<sup>1</sup> Software as a service is a type of cloud computing in which software that is entirely serviced by the provider is licensed on a subscription basis.

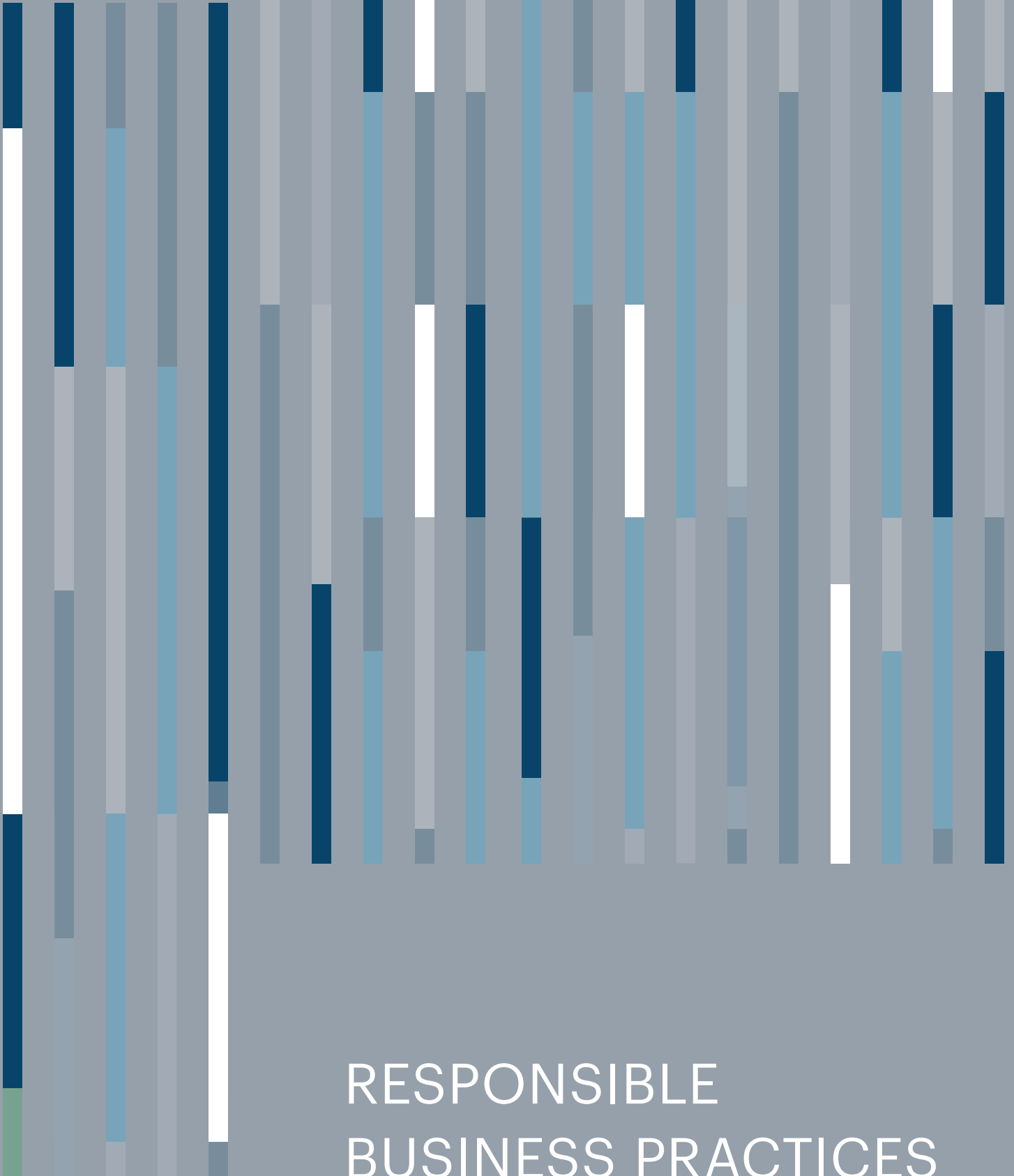
<sup>2</sup> For more details about the development of customer services, see the Company's 2020 Annual Report, pages 55–59.



### Technology



03



RESPONSIBLE  
BUSINESS PRACTICES

## 03.1. Anti-corruption

TransContainer complies with high ethical standards and the principles of business transparency and integrity, drawing upon best practices in corporate governance and reputation management. The Company adheres to the principle of zero tolerance for corporate fraud and corruption in any form or manifestation, including conflicts of interest. The Company also expects its business partners and counterparties to build a fair business environment and adopt a stance of zero tolerance to corruption. The Company includes an anti-corruption clause in all its contracts and agreements.

### Since 2015, TransContainer has been a member of the Anti-Corruption Charter of Russian Business

The idea of the Charter is to support companies in adopting special anti-corruption programmes and practices that cover internal operations as well as relations with business partners and government. The Charter outlines such matters as the renunciation of preferences, sealed-bid purchasing, financial control, staff training, law enforcement assistance and other measures. By participating in the Charter and consistently adhering to its provisions, the Company—pursuant to Article 13.3 of Federal Law No. 273-FZ of 25 December 2008 “On Combating Corruption”—has taken appropriate measures to prevent corruption. Participating in the Charter has been crucial for improving the anti-corruption and corporate fraud prevention system at TransContainer and in helping to build trust in the Company on the part of customers, partners and other stakeholders.

Measures taken to prevent corporate fraud and corruption include:

- building an internal regulatory framework to combat corporate fraud and corruption<sup>1</sup>
- informing employees and other persons about compliance with anti-corruption law
- enabling information channels to report corporate fraud and corruption incidents

#### Key documents

[TransContainer Anti-Corruption Policy](#)

[TransContainer’s list of corruption risks and list of positions related to corruption risks](#)

[TransContainer Regulation on the Procedure for Addressing Conflict \(or Potential Conflict\) of Interest](#)

[List of functions potentially exposed to corruption, corporate fraud and theft at TransContainer](#)

GRI

205-2

<sup>1</sup> All changes to regulatory documents are promptly communicated to employees via newsletters by email and published in relevant sections on the internal corporate website.

- defining the responsibilities of employees in relation to anti-fraud and anti-corruption matters
- introducing conduct standards for employees
- carrying out regular corruption risk assessments
- identifying and resolving conflicts of interest
- formalising gifts and hospitality matters
- formalising procurement activities
- providing anti-corruption and anti-fraud training for employees
- carrying out promotional and awareness-raising activities related to preventing corruption.

Preventing and resolving conflicts of interest is an important way to protect the interests of the Company and its shareholders.

GRI

102-25



The Company has taken measures to prevent potential conflicts of interest between executive bodies and key managers, including the following:

- stipulating in internal regulations, as well as in employment contracts with the president, director and Management Board members, the obligation to refrain from actions that lead or could potentially lead to a conflict of interest and to immediately report such cases to the Board of Directors
- authorising the Board of Directors to approve any overlapping positions held by the president, director and members of the Management Board at TransContainer (if they overlap with positions in the governance bodies of other organisations, as well as other paid positions in other organisations)
- approving a corporate risk map that outlines risk mitigants for wrongful acts committed by the Company's employees—the risk mitigants include reviewing key employees and candidates in key roles for potential conflicts of interest
- providing reports on violations of the Code of Business Ethics for review to the Audit Committee, including situations related to conflicts of interest (prepared by the Internal Control and Audit Service)<sup>1</sup>

<sup>1</sup> In 2021, it was renamed as the Internal Audit Service in a resolution approved by the Board of Directors on 2 June 2021.

## Hotline

Potential corporate fraud and corruption concerns can be reported in different ways, including via hotline channels on the TransContainer website or on the Intranet to [anticorr@trcont.ru](mailto:anticorr@trcont.ru). The concerns are then forwarded to the Head of Economic Security and the Head of the Internal Control and Audit Service. The Company guarantees the confidentiality of employees and third parties who have reported their concerns about potential corporate fraud and corruption.

The Internal Control and Audit Service regularly submits the results of anti-corruption inquiries to the Board of Directors and the Audit Committee. The annual risk assessment identified no corruption or conflicts of interest at TransContainer.

GRI  
102-17

GRI  
205-1

GRI  
205-3

## 03.2. Observance of human rights

TransContainer complies with the highest Russian and international standards related to observance of human rights when engaging with all stakeholders of the Company, including employees, suppliers and customers. Respect for the honour, dignity, rights, legal interests and cultural traditions of people, including zero tolerance of forced or child labour, is an essential business principle at TransContainer. The Company's compliance with this principle in its day-to-day operations is demonstrated by the lack of discrimination at the workplace.

The Company has adopted the principles and values of the following international organisations and initiatives on human rights and freedom:

- Universal Declaration of Human Rights
- United Nations Global Compact
- United Nations Guiding Principles on Business and Human Rights
- ILO Conventions<sup>1</sup>

TransContainer's Code of Business Ethics outlines the ethical principles and values that apply to all the Company's activities and day-to-day business practices.

### The Company's key values include:

- Responsibility
- Professional competence
- Trust
- Development
- Involvement

TransContainer ensures equality, including in respect of employee rights and non-discrimination among employees,

#### Key documents

[Corporate Governance Code](#)

[Code of Business Ethics](#)

<sup>1</sup> International Labour Organisation (ILO) Discrimination, Freedom of Association, Right Collective Bargaining, Forced Labour and Child Labour Conventions

customers and suppliers based on their gender, race, nationality, language, origin, marital status, social standing, job title, age, residence, religion and membership in non-government organisations or social groups.

The Company provides a safe working environment for its employees, along with fair remuneration and development opportunities, and recognises employees' rights to collectively pursue their interests, as well as the freedom of employee associations and trade unions.

Employees must report violations of the Code of Business Ethics to their supervisor or send a relevant message on the internal website or on the external website [www.trcont.com](http://www.trcont.com) in the Feedback section.

GRI  
102-17

The Head of the Internal Control and Audit Service is in charge of engaging with employees on ethics topics and compliance with the Code of Business Ethics. HR oversees the collection and timely and objective review of reported concerns.

In 2020, the Company updated the Code of Business Ethics and delivered trainings for employees on the observance of human rights.

The Company plans to draft a Human Rights Policy and Supplier Code of Conduct by the end of 2021. The code will cover the observance of human rights by TransContainer's contractors and suppliers.

## 03.3. Procurement practices

TransContainer follows a responsible approach to building reliable, lasting and open relations with contractors and suppliers. Fair competition and transparent procurement are key elements of the Company's procurement practices.

Key documents

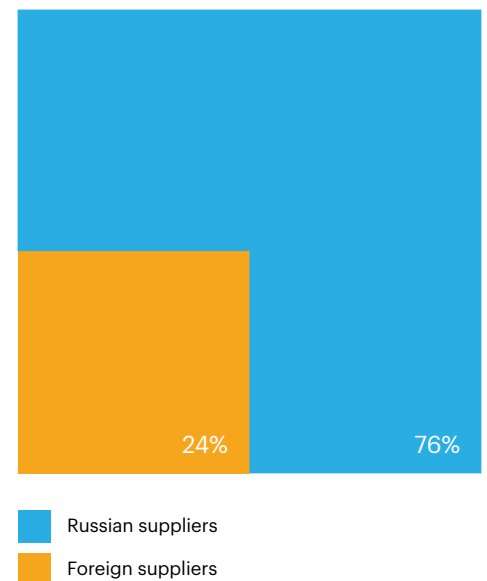
[Corporate Procurement policy](#)

GRI

102-19

### Procurement principles include

- Intended and efficient use of funds allocated for purchasing goods, work and services (taking into account their life cycle cost, where applicable), and implementation of cost-cutting initiatives
- Preferred procurement through competitive bidding to get the best price quotation and/or contractual terms
- Accessibility of procurement information: publicly available information about procurement, assessment methods and decisions of tender committees on procurement (including on the Company's website)
- Equality and fairness, with no discrimination or unreasonable restrictions on competition among the participants; procurement requirements are equally set for all candidates/participants; no additional requirements may be set beyond the scope outlined in the procurement documentation and related regulations
- Compliance with Russian law



To ensure uninterrupted access to high-quality supplies, TransContainer carries out a cross-functional assessment of potential suppliers, involving the procurement, customer service, finance and security functions. The assessment criteria include relevant experience and required competencies, requirements on the procurement procedure, financial standing of suppliers, ongoing legal proceedings, required permissions, licences and compliance with other requirements.

In 2020, total expenditures on procured items at TransContainer amounted to RUB 46.21bn. Transportation and forwarding services and terminal services accounted for the largest share (64%, RUB 29.59bn).

GRI

204-1



## Procurement by product type, 2020

Product type	Procurement volume, RUB '000
Rail cars and components	1,561,994
Containers	1,371,473
Reach stacker and crane delivery	170,457
Fuels and lubricants	109,344
IT equipment	90,513
Electricity, heat	35,528
Construction and installation materials	31,910
Vehicles delivery	9,494
Other	6,867,237
<b>Total</b>	<b>10,247,950</b>

₽46 bn

total expenditures on procured items at TransContainer in 2020

76%

share of Russian suppliers in the Company's procurements

## Procurement by service type, 2020

Category of service	Procurement volume, RUB '000
Transportation and forwarding, terminal services	29,586,872
Rail car and container maintenance	2,897,184
Rail car and container lease	1,501,200
Vehicle lease with a crew	909,306
IT activities and services	281,650

Category of service	Procurement volume, RUB '000
Security	203,974
Repair and maintenance of lifting devices, spare parts	142,359
Construction and installation, design and survey, construction design supervision (construction oversight)	131,184
Software licences	80,199
Rent of premises, utilities, cleaning, waste removal	69,545
Consulting	50,001
Rail car cutting	45,430
Transportation of workers, documents	21,716
Repair and maintenance of motor vehicles, spare parts	21,571
Exhibitions	16,875
<b>Total</b>	<b>35,959,065</b>

## 03.4. Quality management

The Company has adopted an effective quality management system that helps to ensure the provision of high-quality services. Quality management principles are applied across the production chain. TransContainer exercises quality control on a comprehensive and multi-level basis with all business units involved within their respective remit.

GRI  
416-1

### Key documents

[TransContainer Quality Regulation](#)

[TransContainer Quality Management Policy](#)

### Certification audit

TransContainer engages an external auditor to annually assess the quality management system's compliance with ISO 9001:2015. During the audit, the Company's activities are audited for compliance with Russian law, customer satisfaction surveys, quality objectives, employees training, internal audits of processes and quality management systems, risk management and other management aspects. In 2020, TransContainer successfully passed a certification audit of the management system to meet the requirements of ISO 9001:2015. The audit was arranged for the executive office, as well as at the Moscow, Gorky and Privolzhskaya branches. TUV NORD (Germany), founded in 1869 and accredited by the DAkkS (Deutsche Akkreditierungsstelle GmbH) state accreditation body, acted as the certification authority.

## Quality management principles

The Company's highest priority is to improve the quality of services it provides. In seeking to build and develop its quality management system, the Company has adopted the following key principles:

- **Comprehensive quality management.** The Company's quality management system is comprehensive and multi-level and involves all structural units within their respective remit. The Company regularly assesses the performance of the quality management system and resolves any deficiencies in a prompt manner.

- **New value creation (transport services) for customers.** The Company's most important stakeholders are its customers. The Company has introduced a customer-oriented approach: current and future customer needs are analysed and customer satisfaction is monitored regularly. Customer feedback is used to develop new transport products to meet customer needs.
- **High-quality services.** The provision of high-quality services is the key objective of the quality management system. To ensure high quality, the Company explores the current and future needs of key customer categories. The Company is driven by its continuous commitment to exceed customer expectations.
- **Process-based management.** The quality management system rests on a process-based approach. To ensure the provision of high-quality services, activities are managed through interrelated processes. Treating and managing such interrelated processes as a system enhances the Company's productivity and performance, as well as ensures the achievement of its strategic objectives and the satisfaction of stakeholder expectations.
- **Building mutually beneficial trust-based relations with key suppliers.** TransContainer builds lasting mutually beneficial relations with key suppliers based on transparent information and the joint resolution of operational and financial matters.
- **Qualified staff as a success driver.** The Company values its employees, seeks to facilitate a friendly and safe work environment, and offers competitive remuneration and incentives. The Company builds its HR strategy in accordance with its global business strategy and analyses which skills and capabilities are needed to achieve its strategic goals. The analysis informs personnel training and education plans, including knowledge sharing on ISO 9000 and quality management documents.
- **Creative capabilities of employees.** The Company maintains an open dialogue with its employees, welcomes new ideas, fosters an entrepreneurial culture and encourages innovation in all areas.

TransContainer engages an external auditor to annually assess the quality management system's compliance with ISO 9001:2015.

To raise awareness of quality matters, new joiners must acknowledge having read the Quality Management Policy.

The president of TransContainer and the quality officer are responsible for overseeing the quality of the Company's services and products.

In 2020, a large-scale campaign was launched to revise as-is processes and procedures. A new organisational structure was approved for the Company's executive office and the high-level process map was updated. Special consideration was given to the development of TransContainer's information systems and their integration with the systems of customers and subcontractors.<sup>1</sup>

<sup>1</sup> For more details, please see the 2020 Annual Report, page 61.

## Customer satisfaction survey

TransContainer conducts customer satisfaction surveys annually in accordance with the O.2 TransContainer Marketing programme. Customers receive a standard questionnaire to complete. The survey findings inform reporting and corrective actions. The main objective is to ensure the continuous improvement of customer satisfaction. The Customer Satisfaction Index is a KPI for the management team at the executive headquarters and at the Company's branches.

In 2020, the index increased year-on-year. Customers noted the improved quality of terminal operations and services. The performance of managers was rated on average as 9.1 out of 10, according to the survey.

8.8 points

Customer Satisfaction Index in 2020, +0.2 points compared to 2019

### Customer satisfaction

Satisfaction survey	Unit of measurement	2018	2019	2020
Customer Satisfaction Index	% of satisfied respondents out of the total number of survey participants	8.45	8.62	8.8
Data coverage: % of surveyed clients/consumers (both respondents and non-respondents) out of the total number of clients/consumers, % of revenue, etc.	% of customer responses out of the total number of surveyed customers	37	48	42



## Monitoring of service quality and investigation of quality issues

The Company monitors the quality of its transportation and customer services. Quality assessments are performed in accordance with the O.5 Order Fulfilment regulations. The Company's information system receives data on the status of deliveries and captures any deviations. Responsible employees review the time taken to perform operations related to domestic and intermodal transportation. This information feeds into a production and operation schedule containing planned and actual order fulfilment data. Actions are taken to resolve any issues, where required.

Service quality deficiencies are captured when customers submit complaints or claims. According to the O.3 Customer Service regulations at TransContainer, all complaints and claims are registered, reviewed and investigated. Corrective measures are taken when needed.

## 03.5. Data security

The Company has initiated a large-scale digitalisation process covering all its operations. As a result, issues such as information security, customer privacy and information security culture have gained greater importance.

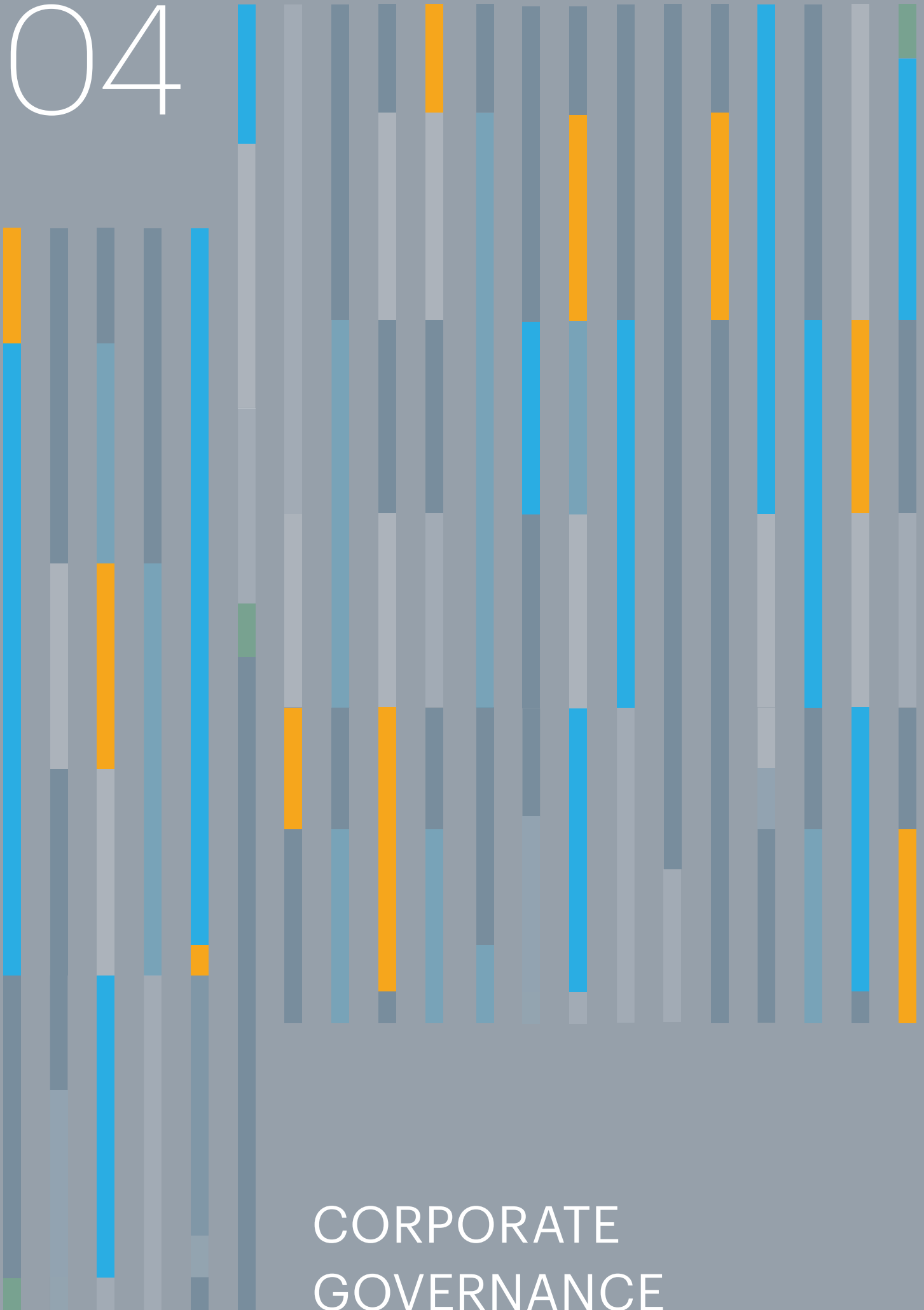
Key documents

[Information Security Policy](#)

### Information security organisation principles

- Key functions: control over the proper operation of the security system and information exchange by users; monitoring, analysis and checking of information system security; development and implementation of safe technologies; improvement of the information protection system.
- Information security breaches are reported to the Information Security Department by email or by phone.
- Preventative measures: vulnerability scans are performed at the Company's servers every two weeks. Vulnerabilities are identified from time to time and reported to the IT Department for resolution.

04



CORPORATE  
GOVERNANCE



# 04.1. Governance structure

An effective and transparent governance system is an important element of TransContainer's strategy. The Company understands that a well-aligned governance structure contributes to investment appeal, streamlines internal processes and reduces costs.

In its operations, the Company follows international and Russian best practices in corporate governance, including Corporate Governance Code, as per the recommendations set out by Bank of Russia Letter No. 06-52/2463 of 10 April 2014 and the OECD Principles of Corporate Governance.

The Company's Corporate Governance Code sets out the following principles:

- Equal and fair treatment of shareholders
- Accountability of executive bodies to the General Meeting of Shareholders and the Board of Directors
- Transparency: disclosures of information about the Company's activities
- Sustainable development: a balance between the Company's financial interests and its commitments to achieve social development, economic prosperity and environmental conservation

## Key documents

[TransContainer Charter](#)

[TransContainer Corporate Governance Code](#)

[Regulation on the Committees of the Board of Directors](#)

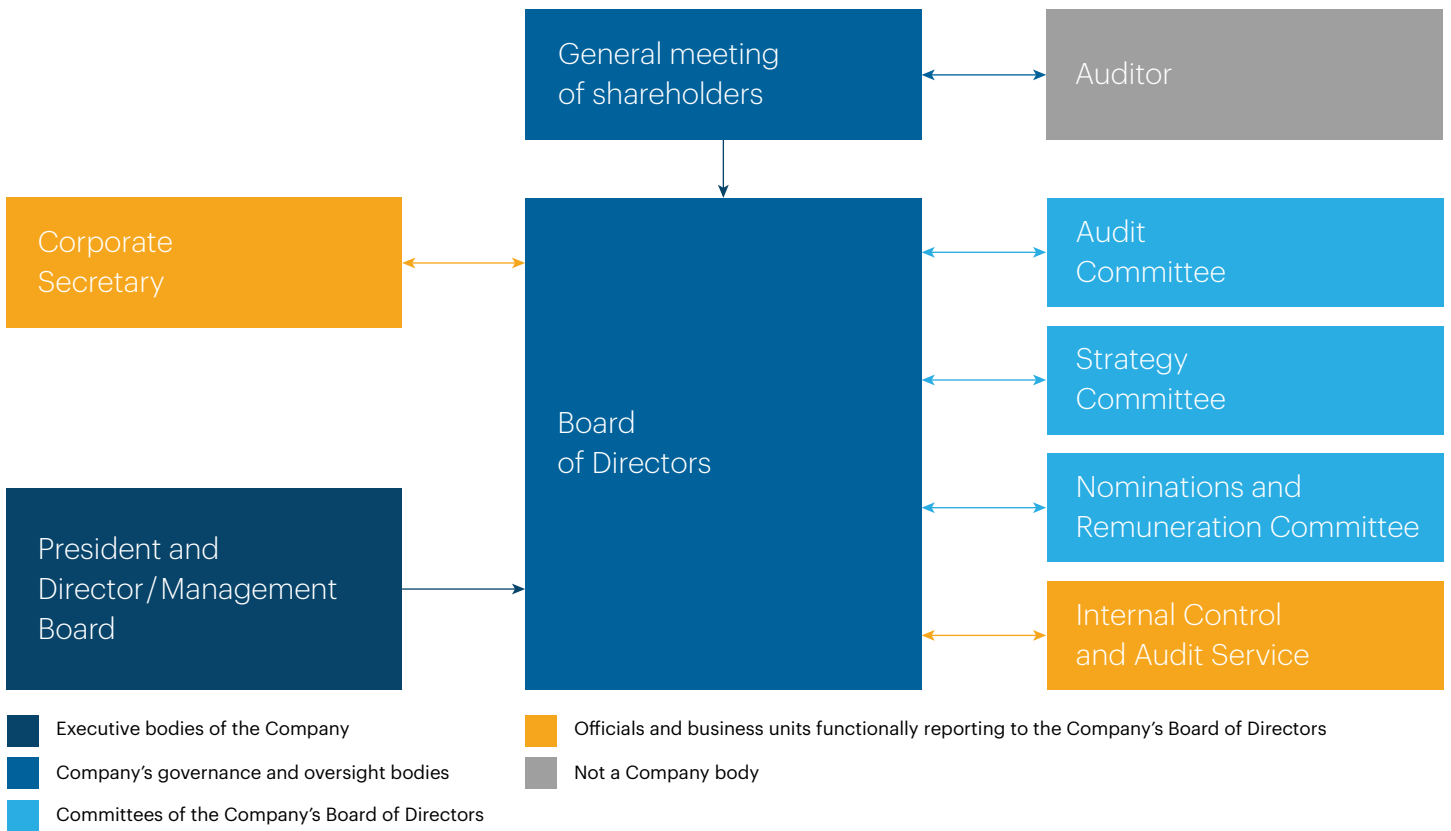
[Regulation on TransContainer's Board of Directors](#)

[Regulation on the sole executive bodies at TransContainer](#)

[Regulation on the Corporate Secretary at TransContainer](#)

# Governance and oversight structure

GRI  
102-18



The governance and oversight structure includes the General Meeting of Shareholders, the Board of Directors and executive bodies (president, director, Management Board).<sup>1</sup>

<sup>1</sup> In 2020, the Audit Committee was removed from the Charter.  
<sup>2</sup> For more details on the functions of the Board of Directors, see the Charter.  
<sup>3</sup> Clause 17.1 of the Charter.

The **Board of Directors** ensures the Company’s long-term sustainable development through strategic management, including by outlining the Company’s vision, mission and strategy and by setting strategic goals and key performance indicators. The Board of Directors monitors the Company’s executive bodies, sets risk management and internal control principles and approaches, and facilitates the improvement of the Company’s corporate governance system.<sup>2</sup>

GRI  
102-26

**Composition:** The Board of Directors (eleven members) is selected by the General Meeting of Shareholders for one year. The chairman and deputy chairman of the Board of Directors are selected by the members of the Board of Directors.<sup>3</sup>

GRI  
102-22

GRI  
102-24

All current members of the Board of Directors as of 31 December 2020 were selected in 2020.<sup>1</sup>

<sup>1</sup> For more details on the background of board members and changes in composition of the Board, see the 2020 Annual Report, pp. 113–117.

## Composition of the Board of Directors and membership in committees

Full name	Status	Gender	Audit Committee	Nominations and Remuneration Committee	Strategy Committee
S. Shishkarev	Chairman, Non-Executive Director	M			•
P. Baskakov	Deputy Chairman, Non-Executive Director	M		•	DC
I. Besedin	Non-Executive Director	M	DC	•	
V. Bychkov	Non-Executive Director	M	•		•
S. Gushchin	Independent Director	M	•		•
S. Dolgov	Executive Director	M	C		
V. Evdokimenko	Non-Executive Director	M	•		C
A. Isurins	Executive Director	M		•	•
D. Pankov	Non-Executive Director	M	•	C	
I. Shytkina	Senior Independent Director	F		DC	
I. Yakovenko	Non-Executive Director	M			•

Chairperson (C), Deputy Chairperson (DC)

## Independent directors

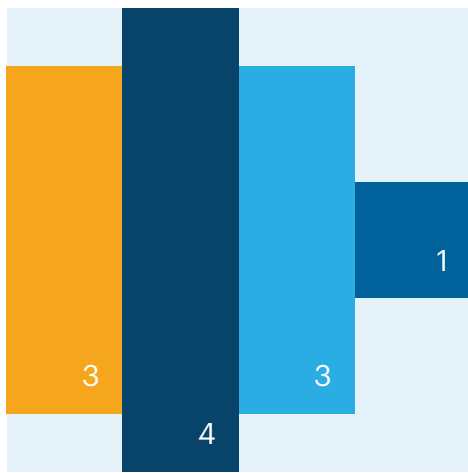
Independent directors bring an independent perspective to the work of the Board of Directors. Their contribution to enhancing the performance of the Board of Directors is highly appreciated by the Company. The Board of Directors reviews the compliance of its members with independence criteria on an annual basis. The Board of Directors and the Nominations and Remuneration Committee establish the independence of the members of the Board of Directors in accordance with the independence criteria set by the

Moscow Exchange’s Listing Rules and by the Corporate Governance Code recommended for joint-stock companies in Bank of Russia Letter No. 06-52/2463 of 10 April 2014.

## Competencies and diversity of the Board of Directors

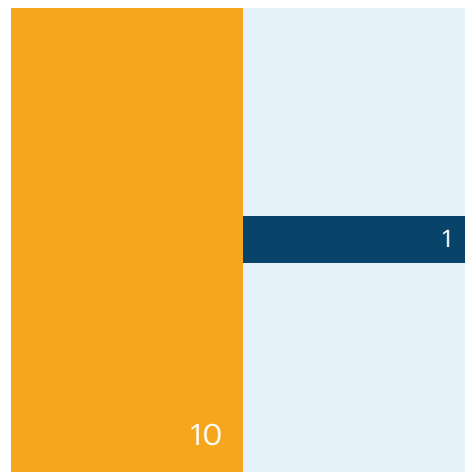
The composition of the Board of Directors should be well-balanced in terms of experience, competencies, age and gender. This will enable comprehensive discussions from different perspectives and decision-making that takes into account the diverse backgrounds and interests of a wider range of stakeholders, contributing to the long-term sustainable development of the Company.

### Competencies and diversity of the Board of Directors



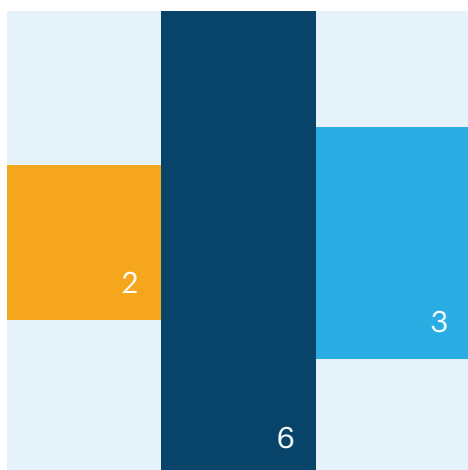
Educational background of the Board Members

- Legal education
- Finance and economics
- Industry-specific education
- Engineering education



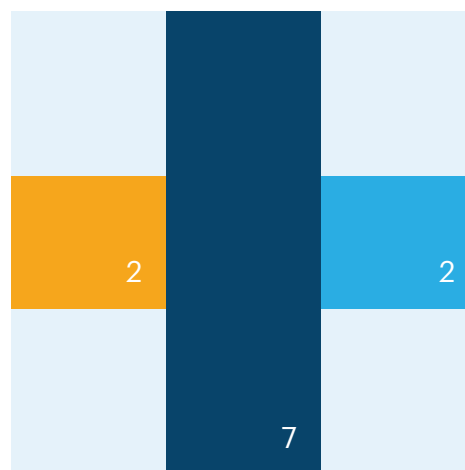
Board of Directors: breakdown by gender

- Male
- Female



Board of Directors: breakdown by age

- Under 45
- 45-55
- Over 55



Board of Directors: breakdown by compliance with independence criteria

- Executive
- Non-executive
- Independent

## Key competencies of the Board Members by professional area and their relevant expertise

Full name	Industry experience	Finance, economics, audit	Strategy	Risk management	Corporate governance and legal matters	Transport and logistics (industry-specific)	HR management
S. Shishkarev	28 years	•	•	•	•	•	•
P. Baskakov	35 years	•	•	•	•	•	•
I. Besedin	45 years	•	•	•	•	•	•
V. Bychkov	21 years	•	•	•	•	•	•
S. Gushchin	25 years	•	•	•	•	•	•
S. Dolgov	1 year	•	•	•	•	•	•
V. Evdokimenko	37 years	•	•	•	•	•	•
Isurins	25 years	•	•	•	•	•	•
D. Pankov	10 years	•	•	•	•	•	•
Shytkina	11 years	•	•	•	•	•	•
Yakovenko	18 years	•	•	•	•	•	•

In 2020, the Board of Directors held 34 meetings and addressed 179 agenda items.<sup>1</sup>

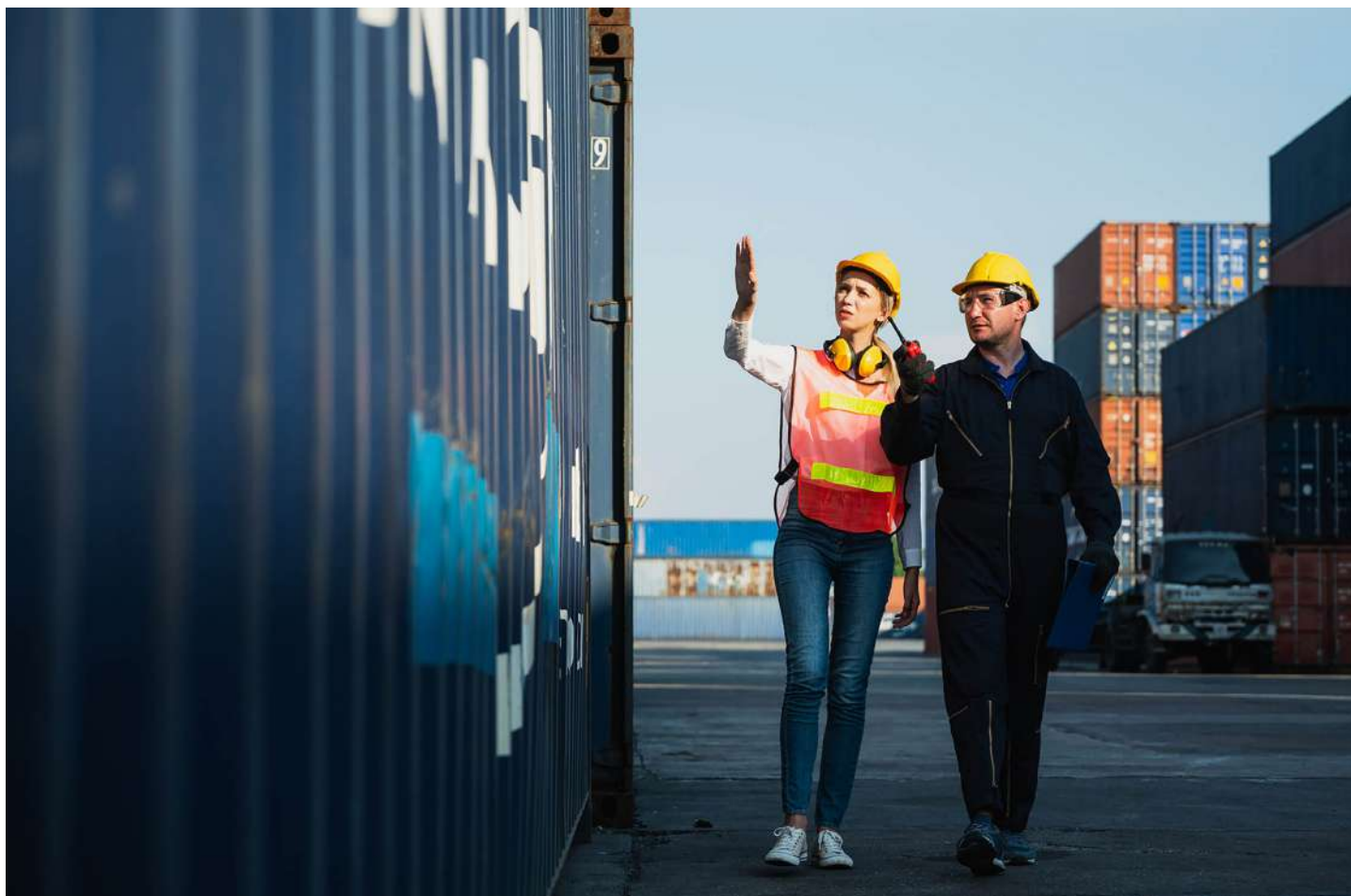
<sup>1</sup> For information see the 2020 Annual Report, pages 118–119.

## Board of Directors performance and self-assessment

**Annual planning of Board of Directors activities:** At the first meeting of the year, the Board of Directors approves an action plan for the period up to the next annual General Meeting of Shareholders. The execution of the plan is reviewed at the last meeting of the year.

**Onboarding of newly elected Board of Directors members:** Newly elected members take a one-day onboarding course to learn about the Company's activities.

GRI  
102-28



**Self-assessment:** The results of the Board's annual self-assessment are used to improve performance. The self-assessment helps to identify focus areas for improvement, as well as the factors that impede the Board's performance. The self-assessments also contribute to the development of proposals to improve the performance of the Board of Directors and its committees. The Company has adopted a formal annual assessment procedure. Due to changes in the shareholding structure in the reporting year and the subsequent complete renewal of the Company's Board of Directors before the end of the corporate year, the performance of the current Board of Directors has not yet been evaluated. The self-assessment of the work of the Company's Board of Directors for the 2020–2021 corporate year is planned for 2021.

**Independent assessment:** A third-party provider is selected through a tender and engaged at least every three years to undertake an independent evaluation of the Board's performance.

**Committees:** The Board of Directors has three committees set up for preliminary review of the most critical aspects of the Company's operations. The Committees' activities, competencies and functions, the procedure to convene and hold the Committee meetings and issue resolutions, and the rights and responsibilities of the Committee members are all set out in the Regulation on the Board of Directors Committees at TransContainer.<sup>1</sup>

The Regulation specifies the procedure for electing committee members, including requirements on educational background and relevant expertise.

The three committees reviewed 194 agenda items.<sup>2</sup>

Committee	Functions
Audit Committee	Key role in monitoring the completeness, accuracy and credibility of the Company's financial statements.  Responsible for the reliability and efficiency of the risk management system, internal control framework and corporate governance, and ensuring the independence and impartiality of internal and external audits.
Strategy Committee	Preliminary review of matters related to the drafting and implementation of the Company's strategy and determination of its priorities and strategic goals. Monitors progress on the Company's strategy and provision of recommendations on adjustments to the existing strategy.
Nominations and Remuneration Committee	Preliminary review of matters related to the development and implementation of an efficient and transparent remuneration policy. The Committee also deals with HR planning, expertise and effectiveness of the Board of Directors, executive bodies and other key managers of the Company.

**The Company's executive bodies** are represented by a collective executive body (the Management Board) and its sole executive bodies (president and director).<sup>3</sup> The executive bodies report to the General Meeting of Shareholders and the Board of Directors and submit regular reports on their activities for assessment purposes.

**The required competencies** of the Management Board, president and director of the Company are set in the Charter.

<sup>1</sup> [Regulation on the Committees of the Board of Directors, 23 May 2018](#)

<sup>2</sup> For more details on the agenda items, see the 2020 Annual Report, pp. 121, 122 and 124.

<sup>3</sup> According to the Regulation on the Board of Directors, "The president and/or director of the Company may not take a position as the Board of Directors chairperson or deputy chairperson".

## Composition of the Management Board<sup>1</sup>

Full name	Position
A. Isurins	President, Chairman of the Management Board
V. N. Markov	Director, First Vice President
S. A. Dolgov	Vice President for Internal Control and Business Support
B. G. Kipkeev	Vice President for External Relations
S. V. Mukhin	Commercial Vice President
P. A. Skachkov	Vice President of Economics and Finance
V. V. Ter-Khachaturov	Vice President of Security
V. O. Trifonov	Vice President of Personnel

<sup>1</sup> For more details on the background of the Management Board members, see the 2020 Annual Report, pp 128–131.

The Management Board oversees business units in regard to financial, economic, production, environmental and social activities.

GRI  
102-20

## Key competencies of the Management Board Members

Full name	Finance, economics, audit	Strategy	Risk management	Corporate governance and legal matters	Transport and logistics (industry-specific)	HR management	Interaction with government authorities
A. Isurins	•	•	•	•	•	•	•
V. Markov	•		•	•	•		•
S. Dolgov	•	•	•	•		•	•
B. Kipkeev							•
S. Mukhin					•		
P. Skachkov	•	•	•	•		•	•
V. Ter-Khachaturov			•	•			•
V. Trifonov						•	

In 2020, the Management Board held 34 meetings and reviewed 135 agenda items.<sup>2</sup>

<sup>2</sup> For more details, see the 2020 Annual Report, page 132.



## 04.2. Board of Directors and Management Board remuneration system

The remuneration system for the Board of Directors, sole executive bodies, the Management Board and the governance body of the Company is aimed at attracting, motivating and retaining professionals with the necessary competencies and qualifications to steer the Company effectively towards its strategic goals and objectives.

The principles for the remuneration and compensation of members of the Board of Directors include:

- Members of the Board of Directors receive annual remuneration calculated according to a formula that takes into account their participation in Board of Directors meetings.
- Additional annual remuneration is paid for membership in committees. The additional remuneration is calculated according to a special formula. When a member of the Board of Directors sits on several committees, the additional annual remuneration is calculated and paid for each committee.
- Remuneration and compensation for Board of Directors members who hold a position in the civil service or local government is paid in accordance with Russian law.
- The Company does not provide remuneration to Board of Directors members in the form of Company shares.

### Key documents

[Regulation on Payment of Remuneration and Compensation to the Members of TransContainer's Board of Directors](#)

[Regulation on Incentives for the Management](#)

GRI

102-35

GRI

102-36

## Remuneration paid to Board of Directors members, 2015–2020

Year	Competitive remuneration to attract highly qualified professionals to the Board of Directors, incentivising members to participate in Board meetings in person (RUB)	Compensating for expenses related to participation in the Board of Directors and committee meetings (RUB)	Total (RUB)
2020	72,493,270.00	436,629.38	72,929,899.38
2019	72,523,040.70	583,109.30	73,106,150.00
2018	65,449,064.70	1,290,935.26	66,740,000.00
2017	64,844,224.90	3,342,311.08	68,186,535.98
2016	47,960,175.80	3,738,524.22	51,698,700.02
2015	54,338,000.00	2,572,918.15	56,910,918.15

Remuneration and compensations paid to members of the Board of Directors in 2015–2020 (RUB)

- Competitive remuneration to attract highly qualified professionals to the Board of Directors, incentivising members to participate in Board meetings in person
- Compensating for expenses related to participation in the Board of Directors and committee meetings

Management remuneration consists of a fixed part (salary or fixed wages) established in an employment contract and a variable part, including bonuses as well as other payments stipulated by Russian employment law, the collective bargaining agreement with employees and other internal policies.<sup>1</sup>

Management remuneration levels are benchmarked by the Nominations and Remuneration Committee against peer companies to establish alignment with the market. Adjustments to the fixed part of the remuneration for the executive bodies are approved by the Board of Directors, while adjustments to the fixed part of the remuneration for managers (excluding the executive bodies) are approved by the president.

<sup>1</sup> Management includes the president, director, first vice president, vice presidents of business lines, first deputy vice president for economics and finance, director for economics and finance, directors of the management bodies of business lines, as well as the chief accountant and chief engineer (in November 2020, the position of chief engineer was abolished and the position of technical director was introduced).

# 04.3. Risk management and internal control and audit

## Risks

TransContainer has adopted an effective risk management system to find the balance between profit earning and loss reduction throughout the Company's operations. The system is an integral part of the Company's governance framework. TransContainer has built its corporate risk management system based on generally accepted international standards, such as COSO ERM,<sup>1</sup> ISO 31000:2009 and ISO 31000:2009.<sup>2</sup>

GRI  
102-11

GRI  
102-15

Key document

[TransContainer Corporate Risk Management System Policy](#)

<sup>1</sup> Enterprise Risk Management Integrated Framework (COSO ERM, 2004, The Committee of Sponsoring Organizations of the Treadway Commission).

<sup>2</sup> ISO 31000:2009 Risk management. Principles and guidelines (ISO 31000:2009, 2009, International Organization for Standardization).



## Principles of the corporate risk management system

A combination of different methods and tools is used to identify risks, including based on:

- set goals and objectives
- industry-specific and international benchmarking
- workshops and discussions
- interviews
- databases on risk events
- analysis of damages caused by materialised risks

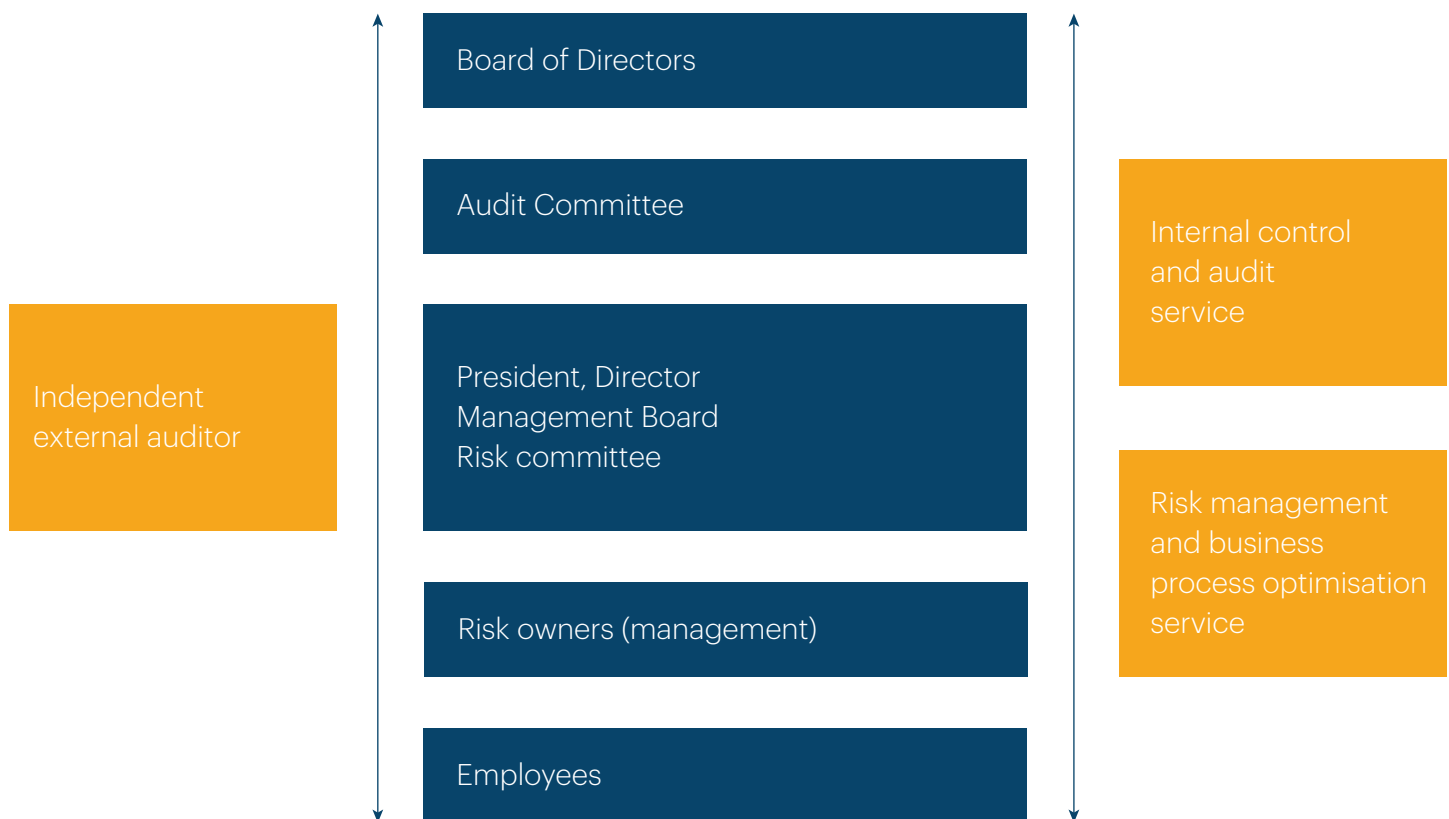
The Company has developed a risk register. Owners are assigned to each risk. The risk register is reviewed annually or whenever new risks emerge. Following generally accepted standards, risks are grouped into four categories: strategic, operational, regulatory and financial. Depending on the risk probability and potential damage, TransContainer divides risks into three groups: critical, acceptable and minor.<sup>1</sup>

<sup>1</sup> The levels of criticality and damage are revised annually based on estimated planned average monthly revenues.

Category	Management control	Risk assessment based on the amount of material damage and the likelihood of occurrence
Critical risks	Board of Directors	more than 380 million rubles with any probability of occurrence; or more than 200 million rubles with a probability of occurrence of more than 5%; or more than 100 million rubles with a probability of more than 80%
Acceptable risks	Audit Committee	from 100 million to 380 million rubles with a probability of 0 to 5%; or from 50 million to 200 million rubles with a probability of 5 to 80%; or less than 100 million rubles with a probability of more than 50%
Minor risks	Risk committee	less than 100 million rubles with a probability of less than 5%; less than 50 million rubles with a probability of less than 50%

# Risk management organisational structure

GRI 102-30 GRI 102-33



Risk management responsibilities are organised in a hierarchical way to ensure effective management, identification and mitigation. The risk management structure is as follows:

Governance body or structural unit	Roles in the corporate risk management system
Board of Directors	Management and monitoring of critical risks, approval of risk maps and risk management measures, adoption of documents on risk management
Audit Committee	Recommendations for the Board of Directors on the operation of the risk management system, review of the report on materialised risks, recommendations for the Board of Directors on the approval of the corporate risk map
President, Director, Management Board	Responsibility for effective risk management
Risk Committee	Preliminary consideration of all issues related to the system operation, management of minor and acceptable risks, preliminary consideration of critical risks, review of risk reports, prior approval of the corporate risk map

Governance body or structural unit	Roles in the corporate risk management system
Risk owners (Management)	Identification, assessment, description, prevention and management of risks
Employees of the Company	Identification and prevention of risks, implementation of risk management initiatives
Risk Management and Business Process Optimisation Service	Organisation, maintenance and coordination of the risk management system, preparation of materials for meetings of the Audit Committees and the Board of Directors, consolidation of information, and work with risks, risk owners, creation of the corporate risk map
Internal Control and Audit Service <sup>1</sup>	Assessment of the risk management system
Independent External Auditor	Recommendations on setting up a risk management system

In 2020, the Company focused its efforts on enhancing the corporate risk management system by integrating risk management into the Company's business processes. To improve the risk management system, the Company set up the Risk Management and Business Process Optimisation Service in 2020. The main objective of the unit is to ensure continuous operation and timely development of the corporate risk management system to achieve the Company's goals.

<sup>1</sup> Since 2021, Internal Audit Service, approved by the decision of the Board of Directors of PJSC TransContainer dated 02.06.2021.

In 2021–2022, the Company is going to further integrate risk management into business processes, introduce a new automated risk management system and improve the internal risk regulations. These efforts will be based on the updated COSO ERM 2017 and changes to the international risk management standards in ISO 31000:2018.

## Corporate risk map

The Company's corporate risk map identified nine critical risks in 2020:

- resignation of the management (one or more key managers)
- extended payback period, impairment of investments in subsidiaries and associated entities, failure to achieve project goals

GRI  
102-34

- deterioration of the market environment
- unforeseeable price changes for rolling stock repair materials
- increasing competition in the railway container transportation market
- decreasing customer service quality
- occupational injuries
- adjustment to the customs value
- corruption risks, including conflicts of interest, insider trading, bribery and influence peddling

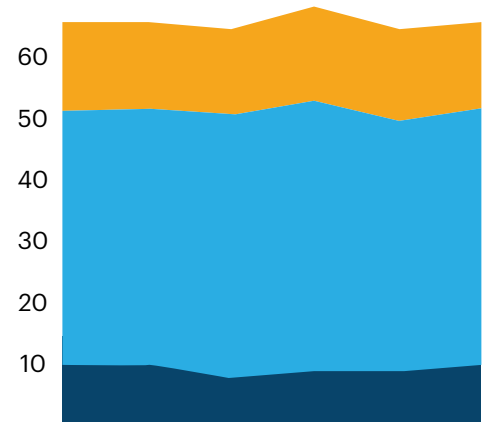
The corporate risk map specifies impact management and mitigation measures for each of these risks.

In 2020, sanctions and restrictions imposed by the customs authorities related to international cargo transportation (a minor risk) were removed from the map, while adjustment to the customs value (a critical risk) and failure by customers to provide customs authorities with transportation documents with preliminary information on cargo and transit declarations before the import cargo arrives to the checkpoint (an acceptable risk) were added to the map.

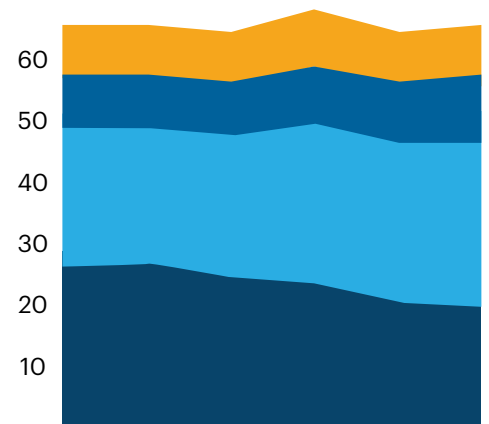
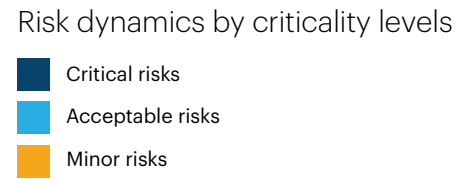
In early November 2020, Russian Railways Logistics (a subsidiary of Russian Railways) registered a new operator in the container market, Russian Railways Business Asset. The creation of a new container operator by a monopoly could have a significant impact on the container transportation market. The Company is monitoring the situation around changes in competition and taking steps to increase the competitiveness of its own services.

## Climate risk management

In 2020, the Company analysed potential climate risks as part of the risk management process. In 2021–2022, the Company plans to take organisational and financial measures to set up a system designed to assess the financial impact of climate change. The Company will also develop relevant impact mitigants.



Risk dynamics by criticality levels



Dynamics of corporate risks map structure

Dynamics of corporate risks map structure



GRI 102-15	GRI 102-29	GRI 102-31	GRI 201-2
---------------	---------------	---------------	--------------

## Climate risk classification<sup>1</sup>

Risk description and classification	Impact of the risk or opportunity	Financial impact of the risk or risk prevention opportunities	Risk and opportunity management approaches
Risks caused by long-term climate change (physical risks)			
TransContainer may be exposed to risks that directly impact production facilities and are caused by long-term climate change (e.g. sea level rise, abnormal high temperatures, drought or heat) and the inability to mitigate and adapt to climate change.	The risk involves the direct or indirect impact of abnormal weather on infrastructure, employee safety and productivity.	Risks caused by long-term or strong short-term climate changes have a direct impact on business assets or an indirect impact on value chains.	<p>The Company has developed a risk map to take into account:</p> <ul style="list-style-type: none"> <li>• climate risks in management decision-making and in operations;</li> <li>• natural disasters and changes in climate conditions;</li> <li>• adverse environmental impact of equipment and technology; suspension of operations;</li> <li>• injuries to employees and other people.</li> </ul> <p>Environment protection measures are developed to ensure continuous risk management.</p> <p>Design specifications and estimates related to construction and reconstruction of production facilities at TransContainer take into account potential adverse climate conditions in the region and work to mitigate the risks.</p>
Risks caused by strong short-term impact of natural factors (physical risks)			
TransContainer may be exposed to risks that directly impact production facilities and are caused by strong short-term adverse weather conditions (e.g. floods, earthquakes, hurricanes, heavy rain, lightning, fire, etc.). Physical risks have increased recently due to the intensification of adverse weather conditions.	The risk involves the direct or indirect impact of abnormal weather on infrastructure, employee safety and productivity.	Risks caused by long-term or strong short-term climate changes have a direct impact on business assets or an indirect impact on value chains.	<p>Environment protection measures are developed to ensure continuous risk management.</p> <p>TransContainer assesses and takes into account the physical risks and impacts of climate changes during design, construction and operation of facilities.</p> <p>The Company insures its property against these risks.</p> <p>The Company is going to monitor adverse weather conditions in the future.</p>
Transition risks			
TransContainer may be exposed to risks arising from the transition to lower carbon emissions. The risks are caused by behavioural changes of stakeholders, legislative amendments and other factors. Russia ratified the Paris Climate Agreement in 2019. The Paris Agreement aims to slow global average temperature increases by reducing greenhouse gas emissions.	The risk involves decreased investment appeal, increased insurance costs and reduced demand for container shipments due to the unacceptable engagement of companies that produce significant environmental impacts.	Risks may lead to lower asset value or lack of a return on assets, as well as to changes in market demand.	<p>Though the Company has no significant carbon footprint in comparison with industrial enterprises, TransContainer has decided to contribute to the achievement of Russia's net zero goals.</p> <p>To this end, the Company is going to develop a system to assess greenhouse gas emissions and to manage and reduce CO2 emissions.</p> <p>TransContainer has plans to set up a department that will implement the overall strategy and supervise sustainable development efforts to manage climate risks.</p>

<sup>1</sup> The Company relies on the climate risk classification in accordance with recommendations developed by the Task Force on Climate-Related Financial Disclosures (TCFD) to identify climate risks and update the corporate risk map.



## Internal control and audit Service

The Internal Control and Audit Service was established by the Company's president based on a Board of Directors resolution on improving the effectiveness of governance and enhancing financial and business activities through a consistent approach to risk management and internal control.

The Internal Control and Audit Service is guided by the Regulation on the Internal Control and Audit Service of PJSC TransContainer, Russian laws, Regulation on the Audit Committee of PJSC TransContainer, resolutions of the general meeting of shareholders and the Board of Directors, the Company's by-laws, internal auditing guidance as per the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors.

In order to ensure the principle of independence and objectivity, the Internal Control and Audit Service is functionally subordinate to the Board of Directors and administratively subordinate to the President of the Company.

The Head of the Internal Control and Audit Service reports to the Audit Committee and the Board of Directors on the performance of the Internal Control and Audit Service throughout the reporting quarter and annually, and on the current state of the internal control, risk management and corporate governance systems, progress against the annual action plan and budget of the Internal Control and Audit Service.

## Interaction with the external auditor

To ensure an independent and unbiased audit of the Company's financial statements, the Company approved the TransContainer Policy on Interaction with External Auditor in 2019.

The selection of the external auditor is carried out every five years and is subject to approval by the General Shareholder Meeting upon nomination by the Board of Directors.

### Key documents

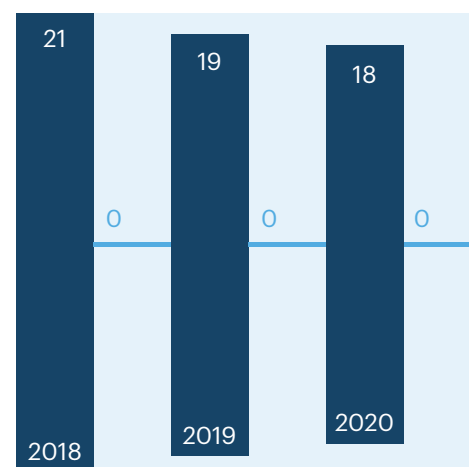
[Regulation on the Internal Control and Audit Service at TransContainer](#)

The Audit Committee reviews potential external auditors of the Company to establish their compliance with requirements and selection criteria, and provides recommendations on auditor selection and service fees to the Board of Directors.

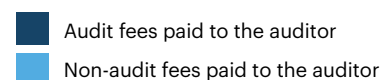
When selecting an auditor, the Company relies on the following principles:

- legitimacy (the auditor is approved in accordance with Russian law on joint-stock companies)
- consistency (financial statements are audited by one and the same auditor over several years to ensure high quality)
- comprehensiveness (a single auditor is engaged to carry out audits and reviews of consolidated financial statements prepared in accordance with the IFRS and to perform audits of accounting reports prepared under the Russian accounting standards)
- independence (lack of interest and conflicts of interest)

To ensure the independence of the external auditor, the Company seeks to avoid engaging the auditor for non-audit services. In exceptional circumstances, where reasonable, the Company's policy allows the auditor to provide non-audit services upon preliminary approval by the Audit Committee, with the exception of services related to staff training, seminars, corporate training under training programmes for various qualifications, accounting and reporting and other types of training for the Company's employees and the Board of Directors, as well as accounting and reporting advice. In 2020, the auditor was not engaged for any non-audit services.



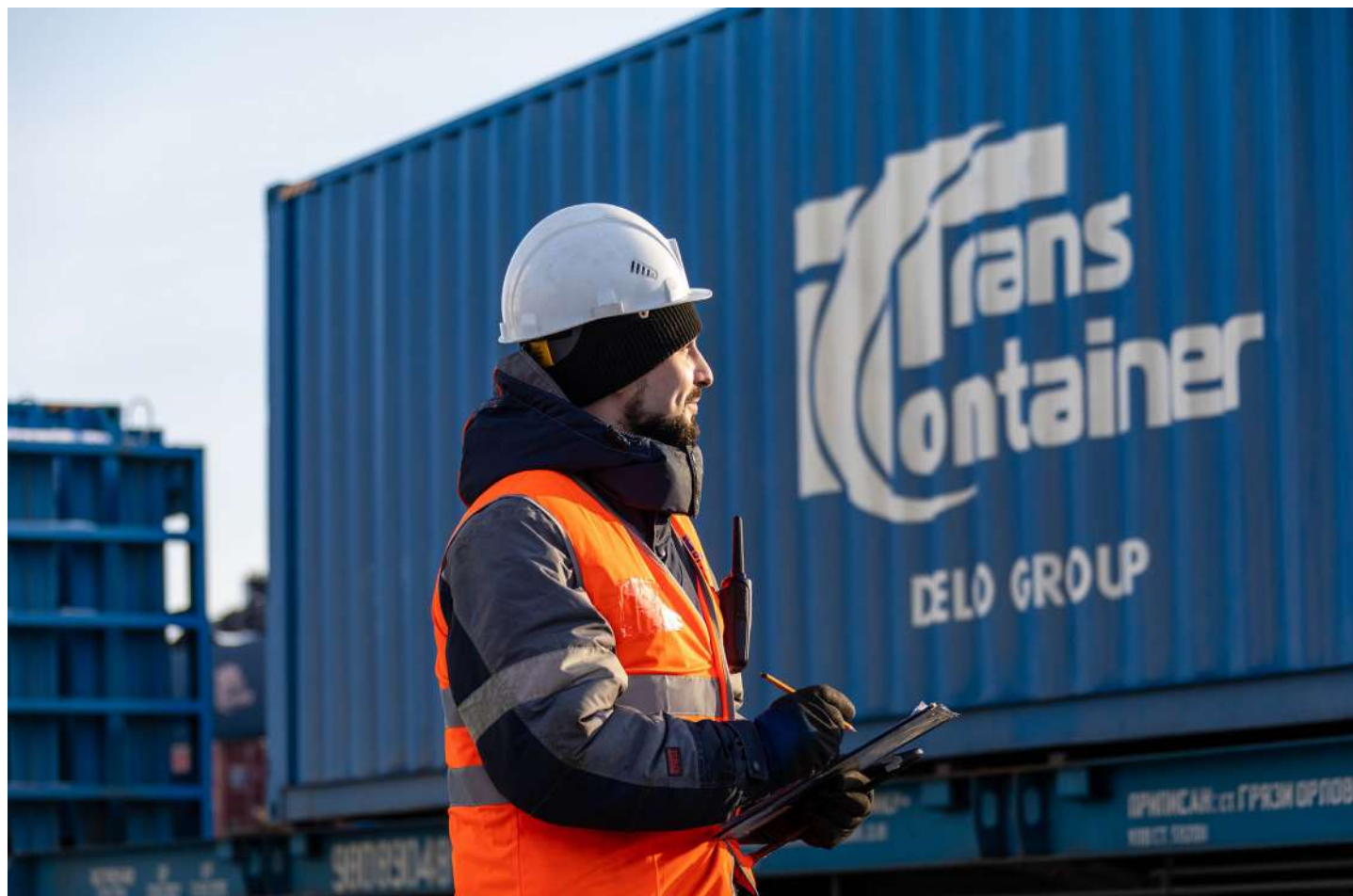
Fees paid to the auditor,  
RUB m



05



CREATING GOOD  
WORKING CONDITIONS  
FOR EMPLOYEES



TransContainer's key asset is its employees. As a socially responsible employer, the Company is committed to upholding and supporting employee rights, providing safe and healthy working conditions, and helping employees to unlock their potential. TransContainer adheres to inclusive recruitment practices in relation to age and gender and supports equal opportunity for the professional growth of all employees.

In its relations with its employees, TransContainer follows social partnership principles that cater to employee interests. The Company complies with Russia law, including the Russian Labour Code, and has made voluntary commitments on employee training, development, remuneration and social support. When hiring employees and providing career development opportunities, TransContainer is governed by the principle of diversity and inclusiveness and does not tolerate any discrimination, including on grounds of race, sex, religion, political views or disability. In 2020, the Company provided support for 29 employees with disabilities.

#### Key documents

[Code of Business Ethics](#)

[Regulation on Incentives for the Management](#)

[Collective bargaining agreement](#)

[Regulation on TransContainer's Staff Remuneration](#)

The HR policy, which is aimed at recruiting, onboarding, developing and retaining talent, rests on the following principles:

- Creating healthy and safe work conditions
- Upholding human rights, including non-discrimination, freedom of association and trade unions
- Creating equal opportunities to help employees unlock their potential and support their professional growth
- Providing financial and non-financial incentives as well as additional benefits to improve productivity<sup>1</sup>

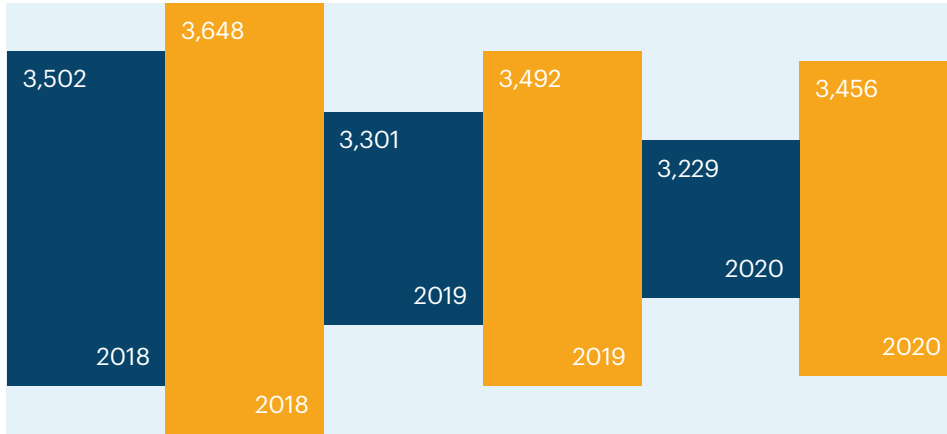
<sup>1</sup> For more details, see Staff remuneration and incentives and Social support for employees.

In 2020, the Company made an effort to systematise its strategic HR goals and improve the effectiveness of human resources management. As a result, the Company outlined the following longer-term objectives:

- Ensure competitive salaries
- Recruit, hire and retain highly skilled people
- Put in place a continuous training programme
- Ensure the development of employees commensurate to their position and professional standards
- Improve the remuneration system to contribute to the achievement of the Company's goals

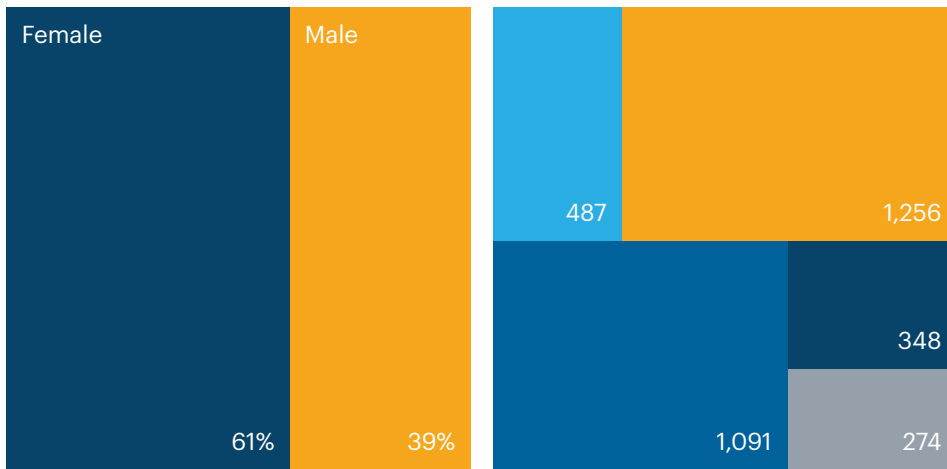
# 05.1. Staff breakdown

GRI 102-7    GRI 102-8



Staff headcount

- Average headcount
- Headcount (as of 31 December 2020)

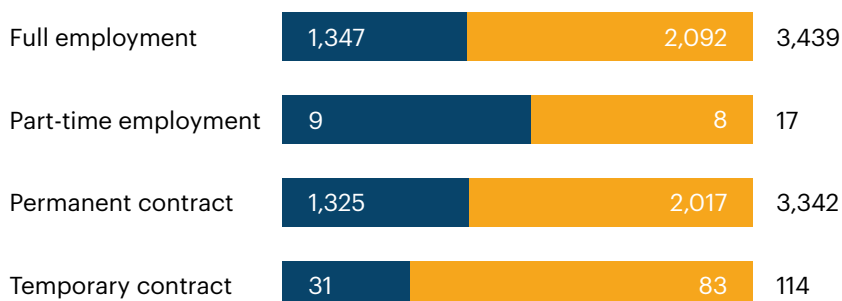


Staff breakdown by gender, %

Staff breakdown by age, total headcount

- Under 30
- 31-40
- 41-50
- 51-55
- 55+

The Company wants to create long-term relations with its employees. More than 96% of the total headcount are employed under permanent contracts, while full-time personnel account for more than 99%.



Headcount of staff by type of employment and employment contracts (as of 31 December 2020)

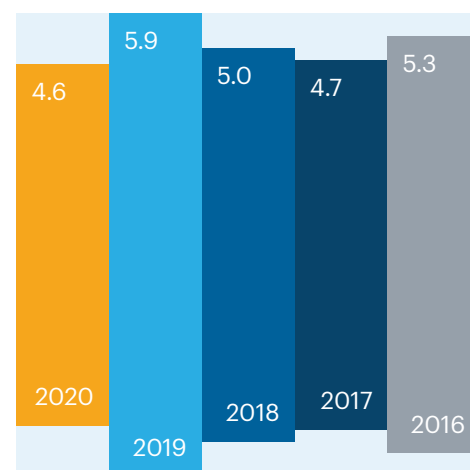


An effective HR policy and a variety of recruitment methods help TransContainer to keep staffing at a high level of 96.5%.

GRI  
401-1

### New full-time employee hires, 2018–2020

New full-time employee hires	2018	2019	2020
Male	172	174	192
Female	175	144	168
Younger than 25	90	78	71
26–35	139	109	115
36–55	110	113	154
Older than 56	8	18	20
Number of new hires	347	318	360



Staff turnover rate (%)

### Employee turnover

TransContainer prepares quarterly employee turnover reports to be able to effectively manage its people. In 2020, the staff turnover rate was 4.6%, down 1.3% year-on-year.<sup>1</sup>

<sup>1</sup> Turnover rate in % = (employees resigning voluntarily + employees dismissed for violation of labour discipline)/average headcount\*100).

### Proportion of senior management hired from the local community

Indicator	2018	2019	2020
Senior management, total <sup>1</sup>	17	8	24
Senior management hired from the local community <sup>2</sup>	17	8	22
Proportion of senior management in significant locations of operation hired from the local community, <sup>3</sup> %	100%	100%	92%

GRI  
202-2

<sup>1</sup> Senior management includes the president/CEO, vice president/deputy CEO, director of headquarters and the directors of branches and representative offices.

<sup>2</sup> Senior management hired from the local community represent individuals who were born or are legally entitled to permanently reside in Russia hired on, or transferred to, senior management positions.

<sup>3</sup> TransContainer mainly operates in Russia.





# 05.2. Staff remuneration and incentives

Ensuring competitive salaries and providing employees with financial and non-financial incentives are critical in attracting and retaining highly-skilled people.<sup>1</sup>

In accordance with the Regulation on TransContainer’s Staff Remuneration, employees are entitled to a fixed salary and to bonuses. The Company sets employee salaries based on the approved headcount and adjusts them in accordance with the collective bargaining agreement. Workers are paid based on hourly rates defined with reference to the pay scale. The Company has the same pay rate for men and women.

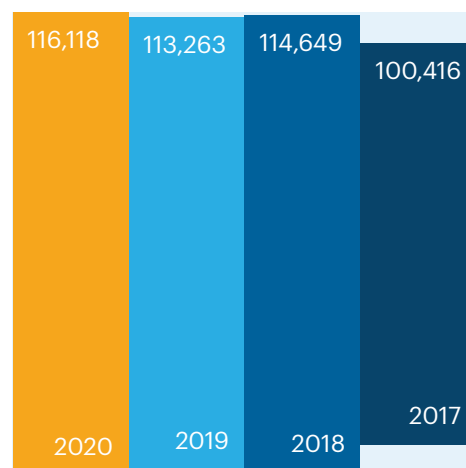
The Company’s entry-level wage is much higher than the minimum wage in Russia. The Company has gradually raised entry-level wages. In the reporting year, the entry-level wage was RUB 32,346 per month.

<sup>1</sup> Salaries are adjusted based on the collective bargaining agreement. In 2020, the Company raised salaries for all employees by 3%.

<sup>2</sup> At the Company’s administrative headquarters.

GRI  
202-1

Показатель	2018	2019	2020
Local minimum wage in Russia, RUB	9,489	11,280	12,130
Entry-level wage (net of bonuses), RUB <sup>2</sup>	29,914	31,398	32,346
Ratios of entry level wage compared to local minimum wage (in Russia), %	267%	278%	315%



Average wage in PJSC TransContainer (RUB)

The size of a given employee’s bonus depends on the Company’s actual operating and financial performance and the employee’s performance. Bonuses may vary depending on the business unit and position. The Company regularly improves the bonus programme.

The Company also has a one-off loyalty reward paid periodically to employees pro rata to their length of service in order to retain highly-skilled people.

GRI  
401-2

The Company has developed a non-financial reward system designed to recognise the best-performing employees (certificates of merit, letters of appreciation, valuable gifts and rewards commemorating important corporate milestones).

### Non-financial incentives—awards

Award type		Awarded (people)
Letters of award and acknowledgements	Russian Railways	54
	PJSC TransContainer	1
TransContainer’s Honorary Employee award		1
Acknowledgement of the Minister of Transport of the Russian Federation		1
Watch with name engraving of the CEO—Chairman of the Management Board of the Russian Railways		1
Total		58

## Key performance indicators

The Company has adopted a key performance indicator (KPI) framework that reflects the extent to which the management meets short- and medium-term objectives and achieves longer-term strategic goals.

GRI  
102-35

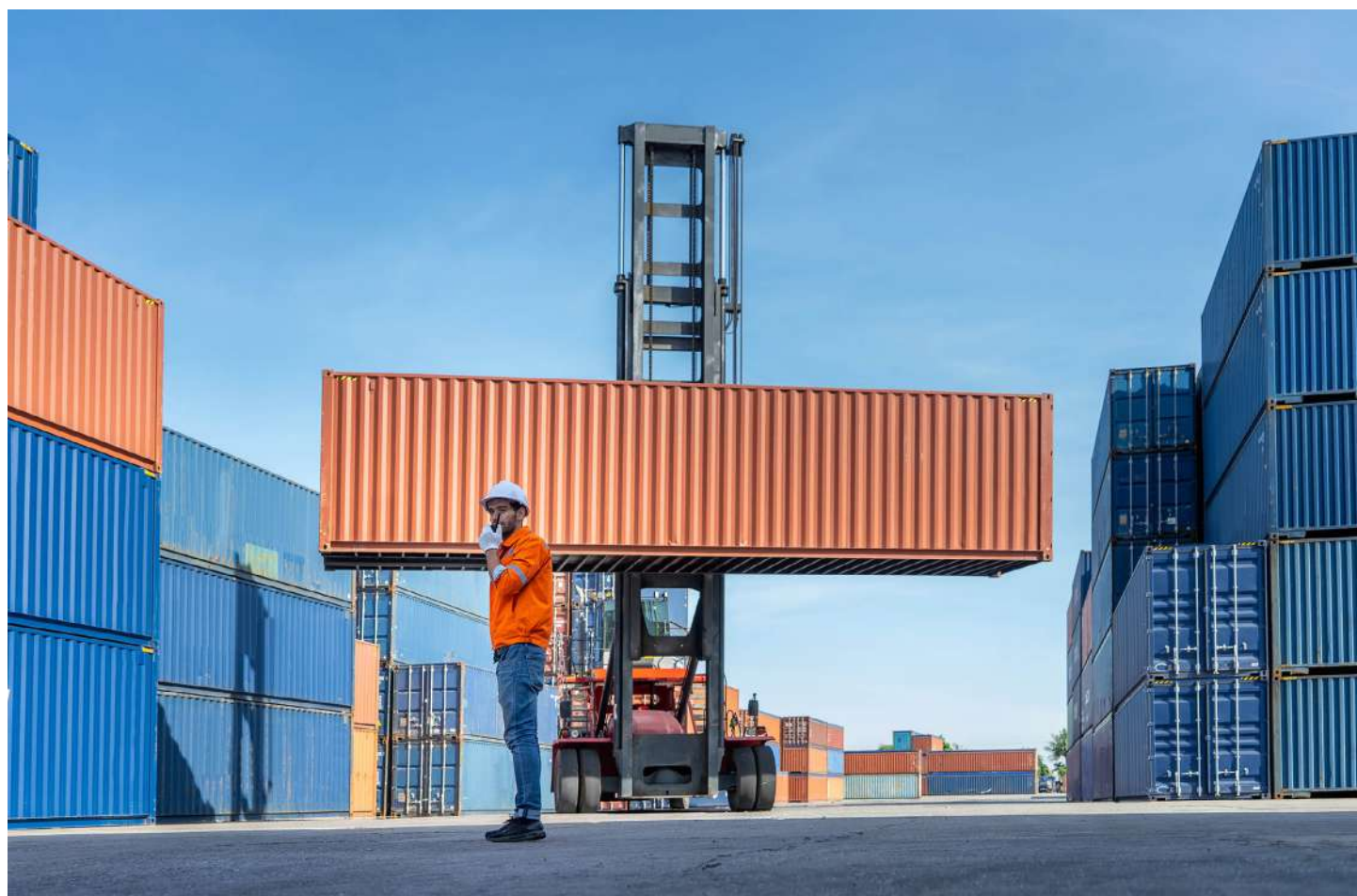
The KPI system includes three groups of metrics:

- Company-wide KPIs that measure overall performance
- Process KPIs that measure the performance of certain functions or processes

- Project KPIs or metrics that are valid over a fixed period of time and measure the completion of project goals (or milestones) for projects implemented by the Company or specific functions

For each KPI, the Company develops a rubric that explains how to define targets and actuals. In accordance with a Board resolution, the CEO's performance is assessed based on two components that measure the Company's current performance and impact its market capitalisation (net profit and EBITDA).

The Company sets target KPIs for the management based on the current budget, which is approved by the Board of Directors in alignment with the Company's strategy. The Company's market capitalisation depends on its operating performance. Hence, the assessment of the performance of sole executive bodies includes such KPIs as net profit, EBITDA, share of the revenue generating rail container delivery market, sales (TEUs), logistics



margin, etc. The Company sets target KPIs based on its current budget.

The KPIs of the members of the Management Board and middle management include targets for achieving sustainable development indicators. The indicators include a reduction in industrial injuries, the transition to e-document workflow, an increase in information and economic security, and a decrease in staff turnover.

The performance of TransContainer’s branch directors is additionally assessed based on scores in the ranking of branch performance.

The Company takes into account ranking results to:

- make decisions about the rotation of branch directors
- allocate payroll funds to pay additional bonuses to branch employees following the year end

This management approach has shown that the KPI system and quarterly performance monitoring based on TransContainer’s branch performance ranking are effective in improving key operating, management and development processes.

Zabaikalsk	1.21
East Siberian	1.21
Northern	1.17
Moscow	1.13
Far Eastern	1.11
October	1.10
Krasnoyarsk	1.09
North Caucasus	1.01
West Siberian	0.92
Kuybyshev	0.89
Ural	0.87
South-Eastern	0.85
Privolzhskaya	0.79
Gorky	0.79

Total rating of PJSC TransContainer’s branches in 2020

## 05.3. Training and education

TransContainer's people development efforts are underpinned by the following pillars:

- upgrading employee professional skills and competencies as required by corporate policy in the field of personnel management, by position profiles and professional standards
- keeping employees motivated to improve their subject matter expertise and supporting internal career growth opportunities

Key documents

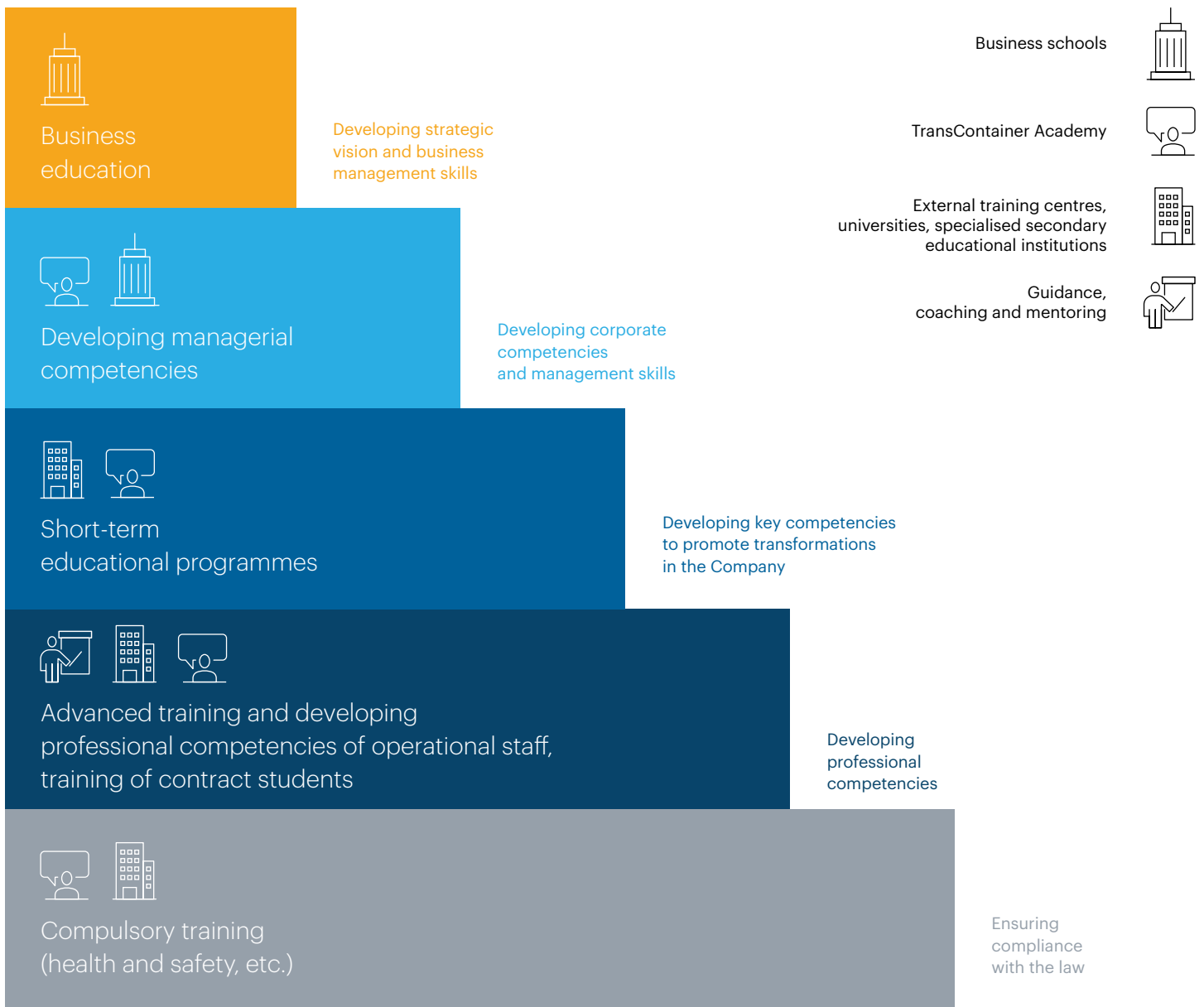
[HR management policy](#)



# Employee training and development framework

The corporate learning and development system, TransContainer Academy, facilitates the ongoing improvement of employees' competencies and career growth. Employees in any position may enrol in professional training programmes to improve their competencies.

## General approach to employee training and development



# Existing employee training and development framework

GRI  
404-2

## External training, skills upgrading and retraining

TransContainer has placed a great deal of emphasis on upgrading the hard skills of its employees and developing their soft skills and business acumen. The Company encourages its employees to attend external training programmes, workshops and conferences. All this has a positive impact on employee skills and helps them to regularly enhance their knowledge, competencies and expertise.

In 2020, 2,375 employees attended external information and consulting events and upgraded their skills.

2,375

employees attended external information and consulting events and upgraded their skills in 2020

## Internal employee training

The TransContainer Academy L&D portal includes:

- more than 20 online courses on developing hard skills
- more than 80 online tests on the Company’s key business processes
- more than 20 online courses on developing management and soft skills, such as coaching, teamwork, goal setting, time management and others
- online courses on workplace safety including HSE and fire safety
- online courses on MS Office skills, including MS Word from beginner to advanced, MS Excel from basic to expert and MS PowerPoint presentation skills

20

online courses on developing hard skills

80

online tests on the Company’s key business processes

20

online courses on developing management and soft skills, such as coaching, teamwork, goal setting, time management and others

Online courses help to improve hard, management and soft skills. Employees are free to enrol in the courses they want and to take them at their convenience.

Employees may use the TransContainer Academy platform for professional tests and evaluations of their competencies. Such tests help to reveal gaps in their knowledge and select the personal learning and development path that best fits their needs.

Staying true to its mission, TransContainer Academy seeks to involve managers in the employee development process and motivate employees to work toward a common goal. An important step in this respect was the adoption of a train-the-trainer model. The Company has selected internal experts and trainers to train other employees, no matter how complicated the topic. Internal trainers and experts from among experienced employees and functional leaders actively contribute to the development of the corporate knowledge base.

In 2020, the Academy focused on internal online trainings and professional testing. In the reporting year, TransContainer Academy launched new courses completed by more than 1,000 people.

In total, more than 1,900 employees completed hard skills tests in the reporting period.

1,000

people completed TransContainer Academy's new courses in 2020

1,900

employees completed hard skills tests in 2020

### Hours of training and development per year per employee by employee category

Employee category and indicator	2020
<b>Senior management</b>	
Total number of employees	67
Number of training hours	2,819
Average number of training hours per person	42.08
<b>Heads of functional units</b>	
Total number of employees	637
Number of training hours	34,464
Average number of training hours per person	54.10

GRI  
404-1



Employee category and indicator	2020
<b>Specialists</b>	
Total number of employees	474
Number of training hours	18,384
Average number of training hours per person	38.78
<b>Workers</b>	
Total number of employees	620
Number of training hours	24,082
Average number of training hours per person	38.84

### Total employee training hours and scale of investment in training

Indicator	2020
Total amount spent on training (RUB)	6,390,000
Number of employees that completed training	1,798
Average amount spent for training and development (RUB)	3,554
Average number of hours of training per employee (hours per person)	45
Average hours of training (male) (hours)	44
Average hours of training (female) (hours)	57

## Staff performance appraisal

In order to improve performance and productivity, the Company conducts regular employee performance assessments. The assessments inform decisions on the payment of bonuses as well as on promotions.

### Performance review by gender and by employee category

Indicator	2018	2019	2020
Employees who received formal performance reviews	183	185	186
Percentage of total number of employees	5.3	5.6	5.8
by employee category:			
Managers	183	182	185
Percentage of total number of managers	25.6	26.6	27.6
Specialists and office clerks	0	3	1
Percentage of total number of specialists	0	0.2	0.1
Workers	0	0	0
Percentage of total number of workers	0	0	0
by gender:			
Men	127	122	128
Percentage of total number of men	8.7	8.9	9.4
Women	56	63	58
Percentage of total number of women	2.7	3.3	3.1

GRI  
404-3

## Employee engagement assessment

Employee feedback helps the Company to make more informed human resource management decisions and ultimately improve the working environment. The Company has adopted an annual employee engagement assessment system designed to serve these ends.

In 2020, the assessment did not take place due to significant changes at the Company. In 2017, 48% of employees (1,834 people) took part in the survey, with the employee engagement index measuring 71%. In 2018, 78% of employees completed the survey (2,724 people), with an engagement index of 68%. The next engagement survey is planned for the autumn of 2021.

Employees report that stability is one of the Company's key strengths. Around 71% of employees are satisfied with their working conditions, which is 14% higher than the Russian average. The Company's strong reputation was cited by 60% of employees, which is 7% above the industry average. The employees rate the Company's brand as strong, saying that the employer meets its social commitments. Three out of four (75%) of employees say that they take pride in working for TransContainer. Satisfaction with earnings stands at 48%, which is 8% above the industry average. This result is especially encouraging, given that remuneration tends to be rated low in Russia.

71%

of employees are satisfied with their working conditions

60%

of respondents cited the Company's strong reputation

75%

of employees take pride in working for TransContainer

48%

satisfaction with earnings

# 05.4. Social support for employees

TransContainer is a responsible employer and cares about the wellbeing and security of its employees and their families. The Company provides a variety of social guarantees, benefits and allowances to employees, including free medical care, disability benefits and financial support, as well as discounts at health resorts and compensation of suburban rail fare when travelling to and from work. These obligations are detailed in the collective bargaining agreement that covers all the Company's employees.

GRI  
102-41

GRI  
403-6

Key documents

[Collective bargaining agreement](#)

[Regulation on the Non-state Pension Plan for Employees](#)

[Regulation on the financial assistance at TransContainer](#)



## Employee social support framework

- Access to voluntary health insurance (VMI)
- Partial compensation of visits to health and wellness resorts
- One-off financial support on the birth of a child: all employees are entitled to maternity / paternity leave<sup>1</sup>
- Rail fare compensation
- Employee financial assistance
- Corporate employee pension plan
- One-off payment to retiring employees

GRI  
401-2

GRI  
403-3

₽171 m

spent on social programmes under the collective bargaining agreement in 2020

<sup>1</sup> This is a statutory right.

### Voluntary medical insurance

The VMI programme covers all the Company's employees and includes outpatient care, inpatient care, vaccination, dental care, medical procedures, 24/7 trauma care, diagnostic tests, home care and emergency medical care.

6%

of employees used health resort options provided by the Company in 2020

### Health resort treatment

Employees and their families may book treatment at health resorts at discounted prices and send their children to recreational camps. In 2020, more than 6% of employees used this option.

₽14.4 m

rail fare compensation for employees in 2020

### Compensation for expenses

The Company provides compensation to employees and their children (under 18 years old) for rail fares. In 2020, the Company spent RUB 14.4m on rail fare compensation.

## Non-state pension plan

An important element of the Company's responsibility to its employees is the supplementary pension plan.

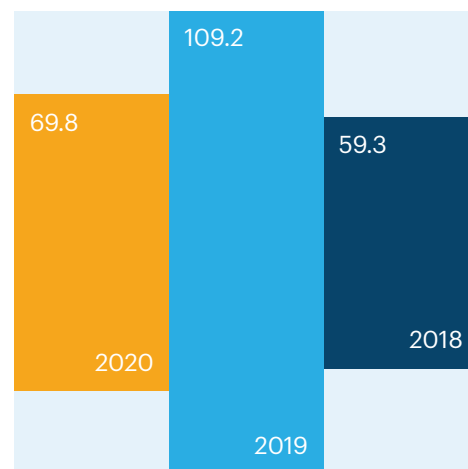
GRI  
201-3

The Company operates a corporate non-state pension plan administered by the Blagosostoyanie Non-State Pension Fund. Payments are made in accordance with Company policy.<sup>1</sup>

Most pension plans are shared-financing arrangements, whereby contributions are made by both the employer and the employee. Under the non-state pension plan, the contributions made by the employer and the employee are approximately the same, up to 10% of the salary (5% on average). For older employees who timely join the pension scheme, the employer’s contribution is significantly larger than that of the employee.

In 2020, the Company spent RUB 69.8m on the non-state pension plan.

<sup>1</sup> See the Company’s non-state pension plan policy.



Pension liabilities (non-state pension plan), RUB m

## Social guarantees for non-working retirees

The Company’s collective bargaining agreement provides the following social guarantees intended to increase the living standards of non-working pensioners:

- Compensation of expensive medical treatments
- Compensation of health resort treatments
- Compensation of household fuel costs
- Compensation of rail fares
- Financial assistance in extraordinary situations

## Collective bargaining agreement

The collective bargaining agreement helps to facilitate dialogue between employees and the Company. As required by the Russian Labour Code, TransContainer’s collective bargaining agreement applies to all the Company’s employees. In 2020, spending on social programmes under the collective bargaining agreement amounted to RUB 171m.

GRI  
102-41

## Expenses for social programmes under the Collective Agreement of PJSC TransContainer in 2020 (RUB m)

Social guarantee	Amount
Voluntary health insurance of employees	49.28
Non-state pension provision for employees	69.84
Health resort treatment for employees and their children	3.69
Recreation of employees' children (children's health camps)	0.86
Compensation for the cost of pre-school institutions for employees' children	8.15
Compensation for the cost of travel for employees and their families	14.41
Payment of allowance for employees on leave to care for children (1.5–3 years)	6.04
Childbirth payment	0.56
Financial aid due to family circumstances	13.59
Expenses for social guarantees for unemployed pensioners	4.50
<b>Total</b>	<b>170.92</b>

# 100%

share of employees covered by the collective bargaining agreement

# 05.5. Occupational health and safety

The health and safety of employees is a key priority for TransContainer. The Company adheres to high occupational health and safety standards. TransContainer works to create a better workplace environment, improve safety and prevent fires at its facilities.

### Key documents

[Enterprise Standard STP TK.001-2008 “Occupational health and safety management system”](#)

[Regulation on the design of controls over the occupational health and safety system](#)

[Process specification \(5.17\) “Health, safety and environment management at TransContainer”](#)

[Collective bargaining agreement](#)

## Occupational health and safety system<sup>1</sup>

The Company provides the following types of occupational health and safety training:

<sup>1</sup> The occupational health and safety management system applies to all employees.

GRI 403-1	GRI 403-3	GRI 403-5	GRI 403-6
--------------	--------------	--------------	--------------





- Annual scheduled training for executives and specialists designed to prevent occupational injuries
- Mandatory employee training on occupational health, industrial and fire safety, as well as electrical safety
- Worker participation, consultations and communications on occupational health and safety

#### Reporting and accountability:

- Reporting on occupational health and safety programmes and related performance
- Statutory responsibility for occupational health and safety
- Targets for reducing the number of incidents related to health and safety
- Managerial accountability for occupational health and safety.

#### Internal procedures:

- Procedures for ensuring emergency preparedness
- Operating manuals or industry specific procedures

The number of employees who completed occupational health, industrial safety and electrical safety training stands at 279, 57 and 49, respectively. The Company spent approximately RUB 2.4m to these ends.

Under the collective bargaining agreement, TransContainer spends at least 0.3% of expenses charged to the cost of sales on occupational health and safety each year. The Company's branches plan activities to ensure safe workplaces within this budget.

**In 2020, in the face of the COVID-19 pandemic, the provision of safe working conditions for employees became particularly important.**

# 279

employees completed occupational health training

# 57

employees completed industrial safety training

# 49

employees completed electrical safety training

# ₽2.4m

spent on occupational health, industrial safety and electrical safety training

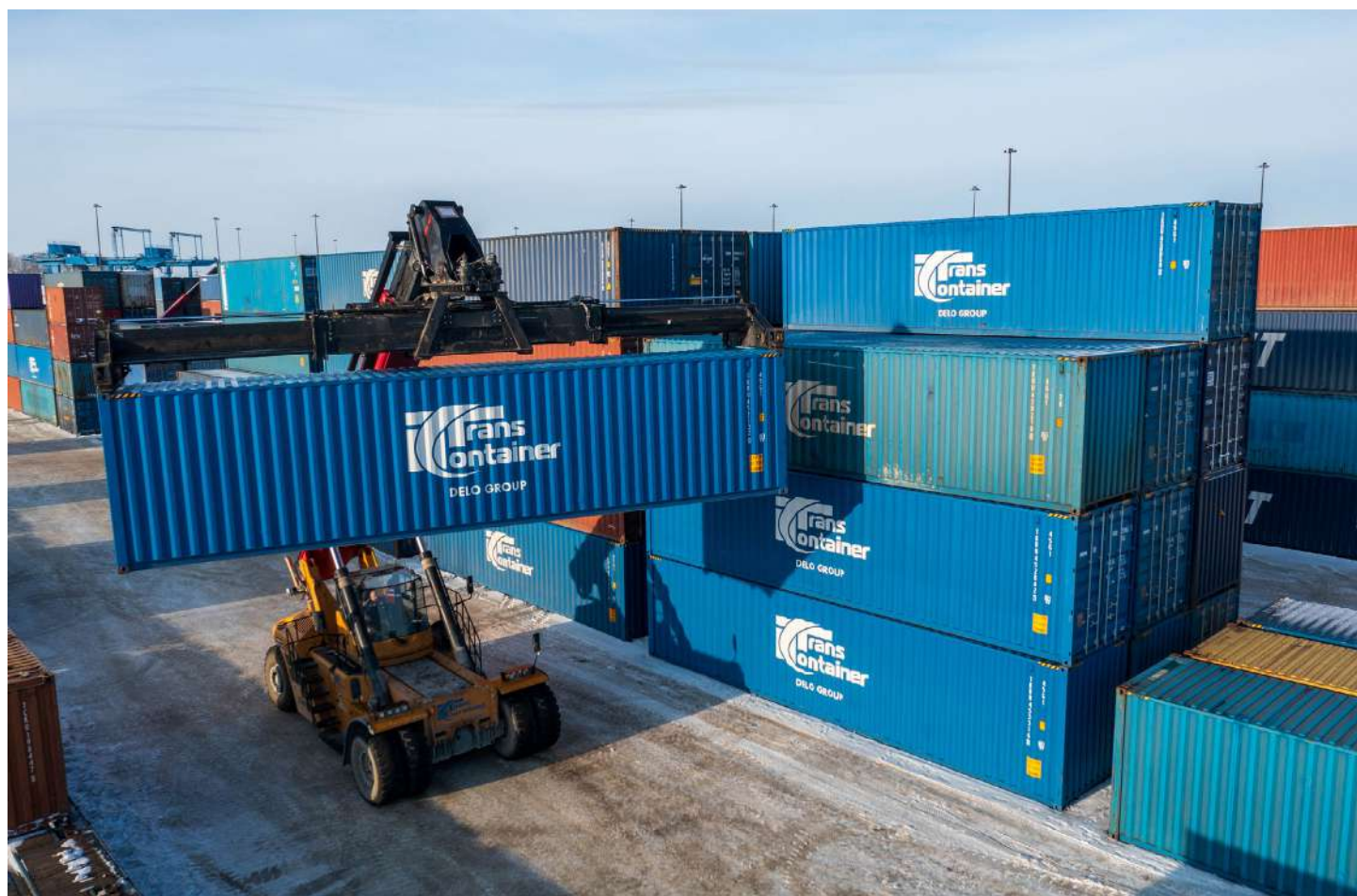
In the reporting year, the Company took the following steps:

### Organisational measures

- Set up a committee on the prevention and mitigation of COVID-19 risks to promptly address issues and make decisions

### Remote communications

- Shifted employees who are not directly involved in hazardous operations and hazardous facility maintenance to remote work to ensure compliance with lockdown requirements and provided access to information resources and software



## Digitalisation

- Implemented electronic document exchange using electronic signatures
- Arranged for online approvals of hiring / transfers of job applicants using the Huntflow recruiting system

## Compliance with sound sanitation practices

- Posted visual information (reminders about the rules employees should follow during the pandemic) on the corporate website and data boards
- Installed hand sanitiser dispensers
- Arranged for the regular disinfection of the premises
- Provided employees with personal protective equipment
- Arranged workstations in compliance with social distancing requirements
- Organised daily temperature checks for employees not working from home
- Held other events in accordance with the guidelines issued by the Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing

## Additional employee healthcare activities

- Monitored employee infection rates
- Arranged for PCR tests

The Company spent RUB 7.1m on the above measures.

## Hazard identification, risk assessment and incident investigation

To identify hazards at the workplace and assess risks, the Company uses step-by-step process flowcharts developed for all types of hazardous work as well as safety reminders for employees and visitors.

GRI  
403-2

The occupational health and safety guidelines set out employee obligations to report hazards and hazardous situations at the workplace.

Employees have the right to remove themselves from situations that they believe to be unsafe or unhealthy. This right is regulated by STP TK.001-2008 "Occupational health and safety management system at TransContainer".

The process used to investigate work-related incidents that could cause injury or ill health is regulated by Russian law.



## Special assessment of working conditions

The Company conducts regular assessments of working conditions and exercises sanitary controls to ensure employee rights to a safe and healthy work environment. Where any hazardous exposures are identified, the Company takes action to eliminate exposure or to minimise the risks to protect employees from harm. In the reporting year, the Company conducted 19 special assessments of working conditions across its branch offices.

## Response to emergencies

TransContainer is obliged to make provisions for emergency preparedness as defined in the civil defence and emergency response plans developed and approved for all the Company's business units. Potential risks related to emergency situations are defined in the corporate risk map.

The Civil Defence and Emergency Command oversees all emergency preparedness initiatives at the Company level. The Company has special response teams at the region, entity and department level that are part of the Civil Defence and Emergency Command. The Company has adopted a common alert system for emergency situations. Responsibility for responding to and investigating emergency situations is set at the executive management level.

To ensure better preparedness of employees to emergencies, the Company conducts quarterly emergency drills and participates in an annual country-wide civil defence and emergency drill led by the Russian Ministry for Civil Defence and OAO RZD.

## Worker participation, consultations and communications on occupational health and safety

Information on the occupational health and safety management system is communicated to employees during technical trainings, special briefings, meetings and workshops.

GRI

403-4

The Company's representatives as well as employee representatives participate in a joint Health and Safety Committee. The committee's functions are integrated into the organisational structure. The committee operates in accordance with formal policies, procedures and rules. The committee provides assistance and advice to employees on matters of occupational health and safety.



## Mitigating occupational health and safety impacts

In its approach to mitigating health and safety risks, the Company seeks to improve employee occupational health and safety conditions. The Company develops initiatives on an annual basis with controls exercised quarterly.

GRI  
403-7

In response to the COVID-19 pandemic, the Company has undertaken to provide employees with modern and reliable personal protection equipment. The Company set up special committees on protective clothing to monitor the quality and timeliness of supplies.

## Occupational injuries

In 2020, TransContainer recorded no fatalities, with LTIFR reduced to 0.18, representing a 75% improvement year-on-year.<sup>1</sup> Handling operations and road traffic accidents are the main source of risk. Data are based on incident reporting by all the Company's branches.

GRI  
403-9

<sup>1</sup> Lost time injury frequency rate.

Indicator	2018	2019	2020
Number of fatalities as a result of a work-related injury	0	0	0
Number of high-consequence work-related injuries	0	1	0
Number of work-related injuries	1	4	1
Lost time injury frequency rate	0.17	0.71	0.18

0.18

LTIFR in 2020

0

number of fatalities as a result of a work-related injury in 2020

## Work-related ill health

The Company regularly monitors work-related ill health rates. In the last three years, there have been no cases of recordable work-related ill health. All the Company's branches submit quarterly health reports.

GRI  
403-10

In the reporting period, the Company’s occupational health and safety budget totalled RUB 48.558m, up 7.85% year-on-year.<sup>1</sup> The Company used these funds to purchase hand-held radio units, sets of tools with insulated handles, fire extinguishers, mandatory safety signs and fire doors. The Company also measured the insulation resistance of electrical equipment and carried out a number of process control initiatives.

<sup>1</sup> Cost of individual protection equipment is not included.

0

cases of recordable work-related ill health in 2018–2020

**Breakdown of health and safety costs (RUB m)**

Use of funds for health and safety activities		2019	2020
Amount spent on health and safety activities not considering individual protective equipment		45.022	48.558
Including	Activities on labour conditions improvement	27.098	30.365
	Activities on injury reduction	17.924	18.193
Individual protective equipment (IPE)		18.756	14.231
Total		63.800	62.800

In 2020, the Company spent RUB 30.365m to improve the work environment, an increase of 12% over 2019. To ensure a better work environment in hazardous zones, the Company spent RUB 0.71m on the following:

- creating more comfortable workstations for employees (purchased heaters, air conditioners, ionisers and window blinds)
- reducing workload and physical effort (installed labour-saving devices)
- providing better welfare facilities for employees (installed individual lockers, purchased necessary appliances and bottled water)

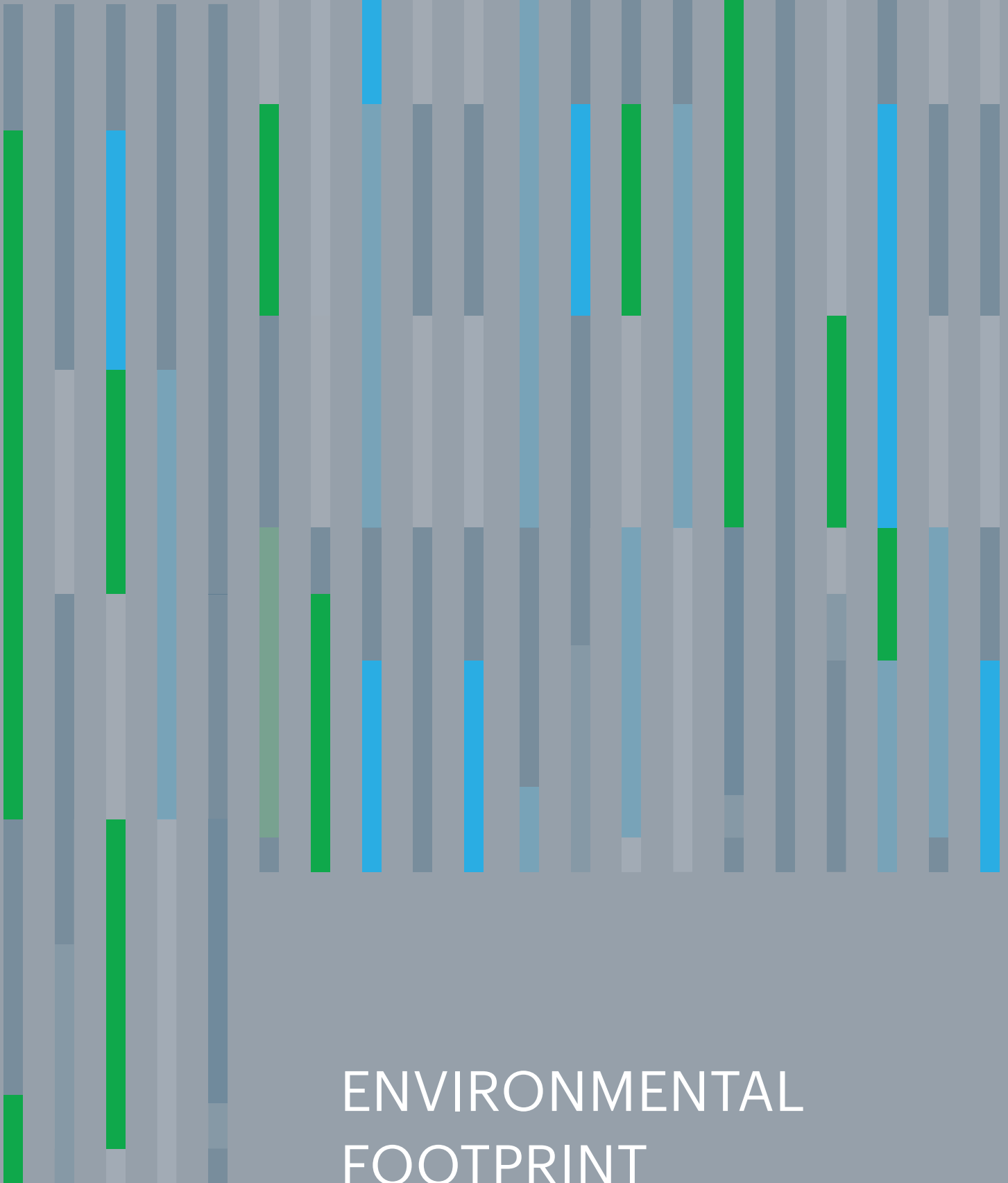
83

working areas exposed to hazards were improved in 2020

In total, the Company improved 83 working areas exposed to hazards in 2020.



06



ENVIRONMENTAL  
FOOTPRINT



TransContainer's operations have a moderate environmental footprint, as container transportation is mainly performed by railway, the most environmentally-friendly mode of transport.<sup>1</sup> One of the Company's strategic objectives is to minimise or bring its environmental impact to zero by reducing its carbon footprint and air pollutant emissions, to conserve resources and to efficiently manage waste.

The Company has an environmental management system (EMS) to efficiently manage environmental issues. In 2019, the environmental management system was ISO 14001:2015 certified (valid through July 2021). TransContainer also conducts internal audits of the system on a regular basis.

Energy and water consumption, GHG and pollutant emissions, waste generation and other environment quality indicators are recorded and monitored.<sup>2</sup>

Managers and specialists receive environmental safety and conservation training in compliance with Russian law.<sup>3</sup>

#### Key documents

[TransContainer environmental policy](#)

[Maximum Permissible Emissions \(MPE\) \(draft document\)](#)

[Standards for Waste Generation and Disposal Limits \(SWGDL\) \(draft document\)](#)

[Conservation plans](#)

[Environmental Footprint Declarations \(EFD\)](#)

[Environmental Production Control Programmes \(EPC\)](#)

<sup>1</sup> For more details, see Sustainable Logistics

<sup>2</sup> For more details, please see the section below. For statistics, please see the relevant chapters.

<sup>3</sup> Article 73 of Federal Law No. 7-FZ of 10 January 2002 "On Environmental Protection".

Furthermore, TransContainer Academy plans to offer environmental protection training for employees.

To improve its environmental performance, the Company builds long-term relationships with federal executive authorities, leading design institutes and other specialised organisations.

## Environmental emergency and accident response

To mitigate the risk of environmental emergencies and accidents, the Company maintains a response system.

The Company analyses the risks of environmental emergencies and accidents on a quarterly basis. Designated committees involving central office and branch executives perform



preventive and mitigation activities. An emergency preparation and response manual was developed and adopted for internal use.

<sup>1</sup> Article 73 of Federal Law No. 7-FZ of 10 January 2002 “On Environmental Protection”.

<sup>2</sup> Anonymous reporting available.

The main response team is the Civil Defence and Emergency Command (CDEC). Employees responsible for dealing with environmental emergencies receive training in compliance with Russian law.<sup>1</sup>

To report an environmental emergency or an accident, employees can use the hotline available on the Intranet.<sup>2</sup> Other stakeholders can report by phone or send an email via the official corporate website.

## Environmental monitoring

- TransContainer branches prepare their own annual conservation plans and quarterly updates for the Company's CTO Office, where the data is collected, stored and analysed. Remedial action is taken based on the results.
- Upon acceptance by the federal environmental authorities, the branches provide copies of their reports and information on environmental footprint payments to the executive office.
- Environment monitoring is performed in compliance with the schedule stipulated in the environmental production control programme (EPC). The data is annually provided to local offices of the Federal Service for Supervision of Natural Resources (Rosprirodnadzor).

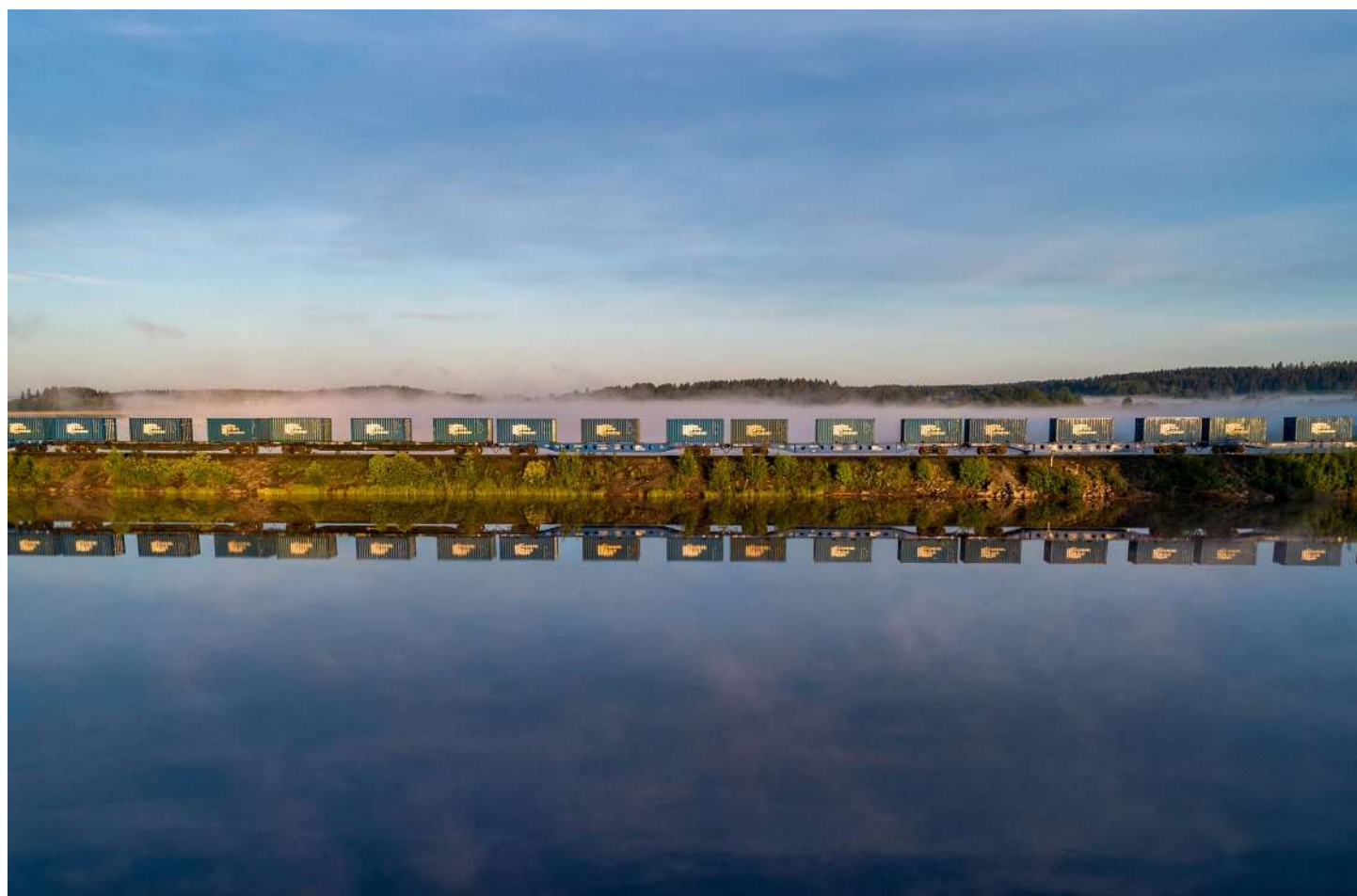
In 2020, there were no environmental complaints from any individuals. Ad hoc audits to verify compliance with environmental law were not performed.

## Environmental protection expenses, RUB '000

Focus area	2018	2019	2020
Atmospheric air protection and climate change prevention	3,186	3,600	95.5
Waste management	1,240	487	74
Environmental protection from exposure to noise, vibration and other physical impacts	22,000	394	—
Land, surface and subterranean water conservation and rehabilitation	400	500	2,200
Other environmental protection costs	1,494	1,020	830.5
<b>Total</b>	<b>28,320</b>	<b>6,001</b>	<b>3,200</b>

₽3.2 m

environmental protection expenses in 2020



### Breakdown of expenses for environmental measures in the container terminals of PJSC TransContainer (RUB thousand)

Target area (terminal)	Event	Expenses
Gorky Branch		
Kirov-Kotlassky terminal	Construction of rain storm sewers	2,200.0
North Caucasus Branch		
Rostov-Tovarny, Skachki, Vladikavkaz, Krasnodar	Measuring pollutants at emission sources	40.5
Agency at Abinsk electromechanical plant	Waste certificates of I–IV hazard classes have been developed	47.0
	Projects of emission limits have been developed	55.0
Rostov-Tovarny	Maintenance (pothole repair) of the asphalt road pavements	830.5
Krasnoyarsk Branch		
Bazaikha	The Company set up temporary sites for waste storage	27.0
Total		3,200.0

# 06.1. Energy consumption and efficiency

Energy efficiency is one of the Company's core social responsibilities. TransContainer adheres to reasonable and lean energy consumption principles. The Company has developed a set of energy-saving measures. To reduce fuel consumption, core production processes involving in-terminal container movements are facilitated by electrical (overhead) cranes.

In 2020, the Company conducted an analysis of the rational use of energy sources. The terminals were measured in terms of the light standards at container sites and insulation resistance of electrical installations, equipment and buildings.

In 2020, the Company managed to reduce energy consumption by 27% over the previous year by launching energy saving and energy efficiency improvement initiatives, as well as thanks to the shift to remote work in response to the pandemic. The Company's energy costs were RUB 250.1m.

# 27%

reduction of energy consumption in 2020

GRI  
302-1

GRI  
302-4

## Energy consumption in 2020

Energy type	Physical volume	Volume in monetary terms (RUB thousand)	Volume (tons of equivalent fuel)
Electricity, total (thousand kWh)	15,681.51	76,222.15	1,928.83
Diesel fuel (tons)	3,400.18	149,785.10	4,930.26
Petrol (tons)	109.75	5,093.29	163.53
Natural gas (thousand m3)	53.63	886.89	61.89
Heat (Gcal)	9,712.53	18,100.39	1,388.89

## Energy consumption by year, tonnes of reference fuel

Type of energy source	2018	2019	2020
Electricity	2,126.48	2,119.51	1,928.83
Diesel fuel	5,328.46	5,011.92	4,930.26
Petrol	315.14	289.06	163.53
Natural gas	120.84	136.63	61.89
Heat	4,147.00	4,112.82	1,388.89
<b>Total</b>	<b>12,037.92</b>	<b>11,669.94</b>	<b>8,473.4</b>

## Vehicle monitoring, dispatching and navigation framework

In order to increase control over the use of fuel at some of the Company's branches (Kuybyshev, West Siberian, East Siberian), as well as at the executive office, remote monitoring of vehicles is performed.

Remote monitoring of vehicles, starting from dispatching and through to fuel consumption control, ensures the smooth operation of vehicles. Smart vehicle route planning and installation of fuel level sensors translate into a significant reduction in fuel consumption.

The Company plans to launch a project to introduce a uniform system for monitoring the Company's main assets (vehicles, stackers, gas stations, diesel generators, etc.).



# 06.2. GHG and pollutant emissions

In 2019, Russia ratified the Paris Climate Agreement, according to which each party determines its own contribution to the prevention of global climate change and takes internal measures to adapt to changes. TransContainer acknowledges the importance of the climate agenda and voluntarily commits to reducing GHG emissions.<sup>1</sup>

## GHG emissions<sup>2</sup>

Indicator	2018	2019	2020
Direct (Scope 1) GHG emissions, t CO <sub>2</sub> equivalent	12,678	11,932	11,405
Indirect (Scope 2) GHG emissions, t CO <sub>2</sub> equivalent	14,184	14,053	8,061

In 2020, GHG emissions were reduced by reducing fuel consumption, implementing remote satellite monitoring of vehicles and stackers and using diesel generators. As part of its emission reduction activities, the Company has made it a goal to reduce emissions per unit of product.

In 2021, the Company plans to purchase green I-REC certificates to compensate its own carbon footprint, particularly its indirect (Scope 2) GHG emissions.

4.4%

reduction of direct GHG emissions in 2020

42.6%

reduction of indirect GHG emissions in 2020



<sup>1</sup> This goal is specified in Order No. 305 of 31 October 2017 “On Adoption of TransContainer Environmental Policy”.

<sup>2</sup> Scope 1 and Scope 2 calculation include CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O.

The calculations are based on methodologies specified in Russian Ministry of Natural Resources and Environment Order No. 300 of 30 June 2015 “On Adoption of Instructions and Guidelines for the Quantitative Determination of GHG Emissions by Organisations Engaged in Economic and Other Activities in the Russian Federation”, Russian Ministry of Natural Resources and Environment Order No. 330 of 29 June 2017 “On Adoption of Instructions and Guidelines for the Quantitative Determination of Indirect GHG Emissions” and ISO 14064-1:2006 (GOST R ISO 14064-1-2007 “Greenhouse Gases. Part 1. Requirements and Guidelines for the Quantitative Determination of and Reporting on GHG Emissions and Elimination at Organisation Level”).

## Significant air emissions, tonnes<sup>1</sup>

Pollutant	2018	2019	2020
Carbon oxide (CO), t	13.7	14.4	17.8
Nitrogen oxide (NOx)	11.6	12.1	16.0
Sulphur dioxide (SO <sub>2</sub> ), t	1.8	2.3	2.7
Volatile organic compounds (VOC), t	2.3	2.6	2.4
Solids, t	1.2	1.6	2.1
Other pollutant emissions, t	0.8	0.8	0.8

GRI

305-7

<sup>1</sup> Air pollutant emissions increased due to a change in the methodology.

The increase in emissions is mainly caused by the inventory of emission sources by several container terminals and new calculations of emissions based on the inventory. The increase was largely driven by inorganic sources of air pollution associated with the operation of vehicles that is not subject to annual instrumental monitoring based on the sampling methodologies.

### Standards, methodologies and assumption used

The data were derived by taking the sum of TransContainer branches' emissions approved in the Maximum Permissible Emissions (MPE), EPC and Environmental Footprint Declarations (EFD) and validated through the Environmental Footprint Payments Declarations (EFPD). The actual pollutant emissions in almost all branches equal the MPE, as the volumes are small, often below levels detected by metering devices, or from unorganised emission sources. Consequently, there are no meter measurements in the emissions control schedule.

### Emissions rates data sources

Data from the Environmental Footprint Payments Declaration was used for calculation. Statistical Reporting Form 2-TP (Air) was not used, as it is submitted only by TransContainer branches whose aggregate emissions for all sites exceed 10 tonnes per year, or are 5 to 10 tonnes per year inclusively, if part of such emissions are Hazard Class I or Hazard Class II. Most branches' emissions are below the above thresholds.

To reduce air pollutant emissions, TransContainer takes the following actions:

- regulates and maintains ICE fuel injection equipment, improves fuel efficiency and optimises operation hours
- analyses and assesses opportunities to buy special-purpose machinery powered by electricity or alternative energy sources
- maintains and upgrades gas cleaning units
- amends and updates permits for air pollutant emissions
- carries out an instrumental measurement of organised air pollution sources to identify actual emissions vs target parameters

## 06.3. Water consumption and water resources protection

TransContainer conducts its core operations in Russian regions with low water scarcity risks.<sup>1</sup> TransContainer's production activities do not involve the use of water resources for core services, such as container cargo delivery. Water resources are used for utility purposes only.

GRI  
303-1

<sup>1</sup> World Resources Institute:  
<https://www.wri.org/data/water-stress-country>

Overall, the Company does not make any significant environmental impact on water resources. Water intake at TransContainer branches is mainly performed via centralised water supply systems. Certain branches withdraw water from subterranean sources. Subterranean water consumption does not exceed 10 cubic metres per day across the Company.



Water discharge is also performed mainly through related centralised systems. Where feasible, run-off water is discharged via septic systems, subsequently pumped out and transferred to centralised water treatment facilities. There is no impact on water bodies.

GRI  
303-2

To ensure successful water resources management, the Company performs regular water consumption monitoring. TransContainer’s water use goals are aligned with Russia’s long-term environmental strategy. Sewage water quality standards conform to Russian Government Resolution No. 644 of 29 July 2013 “On Adopting the Rules for Cold Water Supply and Sewage and on Introducing Changes to Certain Acts of the Russian Government”.

The Company communicates the importance of saving water resources and of rational water consumption to its employees. To raise staff awareness, special billboards are used. The Company’s branches have water consumption meters installed.

**Water consumption**

Water consumption balance (all regions)	Unit of measurement	2018	2019	2020
Water withdrawal, total	000’ m³	28.9	29.8	23.9
Including:				
centralised water pipe	000’ m³	25.5	26.3	20.0
artesian wells	000’ m³	3.4	3.5	3.9
Water discharge, total	000’ m³	27.4	26.6	22.7
including:				
into centralised water discharge systems	000’ m³	23.4	22.6	18.1
into a storage tank, digestion tank	000’ m³	4.0	4.0	4.6
Water consumption, total	000’ m³	1.5	3.2	1.2

GRI 303-3    GRI 303-4    GRI 303-5

62.5%

reduction in water consumption in 2020

## 06.4. Waste management system

### Waste management

The Company is committed to planning and conducting operations safely and with a minimum amount of waste. Waste is temporarily stored at special sites equipped in compliance with the Russian environmental and legal requirements for subsequent use, decontamination, storage and transportation.<sup>1</sup>

Solid municipal waste handling, discharge and decontamination are performed by regional operators licensed to manage Hazard Class I-IV waste under signed contracts.

The Company maintains waste management records based on actual measurements of used, decontaminated, handed-over or received stored waste.<sup>2</sup> All Hazard Class I-IV waste generated, used, decontaminated, transferred or received, and stored during the Company's operations is accounted for.

### Waste reduction measures

- Phasing out mercury-containing light bulbs (Hazard Class I) and transitioning to LED lamps
- Using retired containers for purposes other than transportation (temporary storage warehouse, garage, workers cabins, etc.)
- Hazard Class V waste is directed to recycling and sold as raw materials

During the reporting year, TransContainer developed Hazard Class I-IV waste datasheets and equipped temporary storage sites (Krasnoyarsk Railway branch).

In 2020, there was a significant decrease in Hazard Class I-IV waste generation. In the reporting year, the Company generated a total of 2.7 tonnes of Hazard Class I-II waste,<sup>3</sup> a reduction of 69% over 2019. Hazard Class I and II waste accounted for 0.05% of the total waste generated.

GRI  
306-1

<sup>1</sup> In accordance with Article 1 of Federal Law No. 89-FZ of 24 June 1998 "On the Production and Consumption Waste".

<sup>2</sup> In accordance with Clauses 4 and 5 of the Waste Management Accounting Procedure adopted by order of the Russian Ministry of Natural Resources and Environment.

<sup>3</sup> Waste that contains life- and health-threatening substances with a significant environmental impact.

GRI  
306-2

## Total waste generated, tonnes

Indicator	2018	2019	2020
Total weight of waste generated	3,436.2	4,732.2	5,811.6
Broken down by Hazard Class			
Hazard Class I	0.5	0.5	0.5
Hazard Class II	1.2	8.1	2.2
Hazard Class III	120.3	71.8	15.2
Hazard Class IV	834.0	1,042.5	649.0
Hazard Class V	2,480.2	3,609.3	5,144.7

GRI  
306-3

TransContainer has no on-site waste discharge. Therefore, most of the waste generated is directed off-site. To standardise and collect accurate accounting data, the Company plans to organise additional training for the Company's employees involved in these activities.

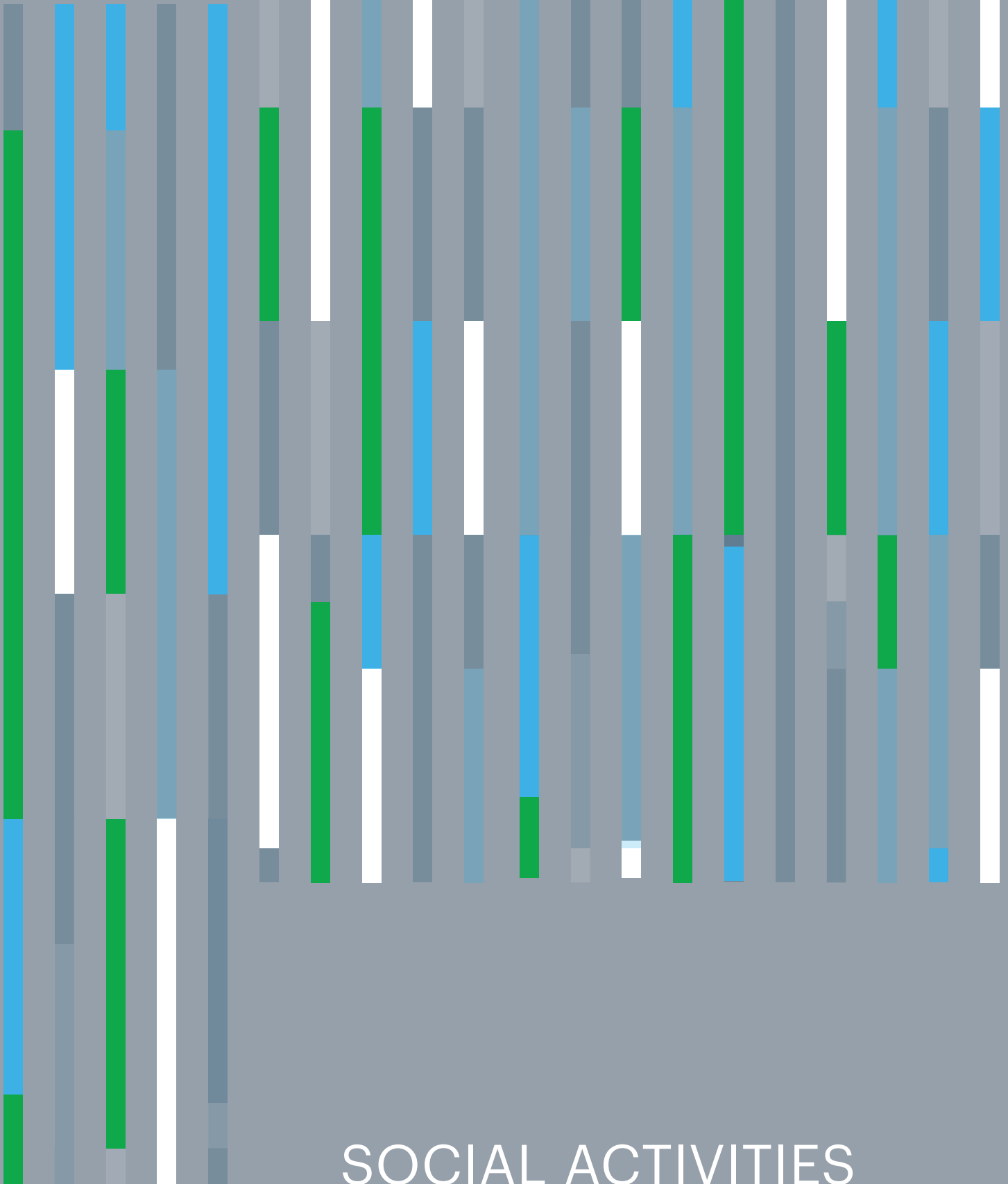
GRI  
306-4

GRI  
306-5

## Waste treatment (ton)

Treatment method	Volume
Reused	0.18
Disposed	0.60
Transferred to others	5,806.74
Received from others	0.00
Placed on a landfill	0.00

07



SOCIAL ACTIVITIES

# Charity system management

In its charity activities, the Company seeks to improve the quality of life and help vulnerable social groups in the community. Charity and philanthropy is part of the Company's voluntary social commitments stipulated in the Corporate Governance Code.

GRI  
203-2

## Charity principles:

- Long-term projects
- Transparent processes
- Targeted assistance
- Openness in collaboration with federal and state authorities, businesses and non-profit organisations
- Control over the proper use of funds

## Key documents

- [Corporate Charity Policy](#)
- [Regulation on Charity of TransContainer](#)
- [TransContainer for Children, charitable programme](#)
- [TransContainer charitable assistance provision procedure](#)

## Focus areas

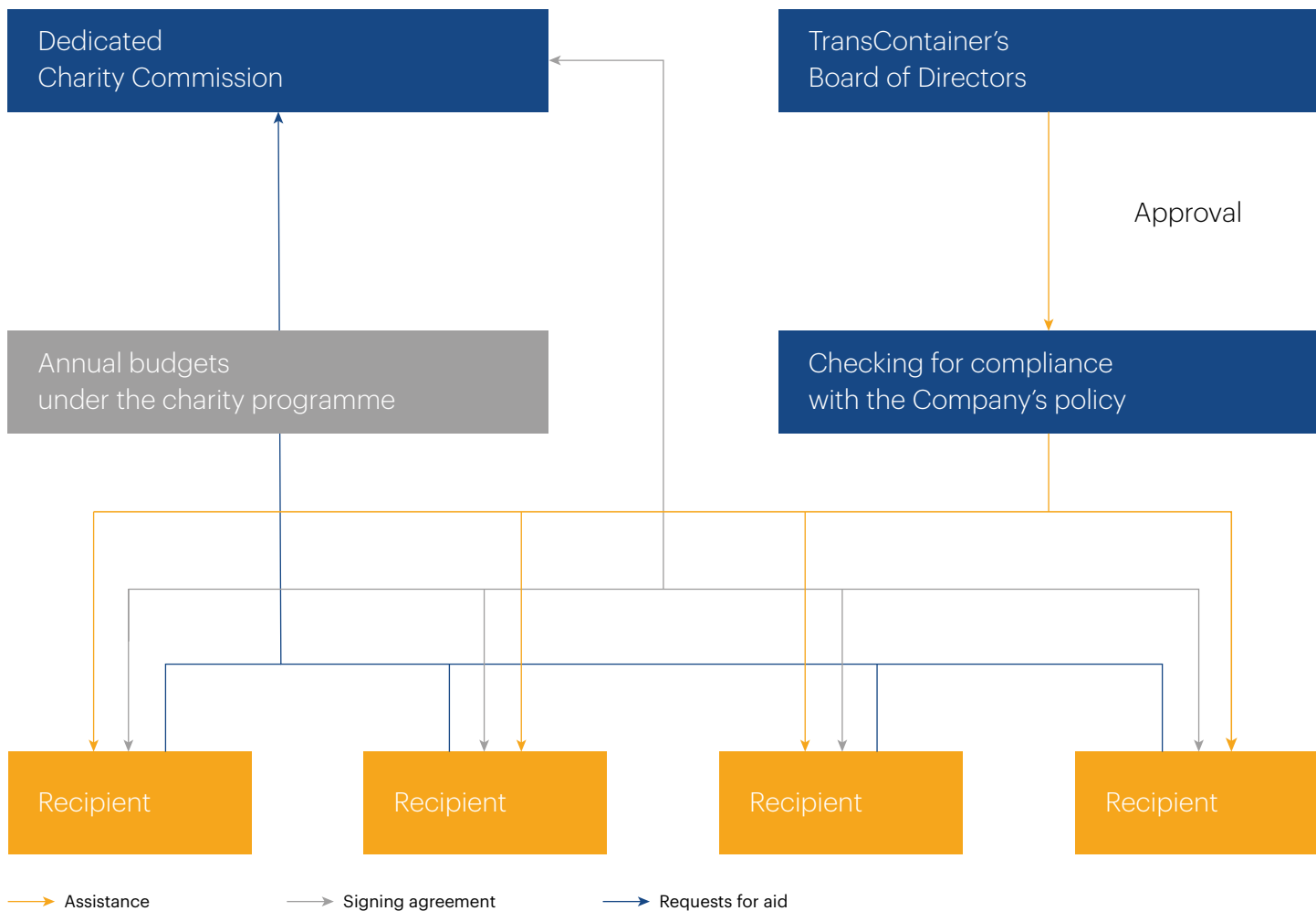
- Help children
- Support sports and promote healthy lifestyle
- Preserve Russia's cultural heritage
- Help victims of natural disasters
- Help workers and their families

GRI  
203-1

As part of its charity activities, the Company organises the transportation of charity-related and humanitarian cargo, as well as provides targeted financing or purchases property for those in need.

All requests for assistance are reviewed by a dedicated committee against the approved annual budget. In some cases, requests may be escalated to and discussed by the Board of Directors.



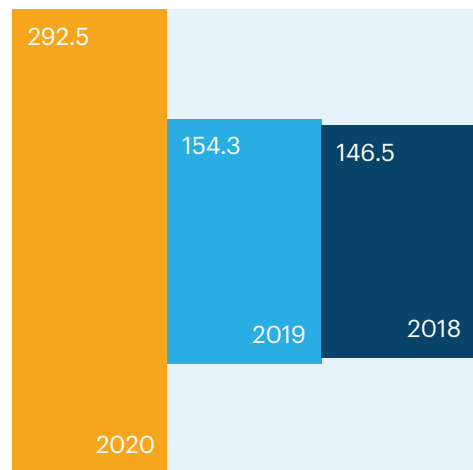


Charity scheme

Charity activities are financed by the Company's profits within the limits set in the approved budget. In 2020, the budget for social activities increased significantly. The bulk of the allocated funds was spent on promoting sports and healthy lifestyles. During the reporting year, the Company started sponsoring the CSKA men's and women's handball clubs.

Key charity and social activities projects, 2020

Project	Amount (RUB m)
Charitable assistance for the development of the travel and recreational cluster in Kronstadt, "Land of Forts"	31.8
Donation for the purchase of individual protective equipment for the employees of the Federal State Budgetary Institution "National Medical Research Centre of Surgery named after A. Vishnevsky"	5.0



Charity expenses, RUB m

Project	Amount (RUB m)
Helping the Autonomous Non-Profit Organisation "Capital Handball Development Centre" to realise the goals and objectives of promoting sport	177.0
Charitable assistance to the State Budgetary Institution of Moscow "Stanislavsky and Nemirovich-Danchenko Moscow Academic Music Theatre" to implement the planned projects aimed at preserving and developing Russia's cultural heritage	16.5
Providing charitable assistance to the Company's employees, their families, unemployed pensioners, veterans of the Great Patriotic War and workers of the home front	6.3
Implementation of the Transcontainer for Children charitable programme	55.0

### COVID-19 prevention and containment

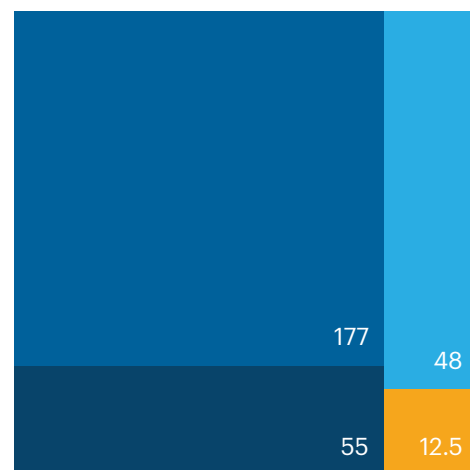
The COVID-19 pandemic has been a significant global challenge, especially for healthcare systems. In response, TransContainer provided financial support by donating RUB 5m for the purchase of personal protective equipment for the employees of the Vishnevsky National Medical Research Centre of Surgery, which was repurposed for COVID patients in 2020.

### TransContainer for Children

The long-term TransContainer for Children programme aims to help children's social and healthcare institutions, sports schools and activity clubs, as well as children with disabilities and serious illnesses.<sup>1</sup> The Company plans to gradually increase the budget allocated to this programme. In 2020, the programme's budget was RUB 55m. In 2021, the budget is projected to be RUB 75m.

#### Focus areas:

- Education, science, culture, art, child development
- Preventative health measures for children, promotion of healthy lifestyles
- Physical education and youth sports



Charity expenses in 2020, RUB m

- Sports support
- TransContainer for Children charitable programme
- Culture
- Other (employees support, assistance to hospitals, including assistance against COVID-19)

<sup>1</sup> Approved by a resolution of TransContainer's Board of Directors on 21 January 2015.

₽55 m

budget of the TransContainer for Children charitable programme



- Social assistance for orphans, disabled and disadvantaged children, and children without parental care
- Contribution to the patriotic and moral upbringing of children and youth

### **Promoting sports and healthy lifestyles**

The Company contributes to the development and promotion of sports (handball) and healthy lifestyles in Russia. In 2020, the Company spent RUB 177m on sports and promoting healthy lifestyles.

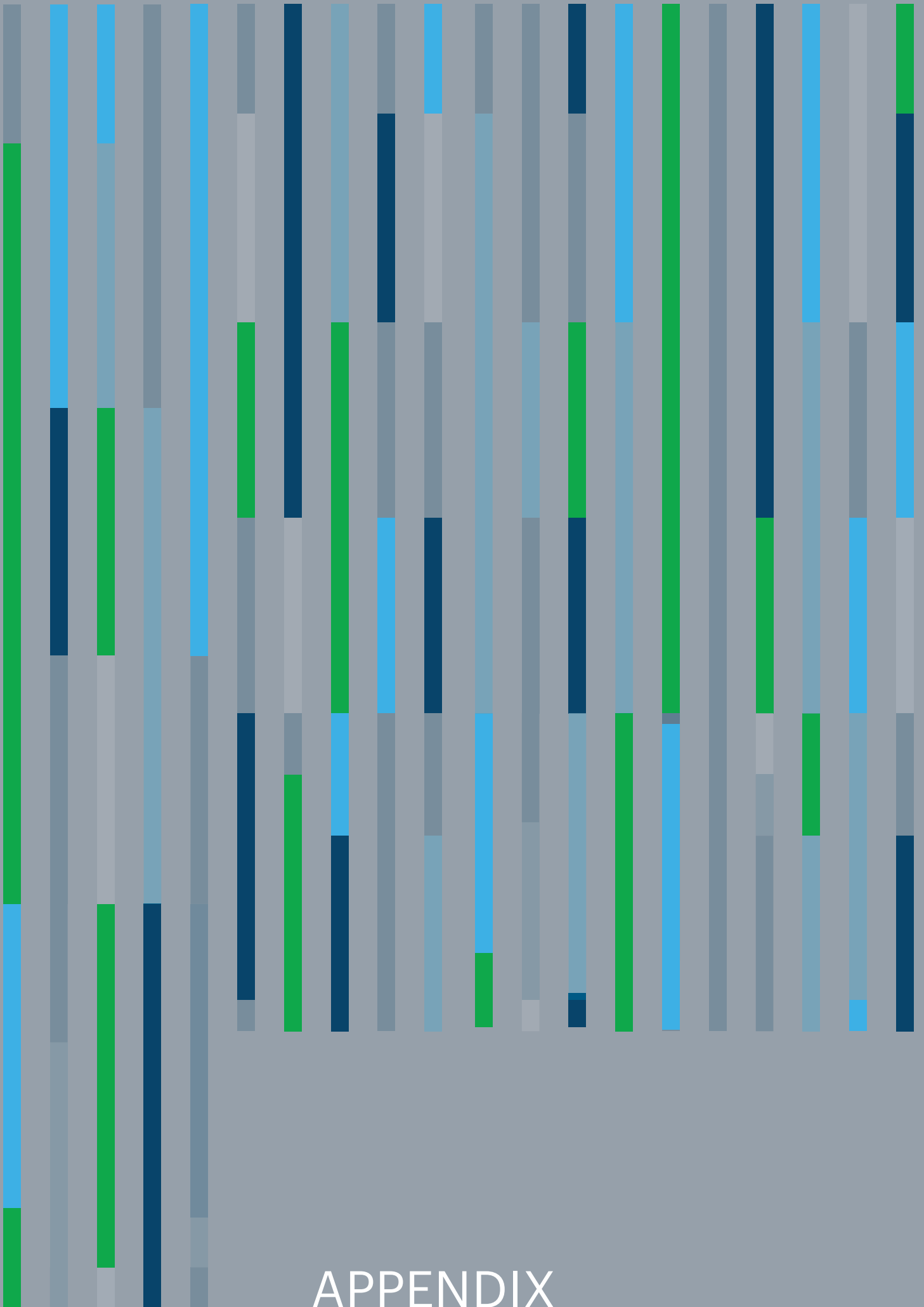
In 2020, TransContainer became the sponsor of the CSKA men's and women's handball clubs. For many years, there were no professional handball clubs in Moscow. However, in 2018–2019, thanks to Delo Group's initiative and support, handball was revived.

Currently, the CSKA handball clubs perform rather well in the Russian Handball Championship and represent Russia in leading global handball competitions. In the 2020–2021 season, the CSKA women’s handball club participated in the DELO EHF Champions League, the most prestigious handball club tournament in Europe, for the first time, with excellent results. CSKA players joined the national team to represent Russia at the World Championships, European Championships and the Olympics. The Company’s employees benefit from free tickets to CSKA home games.

### Infrastructure support

Pursuant to a resolution from the Board of Directors, a contract was signed in 2020 to donate an amenity building and a land plot to the Administration of Gryazinsky Municipal District, Lipetsk Region, to accommodate Kindergarten No. 1.





# APPENDIX

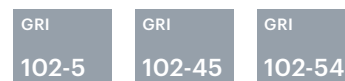
# 1. Our approach to sustainability reporting

TransContainer's 2020 Sustainability Report is the first public non-financial report in the Company's history.<sup>1</sup>

The Report covers the Company's approaches to corporate social responsibility, as well as its contributions to sustainable social and economic development and the resolution of environmental challenges.

Prepared for a wide audience of stakeholders, the Report represents an important milestone for the Company, as it affirms our commitment to sustainability and responsible business practices.

**The Company has prepared the Report in accordance with the Global Reporting Initiative Standards (GRI Standards: Core option)**



<sup>1</sup> Certain sustainability reporting elements were included in earlier annual reports.

## Legal status

TransContainer, the largest container operator in Russia, is a privately owned company. Since 2020, 100% of the Company's shares have been owned by Delo Group. Full information on TransContainer's capital structure and equity participation is disclosed in its 2020 consolidated financial statements.

## Reporting boundaries

The Report discloses information about the operations of TransContainer and its branches located in Russia.

The Report is prepared to provide stakeholders with information on the Company's main principles and approaches to the management of key sustainability issues. See the Approach to identifying material topics section for more information on how material topics were identified for the Report.

## 2. Approach to identifying material topics

To prepare the Report, Delo Group performed a procedure to identify material topics in order to define areas of impact made by TransContainer and other subsidiaries (DeloPorts Group, RUSCON) on the Company's stakeholders and key activities.

GRI  
102-46

In the first stage, TransContainer prepared a list of 26 topics covering all potential areas of impact made by the Company and other subsidiaries of the Group on the environment, economy and society.

# 26

topics were identified to define areas of impact made by TransContainer

The materiality was then assessed via a stakeholder survey on the relevance of these topics. In total, 102 responses from various stakeholder categories were received, including employees, clients, suppliers, contractors, business partners, financial and public organisations, government authorities and investors.

In addition, the best practices of foreign transport and logistics companies in sustainability reporting were analysed and a series of interviews with management was conducted.

These topics were then divided into material (mandatory disclosure) and significant (selective disclosure).

The key areas highlighted as relevant by stakeholders and management and confirmed as relevant by the industry's disclosure practices were identified as material topics. Material topics were fully disclosed, including a description of management approaches, 2020 results and development plans. Quantitative information was presented in a three-year horizon to ensure data comparability.

The materiality chart below shows the topics ranked by significance. Topics located closer to the centre are more significant.

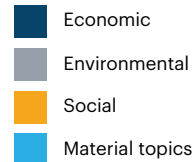
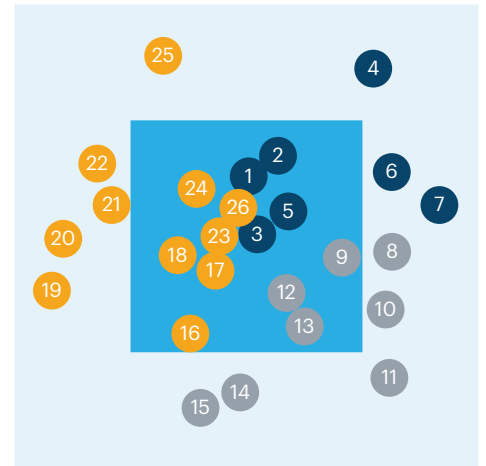
The following topics were identified as material:

- Topic 1. Economic performance
- Topic 2. Market presence
- Topic 3. Indirect economic impacts
- Topic 5. Anti-corruption policy
- Topic 9. Energy consumption and efficiency
- Topic 12. Air emissions
- Topic 13. GHG emissions
- Topic 16. Employment
- Topic 17. Occupational health and safety
- Topic 18. Training and education
- Topic 23. Client focus and quality control
- Topic 24. Data security
- Topic 26. Social activities

The following topics were identified as significant:

- Topic 10. Water consumption and water resources protection
- Topic 14. Waste management system
- Topic 21. Observance of human rights

GRI  
102-47



13

topics were identified as material in a stakeholder survey in 2021

3

topics were identified as significant: “Water consumption and water resources protection,” “Waste management system” and “Observance of human rights”



# 3. Stakeholder engagement

## Approach to stakeholder engagement

The Company seeks to build productive relations with stakeholders. The Company's decision-making process takes into account the interests and concerns of its stakeholders. The core principles of cooperation are engagement, impact and response.<sup>1</sup>

GRI 102-21	GRI 102-43	GRI 102-44
---------------	---------------	---------------

The Company defines stakeholders as individuals and legal entities invested in the Company's financial and other results.<sup>2</sup>

GRI 102-42
---------------

Main TransContainer stakeholder groups:

- Employees
- Suppliers
- Clients
- Financial organisations
- Public institutions
- Mass media
- Public authorities and local governments
- Investors

GRI 102-40
---------------

### Key documents

[TransContainer Corporate Governance Code](#)

[Regulation on Information Policy](#)

[TransContainer Code of Business Ethics](#)

<sup>1</sup> AA1000 Accountability Principles (AA1000AP, 2018)

<sup>2</sup> The stakeholder criteria are specified in the TransContainer Corporate Governance Code in the "Stakeholder Role" section. See also the definition of the term "Stakeholders" in the Glossary.

## Stakeholder engagement principles

- The Company takes stakeholder interests into account during business management decision-making.
- The Company manages stakeholder expectations efficiently, including identification, analysis, and response measures.
- The Company's employees operate in compliance with the Code of Business Ethics, including when engaging with stakeholders.

- The Company follows the disclosure principle to improve the transparency of information and relations between the Company and its stakeholders.

## Employees

Employees are the Company's main asset. By providing employees support, as well as good and safe working conditions throughout their careers, the Company has been able to achieve strong financial and operating results and become a transport and logistics market leader.

Stakeholder engagement channel	Key events in 2020	Key engagement topics in 2020
<ul style="list-style-type: none"> <li>• Developing internal communications</li> <li>• Tone from the top</li> <li>• Satisfaction surveys</li> <li>• Training, upskilling and development of professional competencies</li> </ul>	<ul style="list-style-type: none"> <li>• The Company's response to the COVID-19 pandemic included the adoption of remote and hybrid work arrangements, on-site safety measures, and timely communications to and support for employees</li> <li>• Under the collective bargaining agreement, employee salaries were raised by 3% in 2020</li> <li>• The Company carried out a job satisfaction survey among its employees</li> <li>• The Company regularly engaged with the trade union</li> <li>• The Company timely posted internal communications on the Company's corporate portal</li> <li>• The Company provided trainings for employees</li> <li>• The Company updated its news feed and provided communications support for employee events</li> </ul>	<ul style="list-style-type: none"> <li>• Salaries, benefits and social packages</li> <li>• Equal opportunities for professional development and career growth</li> <li>• Aid and support during the COVID-19 pandemic</li> <li>• Occupational health and safety</li> <li>• Upskilling and professional training</li> <li>• Good working conditions</li> </ul>

## Suppliers, contractors and business partners

Relations with suppliers and contractors have a significant impact on the Company's performance. The Company's procurement practices are aimed at developing mutually beneficial relations with suppliers and contractors to secure a steady inflow of goods and services to the Company. Procurement activities are carried out in compliance with internal standards, Russian law and best practices, including on occupational health and safety and environment conservation.

Stakeholder engagement channel	Key events in 2020	Key engagement topics in 2020
<ul style="list-style-type: none"> <li>• Negotiations and screening of potential suppliers and contractors</li> <li>• Formalisation of relations (contracts, cooperation agreements)</li> <li>• Participation in conferences, forums and exhibitions</li> <li>• Memberships in industry or other associations</li> </ul>	<ul style="list-style-type: none"> <li>• Direct correspondence</li> <li>• Formalisation of contractual relationships</li> <li>• Meetings and negotiations</li> <li>• Participation in industry conferences and trade fairs</li> </ul>	<ul style="list-style-type: none"> <li>• Due diligence of suppliers and contractors based on the Company's requirements, Russian laws and generally accepted practices, including in occupational health and safety</li> <li>• Financial performance and impact from procurement procedures</li> <li>• Timely procurement of goods, work and services to support the investment programme</li> </ul>

## Clients

The foundation for building long-term relations with clients is integrity. In line with this principle, the Company maintains a positive image and fosters a conducive environment to build client relations and support mutually beneficial cooperation. The Company is committed to providing quality and tailored services to each client. The Company respects its clients' interests and is committed to strictly conforming to its contractual liabilities.

Stakeholder engagement channel	Key events in 2020	Key engagement topics in 2020
<ul style="list-style-type: none"> <li>• Formalisation of contractual relationships</li> <li>• Participation in conferences, forums and exhibitions</li> <li>• Regular customer satisfaction surveys</li> <li>• Round-the-clock continuous client support through the call centre</li> <li>• Online consultations on the website and during online meetings with clients</li> <li>• On-site client support</li> <li>• Maintenance of clients' iService accounts</li> <li>• Feedback from the Company's website and iSales</li> <li>• Email correspondence</li> </ul>	<ul style="list-style-type: none"> <li>• Providing information support to consumers via official websites without directly contacting clients</li> <li>• Organising TransContainer participation in railway infrastructure management and maintenance</li> <li>• Customisation of terminal infrastructure to meet specific client needs</li> </ul>	<ul style="list-style-type: none"> <li>• Organising events facilitating geographical expansion of transport solutions to meet users' requests</li> <li>• Supporting clients and providing all available options to facilitate transportation during the pandemic and new restrictions</li> <li>• Implementing and developing electronic document management to optimise the operating expenses of both parties</li> <li>• Launching transport solutions to support clients in transporting their products and in entering new global markets</li> </ul>

## Financial organisations

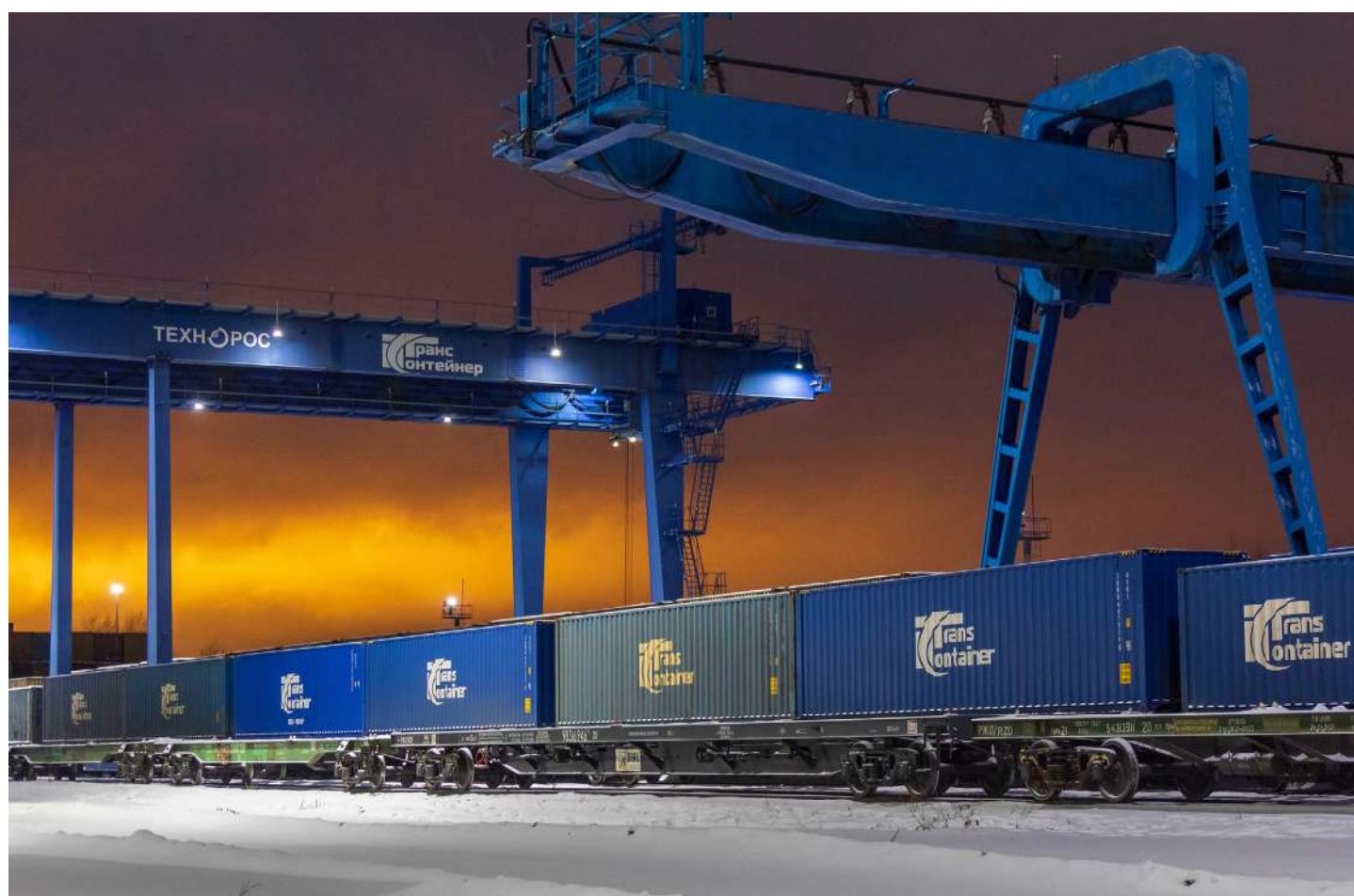
To raise short-term and long-term financing, the Company caters to the interests and expectations of financial organisations and builds effective relations with them. Strong ties with financial partners are promoted by increasing awareness of the Company's potential, timely and transparent reporting.

Stakeholder engagement channel	Key events in 2020	Key engagement topics in 2020
<ul style="list-style-type: none"> <li>• Disclosing information</li> <li>• Alignment of current and long-term plans</li> <li>• Face-to-face management meetings</li> <li>• Working with the analyst and expert communities</li> <li>• Telephone calls on financial performance</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate reporting (including the debt policy report)</li> <li>• Attending in-person conferences of senior executives and holding virtual conferences</li> <li>• Increasing the Company's visibility in the debt market and successfully taking out loans for current and next periods</li> </ul>	<ul style="list-style-type: none"> <li>• Providing market players with data reflecting changes in key operating and financial performance indicators</li> <li>• Expanding the Company's access to a wide range of capital market instruments</li> </ul>

## Public institutions

The Company contributes to non-profit organisations that work to develop competitiveness in the container transportation sector, to safeguard container operators' interests, to drive Russia's container market and to promote corporate social responsibility.<sup>1</sup>

<sup>1</sup> See the list of organisations on page 120.



Stakeholder engagement channel	Key events in 2020	Key engagement topics in 2020
<ul style="list-style-type: none"> <li>Participating in expert councils</li> <li>Creating joint steering committees and working groups</li> <li>Participating in conferences, forums, roundtables, plenary sessions and strategic sessions</li> <li>Holding meetings, participating in meetings, sending proposals and requests</li> </ul>	<ul style="list-style-type: none"> <li>Meeting of railway operators and foreign trade organisations representatives from Vietnam, Kazakhstan, China, North Korea, Mongolia, Russia and Uzbekistan to discuss the volume of export, import and transit railway cargo transportation for 2020 and support measures within the framework of the Organisation for Cooperation of Railways (26–27 May 2020)</li> <li>General meeting of SRO Union of Railway Rolling Stock Operators Market Players (20 July 2020)</li> <li>Congress of the Russian Union of Industrialists and Entrepreneurs (15 October 2020)</li> <li>Final meeting of OSJD Commission on Freight Transportation (6–9 October 2020)</li> <li>Plenary session of the International Coordinating Council on Trans-Eurasian Transportation (5–6 November 2020)</li> </ul>	<ul style="list-style-type: none"> <li>Protection of the interests of container operators</li> <li>Social responsibility</li> <li>Competitiveness of container transportation</li> <li>Development of the container transportation business in Russia, elimination of container transportation restrictions (throughput capacity, approving plans with foreign railway authorities, approving transportation requests in line with consumers' needs), non-discriminatory access to infrastructure, tariff indexation</li> </ul>

## Educational institutions<sup>2</sup>

The Company is extensively engaged in the promotion of education and collaborates with a number of educational institutions. In 2020, the Company implemented a set of measures to establish and maintain TransContainer's image as an employer of choice, driving the younger generation's interest in the container railway transportation business. In its work with universities, the Company has focused on developing educational programmes to ensure that students receive training that is relevant in the labour market.

<sup>2</sup> Educational institutions include the Russian University of Transport, Plekhanov Russian University of Economics, Moscow Transport College, Russian Foreign Trade Academy, Novosibirsk Railway Transport Institute, Siberian State Transportation University (Novosibirsk), Samara State Transport University branch in Nizhny Novgorod, Saratov Railway Transport Institute (branch of Samara State Transport University), Urals State Transport University and the State University of Management.

Stakeholder engagement channel	Key events in 2020	Key engagement topics in 2020
<ul style="list-style-type: none"> <li>Participating in conferences, organising internships</li> <li>Collaborating with key universities</li> <li>Developing educational and curricular materials</li> </ul>	<ul style="list-style-type: none"> <li>In 2020, TransContainer participated in the Russian University of Transport's Career Day. The event was held in a new digital format: more than 70 students joined the live stream with the Company</li> <li>Organised internships for students from secondary vocational training and higher education institutions (up to 100 students work as interns at TransContainer every year)</li> </ul>	<ul style="list-style-type: none"> <li>TransContainer executives join state examination boards at industry-specific universities, coach students during internships, mentor young specialists and hold open online sessions for students</li> </ul>

## Media

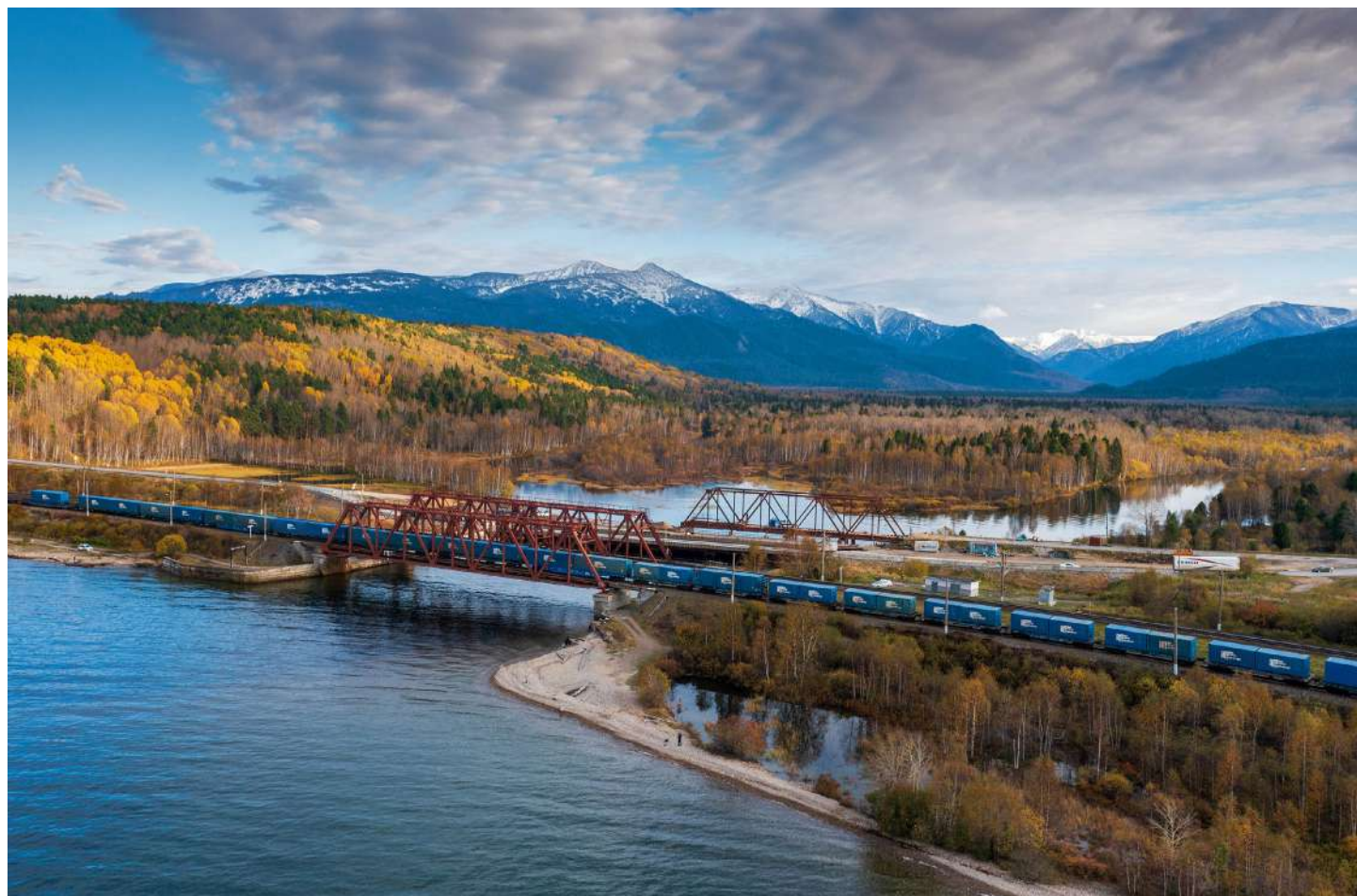
Under TransContainer's information policy, the Company publishes press releases, notices, interviews and other information in the Russian mass media. The Company's media partners are selected based on communications with their representatives. TransContainer also analyses information on the prospective media partner's website in terms of its alignment with the Company's agenda. Media representatives are also interested in building relations with the Company to obtain news material.

Stakeholder engagement channel	Key events in 2020	Key engagement topics in 2020
<ul style="list-style-type: none"> <li>Processing questions coming from the media, preparing authorised comments by TransContainer representatives</li> <li>Sending out press releases and posting on social media</li> <li>Communicating with media representatives on a regular basis to set up interviews with the Company's key officials and facilitate roundtables and other events involving TransContainer representatives and journalists</li> </ul>	<ul style="list-style-type: none"> <li>Posting fresh news about the Company's events supported by the media on the Company's website</li> </ul>	<ul style="list-style-type: none"> <li>Posting relevant information about the Company on the Company's website</li> </ul>

## Public authorities and local governments

The Company engages in industry-specific advisory commissions and collaborates with state authorities to protect its interests and seek trade-offs with their objectives. The Russian Government and regulatory bodies make a significant impact on the Company's performance through government subsidies for transit railway container freight, tax policies, etc.

Stakeholder engagement channel	Key events in 2020	Key engagement topics in 2020
<ul style="list-style-type: none"> <li>Participation in working groups, roundtables, conferences and forums</li> <li>Submission of comments and suggestions</li> <li>Involvement in legislative development initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Participating in the federal Transport and Logistics Hubs project as part of the comprehensive modernisation of long-haul infrastructure and expansion plan until 2024</li> <li>Providing rationale for the need to subsidise transit container transportation</li> <li>Participating in measures, introducing initiatives, correspondence</li> </ul>	<ul style="list-style-type: none"> <li>Development of container transportation, elimination of container transportation restrictions (throughput capacity, approving plans with foreign railway authorities, approving transportation requests in line with consumers' needs), non-discriminatory access to infrastructure, tariff indexation</li> </ul>



## Investors

The Company strives to strengthen its market position and to ensure stable returns and long-term value generation for investors. Creditors provide needed capital to support the Company's operations, development and expansion.

Stakeholder engagement channel	Key events in 2020	Key engagement topics in 2020
<ul style="list-style-type: none"> <li>• Financial results</li> <li>• Annual reports</li> <li>• Online and offline communications on issues of concern</li> <li>• Information on the Company's website</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate reporting (Annual Report, Issuer's Quarterly Reports)</li> <li>• Constructive dialogue in general shareholder meetings</li> <li>• Timely disclosure of information on the corporate website</li> <li>• Participation in exhibitions (offline meetings were limited due to the pandemic)</li> <li>• Roadshows</li> <li>• Site visits</li> <li>• Direct correspondence</li> </ul>	<ul style="list-style-type: none"> <li>• Financial and operating performance</li> <li>• Dividends</li> <li>• Implementation of investment projects</li> <li>• Debt policy</li> <li>• Profitability management</li> <li>• Risk management</li> </ul>

# 4. Quantitative data

## Responsible business practices

### Membership in associations

Association	Year of entry
All-Russia Industry Association of Railway Transport Employers	2007
International Coordinating Council on Trans-Eurasian Transportation	
CIS Coordinating Transport Committee	2008
Russian Union of Industrialists and Entrepreneurs	2009
Union of Railway Rolling Stock Operators Market Players	
Italian-Russian Chamber of Commerce	2010
Organisation for Co-Operation Between Railways	2014
Union of Industries of Railway Equipment	2015
Russian Association of Freight Forwarders and Logistics Providers	2020

GRI  
102-12GRI  
102-13

### Direct economic value generated and distributed by group, RUB m, 2018–2020

Indicator	2018	2019	2020
Direct economic value generated <sup>2</sup>			
Revenues	79,178	88,291	107,181
Total direct economic value generated	79,178	88,291	107,181

GRI  
201-1



Indicator	2018	2019	2020
Direct economic value distributed <sup>3</sup>			
Operating expenses	59,593	64,540	81,897
Payroll and other employee remuneration and benefits	6,422	6,492	6,545
Payments to providers of capital, including:	4,957	9,940	41,679
Dividends accrued from the reporting year results	—	2,148	10,874
Dividends accrued from retained earnings relating to previous years	4,072	6,674	28,949
Financial expenses	885	1,118	1,856
Payments (taxes payable) to government	3,236	3,379	4,190
Community investments and charity	146	154	292
<b>Total direct economic value distributed</b>	<b>74,354</b>	<b>84,505</b>	<b>134,603</b>
<b>Economic value retained</b>	<b>4,824</b>	<b>3,786</b>	<b>(27,422)<sup>4</sup></b>

<sup>1</sup> Calculated based on the 2020, 2019 and 2018 consolidated financial statements in RUB millions on an accrual basis.

<sup>2</sup> Direct economic value generated includes the Company's revenue. Income includes revenue, other operating expenses, financial income, share in the financial results of associated companies and joint ventures and profit from joint venture disposal.

<sup>3</sup> Direct economic value distributed includes the following expense items: operating expenses (operating costs less payroll expenses, taxes other than profits tax, and community investments), payments to providers of capital (accrued dividends, financial expenses), payments to government (current profit tax and taxes other than profit tax) and community investments (charity and philanthropic contributions).

<sup>4</sup> In 2020, direct economic value distributed exceeded direct economic value generated by RUB 27.42bn, mainly due to the payment of dividends accrued from the retained earnings relating to previous years (RUB 28.949bn) and relating to the results of the nine-month period ended 30 September 2020 (RUB 10.874bn). The total amount of dividends accrued (RUB 39.823bn) were approved by the decision of the Company's sole shareholder and the dividends have been fully paid to shareholder in December 2020.

## Procurement from suppliers and contractors in different markets

Supplier's location	Purchases from suppliers and contractors, RUB '000
Russia*	34,888,644
Kazakhstan	3,298,081
Belarus	2,245,397
China	1,868,649
British Virgin Islands	1,011,801
Mongolia	773,741

GRI  
204-1

\* Does not include services provided by Russian Railways.

Supplier's location	Purchases from suppliers and contractors, RUB '000
Austria	544,353
South Korea	369,670
Cyprus	287,097
Finland	208,257
Denmark	155,363
Poland	97,846
Ukraine	90,443
Latvia	78,754
Uzbekistan	73,509
Estonia	57,734
Turkey	55,483
Lithuania	52,970
United States of America	18,613
Azerbaijan	13,120
UK	10,334
Japan	3,660
Kyrgyzstan	1,981
France	758
Germany	513
India	245
Total	46,207,016

## Creating good working conditions for employees

### Total headcount broken down by type of contract and gender, 2020

Indicator	Male	Female	Total
Headcount as at the last day of the year	1,356	2,100	3,456
Average headcount for the year	1,359	1,870	3,229
Permanent contract	1,324	2,016	3,340
Temporary contract	32	84	116
Full-time	1,353	2,091	3,444
Part-time	3	9	12

GRI  
102-8

### Collective bargaining agreement

Indicator	2018	2019	2020
Share of employees covered by the collective bargaining agreement	100%	100%	100%

GRI  
102-41

### Return on investment in human capital

Indicator	Unit of measurement	2018	2019	2020
Total revenue	RUB m	79,178	88,291	107,181
Total operating costs	RUB m	66,886	71,569	89,422
Total staff costs	RUB m	6,422	6,492	6,545
Return on investment in human capital	—	2.91	3.58	3.71

## Defined benefit plan obligations and other retirement plans, 2020

Indicator	2020
Total number of non-working retirees as of 31 December 2020	1,630
Total number of non-working retirees that receive corporate pension	785
Percentage of the total number of non-working retirees, %	48.2%
Average corporate pension, RUB	8,492.58
Social security costs per non-working retiree, RUB	2,800

GRI  
201-3

## Parental leave

Indicator	2020		
	Total	Male	Female
Total number of employees that were entitled to parental leave during the reporting period	556	330	226
Total number of employees that took parental leave during the reporting period	275	2	273
Total number of employees that returned to work in the reporting period after parental leave ended	75	1	74
Total number of employees that returned to work in the previous reporting period (2019) after parental leave ended	72	0	72
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	58	1	57
Retention rate of employees that took parental leave, %	0.8	—	0.8

GRI  
401-3

Indicator	2019		
	Total	Male	Female
Total number of employees that were entitled to parental leave during the reporting period	661	261	400
Total number of employees that took parental leave during the reporting period	280	3	278
Total number of employees that returned to work in the reporting period after parental leave ended	72	0	72
Total number of employees that returned to work in the previous reporting period (2019) after parental leave ended	99	0	99
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	87	0	87
Retention rate of employees that took parental leave, %	0.9	—	0.9

Indicator	2018		
	Total	Male	Female
Total number of employees that were entitled to parental leave during the reporting period	711	269	442
Total number of employees that took parental leave during the reporting period	314	1	313
Total number of employees that returned to work in the reporting period after parental leave ended	99	0	99
Total number of employees that returned to work in the previous reporting period (2019) after parental leave ended	104	0	104
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	86	0	86
Retention rate of employees that took parental leave, %	0.8	—	0.8

## Average hours of training per year per employee

### Training budget and average number of hours (including total distribution by gender)

Indicator	Unit of measurement	2018	2019	2020
Total amount spent for training	RUB	20,920,000	49,500,000	6,390,000
Number of employees that completed training		1,622	1,928	1,798
Average amount spent for training and development per employee	RUB	12,898	25,674	3,554
Average number of hours of training per employee (hours per person)	number of hours	53	62	45
Average hours of training (male)	number of hours	59	67	44
Average hours of training (female)	number of hours	49	57	57

GRI

404-1

### Average hours of training per year per employee, by position category

Indicator	Unit of measurement	2018	2019	2020
Senior management				
Total number of employees		64	101	67
Number of training hours	number of hours	3,348	3,833	2,819
Average number of training hours per person	number of hours	52.31	37.95	42.08
Heads of functional units				
Total number of employees		502	529	637
Number of training hours	number of hours	27,047	34,120	34,464
Average number of training hours per person	number of hours	53.88	64.49	54.10

Indicator	Unit of measurement	2018	2019	2020
Specialists				
Total number of employees		467	376	474
Number of training hours	number of hours	19,597	19,513	18,384
Average number of training hours per person	number of hours	41.96	51.90	38.78
Workers				
Total number of employees		589	922	620
Number of training hours	number of hours	36,283	51,515	24,082
Average number of training hours per person	number of hours	61.60	55.87	38.84

### Average hours of training per year per employee, by position category and gender

Indicator	Unit of measurement	2018	2019	2020
Senior management				
Total number of employees that have received training (male)		43	75	49
Total number of employees that have received training (female)		21	26	18
Number of training hours (male)	number of hours	2,317	2,846	2,061
Number of training hours (women)	number of hours	1,031	987	758
Heads of functional units				
Total number of employees that have received training (male)		292	239	312
Total number of employees that have received training (female)		210	290	325

Indicator	Unit of measurement	2018	2019	2020
Number of training hours (male)	number of hours	11,315	15,415	16,888
Number of training hours (women)	number of hours	15,733	18,705	17,576
<b>Specialists</b>				
Total number of employees that have received training (male)		182	94	104
Total number of employees that have received training (female)		285	282	370
Number of training hours (male)	number of hours	7,637	4,828	4,034
Number of training hours (women)	number of hours	11,960	14,685	14,350
<b>Workers</b>				
Total number of employees that have received training (male)		341	496	450
Total number of employees that have received training (female)		248	426	170
Number of training hours (male)	number of hours	21,000	27,713	17,479
Number of training hours (women)	number of hours	15,281	23,802	6,603

## Work-related injuries

Indicator	Unit of measurement	2018	2019	2020
Number of work-related injuries including fatalities as a result of work-related injury		1	4	1
Number of hours worked for the year	hours	5,827,773.61	5,624,916	5,578,165.96
Lost time injury frequency rate	—	0.17	0.71	0.18

GRI  
403-9



## Environmental footprint

### Non-renewable sources consumption

Fuel type	Unit of measurement	2018	2019	2020
Diesel fuel	TJ	145.1	140.7	136.7
Natural gas	TJ	4.0	4.6	5.6
Petrol	TJ	6.4	5.9	4.2
Total	TJ	155.5	151.2	146.6

GRI  
302-1

### Electricity and heating consumption

Energy type	Unit of measurement	2018	2019	2020
Electricity	TJ	56.4	63.2	57.4
Heating	TJ	52.7	43.9	43.6
Total	TJ	109.1	107.1	101.0

GRI  
302-1

### Total energy consumption

Indicator	Unit of measurement	2018	2019	2020
Total energy consumption	TJ	264.7	258.3	247.6

GRI  
302-1

### Total fuel consumption within the organisation from renewable sources

Indicator	Unit of measurement	2018	2019	2020
Total fuel consumption within the organisation from renewable sources		0	0	0

GRI  
302-1

## Water withdrawal

Water withdrawal sources	Unit of measurement	2018	2019	2020
Subterranean water	000' m <sup>3</sup>	3.4	3.5	3.9
Municipal and other water supply systems	000' m <sup>3</sup>	25.5	26.3	20.0
<b>Total</b>	<b>000' m<sup>3</sup></b>	<b>28.9</b>	<b>29.9</b>	<b>23.9</b>

GRI  
303-3

## Water discharge

Type of receiving facility	Unit of measurement	2018	2019	2020
Sewerage	000' m <sup>3</sup>	23.4	22.6	18.1
Septic systems, tanks	000' m <sup>3</sup>	4.0	4.0	4.6
<b>Total</b>	<b>000' m<sup>3</sup></b>	<b>27.4</b>	<b>26.6</b>	<b>22.7</b>

GRI  
303-4

## Water discharge

Quality of wastewater discharged	Unit of measurement	2018	2019	2020
Water (>1,000 mg/l of total volume of diluted solids)	000' m <sup>3</sup>	27.4	26.6	22.7
<b>Total</b>	<b>000' m<sup>3</sup></b>	<b>27.4</b>	<b>26.6</b>	<b>22.7</b>

GRI  
303-4

# 5. GRI content index

GRI  
102-55

Code	GRI indicator	Comment	Sustainability Report section	Page
General disclosures				
Organisational profile				
GRI 102-1	Name of the organisation	Public Joint Stock Company «Center for cargo container traffic «TransContainer»	General disclosures	
GRI 102-2	Activities, brands, products, and services		General disclosures Business model	p. 10
GRI 102-3	Location of headquarters		Contact information	p. 142
GRI 102-4	Location of operations	TransContainer mainly operates in Russia.	General disclosures Market presence	p. 11
GRI 102-5	Ownership and legal form		Our approach to sustainability reporting	p. 110
GRI 102-6	Markets where the Company operates		Market presence	p. 11
GRI 102-7	Scale of the organization		General disclosures Market presence Economic performance Staff breakdown	pp. 11, 15, 62
GRI 102-8	Information on employees and other workers		Staff breakdown Quantitative data	p. 62
GRI 102-9	Supply chain		Procurement practices	
GRI 102-10	Significant changes to the organization and its supply chain	In August 2020, TransContainer became a fully private company that is 100% owned by Delo Group.	—	
GRI 102-11	Precautionary Principle or approach		Risk management and internal control and audit GHG and pollutant emissions	p.11
GRI 102-12	External initiatives		Stakeholder engagement Quantitative data	p. 120
GRI 102-13	Membership of associations		Stakeholder engagement Quantitative data	p. 120

Code	GRI indicator	Comment	Sustainability Report section	Page
Strategy				
GRI 102-14	Statement from senior decision-maker		Statement from the CEO	p. 5
GRI 102-15	Key impacts, risks, and opportunities		Risk management and internal control and audit	pp. 51, 55
Ethics and integrity				
GRI 102-16	Values, principles, standards, and norms of behaviour		Observance of human rights	p. 30
GRI 102-17	Mechanisms for advice and concerns about ethics		Anti-corruption Observance of human rights	pp. 29, 31
Governance				
GRI 102-18	Governance structure		Governance structure	p. 42
GRI 102-19	Delegating authority		Governance structure	pp. 32, 47
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics		Governance structure	p. 48
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics		Our approach to sustainability Stakeholder engagement	pp. 18, 113
GRI 102-22	Composition of the highest governance body (Board of Directors) and its committees		Governance structure	p. 42
GRI 102-24	Nominating and selecting the highest governance body (Board of Directors) and its committee members		Governance structure	pp. 42, 47
GRI 102-25	Processes for the highest governance body (Board of Directors) to ensure conflicts of interest are avoided and managed		Anti-corruption	p. 28
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy		Governance structure	p. 42
GRI 102-28	Evaluating the highest governance body's performance (Board of Directors)		Governance structure	p. 45
GRI 102-29	Identifying and managing economic, environmental, and social impacts		Risk management and internal control and audit	p. 55

Code	GRI indicator	Comment	Sustainability Report section	Page
GRI 102-30	Effectiveness of risk management processes		Risk management and internal control and audit	p. 53
GRI 102-31	Review of economic, environmental, and social topics		Risk management and internal control and audit	p. 59
GRI 102-33	Communicating critical concerns		Risk management and internal control and audit	p. 53
GRI 102-34	Nature and total number of critical concerns		Risk management and internal control and audit	p. 54
GRI 102-35	Remuneration policies for the highest governance body (Board of Directors) and senior executives		Board of Directors and Management Board remuneration system Staff remuneration and incentives	pp. 49, 66
GRI 102-36	Process for determining remuneration		Board of Directors and Management Board remuneration system	p. 49
Stakeholder engagement				
GRI 102-40	List of stakeholder groups		Stakeholder engagement	p. 113
GRI 102-41	Collective bargaining agreement		Social support for employees Quantitative data	pp. 76, 78, 123
GRI 102-42	Identifying and selecting stakeholders		Stakeholder engagement	p. 113
GRI 102-43	Approach to stakeholder engagement		Stakeholder engagement	p. 113
GRI 102-44	Key topics and concerns raised		Stakeholder engagement	p. 113
Reporting practice				
GRI 102-45	Entities included in the consolidated financial statements		Our approach to sustainability reporting	p. 110
GRI 102-46	Defining report content and topic Boundaries		Approach to identifying material topics	p. 111
GRI 102-47	List of material topics		Approach to identifying material topics	p. 112
GRI 102-48	Restatements of information	Report prepared for the first time	—	

Code	GRI indicator	Comment	Sustainability Report section	Page
GRI 102-49	Changes in sustainability reporting/ Significant changes in the list of material topics	Report prepared for the first time	—	
GRI 102-50	Reporting period	The report presents results for 1 January 2020 to 31 December 2020.	—	
GRI 102-51	Date of most recent report	Report prepared for the first time	—	
GRI 102-52	Reporting cycle	Annual	—	
GRI 102-53	Contact point for questions regarding the report		Contact information	p. 142
GRI 102-54	Claims of reporting in accordance with the GRI Standards		Our approach to sustainability reporting	p. 110
GRI 102-55	GRI content index		GRI content index	p. 131
GRI 102-56	External assurance	None	—	
<b>Topic-specific disclosures</b>				
<b>Economic</b>				
GRI 201	Economic Performance (2016)			
GRI 103 Management Approach (2016)	103-1 Explanation of the material topic and its Boundary		Approach to identifying material topics	
	103-2 The management approach and its components		Economic performance	
	103-3 Evaluation of the management approach			
GRI 201-1	Direct economic value generated and distributed		Quantitative data	p. 120
GRI 201-2	Climate change: financial implications, risks and opportunities		Risk management and internal control and audit	p. 55
GRI 201-3	Defined benefit plan obligations and other retirement plan	In 2020, the assessed value of retirement obligations covered by the Company's shared resources totalled RUB 902m.	Social support for employees Quantitative data	pp. 77, 124

Code	GRI indicator	Comment	Sustainability Report section	Page
GRI 202	Market Presence (2016)			
GRI 103 Management Approach (2016)	103-1 Explanation of the material topic and its Boundary		Approach to identifying material topics	
	103-2 The management approach and its components		Staff remuneration and incentives Staff breakdown	
	103-3 Evaluation of the management approach			
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage		Staff remuneration and incentives	p. 65
GRI 202-2	Proportion of senior management hired from the local community		Staff breakdown	p. 64
GRI 203	Indirect Economic Impacts (2016)			
GRI 103 Management Approach (2016)	103-1 Explanation of the material topic and its Boundary		Approach to identifying material topics	
	103-2 The management approach and its components		Social activities	
	103-3 Evaluation of the management approach			
GRI 203-1	Infrastructure investments and services supported		Social activities	p. 104
GRI 203-2	Significant indirect economic impacts		Our approach to sustainability Social activities	p. 104
GRI 204	Procurement Practices (2016)			
GRI 204-1	Proportion of spending on local suppliers		Procurement practices Quantitative data	pp. 32, 121
GRI 205	Anti-corruption (2016)			
GRI 103 Management Approach (2016)	103-1 Explanation of the material topic and its Boundary		Approach to identifying material topics	
	103-2 The management approach and its components		Anti-corruption	
	103-3 Evaluation of the management approach			

Code	GRI indicator	Comment	Sustainability Report section	Page
GRI 205-1	Operations assessed for risks related to corruption		Anti-corruption	p. 29
GRI 205-2	Communication and training about anti-corruption policies and procedures		Anti-corruption	p. 27
GRI 205-3	Confirmed incidents of corruption and actions taken		Anti-corruption	p. 29
Environment				
GRI 302 Energy (2016)				
GRI 103 Management Approach (2016)	103-1 Explanation of the material topic and its Boundary		Approach to identifying material topics	
	103-2 The management approach and its components		Energy consumption and efficiency	
	103-3 Evaluation of the management approach			
GRI 302-1	Energy consumption within the organisation		Energy consumption and efficiency Quantitative data	pp. 95, 129
GRI 302-4	Energy consumption reduction		Energy	p. 95
GRI 303 Water and Effluents (2018)				
GRI 303-1	Interactions with water as a shared resource		Water consumption and water resources protection	p. 99
GRI 303-2	Management of water discharge-related impacts		Water consumption and water resources protection	p. 100
GRI 303-3	Water withdrawal		Water consumption and water resources protection Quantitative data	pp. 100, 130
GRI 303-4	Water discharge		Water consumption and water resources protection Quantitative data	pp. 100, 130
GRI 303-5	Water consumption		Water consumption and water resources protection	p. 100



Code	GRI indicator	Comment	Sustainability Report section	Page
GRI 305 Emissions (2016)				
GRI 103 Management Approach (2016)	103-1 Explanation of the material topic and its Boundary		Approach to identifying material topics	
	103-2 The management approach and its components		GHG and pollutant emissions	
	103-3 Evaluation of the management approach			
GRI 305-1	Direct (Scope 1) GHG emissions		GHG and pollutant emissions	p. 97
GRI 305-2	Indirect (Scope 2) GHG emissions		GHG and pollutant emissions	p. 97
GRI 305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions		GHG and pollutant emissions	p. 98
GRI 306 Waste (2016)				
GRI 306-1	Waste generation and significant waste-related impacts		Waste management system	p. 101
GRI 306-2	Management of significant waste-related impacts		Waste management system	p. 101
GRI 306-3	Total weight of waste generated		Waste management system	p. 102
GRI 306-4	Total weight of waste disposed		Waste management system	p. 102
GRI 306-5	Total weight of waste directed to disposal		Waste management system	p. 102
Social				
GRI 401 Employment (2016)				
GRI 103 Management Approach (2016)	103-1 Explanation of the material topic and its Boundary		Approach to identifying material topics	
	103-2 The management approach and its components		Staff breakdown Training and education Social support for employees	
	103-3 Evaluation of the management approach			

Code	GRI indicator	Comment	Sustainability Report section	Page
GRI 401-1	New employee hires and employee turnover		Staff breakdown	p. 63
GRI 401-2	Benefits provided to full-time employees		Staff remuneration and incentives Social support for employees	pp. 65, 77
GRI 401-3	Parental leave		Quantitative data	p. 124
GRI 402	Labour/Management Relations (2016)			
GRI 103 Management Approach (2016)	103-1 Explanation of the material topic and its Boundary		Approach to identifying material topics	
	103-2 The management approach and its components		Staff breakdown	
	103-3 Evaluation of the management approach			
GRI 402-1	Minimum notice periods regarding operational changes	Under the Russian laws, if there are significant operational changes in the Company that may affect employees, employees should be informed about these changes within eight weeks before they become effective.	—	
GRI 403	Occupational Health and Safety (2018)			
GRI 103 Management Approach (2016)	103-1 Explanation of the material topic and its Boundary		Approach to identifying material topics	
	103-2 The management approach and its components		Occupational health and industrial safety	
	103-3 Evaluation of the management approach			
GRI 403-1	Occupational health and safety management system		Occupational health and industrial safety	p. 80, 87
GRI 403-2	Hazard identification, risk assessment, and incident investigation		Occupational health and industrial safety	p. 84
GRI 403-3	Occupational health services		Social support for employees Occupational health and industrial safety	pp. 77, 80
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety		Occupational health and industrial safety	p. 86

Code	GRI indicator	Comment	Sustainability Report section	Page
GRI 403-5	Worker training on occupational health and safety		Occupational health and industrial safety	p. 80
GRI 403-6	Promotion of worker health		Social support for employees Occupational health and industrial safety	pp. 76, 80
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Occupational health and industrial safety	p. 87
GRI 403-9	Work-related injuries		Occupational health and industrial safety Quantitative data	pp. 87, 128
GRI 403-10	Work-related ill health		Occupational health and industrial safety	p. 87
GRI 404	Training and Education (2016)			
GRI 103 Management Approach (2016)	103-1 Explanation of the material topic and its Boundary		Approach to identifying material topics	
	103-2 The management approach and its components		Training and education	
	103-3 Evaluation of the management approach			
GRI 404-1	Average hours of training per year per employee		Training and education Quantitative data	p. 72, 126
GRI 404-2	Programs for upgrading employee skills and transition assistance programs		Training and education	p. 71
GRI 404-3	Percentage of employees receiving regular performance and career development reviews		Training and education	p. 74
GRI 408	Child Labour (2016)			
GRI 408-1	Operations and suppliers at significant risk for incidents of child labour	No operations and suppliers at significant risk for incidents of child labour were identified.	—	
GRI 409	Forced or Compulsory Labour (2016)			
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	No operations and suppliers at significant risk for incidents of forced or compulsory labour were identified.	—	

Code	GRI indicator	Comment	Sustainability Report section	Page
GRI 416 Customer Health and Safety (2016)				
GRI 103 Management Approach (2016)	103-1 Explanation of the material topic and its Boundary		Approach to identifying material topics	
	103-2 The management approach and its components		Quality management	
	103-3 Evaluation of the management approach			
GRI 416-1	Assessment of the health and safety impacts of product and service categories		Quality management	p. 35
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During the reporting year, no incidents of non-compliance concerning the health and safety impacts of products and services and no incidents of non-compliance concerning requirements on product and service information and labelling were identified.	—	
GRI 417 Marketing and Labelling (2016)				
GRI 103 Management Approach (2016)	103-1 Explanation of the material topic and its Boundary		Approach to identifying material topics	
	103-2 The management approach and its components		Quality management	
	103-3 Evaluation of the management approach			
GRI 417-3	Incidents of non-compliance concerning marketing communications	In 2020, no incidents of non-compliance concerning marketing communications were identified.	—	
GRI 418 Customer Privacy (2018)				
GRI 103 Management Approach (2016)	103-1 Explanation of the material topic and its Boundary		Approach to identifying material topics	
	103-2 The management approach and its components		Data security	
	103-3 Evaluation of the management approach			
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2020, no breaches of customer privacy or losses of customer data were identified.	—	

## 6. Glossary

**Impact** refers to the Company's impact on the economy, environment and society.

**Twenty-foot equivalent unit (TEU)** is a notional measurement unit of cargo capacity based on the volume of a twenty-foot (6.1 metre) long intermodal ISO container.

**Stakeholders** are entities or individuals who have an interest in the Company's business and that affect (or are affected by) the Company's performance.

**Intermodal corridor** refers to links between different transport components such as rail, road, sea, river, pipeline and air along with the integration of supporting infrastructure elements, including access roads, border customs and warehouses.

**Intermodal shipping** refers to international freight delivery by several modes of transport under the same bill of lading and cargo transfer at points of reloading from one mode of transport to another without involvement of the cargo owner in the single freight unit (or vehicle).

**Corporate governance** is an approach to company management that ensures fair and equal distribution of economic benefits between all shareholders and other stakeholders.

**Tax monitoring** is an extended exchange of information whereby an organisation provides the tax authorities with real-time access to accounting data and tax records.

**Cargo handling** is the movement of cargo from one mode of transport to another via port warehouses or directly from one vehicle to another (from railway cars, river boats, motor vehicles to a sea vessel and vice versa).

**Employee turnover** for HR management purposes refers to the rate at which an organisation loses employees.

**Freight forwarding** refers to services provided to consignors and consignees (clients) and management of freight delivery by some means of transport.

**First mile services** refer to the acceptance of goods from the supplier warehouse, their preparation for transportation, along with quality and quantity control.

**Last mile services** in this context refers to the transportation of containers between the Company's terminal and the final destination (or the container loading point).

**Sustainable development** refers to economic, social and technological development that helps to improve living standards while minimising the impact on the environment.

**EBITDA** is earnings before interest, taxes, depreciation, and amortisation.

**Environmental, Social, and Corporate Governance (ESG)** refers to a combination of the management dimensions whereby the company contributes to tackling environmental, social and governance issues.

**The Global Reporting Initiative (GRI)** is an international organisation whose aim is to develop and implement reputable and trusted sustainable development reporting frameworks that can be used by organisations regardless of their size, type and geography.

**ISO Container** is a standardised repeated-use box designed for transportation of cargo by road, rail, sea and air that is suitable for mechanised reloading from one means of transport to another.

**Key performance indicators (KPIs)** are quantifiable measures expressed in absolute or relative (percentage) terms that evaluate an organisation's performance and effectiveness.

# 7. Contact information

Full company name in English	Public Joint Stock Company «Center for cargo container traffic «TransContainer»
Abbreviated company name in English	PJSC «TransContainer»
Registered address	39 Leningradskaya Street, building 6, Khimki, Moscow Region, 141402
Postal address	19 Oruzheyniy Pereulok, Moscow, 125047
Website	<a href="http://www.trcont.com">www.trcont.com</a> e-mail: <a href="mailto:trcont@trcont.com">trcont@trcont.com</a>
Multichannel line	+7 (495) 788 17 17 +7 (499) 262 77 00
Media relations	Maria Kobzeva, Director of Public Relations T: +7 (495) 788 17 17, ext. 1049 Email: <a href="mailto:PR@trcont.ru">PR@trcont.ru</a>
Shareholder and investor relations	Andrey Bobonin, Corporate Secretary T: +7 (495) 788 17 17 (ext. 1380) Email: <a href="mailto:IR@trcont.ru">IR@trcont.ru</a>
Sales and customer relations	Customer hotline: 8 800 100 22 20 (24/7) For calls from Russia only Email: <a href="mailto:Sales@trcont.ru">Sales@trcont.ru</a>
Contact for questions regarding disclosures in the Report	Olga Tokar, Deputy Director of Strategy and Business Development Email: <a href="mailto:TokarOA@trcont.ru">TokarOA@trcont.ru</a>

GRI

102-3

GRI

102-53

