



20

COMBINED
SUSTAINABILITY
REPORT

22



COMBINED SUSTAINABILITY REPORT 2022



Table of Contents

1. ABOUT DELO GROUP 4

Group Summary 4

Group Summary5

Delo Group's Key ESG Performance Indicators for 20226

Business Geography7

Summary of Delo Group's Key Sustainability Initiatives8

Corporate Governance 10

Anti-Corruption 12

Sustainability Management 13

Risk Management..... 16

Integration of the UN SDGs..... 18

2. OUR SUSTAINABILITY ACHIEVEMENTS 20

Social Development 20

Working Conditions and Employee Support21

Climate and Efficient Use of Natural Resources 26

Low-Carbon Practices28

Energy Efficiency29

Atmospheric Air29

Water Consumption and Protection of Water Resources29

Waste Management30

Corporate Responsibility 31

Sustainable Supply Chain32

Quality Management32

Information Security and Digitalization33

GROUP SUMMARY

1

About Delo Group

Group Summary

In this Report, a reference to the Group includes specific entities of Delo Group, namely: TransContainer PJSC, Ruscon Group, DeloPorts LLC, Global Ports.

Delo Group is Russia's largest transportation and logistics group operating maritime container terminals on the Sea of Azov, the Black Sea and the Baltic Sea and in the Far East. It has the largest network of railway container terminals in Russia and its own fleet of containers and flatcars.

The Group's transportation and logistics business includes the railway container operator TransContainer and the multimodal service integrator Ruscon. The Group's stevedoring business includes DeloPorts holding company and Global Ports, a leading container terminal operator.

Delo Group operates in many regions of Russia and abroad.

OUR MISSION

In the modern world of high speed, vast distances and intensive traffic flow our mission is to help each client pave the most efficient routes. We offer a full range of top-class transportation and logistics services with care about our clients and their businesses. We strive to move forward, offering the best business solutions so that the customer could receive cargo and services right on time.

STRATEGIC GOAL

Leading positions in the Russian transportation industry, recognition, impeccable business reputation and a high level of employer attractiveness.

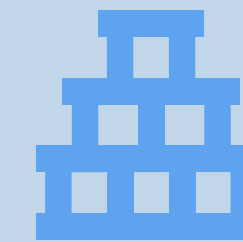
No.1 in Russia



in terms of the volume of railway container transportation



in terms of the size of its fleet of flatcars



operator of maritime container terminals in Russia



in Russia in terms of the volume of multimodal container transportation



the deepest container berth in southern Russia



Delo Group's Key ESG Performance Indicators for 2022

≡ contents

About Delo Group

Group Summary

Corporate Governance

Sustainability Management

Risk Management

Integration of the UN SDGs

Our Sustainability Achievements



“E” Pillar

Energy consumption

1,459.8 TJ

Water consumption

1,711,000 m³

Recycling rate

59.6%

Total waste produced

10,300 tons

GHG emissions (Scope 1+2)

Market-based

88,200 metric tons of CO₂ equivalent

Location-based

117,200 metric tons of CO₂ equivalent

Investment in environmental protection

100.2 RUB million

The Group's indirect GHG emissions, net of offsetting measures, decreased by 85% and amounted to

5,000 metric tons of CO₂ equivalent

The Group uses voluntary bilateral power purchase agreements to offset its own carbon footprint

In 2023, Delo Group concluded its first transaction with a Russian Carbon Zero green certificate

Carbon Zero

In 2022, the Group purchased I-REC certificates to offset its own carbon footprint, specifically indirect GHG emissions (Scope 2)

I-REC



“S” Pillar

Total headcount

9,322 employees

Percentage of female employees

42.3%

Expenditure on philanthropy

324.7 RUB million

Expenditure on personnel social programs

218.4 RUB million

Expenditure on employee training

43.2 RUB million

Human rights violations

0

Fatal accidents

0

LTIFR

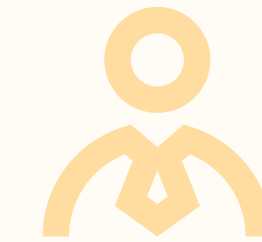
0.64

Accidents

0

OHS expenditure

236.7 RUB million



“G” Pillar

Percentage of women on the boards of directors at Delo MC

17%

Percentage of women in management positions in the Group companies

42.3%

Cases of corruption and conflicts of interest

0

Business Geography

Given its vast business geography, Delo MC aims to establish best practices in green logistics and set responsible business trends in the industry.

3 basins of presence

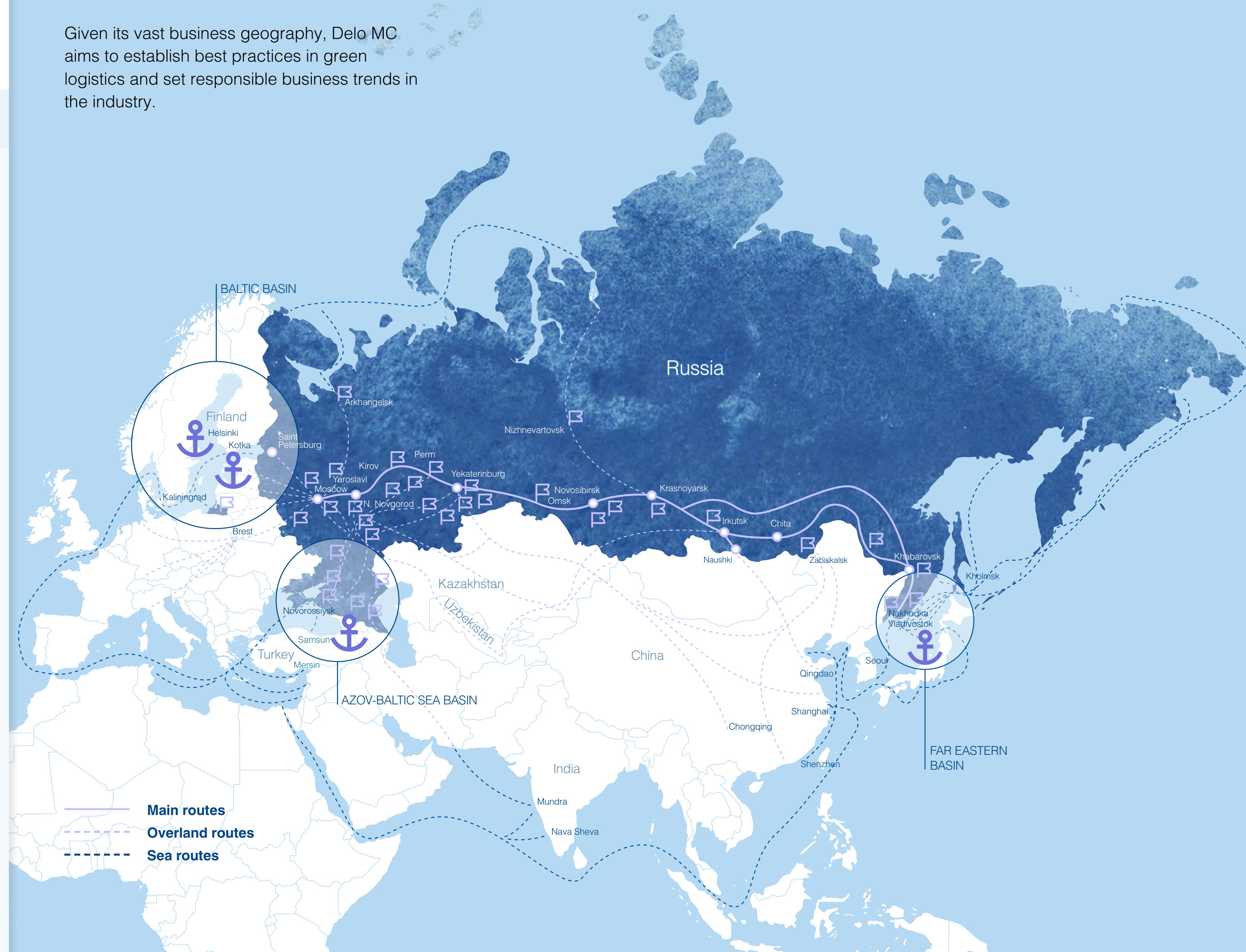
≡ contents

About Delo Group

Group Summary

- Corporate Governance
- Sustainability Management
- Risk Management
- Integration of the UN SDGs

Our Sustainability Achievements



TransContainer
40 container railway terminals

Ruscon
6 inland terminals

Global Ports
Petrolesport JSC
First Container Terminal JSC
Ust-Luga Container Terminal JSC in partnership with Eurograte
Vostochnaya Stevedoring Company LLC
Multi-Link Terminals Helsinki and Kotka in partnership with CMA Terminals

DeloPorts
NUTEP Container Terminal LLC
KSK Grain Terminal JSC
Delo Service Company LLC

— Main routes
- - - Overland routes
- - - Sea routes

Summary of Delo Group's Key Sustainability Initiatives

☰ contents

About Delo Group

Group Summary

Corporate Governance

Sustainability Management

Risk Management

Integration of the UN SDGs

Our Sustainability Achievements

June 2021

Benchmarking of the Group companies against international ESG ratings

Launch of a new sports complex in Abrau-Durso by DeloPorts Group



October 2021

Purchase of an I-REC certificate by TransContainer PJSC



November 2021

Implementation of the Green Terminal concept by DeloPorts Group



December 2021

Development of the Group's methodology for calculating Scope 1, Scope 2 and Scope 3 emissions

Adoption of internal regulations on ESG

2021–2022

First sustainability reports published by affiliates (TransContainer PJSC, DeloPorts Group, Ruscon LLC)

February 2022

Membership in ESG Alliance



May 2022

Development of a GHG calculator to help customers estimate the amount of GHG emitted during freight transport

Membership in the Russian Union of Industrialists and Entrepreneurs (RSPP)



June 2022

Launch of the Demography project

Customer survey on carbon regulation



Summary of Delo Group's Key Sustainability Initiatives

≡ contents

About Delo Group

Group Summary

Corporate Governance

Sustainability Management

Risk Management

Integration of the UN SDGs

Our Sustainability Achievements

September 2022

Membership in the League of Green Brands (TransContainer PJSC, GKS LLC)



October 2022

Calculation of the impact of the information system implementation on the reduction of energy consumption at the Kleshchikha container terminal

First rankings by NCR and RBC (TransContainer PJSC and DeloPorts Group)

November 2022

ESG risk assessment at Delo Group

TransContainer PJSC ranked first in the ESG (EKG) ranking

December 2022

Installation of solar panels at the Zabaikalsk container terminal (TransContainer PJSC)



Eco-Friendly Christmas Tree contest held by DeloPorts Group

Adoption of giant anteaters at Novosibirsk's Shilo Zoo



December/January 2023

First ESG ratings received (TransContainer PJSC – ACRA, ESG Risk Assessments & Insights (ranked 1st among all international companies in the industry), DeloPorts Group – ACRA)



January 2023

First pilot ESG assessment of suppliers conducted by TransContainer PJSC



February 2023

Delo Group's ESG policy approved

CORPORATE GOVERNANCE

1

About Delo Group



MANAGEMENT OF DELO GROUP COMPANIES

The Group’s parent company is Delo MC LLC (“Delo MC”). The Group companies are primarily managed using corporate governance practices, meaning that the Group’s shareholders are represented on the management and supervisory bodies of the Group’s key companies.

Delo MC is actively involved in the activities of the Group companies. However, the Group companies have the autonomy to make the final decisions at the level of their own management bodies.

CONFLICTS OF INTEREST

GRI 2-15

Conflicts of interest on the part of members of the Board of Directors are not tolerated at Delo Group. In order to minimize this risk, special preventive measures have been introduced in the Group companies:

- the list of the Group’s stakeholders is regularly updated;
- members of the Board of Directors and the Director General are prohibited from voting on matters concerning related party transactions and are required to disclose all persons controlled by or directly related to them, as well as positions held in other companies.

Delo Group handles conflicts of interest in accordance with its Code of Business Conduct, which is binding on all Group employees.

Corporate governance and sustainability management at Delo MC

GENERAL MEETING

Board of Directors

Reviews and decides on the development strategy, including sustainability issues

Director General

Sets the sustainability strategy and approves internal regulations on certain aspects of sustainability

Vice President – Chief Financial Officer

Responsible for implementing the sustainability strategy, reviewing the sustainability strategy and the Sustainability Policy

Department of Sustainability Initiatives

Contributes to the implementation of the sustainability strategy and roadmap, together with the Working Group reviews the sustainability strategy and integrates sustainability initiatives in the Group companies

Heads of functions/departments

Manage the implementation of strategic and target programs that address sustainability issues and contribute to the development of cross-functional projects

Corporate secretary

Working Group

Includes representatives of Delo MC and acceding Delo Group companies and is approved by order of the Director General of Delo MC

Anti-Corruption

Delo Group is committed to high ethical standards and open and honest business practices.

Anti-fraud and anti-corruption measures include:

- establishing an internal anti-fraud and anti-corruption framework¹;
- communicating the basic principles and requirements with respect to compliance with the applicable anti-corruption laws and regulations to employees and others;
- providing communication channels for reporting instances of corporate fraud and corruption;
- defining the anti-fraud and anti-corruption powers and responsibilities of employees;
- implementing the rules of conduct for employees;
- regular assessment of corruption risks;
- identifying and resolving conflicts of interest;
- regulating the exchange of business courtesies;
- regulating procurement activities;
- anti-fraud and anti-corruption training of employees;
- conducting anti-corruption education and awareness activities on a regular basis.

Delo Group trains its employees in anti-corruption policies and practices and informs its partners of the Group's anti-corruption policies and practices. Anyone concerned can confidentially report a possible violation via the electronic hotline at antitrust@delo-group.com.

The annual risk assessment has not identified any cases of corruption or conflicts of interest at Delo Group.

Delo Group has also adopted an Antitrust Compliance Policy, which is described in more detail in the Report.

¹ Employees are notified in a timely manner of any regulatory changes through e-mail newsletters and publications in the relevant sections of the corporate website.

SUSTAINABILITY MANAGEMENT

1

About Delo Group

Delo Group integrates sustainability principles into its business processes and seeks to establish mechanisms to manage them.

Priorities of Delo Group's sustainability agenda



ENVIRONMENTAL (E)

Climate and efficient use of natural resources



SOCIAL (S)

Occupational health and safety
Working conditions and employee support



GOVERNANCE (G)

Information security, innovation and digitalization
Sustainable supply chain

Fundamentals of corporate responsibility

Business ethics, anti-bribery and anti-corruption

Compliance and fiscal responsibility

Risk and emergency management

Sustainability management system



ESG RATINGS

In October 2022, two Delo Group companies (GKS LLC and TransContainer PJSC) became members of the League of Green Brands. An independent assessment conducted by the League confirmed that the services provided by Delo Group companies fully comply with ESG standards.



Director General of Delo MC

Dmitry Pankov:

“We assure our customers and partners that we are not only a leading transportation and logistics group offering ‘green’ transportation services, but we also actively promote the sustainability agenda in all areas of our activities.” #DeloPeople

- ≡ contents
- About Delo Group
 - Group Summary
 - Corporate Governance
 - Sustainability Management**
 - Risk Management
 - Integration of the UN SDGs
- Our Sustainability Achievements

1	2	3	4	5	6	7	8	9
ESG RISK.AL	ESG RAEX	LEAGUE OF GREEN BRANDS	ACRA ESG	RBC & NCR ESG INDEX	EXPERT RA RATING, ESG TRANSPARENCY RANKING	ESG (EKG) RATING	SUSTAINALYTICS	MSCI
<p>TransContainer Ranked 1st among inland transportation and logistics companies covered by ESG Risk Assessments & Insights Limited</p>	<p>TransContainer Ranked 20th, transportation industry leader with a strong lead over other companies in the industry</p> <p>Ranked 3rd in the Russian Business ESG Ranking Top 50 Energy</p>	<p>TransContainer</p> <p>Ruscon</p>	<p>TransContainer Level ESG 4 Category ESG B</p> <p>DeloPorts Group Level ESG 5 Category ESG C</p>	<p>TransContainer Category II</p> <p>DeloPorts Group Category III</p>	<p>TransContainer</p>	<p>TransContainer (leaders)</p>	<p>Global Ports 18.9 Low Risk</p>	<p>Global Ports MSCI: CCC</p>

RISK MANAGEMENT

1

About Delo Group

ESG RISKS

Delo Group aims to become a leader in sustainable logistics by effectively managing ESG risks and identifying new opportunities for development.

In 2022, all of Delo Group's ESG risks were analyzed, resulting in an updated corporate ESG risk map. ESG risks are integrated into the overall risk management system.

≡ contents

About Delo Group

Group Summary

Corporate Governance

Sustainability Management

Risk Management

Integration of the UN SDGs

Our Sustainability Achievements



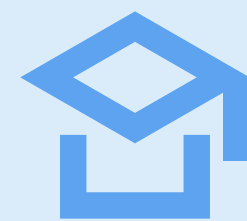
Occupational, industrial and fire safety

Ensuring safe working conditions, disease prevention, OHS training, regular inspections, accident investigations, etc.



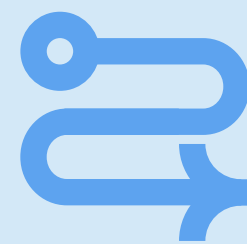
Working conditions and employee support

Fair pay, decent working conditions, social benefits, working hours, well-being, building a corporate culture, inclusiveness, etc.



Employee development and training

Fostering employee development through training programs, skill enhancement, career development programs, fair performance evaluation, etc.



Sustainable supply chain

Ensuring that suppliers comply with the Company's policies, including social responsibility and environmental protection standards, ESG risk assessment in the supply chain, availability of a (Responsible) Supplier Code, "green" procurement practices, etc.



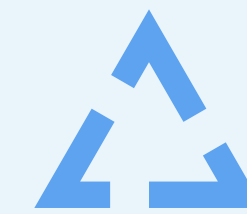
Business aspects

Service quality and customer satisfaction, the Company's business performance, expansion into new markets, improving investment attractiveness, etc.



Water management

Monitoring and reducing water consumption, promoting water reuse, wastewater discharge control, ballast water management.



Waste management and recycling

Monitoring and reducing waste, recycling, effective management of hazardous waste, ship recycling.



Information security and privacy

Information security, prevention of data leakage and theft, etc.



Innovation and digitalization

Automation, modernization, ensuring access to necessary technological solutions (Internet, communication channels, software), no disruptions of operations, etc.



Climate change and GHG emissions

Monitoring of GHG emissions (Scope 1–3), climate risk management, climate resilience.

INTEGRATION OF THE UN SDGs*

* 17 Sustainable Development Goals (SDGs) adopted by the UN General Assembly in 2015.

1

About Delo Group

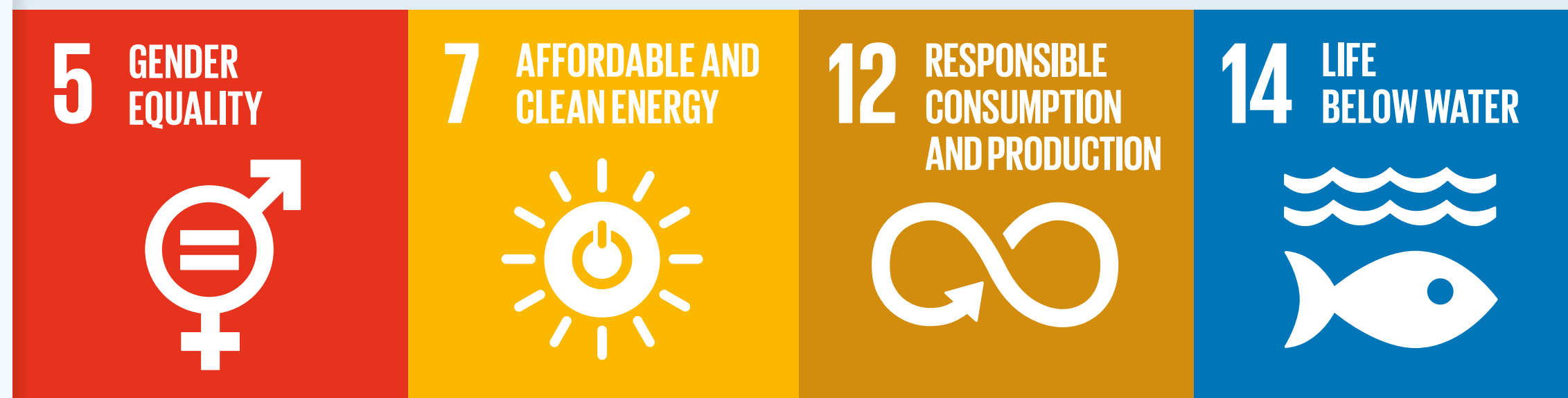
Delo Group is aware of its responsibility to shape a sustainable future and strives to contribute to the achievement of the UN Sustainable Development Goals (SDGs) for 2030, which were adopted by the UN General Assembly in 2015, by consistently integrating the principles of sustainable development into the Group's business activities.

Delo Group's priority and secondary UN SDGs as of 2023

Priority SDGs



Secondary SDGs



Non-relevant SDGs



SOCIAL DEVELOPMENT

2

Our Sustainability
Achievements

Working Conditions and Employee Support

HUMAN RESOURCES POLICY

Delo Group's human resources policy focuses on attracting, onboarding, developing and retaining talents and relies on the following principles:

- decent and safe working conditions, including care for the health of employees;
- respect for human rights, including non-discrimination, freedom of association and collective bargaining;
- equal opportunities for the development and advancement of employees;
- competitive compensation and benefits package to encourage high performance.

GRI 2-23, GRI 2-25, GRI 406-1

Respect for human rights

The fundamental principles of Delo Group's approach to protecting and respecting human rights in all areas of activity are set out in the Human Rights Policy adopted by Delo Group companies.

Delo Group companies provide equal employment opportunities to both new applicants and existing employees. The Group strives to apply uniform principles and approaches to human resources management in all regions where it operates.

Between 2018 and 2022, all employees of TransContainer PJSC, DeloPorts Group¹ and Global Ports Group² were covered by a Collective Bargaining Agreement.

Delo Group companies have established communication channels (hotlines, the corporate website, the HR department, the trade union, meetings with management) for employees to report any conflict situation for further investigation and action.

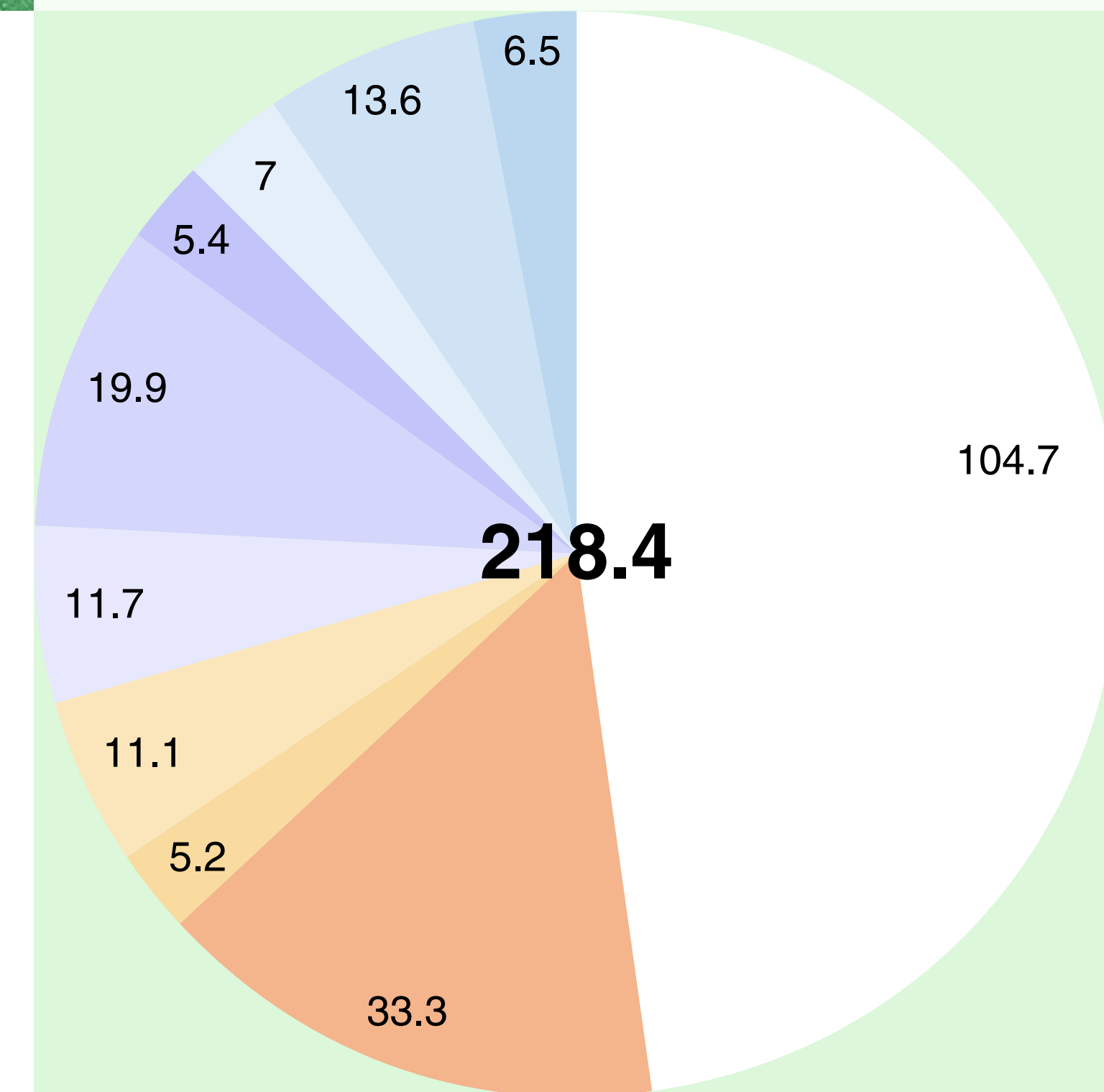
In 2022, there were no complaints of harassment or bullying in the workplace and no cases of discrimination were identified.

The core values, principles, standards and rules of conduct are reflected in Delo Group's Code of Business Conduct.

Delo Group companies reject all forms of discrimination and strive to ensure respectful treatment of their employees and equal opportunities, both at the beginning and at every stage of employment.

Special attention is paid to the recruitment of employees with disabilities and the creation of decent and comfortable working conditions for them.

Social benefits for employees, RUB million



- Voluntary health insurance for employees
- Non-governmental pension insurance for employees
- Health resort treatment for employees and their children
- Health improvement of employees' children (children's health camps)
- Reimbursement of kindergarten fees for employees' children
- Reimbursement of travel expenses for employees and their family members
- Financial aid to employees in connection with the birth/adoption of a child
- One-time financial aid to employees upon the birth of a child (RUB 1 million)
- Financial aid in connection with family circumstances
- Costs of social benefits for retirees

¹ In 2022, the percentage of employees of TransContainer PJSC covered by a Collective Bargaining Agreement was 100%; due to the inclusion of the subsidiary Logistics-Terminal JSC in the reporting boundaries, the total percentage of employees covered by a Collective Bargaining Agreement was 95%.

² There is a Collective Bargaining Agreement in force at KSK JSC and NUTEP LLC.



The Group's workforce structure is a reflection of the companies' commitment to inclusion, diversity and non-discrimination on the basis of, among other things, age and gender.

The gender distribution of the Group's employees is almost equal: 58% are men and 42% are women. Delo Group employs people of all ages, with a predominance of employees between 36 and 55. Diversity and the resulting combination of new and innovative ideas improve work productivity and business performance.

Delo Group offers its employees a competitive compensation package, which includes a fixed (salary, hourly rate) and a variable component, as well as bonuses and other forms of remuneration and incentives.

The companies have also established a bonus system. The amount of the bonus depends on the results of the year-end assessment of the achievement of the established KPIs, including those in the area of sustainable development.

In 2022, Delo Group's total spending on social benefits for its employees amounted to RUB 218.4 million.

CORPORATE CULTURE AND VOLUNTEERING

Delo Group aims to increase employee loyalty and their involvement in the life of the company. Delo Group companies regularly conduct engagement surveys and implement programs to shape and develop the corporate culture.

Delo Group companies actively support their employees' volunteer efforts, seeing such activities as a contribution to the social and economic development of the communities in which the companies operate.

contents

About Delo Group

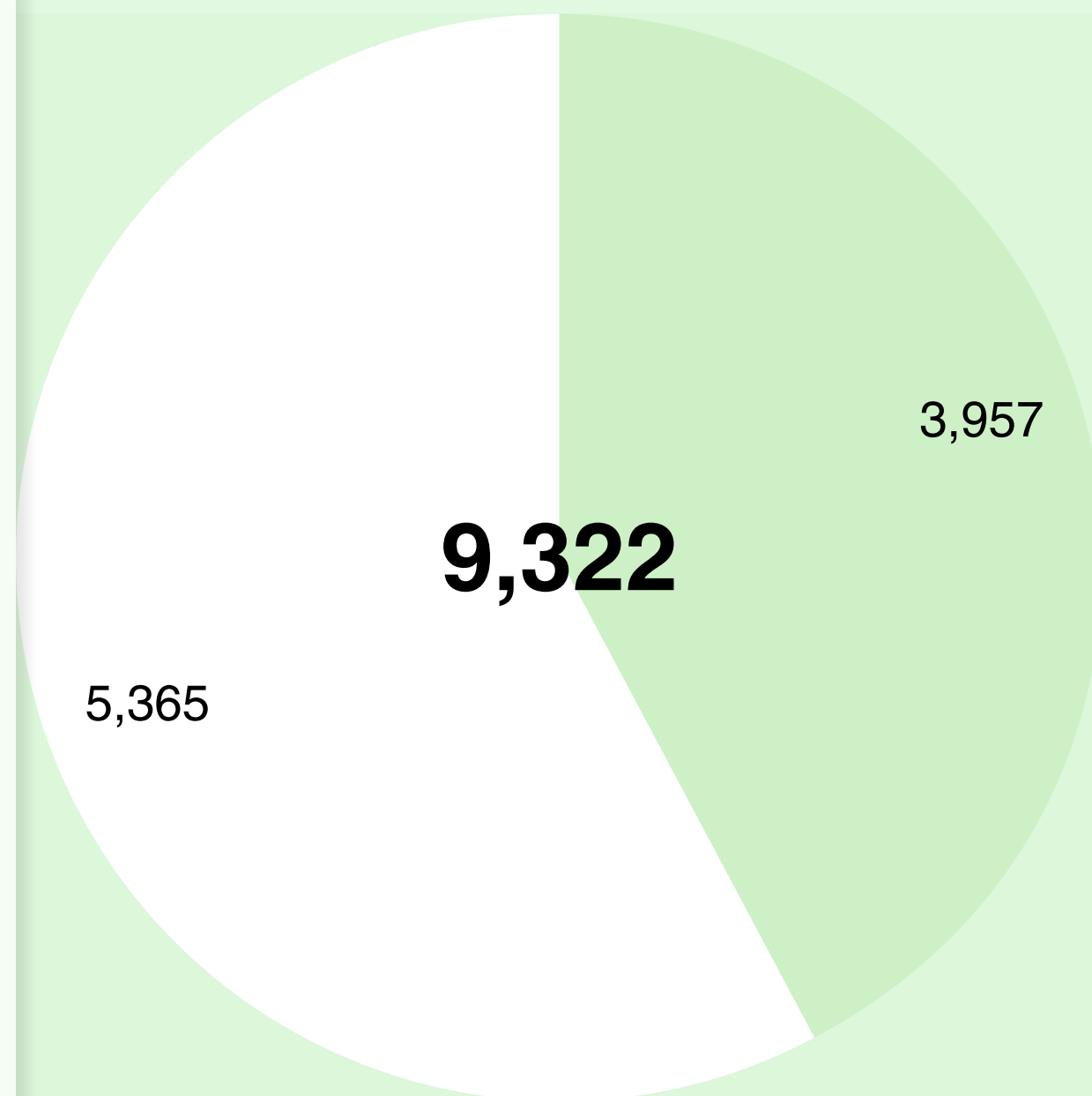
Our Sustainability Achievements

Social Development

Climate and Efficient Use of Natural Resources

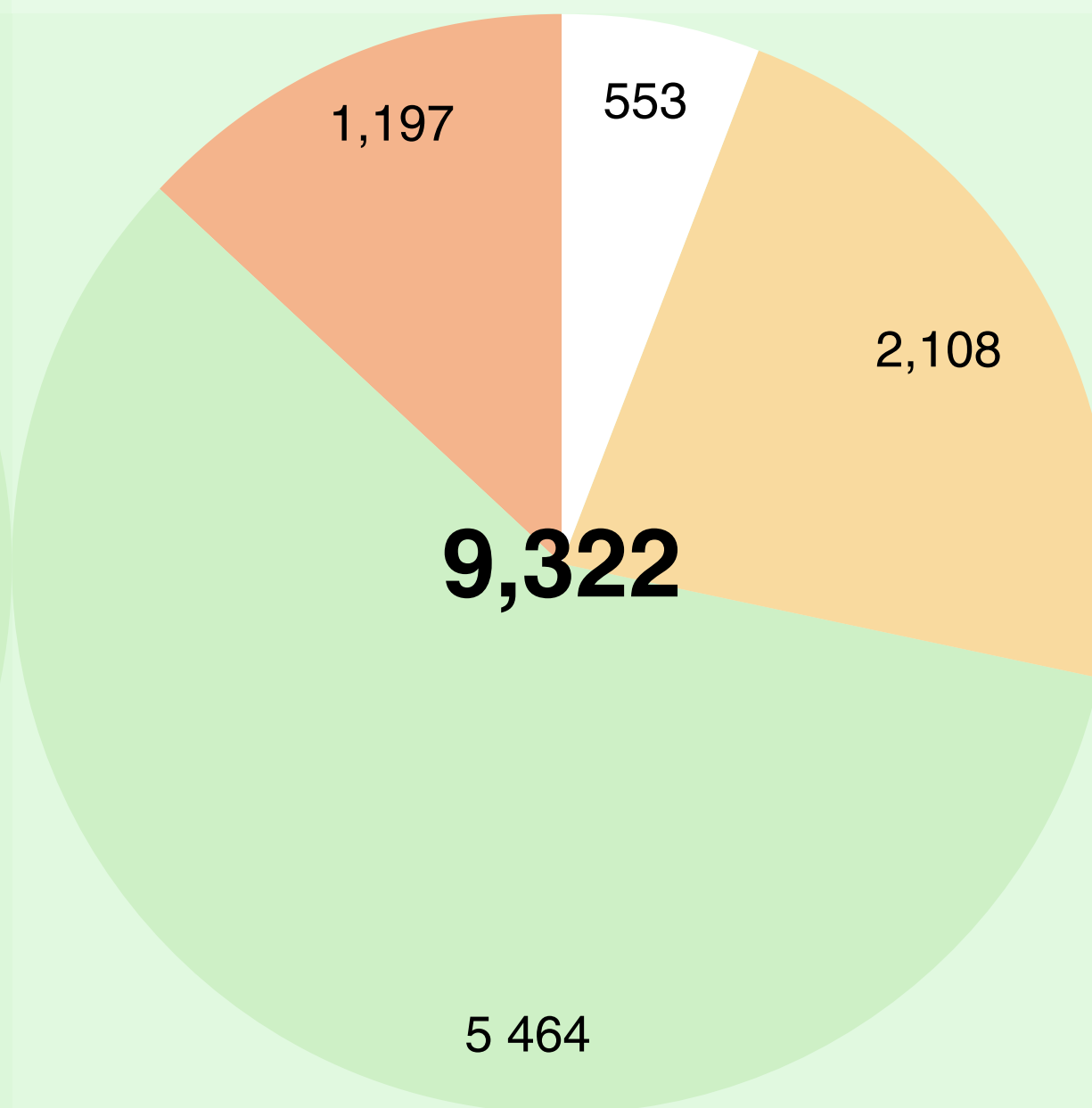
Corporate Responsibility

Headcount (broken down by gender)



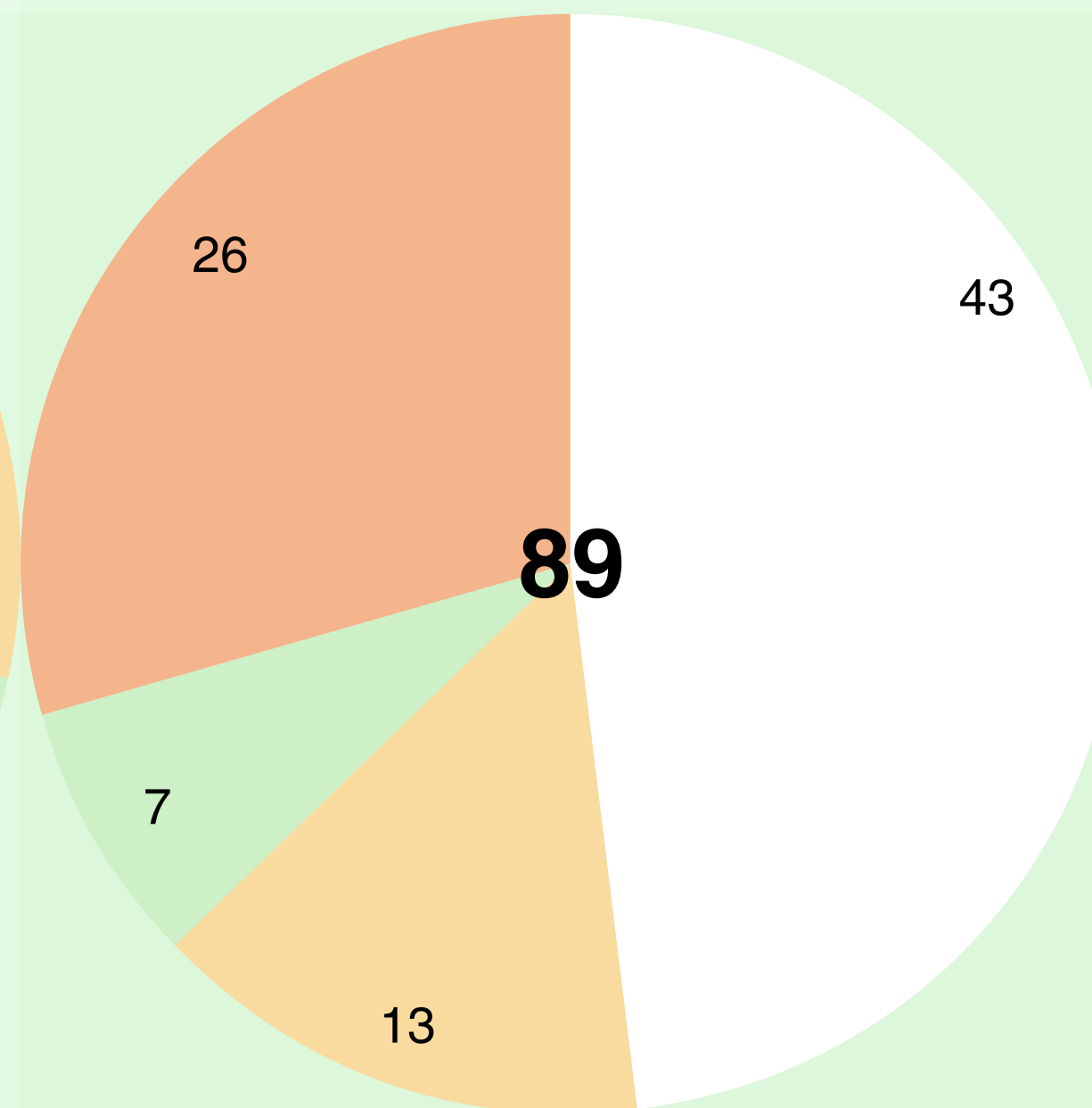
Men Women

Headcount (broken down by age)



25 or less 26-35
36-55 56+

Number of employees with disabilities at Delo Group



TransContainer PJSC
DeloPorts Group
Ruscon Group
Global Ports Group

DEMOGRAPHY: DELO GROUP'S PROGRAM TO INCREASE THE BIRTH RATE AND SUPPORT MOTHERHOOD AND CHILDHOOD

Delo Group has launched a large-scale program to increase the birth rate and promote larger families among its employees. The program meets the objectives of the national Demography project and was developed at the initiative of Sergey Shishkarev, Chairman of the Board of Directors of Delo Group.

The program includes:

- payment of RUB 1 million for the birth of a third and each subsequent child;
- additional payments during parental leave;
- additional payments during pregnancy leave and in case of early return from maternity leave;
- reimbursement of kindergarten fees and provision of children's camp vouchers;
- expansion of the VHI program for employees;
- VHI program for employees' children, reimbursement of medical costs associated with employees' children;
- flexible working hours for employees with children;
- reimbursement of health resort treatment expenses for employees' children.

The position of Social Manager has been introduced in the Group companies to coordinate work with employees in connection with the corporate program and to inform them about the government benefits system.

In 2023, Delo Group extended this corporate program to all its companies. As a result, 11,000 employees in all regions where the Group operates — from Kaliningrad to Vladivostok — can take advantage of the support measures.

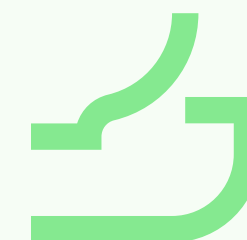
These additional benefits help increase employee engagement, enhance the attractiveness of the employer brand, and improve the company's organizational culture.



The main principles of the program are



Progressive approach: the amount of the allowance depends on the number of children (with a significant increase after the birth of the third child)



Positive discrimination: employees with two or more children have a preferential right to benefits



> 40 RUB million

was spent on the program social manager at TransContainer PJSC in 2022

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety management system

GRI 403-1, 403-3, 403-8

For all Delo Group companies, the health and safety of their employees is an absolute priority.

OHS activities are governed by the Group's Occupational Health and Safety Policy and a collection of internal regulations.

The OHS system includes measures aimed at prevention and avoidance of hazards and elimination or mitigation of risks. Such measures include:

- OHS training for managers and employees, continuous monitoring of working conditions, engagement of employees in consultations and information exchange on safety issues;
- OHS reporting;
- commitment to the Occupational Health and Safety Policy;
- incident reduction targets;
- internal and external control procedures: audits, special assessments of working conditions, emergency preparedness procedures, an operating manual.

 **>1,500** employees

passed a special assessment of working conditions in Delo Group in 2022

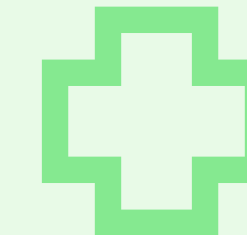
ASSESSMENT AND IMPROVEMENT OF WORKING CONDITIONS

GRI 403-2, 403-6, 403-7

The following measures are taken to identify, manage and reduce the effects of adverse OHS impacts directly related to the activities of the Group companies:



Special assessment of working conditions



Conducting medical examinations



Assessment of occupational risks



Training employees in safe working methods and techniques, etc.



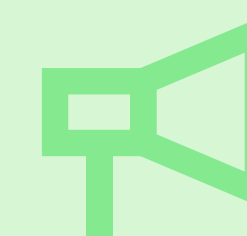
Industrial and laboratory control of compliance with sanitary regulations and implementation of sanitary and preventive (anti-epidemic) measures



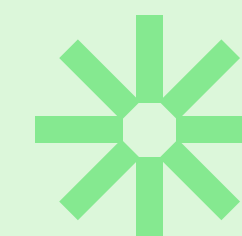
Procuring third-party liability insurance for hazardous production facilities



Providing employees with personal and collective protective equipment



Development of emergency containment and recovery plans



Development of action plans to reduce negative impacts on the health and safety of employees

WORK-RELATED INJURIES AND WORK-RELATED ILL HEALTH

GRI 403-9, 403-10

Delo Group monitors the rates of work-related injuries and illnesses among its employees and makes every effort to reduce them. In the past five years, the Group companies have not had a single fatal accident involving their employees. In the year under review, the LTIFR for Delo Group as a whole was 0.64.

ACCIDENTS AND INCIDENTS

A total of 4 incidents were recorded at Delo Group production facilities in 2022. All incidents occurred at Global Ports facilities.

Based on the results of the incident investigations, measures are developed to ensure work process safety.

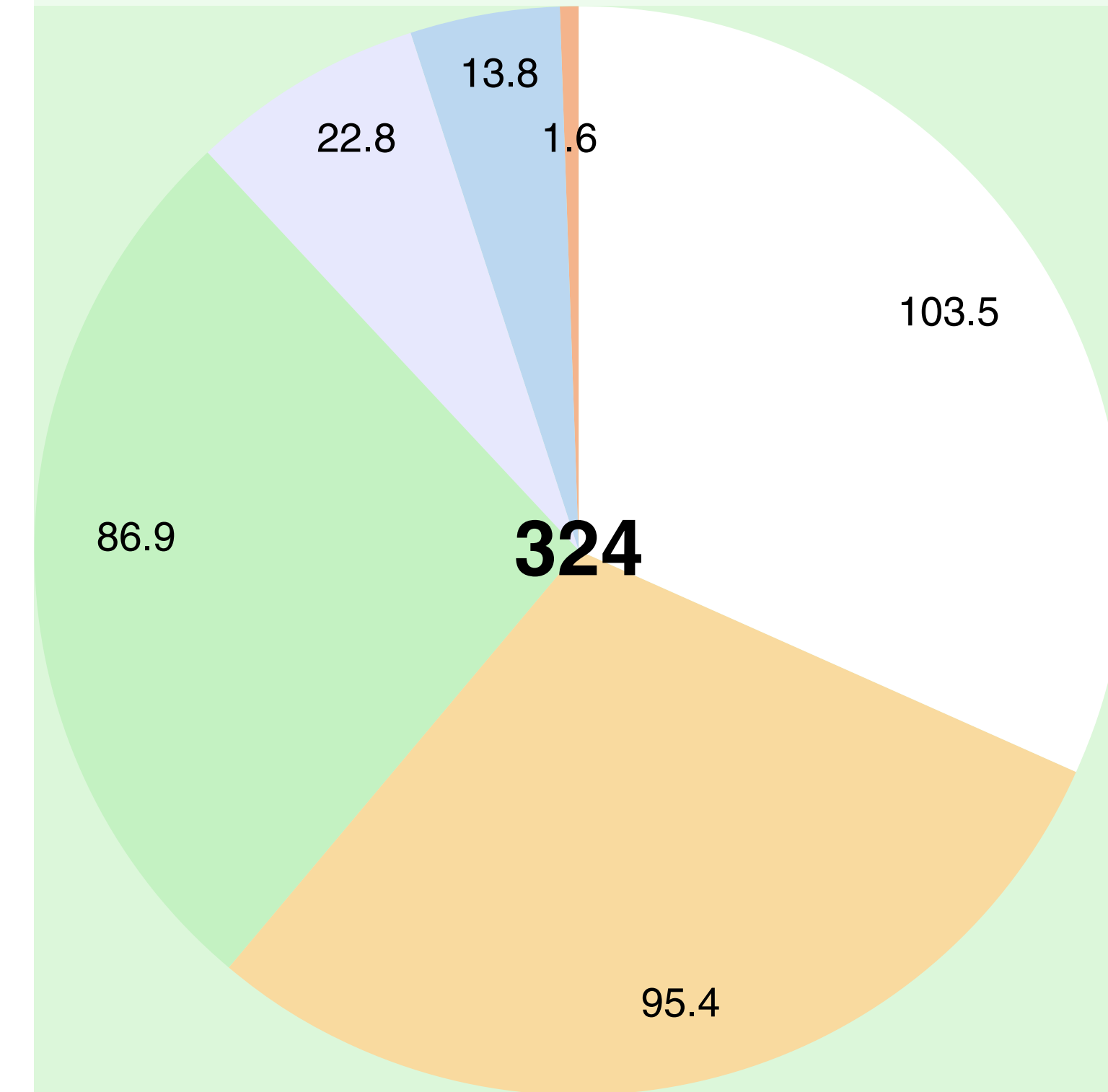
Employees are familiarized with work process safety requirements through technical training or briefings.

SOCIAL PROJECTS OF THE GROUP

GRI 203-1, 203-2

Delo Group companies are involved in philanthropic activities and social projects in the communities where they operate. Delo Group supports volunteer efforts as part of the culture of volunteerism and commitment to solving social problems.

Delo Group's expenditure on philanthropic and social projects in 2022, RUB million



- Social assistance, assistance to disabled children and children from large families (orphanages, low-income, large families, boarding schools, etc.)
- Education and science, industry-related programs
- Sports
- Assistance to employees, including former employees, veterans
- Healthcare (including expenditures on countering the spread of COVID-19)
- Environmental and eco-education projects

0.64

LTIFR for Delo Group in the year under review

324 RUB million

Delo Group's expenses on philanthropic and social projects in 2022

CLIMATE AND EFFICIENT USE OF NATURAL RESOURCES

2

Our Sustainability
Achievements

Delo Group adheres to the principles of environmental protection and sustainable use of natural resources, focusing on the need to develop processes for managing environmental issues and minimizing negative impacts.

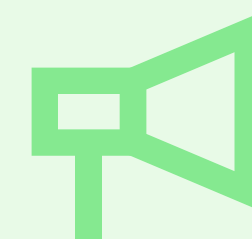
Environmental issues in the Group companies are supervised by the top management, and environmental performance is reviewed at the level of the Board of Directors. To ensure supervision of environmental protection activities, the companies have environmental protection departments or full-time environmental specialists.

In 2022, Delo Group did not receive any fines or warnings regarding environmental violations.

In 2022, expenditure on environmental protection amounted to RUB 100.2 million.



In line with its Environmental Policy¹, Delo Group has set itself the following objectives



Ensuring transparency of information on environmental impacts



Improvement of the environmental management system



Responsible use of resources and reduction of waste



Evaluation of the environmental aspects related to suppliers and customers

¹ Delo Group's Environmental Policy is available on the company's website at <https://delo-group.ru/about/esg/politics/ekologicheskaya-politika>.

Low-Carbon Practices

In 2022, Delo Group continued to build on its strengths as a leader in green logistics in Russia. Given its important position in the supply chain, Delo Group will continue to help prevent excess CO₂ emissions into the natural environment and reduce the carbon footprint for its customers in terms of Scope 3 GHG emissions.

Expanding the use of electrical equipment at our terminals is an important step in terms of the Group's business strategy and the aim to reduce the Group's negative impact on the environment. At TransContainer PJSC, Global Ports Group and DeloPorts, a substantial part of the crane equipment used in the main process operations is electrically powered, which significantly reduces GHG emissions from the Group's operations.

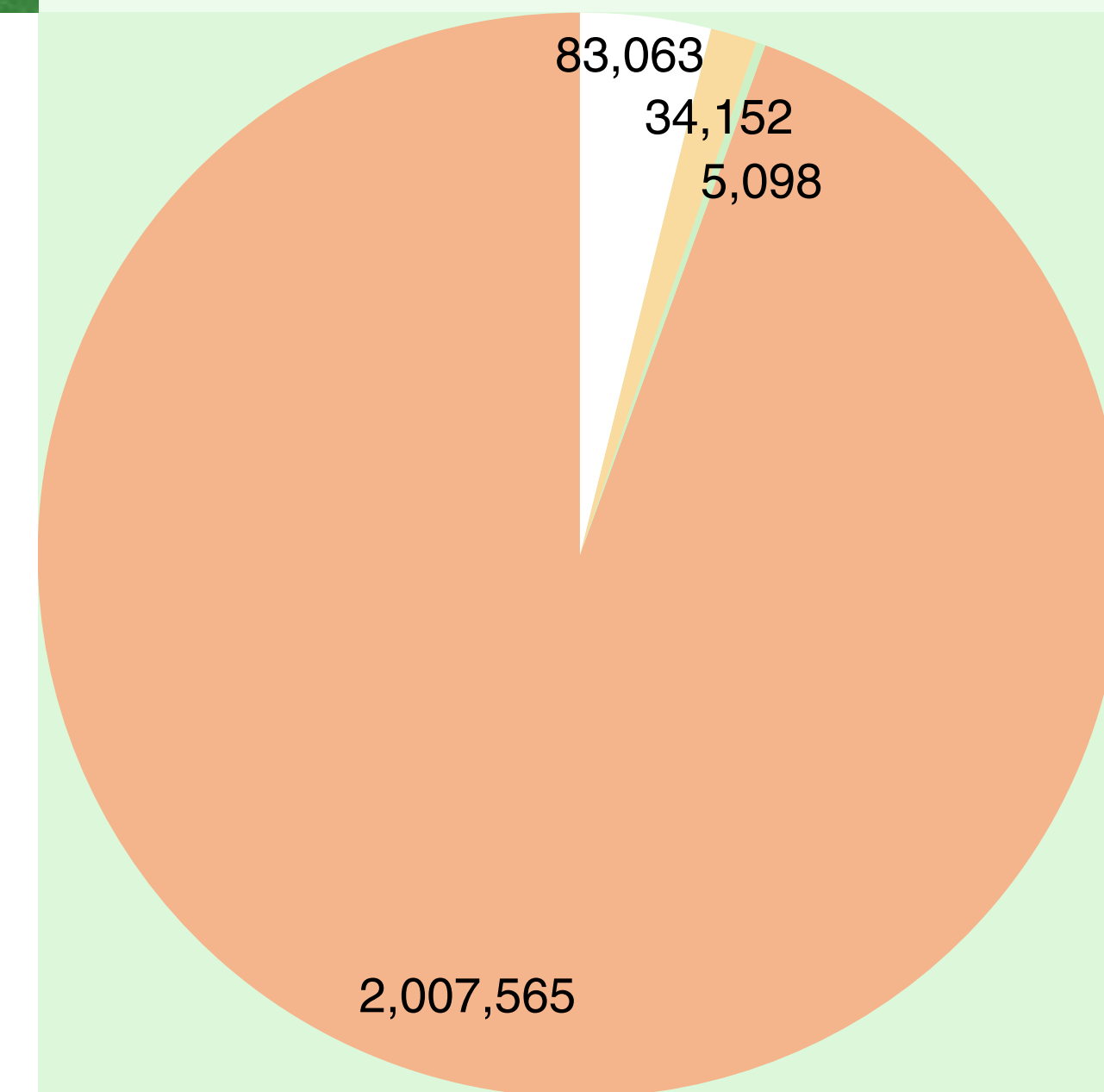
In 2022, Delo Group developed a model for estimating GHG emissions (Scope 3), which will be implemented in all of the Group companies in 2023.

Having conducted a scenario analysis of the climate impact, Delo Group has also identified a number of opportunities related to climate change.

Firstly, with the introduction of a carbon tax, services with the lowest carbon footprint will be in demand in the market, which will be of particular benefit to TransContainer PJSC, since railway container transportation is considered to be the "greenest" mode of long-distance transportation.

Secondly, by purchasing green certificates, Delo Group companies have become the first Russian logistics companies to use renewable energy for their own needs.

By systematically reducing emissions, Delo Group companies are ready to provide logistics services with the lowest emissions.



- Direct GHG emissions (Scope 1)
- Indirect GHG emissions (Scope 2) (location-based)
- Indirect GHG emissions (Scope 2) (market-based)
- Indirect GHG emissions (Scope 3)

Case Delo Group

In 2023, Delo Group, under the auspices of the National ESG Alliance, concluded its first transaction with a Russian Carbon Zero green certificate confirming the production of electricity at Krasnoyarskaya HPP. The reduction of GHG emissions as a result of the redemption of Carbon Zero certificates amounted to 10,000 metric tons of CO₂. This transaction also demonstrates the potential for developing the national market for green certificates.



5,000 metric tons

The Group's indirect GHG emissions, net of offsetting measures (purchase of I-REC for TransContainer and purchase of Carbon Zero green certificates), decreased by 85%

Energy Efficiency

GRI 302-1, 302-4

One of Delo Group's key sustainability objectives is to improve energy efficiency as one of the factors that influence the cost of services.

In 2022, Delo Group companies implemented a number of measures to reduce energy consumption: purchase of new machinery and gantry cranes, modernization of lighting systems, training of drivers in fuel-efficient driving techniques, etc.

One of Delo Group's priorities is to increase the share of electricity generated from renewable energy sources. The Group companies aim to purchase electricity generated from renewable energy sources and are looking for fuel suppliers with a low carbon footprint.

➔ For more information, see the Report.

Atmospheric Air

Reducing emissions of air pollutants is an important aspect of Delo Group's operations.

The Group companies do not emit highly toxic or ozone-depleting substances, and hazardous air pollutants are not present in the Group's emission structure.

Delo Group implements the following measures to monitor and reduce pollutant emissions:

- adjusting and maintaining the fuel equipment of internal combustion engines of motor vehicles, improving fuel efficiency, and optimizing the operating time of vehicles and production equipment;
- investigating and considering the possibility of purchasing special equipment powered by electric motors or alternative energy sources;
- adjusting and updating permits for air emissions.

Water Consumption and Protection of Water Resources

GRI 301-1, GRI 301-2, GRI 301-3, SASB

Delo Group does not use water in its main processes when providing logistics services. The majority of water consumption is related to domestic use. Targets for reducing water consumption are set out in the Group's Environmental Policy.

In 2022, the Group's water consumption amounted to 1,711,000 m³. To ensure efficient management of water resources, the Group regularly monitors water consumption, implements water conservation measures, performs ongoing maintenance of water supply systems and repairs leaks as soon as they are detected.



Waste Management

GRI 306-1, 306-2

Delo Group recognizes the importance of responsible waste management. One of the Group’s priorities is to reduce the amount of waste generated by production activities and to increase the percentage of recycled waste.

The Group companies dispose of class I–IV waste by handing it over to licensed waste management operators or to the Federal Environmental Operator under existing contracts. Removal, recycling and neutralization of solid household waste is carried out by regional operators.

The Group companies have the necessary design documentation, hazardous waste data sheets and waste management

procedures in place in accordance with Russian and international environmental regulations. Temporary waste collection sites have been established and records are kept of waste generated and transferred to specialized organizations under existing contracts (for neutralization, recycling, dumping).

In 2022, the percentage of waste sent for recycling amounted to 59.6%. All class I and II waste (hazardous waste) is either neutralized or recycled. The main waste sent to landfills is sweepings from the premises, as there is no technology to recycle such waste.

➔ For more information, see the Report.

BIODIVERSITY AND MARINE ECOSYSTEMS

GRI 304-1

Delo Group’s operations do not affect significant habitats of endemic species of flora and fauna, as evidenced by field investigations conducted as part of engineering and environmental surveys in various years of the Group companies’ operations. Most of the terminals are located within the boundaries of settlements and do not affect special status areas. Nevertheless, Delo Group is committed to preserving biodiversity, as evidenced by its existing Environmental Policy.

CORPORATE RESPONSIBILITY

2

Our Sustainability
Achievements

Sustainable Supply Chain

One of Delo Group’s sustainability priorities is supply chain management.

A Supplier Code of Conduct was developed and implemented in 2022 to extend Delo Group’s sustainability principles to procurement activities.

➔ For more information, see the Report.

Delo Group conducts its procurement activities in accordance with the principles of openness and transparency, in line with the Procurement Regulations and other internal regulations.

To ensure high quality and stability of supply, Delo Group companies conduct cross-functional evaluations of potential suppliers, involving various experts. Suppliers are evaluated in terms of their experience, financial condition, litigation history, how well their competencies match the requirements set forth in the procurement documents, and whether they have the necessary approvals, permits, licenses, and comply with other requirements.

Quality Management

Delo Group prioritizes the improvement of the quality of its services and emphasizes the following key principles.

Comprehensive quality management. The Group regularly assesses its QMS performance and promptly addresses any identified deficiencies.

Creating new value (in terms of transportation services) **for customers.** The Group analyzes customer needs and monitors customer satisfaction with service quality.

High quality of services provided.

Process-based management.

Building mutually beneficial and trusting relationships with key suppliers.

Qualified personnel as the basis for success.

The QMS performance assessment also includes annual process audits and internal audits at Delo Group companies. Corrective actions are taken based on identified nonconformities.



Information Security and Digitalization

Information security and IT development are becoming increasingly important issues for the industry.

To ensure the reliability of information systems, Delo Group performs pre-installation and ongoing vulnerability assessments and implements secure software development practices.

Employees are required to immediately report to the management any suspicious occurrences in the operation of the personal data information system.

GRI 418-1

During the period under review, no data breaches were identified.

Delo Group is committed to IT development and actively implements IT solutions in its business activities.

One of the projects in this area is the creation of a single corporate data warehouse in 2022. The project is being tested at TransContainer PJSC. Today, more than 600 users are connected to the data warehouse. As a result, the time needed to prepare corporate reports has been reduced by 20 hours per week. The plan is to implement a single data warehouse across all Delo Group companies within three years. This will streamline data workflows and increase the efficiency of data usage.

Main regulatory documents



Personal Data Information Security Policy



Information Security Regulation on Organizing and Ensuring the Security of Personal Data



Personal Data Security Threat Model for Personal Data Processing in the Personal Data Information System