

# Corporate Governance

Board independence, %



73 Non-Executive Directors  
27 Independent Non-Executive Directors

Tenure of the Board, %



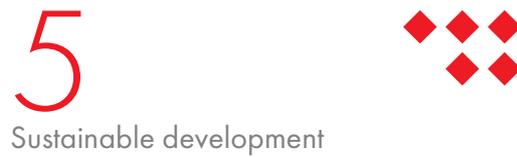
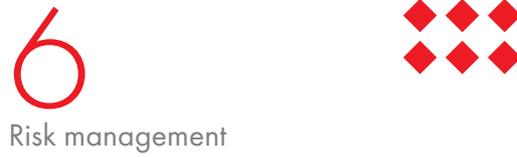
27 < 1 year  
64 1-4 years  
9 > 4 years

Board diversity: the whole Board, %



27 Female  
73 Male

Directors' superior mix of knowledge and experience



Board diversity: Independent Directors, %



67 Female  
33 Male

## The Role of the Board of Directors

The Company is governed by its Board of Directors (also referred as “the Board”) which is collectively responsible to the shareholders for the short- and long-term sustainable success of the Group, generating value to shareholders and contributing to the wider society as a whole. Its responsibility is to promote adherence to best-in-class corporate governance.

The Board of Directors’ role is to provide entrepreneurial leadership to the Group through establishing the Group’s purpose, values and strategy, setting out the corporate governance standards, satisfying itself that these and its culture are aligned, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and reviewing management performance.

51

Board average age

29

Board age range

The Group seeks directors who bring strong track records and a deep understanding of the industry. The Board sets the Group’s values and standards and ensures all obligations to shareholders are understood and met. The Board ensures the Group establishes a framework of prudent and effective controls, which enables risk to be assessed and managed and maintains a sound system of internal control, corporate compliance and enterprise risk management to safeguard the Group’s assets and shareholders’ investments in the Group.

The roles and responsibilities of the Chairman, Senior Independent Director, Board and committees’ members are set out in writing in the Terms of Reference of the Board and committees. The latest version of the Terms of Reference of the Board of Directors was approved by the shareholders on 18 June 2019. It is available on the Company’s website.

## Code of Ethics

The Code of Ethics was approved by the Board of Directors on 8 December 2016 and was introduced in the companies of the Group in the course of the year 2017. The 3rd revision of the Code of Ethics was adopted by the Board of Directors on 18 August 2020, aimed at simplifying and updating the Group’ mission, values and standards of corporate engagement.

Global Ports’ Code of Ethics outlines the general business ethics and acceptable standards of professional behaviour that we expect of all our directors, employees and contractors. This Code, given to all new staff as part of their induction, means that everyone at Global Ports is accountable for their own decisions and conduct. As well as general standards of behaviour, the Code covers fraud and corruption, ethics and conflicts of interest principles with reference to detailed policies. Employees and external parties are encouraged to report any suspected breaches, via various channels including the dedicated hotline.

The Code is available to all staff on Global Ports’ website (in the Corporate Governance section) and in the HR department at every operating facility. There are also other more detailed rules concerning our anti-fraud and whistleblowing policies.

The Board is updated on a regular basis on any breaches of various policies with the specific focus on the fraud incidents and resulting actions, although significant breaches have to be reported to the Board immediately.

11

**Members of the Board of Directors**

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3

**Independent directors**

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3

**Committees**

## Members of the Board of Directors

The Board of Directors leads the process in making new Board member appointments and makes recommendations on appointments to shareholders. In accordance with the Terms of Reference of the Board, all Directors are subject to election by shareholders at the first Annual General Meeting after their appointment, and to re-election at intervals of no more than one year. Any term beyond six years for a Non-Executive Director is subject to particularly rigorous review, and takes into account the need to refresh the Board on a regular basis.

The Board comprises of 11 members. The Board reviews the size of the Board annually and considers the current size of the Board as appropriate for the current scope and nature of the Group's operations.

Profiles of each Director are set out on pages 72–77 of this Annual Report. On 27 May 2021 Messrs. Demos Katsis, Sergey Shishkarev and Andrey Yashchenko resigned from the Board and Messrs. Vladimir Bychkov, Andrey Lenvalskiy and Andriy Pavlyutin replaced them on the same date. All new Board members were reviewed and recommended for appointment by the Nomination and Remuneration Committee.

All other Directors were members of the Board throughout the year ended 31 December 2021, including the independent directors: Ms. Britta Dalunde, Ms. Inna Kuznetsova and Mr. Lampros Papadopoulos<sup>1</sup>.

There were no significant changes in the responsibilities of the Directors during 2021 except for membership in the committees as described below.

There is no provision in the Company's Articles of Association for the retirement of Directors by rotation. However, in accordance with the Terms of Reference of the Board of Directors and the resolutions adopted by the Shareholders at the Annual General Meeting held on 27 May 2021 all present directors are subject to re-election at the next Annual General Meeting of the Shareholders of the Company, which will take place in 2022.

## Chairman of the Board of Directors

Mr. Soren Jakobsen is the Chairman of the Board since 24 April 2020, when he replaced Mr. Morten Engelstoft.

The role of the Chairman of the Board of Directors is to ensure that Board meetings are held as and when necessary, lead the directors, ensure their effectiveness and review the agenda of Board meetings. The Chairman together with the Secretary of the Board review Board materials before they are presented to the Board and ensure that Board

members are provided with accurate, timely and clear information. The members of the management team who have prepared the papers, or who can provide additional insights into the issues being discussed, are invited to present papers or attend the Board meeting at the relevant time. Board members regularly hold meetings with the Group's management to discuss their work and evaluate their performance.

The Chairman monitors communications and relations between the Group and its shareholders, the Board and management, and independent and non-independent directors, with a view to encouraging dialogue and constructive relations. The Chairman should demonstrate objective judgement and promote a culture of openness and debate. In addition, the Chairman facilitates constructive board relations and the effective contribution of all non-executive directors.

The Group separates the positions of the Chairman and CEO to ensure an appropriate segregation of roles and duties.

## The Board Committees

Since December 2008, the Board of Directors established the operation of three committees: an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee. The composition of the committees was changed by the Board of Directors in June 2019: the Nomination Committee and the Remuneration Committee were merged into one and a new Strategy Committee was established.

<sup>1</sup> On 14 March 2022, Britta Dalunde has tendered her resignation from the Company's Board of Directors, effective from 23 March 2022 and Inna Kuznetsova informed the Company's Board of Directors that she will not stand for re-election at the next AGM to be held in 2022.

# CORPORATE GOVERNANCE STRUCTURE<sup>1</sup>



<sup>1</sup> As at 31 December 2021.

## Non-executive and Independent Directors

All of the Board members are non-executive directors.

Mrs. Britta Dalunde, Mrs. Inna Kuznetsova and Mr. Lampros Papadopoulos are independent directors, and have no relationship with the Group, its related companies or their officers. This means they can exercise objective judgment on corporate affairs independently from management.

Although all directors have equal responsibility for the Group's operations, the role of the independent non-executive directors is particularly important in ensuring that the management's strategies are constructively challenged. As well as ensuring the Group's strategies are fully discussed and examined, they must take into account the long-term interests, not only of the major shareholders, but also of the GDR holders, bondholders, other lenders, employees, customers, suppliers and the communities in which the Group conducts its business.

Mrs. Britta Dalunde was appointed as the Senior Independent Director on 31 May 2018. The role of the Senior Independent Director is to provide a sounding board for the Chairman and serve as an intermediary for the other directors and shareholders. Led by the senior independent director, the non-executive directors should meet without the Chairman present at least annually to appraise the Chairman's performance, and on other occasions as necessary.

## Board and Management Remuneration

Non-Executive Directors serve on the Board pursuant to the letters of appointment. Such letters of appointment specify the terms of appointment and the remuneration of Non-Executive Directors. Only Independent Non-Executive Directors receive remuneration.

Levels of remuneration for the Independent Non-Executive Directors reflect the time commitment, responsibilities of the role and membership of the respective committees of the Board. Directors are also reimbursed for expenses associated with discharge of their duties. Directors are not eligible for bonuses, retirement benefits or to participate in any incentive plans operated by the Group. Additional remuneration is paid for membership and chairmanship of the committees by the Independent Non-Executive Directors.

The shareholders of the Company approved the remuneration of the members of the Board on 29 June 2018, 30 December 2019, 16 April 2020, 29 May 2020 and 22 October 2021.

Neither the Board members, nor the management has long-term incentive schemes. However, the performance-based part of the remuneration of the senior management is aligned to the strategic goals and initiatives approved by the Board.

The performance-based part of the remuneration of the Key Management is based on the Key Rules of Awarding and Payment of Performance Based Bonuses of GPI Group adopted by the Board on 15 June 2016 and regularly updated with the last update on 29 October 2020.

The Nomination and Remuneration Committee monitors the efficiency of the Rules and makes recommendations to the Board on their amendment and revision.

Refer to Note 30(f) to the Consolidated Financial Statements for details of the remuneration paid to the members of the Board and key management.

## Internal Audit

The internal audit function is carried out by Group's Internal Audit Service (IAS). It is responsible for analysing the systems of risk management, internal control procedures and the corporate governance process for the Group with a view to obtaining a reasonable assurance that:

- Risks are appropriately identified, assessed, responded to and managed
- There is interaction with the various governance groups occurs as needed
- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations
- Resources are acquired economically, used efficiently and adequately protected
- Programmes, plans and objectives are achieved;
- Quality and continuous improvement are fostered in the Group's control process; and
- Significant legislative or regulatory issues impacting the Group are recognised and addressed properly

The Head of the IAS, Mr. Ilya Kotlov, functionally reports directly to the Audit and Risk Committee.

<sup>1</sup> "Generally conforms" is the best possible rating that can be awarded as the result of an external quality assessment suggested by the Standard 1320 – Reporting on the Quality Assurance and Improvement Programme of the International Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors.

An external quality assessment review was done for Global Port's internal audit function in 2021 by one of the Big 4 companies. The assessment concluded that "Internal audit generally conforms<sup>1</sup> with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. Rating "Generally conforms" means that an internal audit activity has a charter, policies, and processes, which are judged to be in conformance with the Standards. Recommendations for the function enhancement have been provided and are being implemented

## External Auditors

An external auditor is appointed at the Global Ports AGM on an annual basis to review the Group's financial and operating performance.

This follows proposals drafted by the Audit and Risk Committee for the Board of Directors regarding the reappointment of the external auditor of the Group.

KPMG Limited were appointed as the auditor of the Company at the Annual General Meeting of the Shareholders held in 2021. KPMG Limited have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the next Annual General Meeting of the Shareholders.

## Shareholder Engagement

The Company's shares are listed on the London Stock Exchange (LSE) in the form of Global Depository Receipts (GDRs)<sup>1</sup>, and the Group's communications with shareholders are consistent with international best practice in line with the information disclosure rules set out by the London Stock Exchange.

The main principles of the Group's disclosure approach are regularity, efficiency, availability, reliability, completeness, balance, equality and safety of information resources.

Shareholders are a key consideration in Board decision-making and the Group has an active approach to shareholder engagement. Members of the executive

management team meet regularly with investors, investment analysts, debt investors and ESG analysts to discuss with and seek their views on a range of issues including strategy, business performance, corporate governance and ESG matters. This is undertaken through a structured programme of roadshows, meetings, investor conferences, industry events and site-visits. Although the pandemic meant that shareholder meetings were largely conducted on-line or by telephone, it did not affect the Group's ability to engage with shareholders. Management conducted over 200 online meetings and participated in seven virtual investor conferences and roadshows in 2021.

Shareholders can access up-to-date information on Global Ports through the Company's website, which has been recently relaunched and updated. All material information on the Company can be found there, together with copies of annual and interim results, company presentations, press releases, annual reports, and webcasts. The Investor Relations team has day-to-day responsibility for managing investor communications acting in close consultation with the Board and the executive management team.

The Board is kept informed of significant discussions with shareholders and changes in the shareholder register and investor relations reports are regularly circulated to the members of the Board of Directors.

<sup>1</sup> On 3 March 2022, London Stock Exchange announced the decision to suspend the admission to trading of Global Ports GDRs. For more details, please see LSE notice: <https://docs.londonstockexchange.com/sites/default/files/documents/n0622.pdf>.