

During 1989-1991 he was a People's Deputy of the USSR and headed the Russian Federation Committee for Youth Affairs until 1996. Between 1996 and 2007 he worked in the Ministry of Economic Development and Trade of the Russian Federation as Department Head, Deputy Minister, State Secretary. From 2007 to 2010 he was Managing Director and Chairman of the Board of Directors of ZAO Troika-Dialogue Investment Company, where he headed the investment banking operations. In December 2010 he was appointed Deputy Mayor of Moscow in the Moscow Government for Economic Policy, responsible for overseeing budget preparation, government procurement, industrial policy and support for entrepreneurship, was involved in trade and service market regulation. In 2013 he became Rector of SKOLKOVO Business School; since 2016 he has been President of Moscow Management school SKOLKOVO.

Andrey Sharonov joined the Board of Directors of PAO Sovcomflot in 2014 as an independent director. At present he is also Chairman of the Board of Directors of OOO Managing Company NefteTransService and serves on the Boards of Directors of PAO PhosAgro, AO Medicine and EN+ GROUP PLC.



Andrey Sharonov

Member of the PAO Sovcomflot Board of Directors (independent director)

Born in 1964.

Education: Ufa Aviation Institute, specialising in Aviation Instrument Making; Russian Academy of Civil Service under the President of the Russian Federation, specialising in Jurisprudence. Academic degree: Candidate of Sociological Sciences.

The Chairman and members of the Board of Directors did not own shares in PAO Sovcom-flot during the reporting period. No transactions for the acquisition or disposal of Company shares were made by the Board of Directors members listed above.

Since 2006 PAO Sovcomflot has taken out liability insurance for members of the Board of Directors.

4.3.2 ACTIVITIES OF THE BOARD OF DIRECTORS IN 2019

Given the strategic nature of the Board of Directors' activities, meetings of the Board of Directors are held on a scheduled basis. An annual schedule of meetings is adopted at the first meeting following the election of the Board of Directors. The schedule includes matters that require regular consideration according to statutory and shareholder's requirements. The Board of Directors also considers other matters at its meetings according to the requirements of the Company's Charter and/or the law.

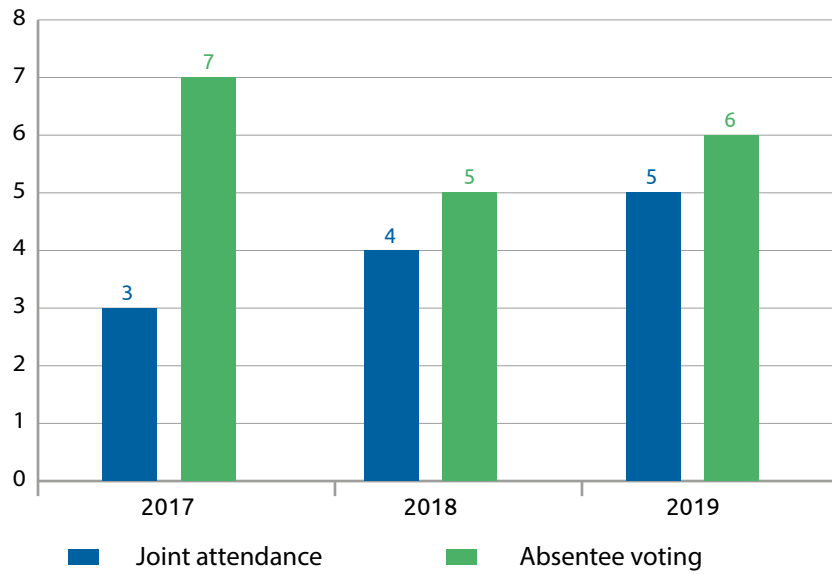
In 2019 the PAO Sovcomflot Board of Directors convened 11 times (including five meetings through joint attendance and six through absentee voting)¹.



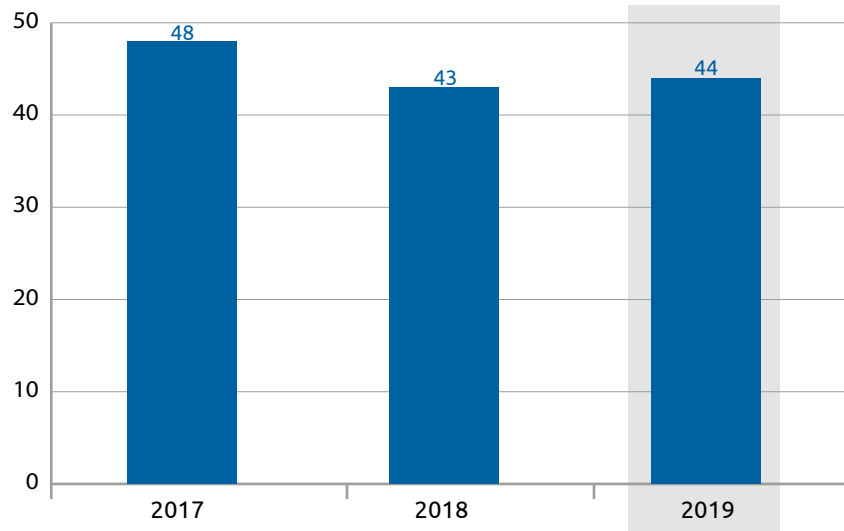
The procedure for convening and holding meetings of the Board of Directors is determined by the Regulations on the Board of Directors. The work of the Board of Directors is performed in accordance with its competence, as determined under the Federal Law on Joint-Stock Companies and the PAO Sovcomflot Charter.

¹ Date of the meeting and number of the minutes: 29 January 2019, No. 178 (absentee voting); 26 February 2019, No. 179; 11 April 2019, No. 180; 29 April 2019, No. 181 (absentee voting); 23 May 2019, No. 182; 23 July 2019, No. 183 (absentee voting); 24 September 2019, No. 184; 31 October 2019, No. 185 (absentee voting); 12 November 2019, No. 186 (absentee voting); 10 December 2019, No. 187; 30 December 2019, No. 188 (absentee voting).

Number of Board of Directors meetings, 2017-2019



Number of issues considered by the Board of Directors, 2017-2019



In 2019 the PAO Sovcomflot Board of Directors considered 44 issues in the following main areas:

- Strategic management of Sovcomflot Group, including results of implementation of the long-term development programme in 2019, approval of the updated PAO Sovcomflot strategy up to 2025, review of quarterly reports on the implementation of the long-term development programme, and issues related to the updating of the long-term development strategy up to 2025;
- Notification of significant issues in PAO Sovcomflot operations;
- Preparation of PAO Sovcomflot for entering public capital markets, including amendments to the decision on the additional issue of securities and the prospectus of ordinary registered uncertified shares of the Company and amendment of the PAO Sovcomflot Charter;
- Approval of the financial plan (budget) of PAO Sovcomflot and Sovcomflot Group, summarizing performance for the reporting period, preparations for holding the Annual General Meeting of Shareholders, preliminary consideration of issues before submitting them to the General Meeting of Shareholders (for a shareholder decision);

At the first meeting following its formation, the Board of Directors, as a rule, elects a Chairman, whose powers are defined in the Regulations on the PAO Sovcomflot Board of Directors, and forms its committees.



- Supervision over the activities of PAO Sovcomflot executive bodies, including approval of performance targets and the results of their attainment by the executive bodies for the reporting period and for 2018;
- Consideration of issues related to compliance with Instructions issued by the President of the Russian Federation and the Government of the Russian Federation;
- Review of internal audit reports and approval of internal audit plans on a semiannual basis, consideration of the results of an external assessment of the internal audit function;
- Approval of internal documents, including Regulations on the Compensation of Personnel, and updating of internal documents relating to non-core assets and procurement procedures according to statutory and shareholder's requirements;
- Supporting the organisational activities of the Board of Directors and establishing Committees of the Board of Directors.

Information on the most significant issues was disclosed by PAO Sovcomflot as material facts.

The report on the work of the Board of Directors and its committees in 2019 is planned to be reviewed at the meeting of the PAO Sovcomflot Board of Directors to be held in April 2020 in person. The self-assessment conducted by the Board of Directors and its committees determined that the performance of the Company's Board of Directors and its committees corresponded to the needs for the Company's development.

Participation of PAO Sovcomflot directors in Board of Directors meetings in 2019

Director	Participation in meetings	Total number of meetings
Members of the Board of Directors throughout 2019		
Ilya Klebanov	11	11
Alexey Klyavin	11	11
David Moorhouse	11	11
Sergey Frank	11	11
Walid Chammah	10	11
Andrey Sharonov	11	11
Members of the Board of Directors until 26 June 2019		
Viktor Olersky	5	5
Ivan Glumov	5	5
Oksana Tarasenko	5	5
Members of the Board of Directors since 26 June 2019		
Alexander Abramov	6	6
Lyubov Nisenboym	6	6
Pavel Sorokin	6	6
Yury Tsvetkov	6	6
Members of the Board of Directors since 23 September 2019		
Oksana Tarasenko	5	5
Igor Tonkovidov	5	5

The Regulations on the PAO Sovcomflot Board of Directors stipulate that Board of Directors meetings shall be held in joint presence of the Board members. By a decision of the Chairman of the Board of Directors, decisions of the Board of Directors, depending of the significance of agenda items, may be adopted by absentee voting.

Decisions on issues that require preliminary assessment by the relevant committee of the Board of Directors are adopted taking into account recommendations of such committee.

Information about members of the Board of Directors and its activities is disclosed by PAO Sovcomflot on its official website in the [Corporate governance](#) section according to statutory requirements, provisions of the Corporate Governance Code recommended by the Bank of Russia, and the Company's Information Policy.

4.3.3 ACTIVITIES OF THE BOARD OF DIRECTORS COMMITTEES IN 2019

Composition and competencies of committees of the Board of Directors as at 31 December 2019

Name	Composition	Competencies
Strategy Committee	1. Yury Tsvetkov - Chairman 2. Alexander Abramov 3. Alexey Klyavin (independent director) 4. Lyubov Nissenboym 5. Pavel Sorokin 6. Oksana Tarasenko 7. Andrey Sharonov (independent director)	Analysis of proposals and development of recommendations for the Board of Directors on priority areas of activity of Sovcomflot Group, including long-term plans and development strategies and programmes. Preliminary consideration and preparation of recommendations on compiling and adjusting the Sovcomflot Group budget and on drafting PAO Sovcomflot plans for financial and economic activities over the long term and for the current period. Elaborating proposals and recommendations on key performance indicators and the governance system for Sovcomflot Group financial activities. Elaborating proposals and recommendations on investment policy, increasing the capitalisation of Sovcomflot Group, and working with Sovcomflot Group securities. Elaborating proposals and recommendations on the PAO Sovcomflot dividend policy.
Audit Committee	1. Andrey Sharonov (independent director) –Chairman 2. David Moorhouse 3. Walid Chammah (independent director)	Control over the completeness, accuracy and reliability of the Company's financial statements. Evaluation of candidates for the Company's Auditor with submission of results of such evaluation to the Board of Directors as well as preparation of recommendations for the Company's Board of Directors regarding the candidate for further approval of the Auditor by the General Meeting of Shareholders. Evaluation of the Company's financial and economic activities, including assessment of management and financial reporting. Evaluation of the report of the Company's Auditor prior to its presentation at the General Meeting of Shareholders. Control over the reliability and effectiveness of the risk management and internal control system and the corporate governance system, including assessment of the effectiveness of the Company's risk management and internal control procedures and corporate governance practices and preparation of recommendations for their improvement; analysis and evaluation of compliance with internal documents on risk management and internal control and management of conflicts of interest. Review of the regulations on internal audit and the work plan of the internal audit department. Review of issues relating to appointment (dismissal) of the head of the internal audit department and amount of his/her compensation. Assessment of the effectiveness of the internal audit function and preparation of recommendations for the Company's Board of Directors on control over activities and functional management of the Company's internal audit department. Ensuring the independence and objectivity of the internal and external audit functions. Ensuring effective interaction between the Company's internal audit department and external auditors. Elaborating recommendations for selecting an independent appraiser and conducting a valuation of property in cases provided for by current legislation. Assessment of the effectiveness of the system for reporting potential misconduct by the Company's employees (including illegal use of insider and confidential information) and third persons and other violations within the Company's activity, as well as control over implementation of measures adopted by the Company's executive management as part of this system.