

## 2.1. Development strategy of Sovcomflot Group

In May 2019 the PAO Sovcomflot Board of Directors approved the Group Strategy for 2019-2025<sup>1</sup>. The document reflects the next stage of the strategic planning cycle of PAO Sovcomflot and takes into account the results of implementation of the Group Strategy in effect from 2011 to 2018<sup>2</sup>, as well as changes in the external business environment and market dynamics.

The goal of Strategy 2025 is to maintain the company's global leadership and ensure its sustainable growth by further expanding the industrial portfolio with a focus on major Russian oil and gas projects.

Under the base case scenario underlying the strategy, by 2025 the share of the fleet serving industrial projects under long-term charter contracts may reach 40-50%, with revenues from these vessels accounting for up to one-third of the company's total revenue.

Strategy 2025 provides for the following main directions of the Group's development:

- Maintaining the focus on energy shipping (crude oil, petroleum products and liquefied natural gas) and servicing of offshore hydrocarbon production;
- Further expanding the share of industrial business while focusing on the most profitable conventional business segments;
- Strengthening leadership in a number of key global market segments with an emphasis on serving major national projects in difficult climatic and ice conditions, as well transportation of liquefied gas under international projects of leading oil&gas companies.

Strategy 2025 also sets forth the Sovcomflot Group's priorities in sustainable development: ensuring navigation safety, reducing adverse environmental impacts, implementing innovative technical and technological solutions, and continuous investment in human capital.

<sup>1</sup> Minutes of the Board of Directors No. 182 dated 27 May 2019.

<sup>2</sup> The Group Strategy up to 2017 was approved by the Board of Directors in September 2011 (Minutes of the Board of Directors No. 113 dated 12 September 2011). The strategy parameters were updated in 2013 with the planning horizon extended to 2018 (Minutes of the Board of Directors No. 127 dated 20 March 2013).