

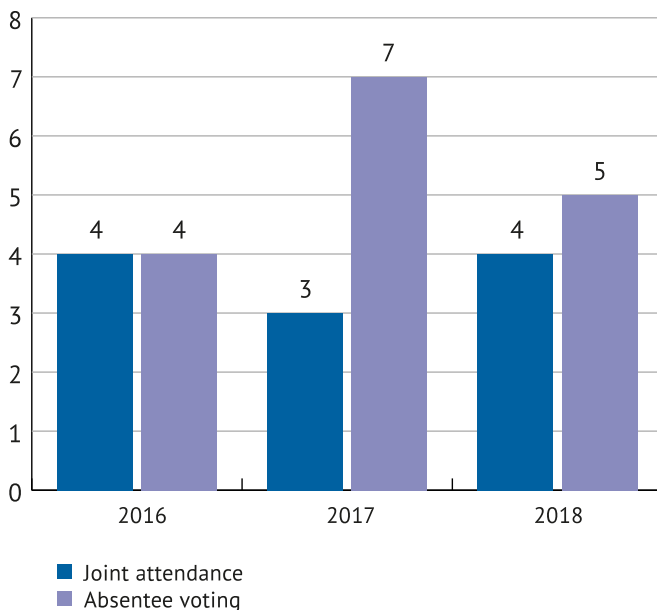
4.3.2 Activities of the Board of Directors in 2018

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.

Given the strategic nature of the Board of Directors' activities, meetings of the Board of Directors are held on a scheduled basis. A 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.

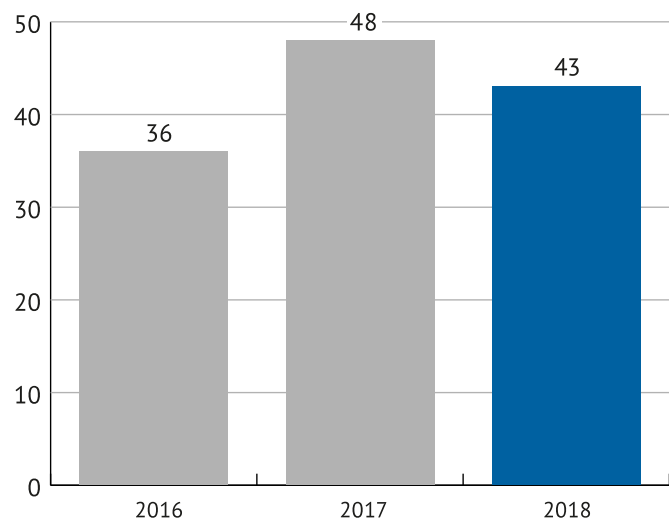
In 2018 the PAO Sovcomflot Board of Directors convened nine times (including four meetings through joint attendance and five through absentee voting)¹.

Number of Board of Directors meetings, 2016-2018



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.

Number of issues considered by the Board of Directors, 2016-2018



In 2018 the PAO Sovcomflot Board of Directors considered 43 issues in the following main areas:

- Strategic management of Sovcomflot Group, including results of implementation of the long-term development programme in 2018 and quarterly reports on the implementation of the long-term development programme; issues related to the updating of the PAO Sovcomflot 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;
- Approval of the financial plan (budget) of PAO Sovcomflot and Sovcomflot Group, a summary of performance during 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);
- 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 the period from 2015 to 2017;
- Consideration of the report on the risk management system and approval of the risk appetite, corporate risk register and risk map;
- 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;
- Approval of interested-party transactions;
- Support of the organisational activities of the Board of Directors and formation of the Board of Directors committees.

1. Date of the meeting and number of the minutes: 13 January 2018, No. 169 (absentee voting); 19 February 2018, No. 170 (absentee voting); 10 April 2018, No. 171; 30 May 2018, No. 172; 20 July 2018, No. 173 (absentee voting); 28 August 2018, No. 174 (absentee voting); 21 September 2018, No. 175 (absentee voting); 9 October 2018, No. 176; 11 December 2018, No. 177.

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 2018 is planned to be reviewed at the meeting of the PAO Sovcomflot Board of Directors to be held in April 2019 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 2018

Director	Participation in meetings	Total number of meetings
Members of the Board of Directors throughout 2018		
Ivan Glumov	9	9
Ilya Klebanov	9	9
Alexey Klyavin	9	9
David Moorhouse	9	9
Viktor Olersky	9	9
Sergey Frank	9	9
Walid Chammah	9	9
Andrey Sharonov	9	9
Members of the Board of Directors until 29 June 2018		
Pavel Kadochnikov	4	4
Members of the Board of Directors since 29 June 2018		
Oksana Tarasenko	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.