

Governing and supervisory framework

General Shareholders Meeting

The General Shareholders Meeting is the supreme governing body through which shareholders exercise their right to participate in the Company's governance. The procedure for shareholders to participate in the governance of the Company and the General Shareholders Meeting's scope of authority are defined in FESCO's Articles of Association and Regulations on the General Shareholders Meeting.

On 20 June 2019, the Annual General Shareholders Meeting approved an updated version of FESCO's Articles of Association, Regulations on the Sole Executive Bodies and Regulations on the Executive Board, and elected the Board of Directors.

Board of Directors

The Board of Directors is responsible for the overall governance of the Company. It acts within the scope of authority defined in the Company's Articles of Association and consists of nine members.

The rules of procedure for the Board of Directors are set out in FESCO's Regulations on the Board of Directors.

In the reporting year, it held 22 meetings (two in person and 20 in absentia) and reviewed 89 matters related to the Company's economic and financial activities, strategy and HR policy.

The Board of Directors supervised the management by reviewing reports on the Company's results and fulfilment of the Board's and its committees' assignments.

Another focus of the Board of Directors was to ensure independence of the internal audit service and continuously monitor risks of the Company and its controlled entities and affiliates. To this end, it evaluated quarterly reports covering performance of the Internal Audit Department, approved the Group's material risk maps and implemented initiatives to manage such risks in the corresponding period.

In 2019, the Board of Directors made a number of important decisions on the restructuring of the Group's outstanding financial debt and the issuance of irrevocable public offers to the Company's bondholders. Please see the section on the capital market for more details.

Directors are elected by the General Shareholders Meeting for the period until the next Annual General Shareholders Meeting. In the reporting year, the composition of the Board of Directors and its committees remained unchanged.

Membership of the Board of Directors

As at the beginning of 2019, the following directors served on FESCO's Board of Directors:

- Leyla Mamedzadeh (Chair);
- Konstantin Kuzovkov (Deputy Chair);
- Shagav Gadzhiev;
- Mark Garber;
- Natalia Izosimova;
- Alexander Isurin;
- Denis Kant Mandal;
- Konstantin Kurlanov;
- Dmitry Shvets.

On 20 June 2019, the Annual General Shareholders Meeting re-elected the Company's Board of Directors in full.

Information on the directors



Leyla Mamedzadeh

Chair of the Board of Directors, member of the Strategy, Investment and General Affairs Committee, member of the Human Resources and Remuneration Committee

Born in 1975. Earned a Master's degree in Finance and Petroleum Engineering from Texas A&M University, USA.

Between 2010 and 2013, Leyla held management positions at Summa Group. In 2017–2018, she was its CEO.

Served as director at TransContainer, NCSP, YATEC and UGC.

Leyla was Executive Director of the APEC Business Advisory Council during a Russian presidency. Before joining Summa Group, she worked for international majors, including Halliburton (UK/USA) and Royal Dutch Shell HQ in Hague, Netherlands.



Konstantin Kuzovkov

Deputy Chair of the Board of Directors, member of the Audit Committee, member of the Strategy, Investment and General Affairs Committee

Born in 1981. Graduated from the Financial University under the Government of the Russian Federation in Moscow with a degree in State and Municipal Finance. Holds an MBA from Harvard University, Cambridge, USA.

In 2016–2018, Konstantin was Director for Finance and Economics at Summa Group.

In 2016–2019, he was a director at YATEC.

Before joining Summa Group, Konstantin held the position of Vice President for Development and Investments at FESCO. In 2004–2014, he worked for McKinsey & Company in Moscow providing customer advice on transportation and natural resources.



Shagav Gadzhiev

Director, member of the Audit Committee

Born in 1987. Graduated from Moscow State University with a degree in Law. In 2019, Shagav graduated from the UC Berkeley School of Law with a Master's degree in Law. Since 2018, he has been Director at Caspian VC Partners Ltd.

Worked for major global law firms as a specialist in corporate law and M&As.



Mark Garber

Director, Chair of the Audit Committee, member of the Strategy, Investment and General Affairs Committee, member of the Human Resources and Remuneration Committee

Born in 1958. Graduated from the 2nd Pirogov Moscow State Medical Institute with a PhD.

Chairman of the Board of Directors at GHP Group. Mark is a director at Amber Beverage Group. Between 2013 and 2019, he served as a director at TransContainer, Summa Group and UC Rusal PLC.

In 1994, Mark co-founded UCB Bank, which went on to be acquired by Robert Fleming & Co, an international investment bank, in 1998. Until 2000, he was Partner and Head of Fleming UCB. In 2001, Mark teamed up with Roderick Fleming to establish Fleming Family & Partners, an international financial group. In 2012, he joined forces with an ex-head of J.P. Morgan Cazenove to buy some of the Fleming Family & Partners operations and use them as a foundation for GHP Group.



Natalia Izosimova

Director, Chair of the Human Resources and Remuneration Committee

Born in 1958. Graduated from Moscow State Pedagogical University with a Master's degree in English and German. Holds a diploma from Oxford School for Coaching and Mentoring and is a member of the European Mentoring and Coaching Council. Member of Metinvest B.V.'s Supervisory Board. In 2014–2016, Natalia was an independent director and Chair of the Human Resources and Remuneration Committee at FESCO. She also served as a director at SUEK and Talent Tuning.

In 1998, Natalia was Head of Professional Development in Eastern Europe and Russia at McKinsey & Company. In 2005, she became Director for Corporate Restructuring at System Capital Management in Ukraine. In 2009–2013, Head of Foundation for Effective Governance in Ukraine. In 2007–2013, an independent director and Chair of the HR Committee at DTEK. Since 2014, Natalia has been an independent advisor focusing on corporate governance, optimisation of key governance processes, HR strategies and communications.



Alexander Isurin

President, Chair of the Executive Board¹³, director, member of the Strategy, Investment and General Affairs Committee

Born in 1976. Graduated from Baltic International Academy in Riga, Latvia with a degree in Business Administration. Took a course in water and intermodal transportation management from Maersk Training in Denmark.

Has over 15 years' experience in transportation and container shipping.

Before joining FESCO in 2014, Alexander headed the Russian and Central Asian Office of MSC, a leader in container shipping. His career started at Maersk.

Alexander was Vice President and Senior Vice President for Commerce at FESCO.

Between 2016 and March 2020, he served as its President and Chairman of the Executive Board. He is also a member of governing bodies at some of the Group's companies (e.g., Chair of the Supervisory Board at Commercial Port of Vladivostok).

¹³ Until 5 March 2020.



Denis Kant Mandal

Director, member of the Audit Committee

Born in 1987. Graduated from the Russian Presidential Academy of National Economy and Public Administration, holds an MPA. Graduated from Schiller International University in London with a Master's degree in International Business and from London City College with a degree in Marketing.

Served as a director at Sistema Shyam Teleservices (SSTL, MTS India), TGC-5 and YATEC.



Konstantin Kurlanov

Director

Born in 1976. Graduated from Moscow State University with a degree in Law.

In 2018–2019, Konstantin was Project Director at YATEC.

He has over 15 years of experience at leading international law firms as a specialist in M&As and in creating joint ventures, including for the transportation and logistics industry.



Dmitry Shvets

Director, Chair of the Strategy, Investment and General Affairs Committee, member of the Human Resources and Remuneration Committee

Born in 1972. Earned his MBA degree from Emory University, USA. Graduated from Moscow State Institute of International Relations (MGIMO).

Members of the Board of Directors do not hold the Company's shares or stakes in the charter capital.

Committees of the Board of Directors

Committees play a key role in ensuring the efficiency of the Company's Board of Directors. The Company regulations set out committees' authority, rules of procedure, goals and objectives, which are:

- to provide expert opinions and review matters and materials before they are submitted to the Board of Directors;
- to prepare reports and proposals for the BoD to make informed decisions regarding the Group's activities.

In 2019, the committees of the Board of Directors held 24 meetings.

Membership of the committees in 2019

| Committee | Committee composition |
|---|---|
| Audit Committee | Mark Garber (Chair) Shagav Gadzhiev Konstantin Kuzovkov Denis Kant Mandal |
| Human Resources and Remuneration Committee | Natalia Izosimova (Chair) Mark Garber Leyla Mamedzadeh Dmitry Shvets |
| Strategy, Investment and General Affairs Committee | Dmitry Shvets (Chair) Mark Garber Alexander Isurin Konstantin Kuzovkov Leyla Mamedzadeh |

Corporate Secretary

The Company's Regulations on the Corporate Secretary were drafted in line with the Listing Rules of the Moscow Exchange applicable to FESCO as a publicly-traded company, as well as the Corporate Governance Code recommended by the Bank of Russia. In 2019, the Regulations on the Corporate Secretary were updated.

The Corporate Secretary is primarily responsible for:

- ensuring that the Company's governing bodies and officers comply with the Russian laws and the by-laws setting out the procedure for protecting the rights of shareholders;
- preparing and holding General Shareholders Meetings and meetings of the Board of Directors;
- disclosing information about FESCO as required by the laws on the securities market.

One of the Corporate Secretary's key tasks is to improve the Company's corporate governance practices.

The Office of the Corporate Secretary performs its functions under the Corporate Secretary's supervision.

Since April 2016, the position of Corporate Secretary and Secretary of the Board of Directors has been occupied by lawyer Anzhela Korzhevskaya, who holds a Master of Laws' degree from the University of East Anglia, UK.

In late 2019, the Board of Directors reviewed the Corporate Secretary's performance during the year and approved the corresponding report. Such assessments were introduced in 2018 to ensure compliance with the Corporate Governance Code and help the Board oversee the Company's corporate governance system.

In the reporting year, the Corporate Secretary concentrated on improving internal corporate governance procedures and ensuring consistency in the work of the Board of Directors and its committees with a focus on the Group's priorities.