

## Assessment of the innovative development performance

The Company continuously monitors and analyses the integral key performance indicator of innovative development

The integral key performance indicator of innovative development includes four elements:

- **The ratio of R&D financing to net revenue.** According to regulations and the specifics of the industry in which PAO Sovcomflot operates, R&D expenditure includes the cost of scientific and technical activities (including shipbuilding supervision costs) and the costs of personnel training, retraining and skill improvement.

Target value: no less than 0.1%. (The target value was determined taking into account Letter No. 6657-EN/D17 from the Russian Ministry of Economic Development dated 26 April 2010, Ap-pendix 2 (the Industrial Transportation section) and the specifics of the industry in which PAO Sovcomflot operates).

- **The level of compliance with safety requirements of the Company's customers and international environmental legislation, an estimated coefficient (the less the better).**

The target is no higher than the industry average for each past year. Industry average is determined annually based on INTERTANKO<sup>1</sup> and OCIMF<sup>2</sup> reports or from other sources.

- **The level of operating expenses per vessel as a percentage of industry average (based on data from independent analytical sources).**

The target is less than 100%.

- **Increase in labour productivity of at least 5% annually, according to Russian Government Directives No. 12153p-P13 dated 25 December 2019.**

The target is no less than 5% annually. The calculation methodology was approved by Order No. 659 of the Russian Ministry of Economic Development dated 15 October 2019 «On Amending the Methodology for Calculating the Labor Productivity Indicators of an Enterprise, Industry, Subject of the Russian Federation, approved by Order of the Ministry of Economic Development of Russia No. 748 dated December 28, 2018».

# 166.66 %

the value of the integral performance indicator of innovative development of PAO Sovcomflot in 2020

<sup>1</sup> INTERTANKO stands for International Association of Independent Tanker Owners.  
<sup>2</sup> OCIMF stands for Oil Companies International Marine Forum.



The crew of the multifunctional icebreaking vessel Fedor Ushakov