

INITIAL PUBLIC OFFERING

On 7 October 2020, PAO Sovcomflot conducted an initial public offering of its shares on the Moscow Exchange (ticker: FLOT). The shares are included in the Level One list. 17.2% of the shares were placed in the IPO at a price of RUB 105 per ordinary share. The government retained an 82.8% stake in Sovcomflot after the IPO.

The IPO was preceded by a preparatory period which lasted for more than 10 years. Over this time, all necessary processes to ensure compliance with the listing rules of the Moscow Exchange were streamlined and the required corporate procedures were carried out:

- the internal documents regulating the activities of governing bodies were updated; the Company's Corporate Governance Code, Code of Corporate Ethics, Regulations on the Dividend Policy, and Regulations on Information Policy were approved; a feedback form was created on the Company's website;
- preparations for the listing were carried out together with the Moscow Exchange; observations and comments from the Exchange were taken into consideration. During the pre-listing procedure it was confirmed that the Company met the requirements set by the Exchange for issuers whose shares are included in the first quotation list;
- the requirement of at least three independent directors on the Company's Board of Directors has been met;
- the membership of the HR and Compensation Committee and the Audit Committee of the PAO Sovcomflot Board of Directors corresponds to the recommendations of the Bank of Russia Corporate Governance Code;
- the Board of Directors has appointed a Corporate Secretary of the Company and the head of the Internal Audit Department and has approved the internal documents regulating their activities;
- the information disclosure process meets the regulatory requirements;
- the mechanism for protecting insider information and preventing market manipulation meets the statutory and regulator's requirements.

Thanks to the conducted preparatory activities the Company achieved a high level of corporate governance, which enables it to ensure equal and fair treatment of all shareholders in the exercise of their right to participate in the company management.

As a result of the IPO, PAO Sovcomflot, which was previously wholly owned by the government, now has approximately

86 thousand

minority shareholders.



"The emergence of a new issuer provides an opportunity for the Russian investors, which include almost seven million private individuals, to achieve a greater portfolio diversification. Retail investors accounted for 15% of the demand for Sovcomflot shares – a record for public offerings in Russia. This deal shows that capital markets are open to major Russian companies, and I wish our new issuer every success in its public journey."

Oleg Viyugin
Chairman of the MOEX
Supervisory Board

Contribution to the development of corporate governance

Sergey Frank, Chairman of the Board of Directors of PAO Sovcomflot, was awarded the title of 'Director of the Year' at the XV national awards ceremony in the nomination "Chairman of the Board of Directors: Contribution to the development of corporate governance".

The 'Director of the Year' award was founded in 2006 by the Professional Directors Association and the Russian Union of Industrialists and Entrepreneurs in partnership with PwC, Moscow Exchange and Sberbank of Russia. The Expert Award Council includes representatives of industry regulators, business and investment community, government authorities, experts adhering to the principles and values of corporate governance, as well as the award winners of previous years



"The corporate governance system of Sovcomflot has been developing for years and meets the best Russian and international standards. My predecessors, Igor Shuvalov and Ilya Klebanov, laid its foundation. Independent directors, including David Moorhouse, Charles Ryan, Walid Chammah and Andrey Sharonov, also made an outstanding contribution to the development of the corporate governance of the company. The active role of the Sovcomflot Board of Directors in shaping the strategic course of the company's development has ensured the successful operation of the company in the highly competitive global energy shipping industry. In many ways, it let the company consistently introduce modern engineering solutions for the cargo shipping industry, helping Sovcomflot to become one of the world leaders in environmentally friendly technologies. I am confident that extensive knowledge, professionalism and strong background of the current members of the Board of Directors of Sovcomflot will continue to strengthen the company's leading position in the market."

Sergey Frank,
Chairman of the PAO Sovcomflot
Board of Directors