

## Assessment of Performance by the Board of Directors

The performance of the Board of Directors is regularly assessed in line with global best practices: self-assessment is conducted on an annual basis, while the external independent assessment takes place every three years.

In 2017, the Independent Directors Association (IDA) carried out an independent assessment of the Board's performance. The results of this assessment are presented in the Company's Annual Report for 2017.

Self-assessment of performance of the Board of Directors and its committees in 2018 was conducted in December 2018.

As stated in the TransContainer's Regulations on Assessment of Performance by the Board of Directors and its Committees,<sup>1</sup> the evaluation of the quality of the Board of Directors' work shall be aimed at determining the performance of the Board of Directors, its committees and members of the Board of Directors, the conformity of their work to the company's development needs, updating the work of the Board of Directors and determining areas in which their performance can be improved.

The Board of Directors and its committees was self assessed remotely through anonymous questionnaires, with participation of six members of the Board of Directors.

The assessment was designed to provide reliable information on the performance of the Board of Directors and its committees (as well as individual members thereof) and help identify areas for improving corporate governance practices.

As part of the survey, the members of the Board of Directors used a 5-point rating scale to assess the performance of the Board of Directors and its committees.

Key areas of assessment:

- role and functions of the Board of Directors and its committees;
- professional qualifications of the Board members;
- analysis of the Board composition based on the Company's needs in the realm of professional qualifications, experience and business skills;

- adequacy of the number of Board members to cater for the needs of the Company and the interests of its shareholders;
- performance of the Chairman of the Board of Directors;
- individual meeting attendance rates and time spent to prepare for such meetings.

Most of members of the Board of Directors participated in the assessment noted that the Board of Directors is the "base" for development of effective management solutions. Discussion of agenda items is constructive, and number and regularity of meetings, as well as ratio of in-person and in-absentia meetings, are sufficient.

## Directors' and Officers' Liability Insurance

Since 2009, the Company has been purchasing liability insurance policies for the members of the Board of Directors and the Company's management on an annual basis. Insurance provides financial protection for the Company, its Directors and managers against potential third party lawsuits arising out of accidental and/or erroneous actions of the officers.

The D&O policy covers legal costs incurred by the Directors in court and financial expenses arising from any claims lodged against Directors in connection with the performance of their responsibilities.

The Company selects the insurer through a tender procedure, with the Nominations and Remuneration Committee approving the tender terms.

In 2018, the Company concluded the liability insurance contract for Directors, officers and companies between TransContainer and Ingosstrakh Insurance Company, effective from 7 July 2018 to 6 July 2019.

The insured amount (liability limit) is USD 100 mln with worldwide coverage.

TransContainer's D&O policy terms and conditions are in line with best domestic and international D&O liability insurance practices.

### TransContainer's D&O Policy Terms and Conditions in 2011–2019, USD

| Item                                 | 2011        | 2012        | 2013        | 2014        | 2015        | 2016–2018                     | 2018–2019                    |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------------------------|------------------------------|
| Insurance premium                    | 142,764.30  | 139,872.27  | 132,700.00  | 72,000.00   | 89,000.00   | 111,000.00<br>(for 18 months) | 73,000.00<br>(for 12 months) |
| The insured amount (liability limit) | 100,000,000 | 100,000,000 | 100,000,000 | 100,000,000 | 100,000,000 | 100,000,000                   | 100,000,000                  |

1. Approved by the Board of Directors (Minutes No.5 dated 18 November 2015).