

BORYSPIL INTERNATIONAL AIRPORT STATE ENTERPRISE (hereinafter the Airport) SUPERVISORY BOARD REPORT FOR 2019

Supervisory Board tasks

BIA Supervisory Board acts in accordance with the requirement of the Ukrainian legislation, the Charter of Boryspil International Airport State Enterprise, approved by the Ministry of Infrastructure of Ukraine order No.340 dated 06.10.2017 (hereinafter the Charter of the Airport) and the Regulation on the Supervisory Board of the International Airport Boryspil State Enterprise approved by the Ministry of Infrastructure of Ukraine No.405 dated 29.05.2019 (hereinafter the Regulation on the Supervisory Board of the Airport).

In accordance with the Charter of the Airport the Supervisory Board, according to the competence determined by the Charter and the Ukrainian legislation supervises and regulates the Airport activity.

Supervisory Board structure

Selection, appointment and contracts conclusion with the Supervisory Board members

In accordance with the Cabinet of Ministers Decree No.360 dated 22.05.2019 *Particular questions regarding the Boryspil International Airport State Enterprise Supervisory Board* were agreed the candidates who won the tender for positions of Boryspil International Airport State Enterprise Supervisory Board Members, Abbeoos Stan Marcel, Zhmak Volodymyr Mykolayovych, Scheifele Roger Albert, as the independent members and Lavreniuk Yurii Fedorovych, Mamula Anatolii Mykolayovych, as state representatives. Supervisory Board representatives were approved by the Ministry of Infrastructure Order No.411 dated 03.06.2019 *About the Supervisory Board of Boryspil International Airport State Enterprise*.

Competitive selection of the independent Boryspil IA SE Supervisory Board members was provided by the Committee on the Appointments of Managers and Members of Supervisory Boards of State-Owned Enterprises of Particular Importance to the Ukrainian Economy. All selected Supervisory Board members meet the requirements stipulated by the current Ukrainian legislation, Charter of the Airport and Regulation on the Supervisory Board of the Airport, in particular in the part of professional knowledge and skills, work experience and business reputation.

The terms of civil contracts with the members of the Supervisory Board were approved and the annual remuneration was determined by the Ministry of infrastructure Order No.412 dated 03.06.2019 *Particular questions regarding the Boryspil International Airport State Enterprise Supervisory Board*. On 03.06.2019 the relevant civil-law contracts were signed with the members of the Supervisory Board.

Organization of the Supervisory Board work

Organizational items of the Supervisory Board work were discussed and adopted within the first Supervisory Board Meeting on June 03, 2019.

Decisions adopted within the Supervisory Board Meeting:

- To elect Zhmak Volodymyr as a Chairman of the Supervisory Board of the Airport
- To elect Kyryl Astakhov as the Company's Corporate Secretary
- To establish four permanent committees of the Company's Supervisory Board: the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Strategic Development Committee
- To elect the following Committees members:
- Audit Committee: Abbeloos Stan Marcel (Head), Scheifele Roger Albert, Lavreniuk Yurii
- Nomination and Remuneration Committee: Scheifele Roger Albert (Head), Mamula Anatolii and Zhmak Volodymyr
- Corporate Governance Committee: Mamula Anatolii (Head), Abbeloos Stan Marcel, Zhmak Volodymyr
- Strategic Development Committee: Lavreniuk Yurii (Head), Zhmak Volodymyr, Scheifele Roger Albert.

Supervisory Board work

Since the setting up on 03.06.2019, the Supervisory Board held 7 meetings within 2019, discussing items pursuant to the current Ukrainian legislation, Airport Charter and Airport Supervisory Board Regulation and which were derived to the competence of the Supervisory Board.

For the purpose of the preparation and discussion of the items at the Supervisory Board Meetings were involved the Chief Executive Officer and his deputies, other Airport management members. In accordance with the results of the Meetings of the Supervisory Board, there were delivered assignments for the Airport management.

During 2019, the Supervisory Board addressed letters and request to the state authorities of Ukraine about the Airport operation issues, in particular regarding the reconsideration of the norms of dividend payments, implementation of infrastructure development projects and improvement of Airport corporate governance. In addition, the Chairman of the Supervisory Board was involved and took part in the performance of the Commission regarding the tender on private partner for public private partnership within the project of *Reconstruction of the existing and construction of new cargo terminal at Boryspil Airport*.

On 02.12.2019 was held a Meeting of the Independent Members of the Supervisory Board with the Minister of Infrastructure of Ukraine dedicated to the Airport performance in 2020.

Items discussed within the Supervisory Board Meetings:

03.06.2019:

- discussion and adoption of organizational items of the Supervisory Board work, namely:

- election of the Chairman of the Supervisory Board of the Airport
- election of the Company's Corporate Secretary
- establishment of four permanent committees of the Company's Supervisory Board: the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Strategic Development Committee
- election of the Committees members and Heads of the Committees.

03.07.2019:

- adoption of the Supervisory Board Committees' Regulations
- discussion of 2018 Financial plan implementation report, 2019 1st Quarter Financial plan status and the draft of 2020 Financial plan
- discussion of the election of the independent auditor of the Airport, appraiser of the assets of the Airport and establishment of the internal audit unit
- discussion of the stipulation of the amount and the mode of payment of the Airport's CEO remuneration
- discussion of the BIA Development Concept for the period until 2045, approved by the Cabinet of Ministries of Ukraine, Resolution dated May 08th, 2019. No.293 and of the main infrastructure development projects that are implemented according to the Development Concept
- discussion of the Board Members' responsibility insurance.

14.08.2019:

- discussion of the Report of the Audit Committee on election of the independent auditor of the Airport and the appraiser of the assets of the Airport
- discussion of the Status of the conclusion of the contract with Airport's CEO
- discussion of the Head Strategic Development Committee information on the analysis of the Development Concept and the main infrastructure development projects and the Head of the Corporate Governance Committee information on the Airport's corporatization.

17.09.2019:

- discussion of the proposals of the potential contractors for assets appraisal services and election of the appraiser of the assets of the Airport according to the results of the competition.

27.09.2019:

- discussion of the Information on Airport Revenue Structure, the Regulation on application of Discount coefficients to the Airport charges to be collected at Boryspil International Airport, the Information on the marketing situation on the market, the main projects of the Airport infrastructure development with determination of their priority and sources of financing and the Information on the Airport's management structure

- agree the draft Strategic Development Plan of the Airport
- election of the independent auditor of the Airport
- discussion of the information regarding the establishment of the internal audit unit
- discussion of the Head of the Nomination and Remuneration Committee information on the conclusion of the contract with Airport`s CEO
- agree the draft of the Airport`s 2020 Financial plan.

UIA CEO Yevhenii Dykhne was invited to the Supervisory Board Meeting, providing the information on the UIA`s state of affairs as well as on the results of the implementation by the airline of the hub development.

01.11.2019:

- discussion of Company`s management information on the current business and Information on the market situation, Information on Board Members` responsibility insurance
- discussion of the establishment of the internal audit unit
- discussion of the Airport`s CEO contract and agreeing the Calculation of the Airport`s CEO remuneration
- discussion of the preparation of the draft of the Airport`s Anticorruption policy.

03.12.2019:

- discussion of the Company`s management information on the current business, Information on the carriers` situation and Information about the Financial plan 2019 execution
- establishment of the internal audit unit and appointment of the head
- conclude the contract (agreement) with the Airport`s CEO
- approval of the Airport`s Anticorruption policy
- discussion and approval of the CEO`s Report on performance of the differentiated indicators of efficiency of use of state property and profit, property status of the enterprise and bonuses, which are taken into account when concluding a contract with the chief executive officer of a state-owned enterprise for the 3rd Quarter 2019
- discussion of the Status of the PPP infrastructure development projects.

Main tasks and work of the Supervisory Board Committees

Supervisory Board Committees, established on the Supervisory Board Meeting dated 03.06.2019 as permanent collegial bodies of the Supervisory Board, pursuant to the requirements of the Charter, for the purpose of provision of its effective work and fulfilment of tasks defined by the Regulation on the Committees of the Supervisory Board.

Audit Committee

The major objectives of the Committee are examination of issues on:

- informing the Authorized managing body or the Supervisory Board of the results of the mandatory audit of financial statements
- supervising the internal audit unit, assessment of its performance, as well as over the implementation of approved recommendations
- reviewing reports and recommendations of the independent auditor as well as over the implementation
- assessment of the effectiveness of internal control systems (internal audit in accordance with international standards of professional practice of internal audit) and Airport risk management
- assessment of the independence of the auditor providing mandatory audit services
- other tasks defined by the Supervisory Board or defined in the Regulations on the Audit Committee.

During 2019, the Audit Committee had 5 meetings, by the results of which were provided recommendations to the Supervisory Board.

Nomination and Remuneration Committee

The major objectives of the Committee are examination of issues on:

- the remuneration of the Company's CEO and the key performance indicators and organization of procedures for evaluating their implementation by the Company's CEO
- the level and structure of remuneration for persons, exercising managerial functions in the Company
- other issues, defined by the Supervisory Board or defined in the Regulations on the Nomination and Remuneration Committee.

During 2019, the Nomination and Remuneration Committee had 5 meetings, by the results of which were provided recommendations to the Supervisory Board.

Corporate Governance Committee

The major objectives of the Committee are examination of issues on:

- improvement of corporate governance of the Company and monitoring and control over implementation of the corporate governance plan
- key organizational changes and control over their implementation in the field of corporate governance
- development and amendment to normative acts of the corporate governance
- target corporate structure of the Company and designing of the system and unified standards of governance in relation to the Company's corporate rights
- other issues, defined by the Supervisory Board or defined in the Regulations on the Corporate Governance Committee.

During 2019, the Nomination and Remuneration Committee had 1 meeting, the results of which were provided recommendations to the Supervisory Board.

Strategic Development Committee

The major objectives of the Committee are examination of issues on:

- development of the Company's strategy, key objectives and investment policy
- approval and monitoring of investment projects that are of great significance on the Airport's development
- other issues, defined by the Supervisory Board or defined in the Regulations on the Strategic Development Committee.

During 2019, the Strategic Development Committee had 1 meeting, the results of which were provided recommendations to the Supervisory Board.

Evaluation of the Supervisory Board, its members and the quality of corporate governance

During 2019, Supervisory Board members exercised the powers stipulated by the Ukrainian legislation, the Charter of the Airport and Regulation on the Supervisory Board of the Airport, took part in the Supervisory Board meetings and work of the Supervisory Board Committees, made decisions within their competence and were meeting all the requirements as provided in the Law of Ukraine *On the management of objects of state property* and the Charter of the Airport.

Generally, the work of the Supervisory Board, its members and quality of corporate governance is evaluated as satisfactory.