

BOD AND ITS COMMITTEES

As of December 31, 2013.

The Board of Directors consists of nine (9) members.



Mr. German A. Tsoy

Chairman of the Board of Directors, non-executive director

Mr. Tsoy was appointed as Chairman of the Board of Directors in October 2010. Prior to that he has, as one of the founders of the Group, held various executive positions within HMS Group since its establishment in 1993. Mr. Tsoy has more than 20 years of industry experience. He graduated from Frunze Polytechnic Institute (currently the I. Razzakov Kyrgyz State Technical University) where he gained a degree in electrical engineering in 1985. He graduated from Buguruslan Flying School of Civil Aviation with a degree in civil aviation in 1979. Mr. Tsoy served as General Director of OOO HMS-Holding from 2008 until 2009 and has served as its President since 2009.

Executive Directors



Mr. Artem V. Molchanov

Member of the Board of Directors, Managing Director (CEO)

Mr. Molchanov was appointed as an executive member of the Board of Directors in October 2010. Mr. Molchanov became the President of HMS Group in 2008. As one of the founders of the Group, he has held various executive positions within HMS Group since its establishment in 1993. Mr. Molchanov has more than 20 years of industry experience. He graduated from the Plekhanov Russian Academy of Economics (currently Plekhanov Russian University of Economics), where he gained a degree in industrial economics.



Mr. Kirill V. Molchanov

Member of the Board of Directors

Mr. Molchanov was appointed as an executive member of the Board of Directors in October 2010 and has served as Vice President of HMS Group since 2008. As one of the founders of the Group, he has held various executive positions within HMS Group since its establishment in 1993. Mr. Molchanov has 20 years of industry experience. He graduated from Bauman Moscow Higher Technical School (currently Bauman Moscow State Technical University) with a degree in electromechanical engineering. He has graduated from the Judge Business School, University of Cambridge with an executive MBA degree.



Mr. Nikolai N. Yamburenko

Member of the Board of Directors

Mr. Yamburenko was appointed as an executive member of the Board of Directors in October 2010. He is currently the Head of the Industrial Pumps Business Unit, the position he has held since 2005. Prior to joining the Group, Mr. Yamburenko was the CEO of Livhydraulmash (HMS Pumps), which is now part of the Group. Mr. Yamburenko has more than 30 years of industry experience. He graduated from the faculty of radio electronics of Moscow Aviation Institute named after S. Ordzhonikidze, where he gained a degree in radio electronics.



Mr. Yury N. Skrynnik

Member of the Board of Directors

Mr. Skrynnik was appointed as an executive member of the Board of Directors in October 2010. He is currently the Head of the Compressor Business Unit, a position he has held since its establishment in 2012.

Previously he held the position of Director for Strategic Marketing. Prior to joining HMS Group, he served as the Chief Representative of OAO Sumy Frunze NPO (Ukraine) in Russia from 1999 until 2008. Mr. Skrynnik worked as Director of the Innovative Technical Subdivision of OOO Machines, Equipment, Technologies, Products and Services from 1992 until 1999. From 1986 until 1988, he served as a scientific research officer at the Moscow Institute of Chemical Machinery (currently Moscow State University of Engineering Ecology). Mr. Skrynnik has more than 20 years of science and management experience. He graduated from the Sumy branch of the Kharkiv Polytechnic Institute with a degree in mechanical engineering in 1983. He was awarded a PhD in engineering science from The Moscow Institute of Chemical Machinery (currently Moscow State University of Engineering and Ecology) in 1988. Mr. Skrynnik is the author of more than 50 scientific publications and 20 inventions.

Non-executive Directors



Mr. Vladimir V. Lukyanenko

Member of the Board of Directors

Mr. Lukyanenko was appointed as a non-executive member of the Board of Directors in October 2010. He has also served as the Chairman of the Supervisory Board of OAO Sumy Frunze NPO (Ukraine) from 2003 until 2007. Mr. Lukyanenko has more than 20 years of industry experience. He graduated from Moscow Institute of Chemical Machinery (currently Moscow State University of Engineering Ecology), where he gained a degree in mechanical engineering in 1991.



Mr. Andreas S. Petrou

Member of the Board of Directors

Mr. Petrou was appointed as a non-executive member of the Board of Directors in June 2010. From 1989 until 1998, Mr. Petrou served as a member of the Board of The Cyprus Tourism Development Public Company Ltd, representing interests of the Government of the Republic of Cyprus. From 1987 until 1990, Mr. Petrou served as the General Secretary of Cyprus Dairy Organisation. In 1986, Mr. Petrou established his own law office. He is an honours graduate of the Law School of Democrius University of Thrace. Mr. Petrou has been a member of the Cyprus Bar Association since 1985.



Mr. Philippe Delpal

Member of the Board of Directors

Mr. Delpal was appointed as an independent non-executive member of the Board of Directors in December 2010 and is the head of the Audit Committee. Mr. Delpal has had a career in banking, most recently as Chairman of BNP Paribas Vostok in Moscow. He is now an Operational Partner for Financial Services in Baring Vostok Capital Partners, one of the largest private equity firms in Russia. He is also currently serving as a non-executive director for Orient Express Bank OJSC (Russia), Eastern European Trust (London, an LSE-listed investment trust managed by Blackrock) and Komercijalna Banka AD (Serbia). Prior to that, Mr. Delpal founded Cetelem Russia in 2006 and served as its CEO from 2006 until 2010. From 2004 until 2006, as a CEO, he developed Rusfinance Bank (Societe Generale Group) up to the #2 position in Russia for car lending. In addition, Mr. Delpal has over eight years of experience as an auditor at Societe Generale. He graduated from the Telecom Paris University with a degree in IT, Telecoms and Economics. He has been living in Russia since 2004.



Mr. Gary S. Yamamoto

Member of the Board of Directors

Mr. Yamamoto was appointed as an independent non-executive member of the Board of Directors and the head of the Remuneration Committee in December 2010. Prior to joining the Group, he served as Chief Executive Officer at Borets International during 2009. Mr. Yamamoto has served as the President of Yamamoto Consulting since 2008. He served as a member of the Board of Directors at Radius Servis from 2007 until 2008. Prior to this, Mr. Yamamoto enjoyed a 20-year career with Schlumberger Limited, and from 2003 until 2008, served as Vice President of Schlumberger Russia. Mr. Yamamoto has more than 20 years of management experience. He graduated from the University of California, Berkeley, with a degree in engineering in 1988. Mr. Yamamoto is a member of the Society of Petroleum Engineers and the Independent Directors Association.

PERFORMANCE OF THE BOARD IN 2013

In 2013 the Board of Directors held 4 ordinary meetings, all of which occurred in Limassol, Cyprus. During 2013 the Board of Directors continued to work on the development of the Company's mid-term and long-term financial and business strategy, including investment plans, M&A activities, budgeting and general corporate development.

Throughout the year the Board of Directors paid close attention to the improvement of the Company's internal control and risk management systems.

At its meetings the Board of Directors reviewed other issues connected with the activities of the Company within its remit, including the approval of corporate reports.

The Board of Directors' Committees

The Company has established two committees: the Audit Committee and the Remuneration Committee. A brief description of the Committees main activities during 2013 is set out below.

Audit Committee

General overview

The Audit Committee comprises 3 directors, 2 of whom are independent, and expects to meet 3 to 4 times each year. Currently, the Audit Committee is chaired by Philippe Delpal; its other members are Gary S. Yamamoto and Vladimir V. Lukyanenko.

The Audit Committee is responsible for considering, amongst other matters: (i) the integrity of the Group's financial statements, including its annual and interim financial statements; (ii) the effectiveness of the Group's internal controls and risk management systems; (iii) auditors' reports; and (iv) the terms of appointment and remuneration of the auditor.

The Audit Committee supervises and monitors, and advises the Board of Directors on, risk management and control systems and the implementation of codes of conduct. The Audit Committee also supervises the submission by the Group of financial information and a number of other audit-related issues and assesses the efficiency of work of the Chairman of the Board of Directors.

Performance in 2013

In 2013, 2 meetings of the Audit Committee were held. The main issues the Audit Committee oversaw in 2013 were the preliminary review of IFRS financial statements (including goodwill impairment at the end of 2013), internal control and risk-management, including the audit plan.

The Audit Committee supervised the internal and external audit procedures and annual tax strategy implementation in the year. The Audit Committee adopted relevant decisions and recommendations to the Board of Directors with regards to internal control efficiency.

Remuneration Committee

General overview

The Remuneration Committee comprises 4 directors and expects to meet at least once each year. Currently, the Remuneration Committee is chaired by Gary S. Yamamoto, an independent director; its other members are Vladimir V. Lukyanenko, German Tsoy and Philippe Delpal. The Remuneration Committee is responsible for determining and reviewing, amongst other matters, the Group's remuneration policies. The remuneration of independent directors is a matter for the chairman of the Board of Directors and the executive directors. No director or manager may be involved in any decisions as to his/her own remuneration.

Performance in 2013

In 2013 one meeting of the Remuneration Committee was held. The main matters reviewed by the Remuneration Committee were the Senior Management Compensation

Scheme and Succession Planning Scenarios for 2013.

The Remuneration Committee summarized best international practices in order to adopt relevant decisions and recommendations to the Board of Directors with regards to the Company's CEO Compensation Targets.

External Audit of Financial Statements

Every year the Company elects an external auditor who is responsible for the auditing and inspection of the consolidated financial statements of the Company in compliance with IFRS. The external auditor also prepares reviews of the consolidated interim condensed financial information of the Company in compliance with IFRS requirements. The external auditor of the Company is selected from the "top four" auditing companies after a thorough review of their respective proposals. Following that review, the Audit Committee gives its recommendations to the Board of Directors regarding the candidacy of the external auditor and the amount of the auditor's compensation, and advises the Board of Directors on other terms and conditions of the contract with the auditor. In 2013, based on the recommendation of the Audit Committee, the Board of Directors selected PricewaterhouseCoopers Audit to conduct the audit of the financial statements of the Company for the year 2013, and it continues in that capacity.

Directors Compensation

The Compensation consists of annual remuneration paid to independent directors for their services in full positions. Total independent directors' compensation represented by short-term employee benefits in the consolidated income statement was Euro 195,000 for the year ended December 31, 2013.