



**RAVEN RUSSIA LIMITED**

**Raven Russia Limited  
Corporate Governance Report**

Extracted from the 2017 Annual Report

# CORPORATE GOVERNANCE

## Chairman's introduction

I am pleased to present our corporate governance report for this year end. As a Board we are collectively responsible for ensuring that the Group adopts appropriate corporate governance arrangements. This is relevant in all facets of the Group's operations and not restricted solely to the activities of the Board itself. This can only be achieved through the culture of the Group, set by the Board and consistently applied and delivered throughout the Group by the executive and management team. This culture promotes good governance and forms an essential platform to deliver our strategic objectives.

This section of the report sets out how we have adopted and applied the principles of the UK Corporate Governance Code (the "Code"), how we operate as a Board, and along with the strategic report, our journey through the past financial year. In the opinion of the Board, we are fully compliant with the principles of the Code save for B.1.1 which consider the non-executive directors' independence. As explained previously, as a Board we do not consider that tenure should, in itself, be a criterion by which independence is judged. Our reasons are explained in more detail below.

As a Board, we welcome the opportunity to discuss the business with our shareholders at road shows, investor and broker briefings and at our annual general meeting.

**Richard Jewson**

11 March 2018

## Statement of Compliance with the Code

Responsibility for governance matters lies with the Board. It is accountable to shareholders for the activities of the Group. The Board consider that the Company complies fully with the provisions of the Code, save for B.1.1 which sets out the requirements for Non-Executive Directors to be considered independent from the Company. Our non-executive team have all served on the Board as Non-Executive Directors for more than nine years, in the case of Stephen Coe and David Moore their term began at the Company's establishment in 2005, with Christopher Sherwell joining shortly after in 2008. The Board and the nominations committee have specifically considered their independence as in past years. The Board is still of the opinion that length of service is not necessarily a complete or accurate measure of a Director's independence, a view the Board feels is shared by our shareholders. In the Board's opinion, Stephen, David and Christopher continue to fulfil the requirements acting as independent directors and form an essential team with experience of the Group's operations and history over their term which is fundamental in assisting the executives in delivering the Group's strategy.

Copies of the Code are available to download free of charge from the Financial Reporting Council's website ([www.frc.org.uk](http://www.frc.org.uk)).

## Leadership

The Board is charged and responsible for achieving the Group's strategic objectives, creating value for shareholders through sustainable and continued performance. The Board has six scheduled meetings throughout the year as well as conference calls for specific matters as required. A committee of the Board comprising any two or more Directors meet on an ad hoc basis to consider transactional and related matters concerning the Company's business. During 2017, there were 16 such committee meetings. The Board's scheduled meetings are generally held in Guernsey at the Group's head office, however meetings may also be held in Russia or Cyprus to review the Group's operations and meet local management.

Matters reserved specifically for the Board's consideration form the basis of the scheduled meetings agenda. The main elements of this policy include Group strategy, material transactions, financial reporting, capital structure and dividend policy, corporate governance and internal controls and risk management. The table below sets out the activities of the Board during the year.

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## Key activities of the Board during 2017

Q1	Q2	Q3	Q4
<ul style="list-style-type: none"> <li>• Review of investment portfolio performance</li> <li>• Review of medium term forecasts and strategy</li> <li>• Approval of 2016 annual report</li> <li>• Approval of distribution to shareholders</li> <li>• Approval of principal risks and risk appetite</li> </ul>	<ul style="list-style-type: none"> <li>• Review of investment portfolio performance</li> <li>• Review of Q1 2017 reforecast</li> <li>• Review of investor feedback from investor/broker meetings following results</li> <li>• Review and consideration of strategy</li> <li>• Approval of notice of meeting for 2017's AGM</li> </ul>	<ul style="list-style-type: none"> <li>• Review of investment portfolio performance</li> <li>• Review of medium terms forecasts and strategy</li> <li>• Approval of 2017 interim results</li> <li>• Approval of distribution to shareholders</li> <li>• Approval of principal risks</li> <li>• Review of Q2 2017 reforecast</li> <li>• Review of corporate and regulatory changes and reporting requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Review of investment portfolio performance</li> <li>• Review of Q3 2017 reforecast</li> <li>• Approval of 2018 Budget</li> <li>• Review of medium to longer term forecasts</li> <li>• Consideration of Board constitution, balance of skills and experience</li> <li>• Board evaluation</li> <li>• Review of internal controls and risk environment</li> <li>• Review of investor feedback from investor/broker meetings following results</li> <li>• Review and consideration of strategy</li> </ul>

## Activities specific for the year

<ul style="list-style-type: none"> <li>• Approval of fund raising</li> <li>• Consideration of acquisition program</li> </ul>	<ul style="list-style-type: none"> <li>• Consideration of acquisition program</li> <li>• Consideration of Cyber security measures</li> </ul>
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The Chairman runs the board and is responsible for ensuring appropriate discussion, challenge and robust practices are integral in the Board's deliberations and activities. The Chief Executive runs the day to day operations of the Group and is responsible for delivery of the Board's agreed strategy. This clear division of duties and responsibilities are set out in writing and reviewed as necessary. The Chief Executive, together with the executive and management team, delivers the strategic goals of the Group which are set by the Board as a whole. The non-executive directors with their detailed knowledge and history of the Group and its operations assist the executive team in developing this strategy whilst providing a sounding board, challenge and rigour to the decisions of the Board.

## Board composition

The Board of the Company remains the same as previous years. Our Chairman, Richard Jewson, who was considered independent on appointment, four Executive Directors; Glyn Hirsch, Chief Executive, Anton Bilton, Executive Deputy Chairman, Mark Sinclair, Chief Financial Officer and Colin Smith, Chief Operating Officer, and our three Non Executive Directors, Christopher Sherwell, Senior independent Director, Stephen Coe and David Moore. Biographies for each of the directors are included elsewhere in this Annual Report.

## The Board and its Committees

The Board has established Audit, Remuneration and Nominations Committees and delegated certain activities through their terms of reference. Terms of reference for each Committee can be found on the Company's website ([www.ravenrussia.com](http://www.ravenrussia.com)). Together, the Committees and the schedule of reserved matters assist the Board in discharging its duties effectively. The Board and its Committees have regular scheduled meetings. An overview of the activities of the Board and its Committees is contained within this report and that of the Audit and Remuneration Committees.

As well as the members of the Board and its committees, other Board members, the Company's advisors and operational directors are invited to attend where appropriate to present on a particular matter at hand. Material and briefing papers are supplied in advance of any meeting to all attendees along with regular management information which is circulated to the Board throughout the year. Should, in the rare occasion, a director be unable to attend a scheduled meeting, they have the opportunity to discuss matters with the chairman of the Board/committee or the chief executive. There is an open dialogue between the Chairman, non-executive directors, executive directors and senior management with regular informal meetings held outside of the scheduled Board meetings to discuss business matters. All Directors also have access to the Group's professional advisors should they be required.

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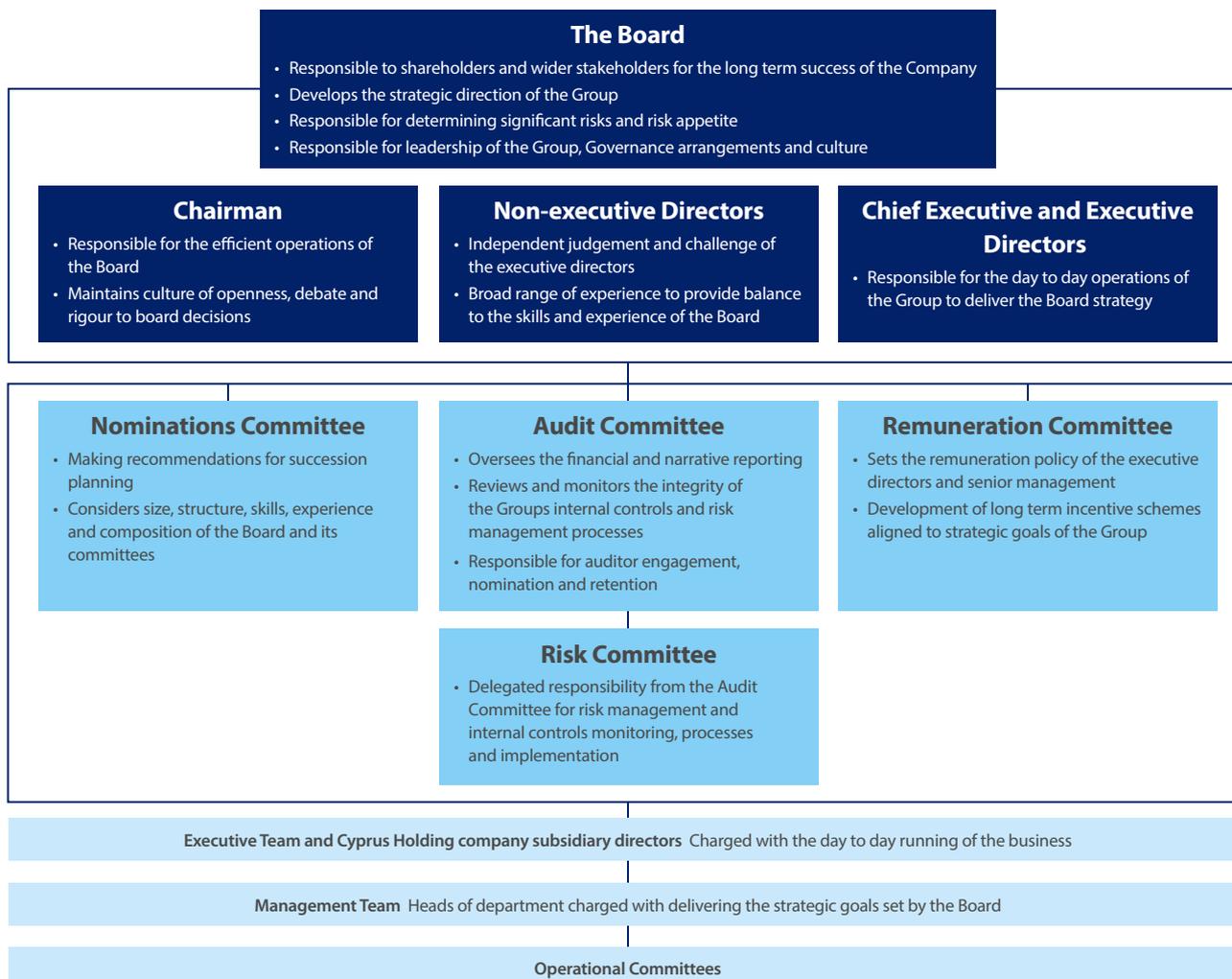
## Attendance at Board or Committee meetings during the year to 31 December 2017

	Board	Audit Committee	Nominations Committee	Remuneration Committee
R Jewson	6	N/A	1	2
A Bilton	6	N/A	1	N/A
G Hirsch	6	N/A	N/A	N/A
M Sinclair	6	N/A	N/A	N/A
C Smith	6	N/A	N/A	N/A
S Coe	5	3	N/A	2
C Sherwell	6	3	1	2
D Moore	5	2	N/A	1
<b>No. of meetings during the year</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>2</b>

(where 'N/A' is shown, the Director listed is not a member of the Committee)

To facilitate the continued growth of the Group in terms of assets and people, the executive team have introduced new reporting lines and a number of new internal operating committees which have refocused the allocation of management time. These changes have allowed senior management more time to dedicate to their operational areas, whilst still enabling executive and senior management oversight in all areas of the Group's operations. Each of the new internal operating committees has at least two senior managers or an executive director amongst its membership. The senior management team have formal meetings each week to discuss the Group's activities and reports from the operating committees. The chart below shows the relationships between operating committees and the Board.

The Cypriot operations were also consolidated into an intermediate holding company, Raven Russia Holdings Company Limited ("RRHCL") in 2016. Whilst there was always a significant presence in Cyprus, this restructuring formalised the operations and the role of the intermediary Board and management team.



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## Effectiveness

### Board performance evaluation

The Board undertakes annual performance evaluations of its own and of its Committees' activities. These are led by the Chairman and where dealing with his own performance, by the Senior Independent Director.

The performance evaluations for the year ended 2017 were undertaken internally, which included group discussions and individual reviews of performance throughout the year. It was concluded that the performance of the Board, its Committees and individual Directors was effective and that the Board has the necessary balance of skills, expertise, independence and knowledge required to direct the business.

The Board and Nominations Committee consider the composition of the Board and its Committees with reference to the Group's needs and also the requirements of the Code and any regulations. In accordance with the Code, all Directors will be put forward for re-election at the annual general meeting. Having considered the balance of skills, expertise and performance of the Board, its committees and individual Directors, the Board recommends each Director for re-appointment at the annual general meeting.

The Nominations Committee comprises Anton Bilton, Christopher Sherwell and Richard Jewson, who is Chairman. Key tasks of the Committee include reviewing the size, structure and composition of the Board and its Committees to ensure appropriate skill, experience, diversity and independence, lead processes for new Board and senior management appointments, and finally to review the effectiveness of the Boards and its committee structure in light of the requirements of the Group, code and regulations.

As explained in the introduction on compliance with the Code, given the tenure of the Non Executive Directors, a detailed review and discussion was undertaken during the year to consider the succession of the Non Executive team on the Board. The Committee, having considered the current composition of the Board and its Committees, was of the opinion that the Non Executives had served independently and continue to act so.

The Board's overriding aim is that the composition of the Board and its Committees are fit for purpose, with the correct constituents, balance of skills, knowledge, experience and diversity, not limited to gender. The Committee is charged with ensuring this requirement is observed with and where necessary will recommend changes. The Board recognises the importance of diversity, not only at Board level, but throughout the Group. Diversity is not a focus of one factor of differentiation, but many factors. Genuine diversity will only occur when no predetermined guidelines, rules or prejudices are imposed, giving a free reign to appointments solely on the merits of one individual over another for a particular role or situation.

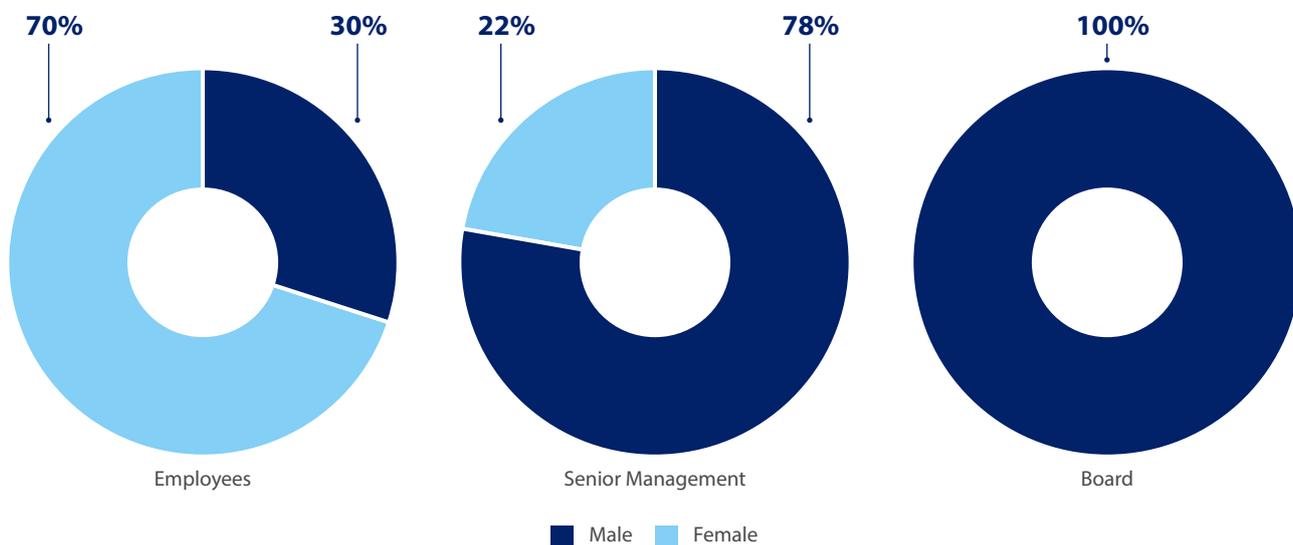
On appointment, a Director receives advice from the Company's financial and other professional advisers as to the affairs of the Company and their responsibilities, an estimation of time commitments necessary to undertake the role and a provide a commitment to receive other such training and induction as may be appropriate.

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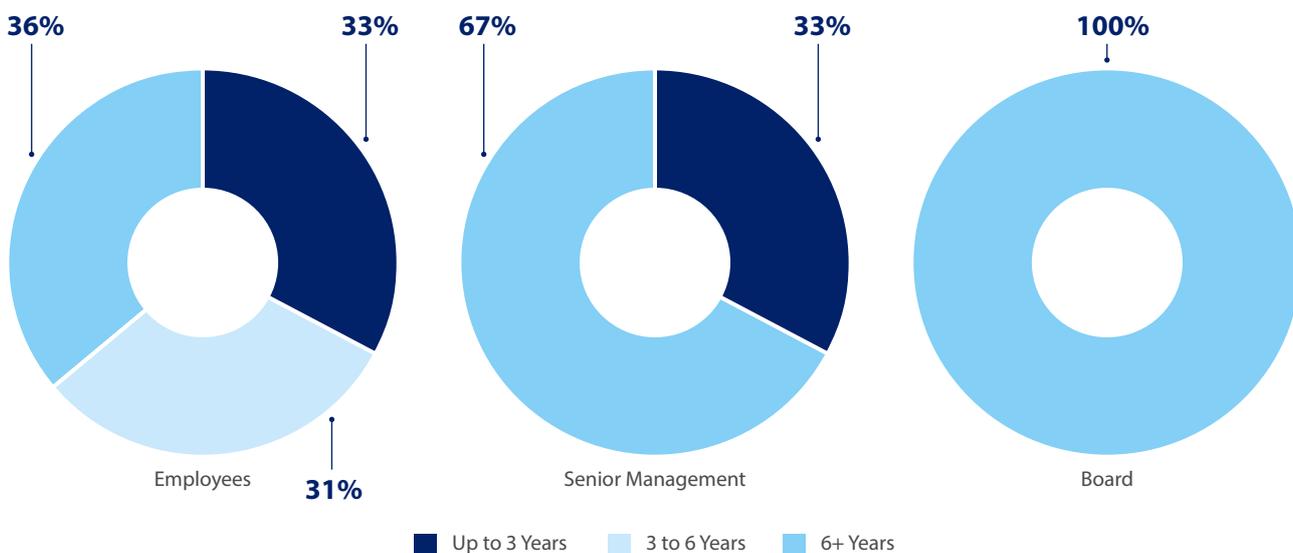
## Diversity

The Nomination Committee consider the experience, background, age and tenure of each individual to contribute to the diversity of the Board, its Committees and the wider Group. Information about the diversity of the Group's workforce at 31 December 2017 is set out below.

### Gender



### Tenure



\*Length of service for Board members is from date of appointment.

## Engagement with Shareholders

The Chief Executive, Executive Deputy Chairman and Chief Financial Officer perform regular road shows, investor and analysts briefings and shareholder meetings throughout the year. These generally occur after the annual and interim results are published but also when corporate actions, such as fund raisings, take place. The Board considers the relationship and support of our institutional shareholders of paramount importance in the delivery of the Group's strategic goals. Reports on the Group's shareholder engagement activities are made to the Board as required.

The Group's primary method of communication with our investors and wider stakeholders is through the website which was redesigned recently to provide easier access to relevant information. Results presentations, report and accounts, shareholder circulars as well as the Group's governance material is all published on the site. The annual general meeting of the Company provides shareholders with the opportunity to meet the Board and discuss any matters of interest or concern. The notice of the Company's annual general meeting is included separately along with a form of proxy to lodge your votes.



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