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On behalf of the Board of Trustees, it is my pleasure and privilege to present this report for December 2016 – September 2021, which represents the term of office of the Board in its current composition.

On the one hand, for Skoltech, this was extremely challenging time of coming through rapid growth (2016-2021) and shifting towards a new period of sustainable operation (2021-2025), while, on the other hand, the Board had to focus on very significant milestone decisions. These included approval of the Strategic Action Plan, our five-year Strategy and long-term financial plans. There were also important decisions made with respect to the organization’s structure, such as the establishment of new CREIs, transformation of the overall agenda proposed by the management, and the establishment of technology-focused Project Centers. During 2016-2017, the Board monitored the campus and laboratory construction progress.

The agenda also included some competing priorities where we acted mainly as advisors, providing the management with recommendations on the tuition fee model and launch of bachelor programs. We delivered expert advice on financial aspects, such as the investment strategy for the Endowment. In 2021, we addressed the succession plan and defined a clear way for arranging the rotation in order to secure adequate stakeholder representation and efficient operation of the Board.

The pages of this report outline the Board structure and key governance processes, giving an insight into the different kinds of undertaken activities.

On a personal note, I would like to thank all Board members and the Skoltech executive team for their commitment, engagement and open dialogue enabling us to make informed choices and decisions to support Skoltech in moving forward.
Role and authorities
Skoltech institutional governance is based on the Russian legislation, Charter, international practices and designed in a way to support the institute in achieving strategic goals. The Board of Trustees is a decision-making body to give the overall strategic direction of Skoltech development and ensure that activities are properly implemented. The Board is responsible for approval of the strategy and financial plans, monitoring progress against the targets, evaluating effectiveness of the management decisions. It also assesses Skoltech standing in the context of the vision of being a world leading institute of science and technology. Starting from 2019, the Board was delegated the authority to appoint the Academic Council based on the President’s proposal. In the institutional governance framework, the Board liaisons with the General meeting of Founders, providing recommendations on issues required resolutions such as Skoltech membership in associations, establishment of legal entities, appointment of the President.
To organize its activities, the Board has Executive Committee, International Advisory Committee and Audit Committee. The Committees’ compositions and mandate are defined by the Board. While decision-making authority is not delegated, the Committees proceed with preparatory work on matters subject to the Board’s resolutions.
The Executive secretary is appointed by the Chairman of the Board in accordance with the procedures. The role of the secretary is to ensure that the Board performs its functions within the established authorities, provide organizational support for the meetings, advise new members on the Board procedures. The secretary is appointed from among Skoltech employees under nomination of the President. The Executive secretary of the Board also serves to the General meeting of Founders.

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In accordance with the Charter, the Board is comprised of no more than 25 members. To ensure the highest level of expertise and composition appropriate for effective execution of responsibilities, the Board is appointed considering candidates’ professional experience as well as ensuring a balance of representatives from academia, business, governmental authorities. In light of Skoltech strong international focus, special emphasis is given to candidates’ international background or experience. The Board is appointed by the resolution of the General meeting of Founders for five years. In November 2016, 20 members representing national and international universities, leadership of high-tech companies, Russian Ministries were appointed for a term of office 2016 – 2021. During this period, the rotation was in place: a few members left due to personal reasons, while new members, Johann Fueller, Simon Bradley and Irina Okladnikova joined the Board. During 2016 – 2020, the Board was chaired by Arkady Dvorkovich. In 2021, due to rotation, Viktor Vekselberg was appointed as the Chairman.
Meetings
Overview

The Board of Trustees meets as often as required to perform authorities, however at least twice per year in accordance with the Charter. The standard practice of the Board is planning the annual meeting cycle ahead with proposed agenda items. Skoltech annual reporting on the strategy and financial plan are usually reviewed in March, while decisions on the planning documents and KPIs targets are taken in Fall meetings. The financial plan is approved close the end of the year. Other Board meetings are scheduled for status reports, as well as review of the management’s proposals on new projects or initiatives influencing Skoltech strategic development.

During the reported term of office, the Board held 22 meetings, predominately on Skoltech campus. In 2020-2021 due to COVID pandemic and travel restrictions, the Board switched to teleconferences. Also, outside the regular meeting schedule some Board members devoted additional time to support Skoltech strategic planning cycle, by participating in the task forces meetings.
Meetings held

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<tr>
<td>December 15, 2016</td>
<td>December 16, 2019</td>
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<td>March 22, 2017</td>
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<td>June 28, 2017</td>
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<td>September 27, 2017</td>
<td>June 15, 2020</td>
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<td>December 13, 2017</td>
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<td>March 28, 2018</td>
<td>September 30, 2020</td>
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<td>May 18, 2018</td>
<td>December 14, 2020</td>
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<td>September 20, 2018</td>
<td>April 6, 2021</td>
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<td>December 11, 2018</td>
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<td>March 20, 2019</td>
<td>July 2, 2021</td>
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<td>June 27, 2019</td>
<td>September 20, 2021</td>
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In preparation for the meetings, the Board received relevant reports and documentation as the base for decision-making. Compliance of documents with the governance standards as well as procedures was ensured by the Executive secretary. The Board meetings were held in English (with simultaneous interpretation into Russian).
Main activities

The meetings agenda was structured in a way that the Board could effectively exercise authorities and support the executive leadership with on time decisions and advising. In total, the Board considered almost 150 agenda items on the strategy and development, management and organizational structure, financial standing, partnerships and procedures. The decision-making, often challenging due to competing priorities, was made with perspective of merit and benefits to Skoltech.
### Strategy & Development

- **23%**
- Strategy, plans and KPIs
- Financial plan
- Institutional reporting
- Lab construction plan
- Functional strategies
- New concepts and projects

### Management & Structure

- **19%**
- Appointments of CREI Directors
- CREI establishment (merge)
- Charter amendments
- Institutional policies
- Academic Council rotation

### Partnerships

- **6%**
- Collaboration with MIT
- Joining alliances, associations
- Skolkovo educational hub

### Financial

- **26%**
- Financial plans
- Budget amendments
- Financial reporting
- Auditor’s reports
- Contract with Auditor
- Audit Committee reports

### Procedural

- **26%**
- Minutes of meetings
- Chairman appointment
- Committees appointment
- Regulations approval
- Succession plan
- Candidates to the Board
Targeting excellence today to impact tomorrow
Strategy and development

The agenda items included review and approval of the strategy and plans. During several meetings the Board addressed a few strategic initiatives such as faculty and student international recruitment, Skoltech global standing, educational offer competitiveness. Recommendations of the International Advisory Committee (refer to “Committee” section) were discussed with a resolution to address while developing a new strategy.

The Board regularly monitored the progress of the strategy implementation: interim and annual reports on results and status of achieving KPIs were presented by the President and the executive team for approval. To address changes in internal and external environment, the Board made several resolutions on the KPIs. A slight decrease in the target numbers for student cohort and graduates was approved based on the justification of the quality assurance measures allowing Skoltech to maintain highest standards of learning experiences.

The methodology for counting Skoltech associated startups was extended to account for companies registered outside the Skolkovo ecosystem. The management proposals on the holistic system for student development, alumni community building, fundraising were appraised. The concept on the tuition fee model was discussed at several meetings, however the Board did not reach a consensus: concerns were stated for the overall model sustainability, as well as Skoltech readiness to start introducing fees. At the same time, for the purpose of diversifying external funding sources, the Board recommended to focus on industry sponsored scholarships, utilizing Skoltech extensive network of high-tech partners.

The lab construction plan and amendments were approved within the financial plan.
In accordance with the formal procedures, at the first meeting of the term of office, the Board appoints the Chairman from among its members. Arkady Dvorkovich was appointed in December 2016. In this capacity, he successfully shaped the culture of efficient operations and environment of open dialogue between the Board members. Arkady Dvorkovich also presided at several General meetings of Founders, including the annual meeting of December 2020 devoted to the President’s report on five-year results and presentation of the Strategy 2021-2025. Starting from 2021, Viktor Vekselberg chaired the Board, while Arkady Dvorkovich chaired the Executive Committee. Other procedural issues included appointment of new members of the Executive Committee and Audit Committee. The International Advisory Committee continued to operate in the composition approved in 2014-2015. The Board Regulations were amended with regards to authorities and procedures of the Committees, appointment and the Executive secretary, provisions for the document flow. In light of expiry of the term of office, the Board elaborated the succession plan by approving the principles of rotation to ensure a balanced representation of stakeholders. The proposal for the Board members to serve in 2021-2027 includes top management of top world universities, companies, representatives of Russian governmental authorities and institutes of development. The Board will be appointed by the General meeting of Founders in Fall 2021. The Committees will be rotated once the new composition of the Board starts its operations.
Financial issues

Executing authorities to monitor financial performance, the Board regularly received for approval Skoltech financial plans and reports, requests to budget amendments. The Board provided recommendations on the financial model designed in support of the strategy. The endowment investment strategy received a resolution to involve external expertise, also for the purpose to assess more optimistic scenarios. Among other resolutions were election of Deloitte company as Skoltech independent auditor and approval of the terms of the contract. The Audit Committee annually reported on Skoltech progress to build a system of internal control, improve business processes, as well as risk management efforts.
Management and organizational issues

The major resolutions were made on the composition and management of Skoltech Centers for Research, Education and Innovation (CREIs). In 2019, the Board approved establishment of the Center for Neurobiology and Brain Restoration, Center for Life Science based on the merge of two bio Centers, Center for Energy Science and Technology merging two energy Centers, establishment of Digital Agro Laboratory. Faculty candidates nominated by the President as CREI Directors were approved. The concept for development of the Center for Entrepreneurship and Innovation received recommendations to grow more intensively an offer of soft skills and business oriented courses, as well as cooperate with strong national players such as Moscow School of Management and National Economy School. Skoltech efforts to build a shared governance system were highly appraised by the Board as well as International Advisory Committee.

In 2019 the Board appointed the Academic Council members based on results of a comprehensive faculty nomination process organized by the management. In the end of 2020, the Board supported the candidacy of Alexander Kuleshov for the second term of the Presidency, outlining rapid development of Skoltech capacities and results achieved during 2016 – 2020. The corresponding resolution was submitted to the General meeting of Founders as the decision-making body to appoint the President.

The agenda of meetings held in 2021 covered a wide span of organizational issues related to bringing the Strategy 2021 – 2025 into operations. In particular, the Board supported the President’s proposal on reconfiguration of research and technology agenda by revising the programs of CREIs and establishment of Project Centers – new types of units which will focus on design, implementation and scaling technologies in the national industry.
Partnerships

Skoltech integration in national and international professional community was on the agenda of several meetings. The Board supported proposals to join technology consortia in Russia and abroad in the areas of Skoltech expertise – National Technology Initiative (Neuro Net), Open-RAN Alliance (5G/6G), Artificial Intelligence in Industry. The plans for a partnership with Moscow Medical Cluster and Skolkovo Educational Hub were appraised. Considering the strategic level of partnerships, Skoltech management presented results of the cooperation with MIT, including faculty-to-faculty collaboration initiative “MIT-Skoltech: Next generation program”. Also, the Board reviewed and supported the proposals on scope of further collaboration.
Committees
International Advisory Committee

The IAC was convened by the Board in March 2017 in light of appointment of Alexander Kuleshov as the President and coming into a new strategy period. During a two days session the IAC held in depth discussions with the executive management and CREI Directors, representatives of faculty and students. As a results of the site visit, the IAC provided the report addressing priorities of a future strategy as well as areas required improvement. In specifics, the IAC praised Skoltech overall upward growth trajectory with significant progress made in research, education, including E&I, greater connectivity to national priorities. The recommendations concerned mostly strategic issues, e.g. reassuring the role of CREIs, principles of building the educational portfolio, development of the Center for Entrepreneurship and Innovation, redesign of the KPI system. The IAC recommendations were accounted by the strategy task force, composed of the senior management, experts from Boston Consulting group and Global Capital Advisors company.
International Advisory Committee members

Pekka Viljakainen
IAC Co-Chairman, Chairman of the Board of Directors of Skolkovo Ventures

Alexander Tropsha
IAC Co-Chairman, Associate Dean for Research (Eshelman School of Pharmacy), University of North Carolina at Chapel Hill

Hans-Joachim Bungartz
Chair of Scientific Computing, Technical University of Munich

Teunis Martien Klapwijk
Kavli Institute of Nanoscience, Delft University of Technology

Michael Kelly
Emeritus Professor of Engineering, University of Cambridge

Oleg Kharkhordin
Professor, Political Science Department, Director of the Center “Res Publica”, European University at St. Petersburg

Costas Papanicolas
CEO of the Cyprus Research and Educational Foundation

Daniel Roos
Japan Steel Industry Professor, Emeritus, Civil and Environmental Engineering, MIT Institute for Data, Systems and Society
The Executive Committee met on ad hoc basis. The composition appointed by the Board in 2017 included Andrey Ivanov, Pekka Viljakainen, Stanislav Smirnov, Alexander Kuleshov, Viktor Vekselberg. Stanislav Smirnov left the Committee in 2018 due to leaving the Board, Alexander Povalko was appointed as a new member. Arkady Dvorkovich became the Chair in 2021.

The Committee sessions were organized prior the Board meetings to discuss complex issues, such as organizational model of the CREIs, establishment of new Centers, financial planning, fundraising, lab construction. The cooperation with the MIT was discussed with regards to the scope and terms of the contract.
Audit Committee

The Audit Committee regularly reported the Board on the results of the management in the areas of building financial control and reporting, organizing and executing external audits, development procedures, accounting and finance department capabilities. The Committee supported the management in planning activities with regards to priorities in business process, including IT systems, risk management.

The Committee was chaired by Cristopher Skirrow and comprised of two independent members – Andrey Bremzen (economist, professor of the National Economy School) and Danilov Maxim (auditor).