

Board of Trustees report

16
21

Content

02 – 02	Chairman foreword
03 – 05	Role and authorities
06 – 08	Members
09 – 19	Meetings
20 – 24	Committees



A stylized, handwritten signature in black ink.

Viktor
Vekselberg,
Chairman
of the Board
of Trustees

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.

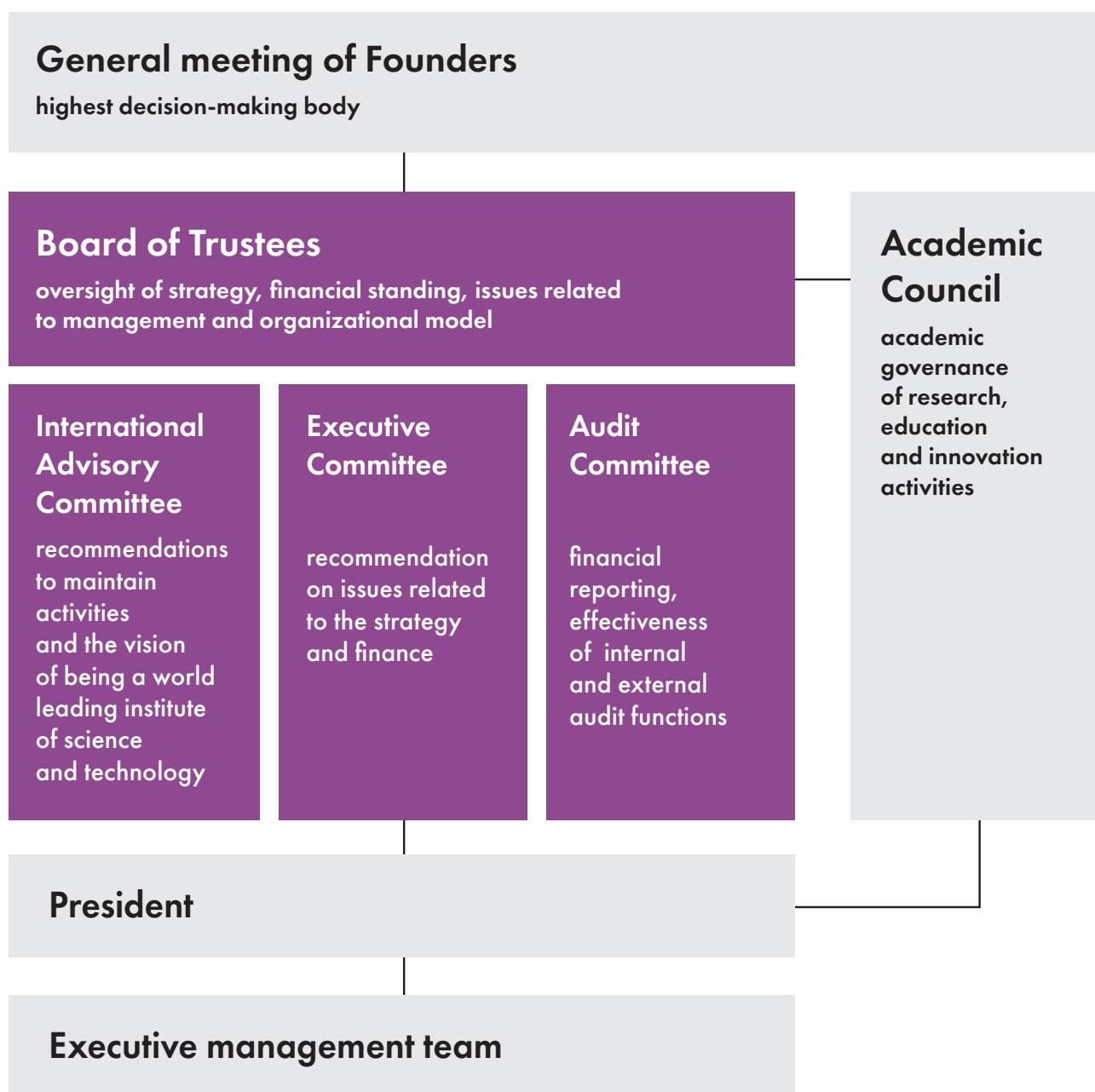
On a personal note, I would like to thank all Board members and the Skoltech executive team for their commitment, engagement and open dialogue enabling us to make informed choices and decisions to support Skoltech in moving forward.



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.

Members

The page features a large purple triangle on the left side, pointing downwards, and a smaller purple rectangle at the bottom left corner. The word "Members" is written in a bold, black, sans-serif font in the upper right area of the page.

Board members



Viktor Vekselberg
Chairman of Skoltech Board of Trustees, member of the Skolkovo Foundation Board of Directors. Chairman of the Board of Directors of Renova Group of companies



Alexander Abramov
Chairman of the Board of Directors for Evraz Group



Arden Bement
Former Director, Global Policy Research Institute, David A Ross Distinguished Professor Emeritus of Nuclear Engineering, Purdue University. Board member in 2016 – 2018.



Simon Bradley
Founder & CEO of Percent-Edge



Tony F. Chan
President of King Abdullah University of Science and Technology



Edward Crawley
Skoltech Founding President, Ford Professor of Engineering of Massachusetts Institute of Technology



Arkady Dvorkovich
Chairman of the Skolkovo Foundation, Chairman of the Board in 2016-2020



Alexander Kuleshov
Skoltech President (ex officio Board member)



Nikolay Kudryavtsev
President of the Moscow Institute of Physics and Technology



Richard Lester
Japan Steel Industry Professor and Associate Provost at the Massachusetts Institute of Technology



Irina Okladnikova
Deputy Minister of Finance of the Russian Federation. Board member from 2021



Alexander Povalko
Former CEO of Russian Ventures Company



Alexey Repik
Chairman of the Board of “R-Pharm” JSC



Johann Füller
Professor at the University of Innsbruck and CEO of HYVE AG Innovation Agency. Board member from 2020



Alexander Galitsky
Co-Founder and Managing Partner, Almaz Capital



Andrey Ivanov
First Deputy Minister of Economic Development of the Russian Federation



Natalia Kasperskaya
President at InfoWatch Group. Board member in 2016 – 2018



Valery Katkalo
First Vice Rector, Higher School of Economics



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



Chris Skirrow
Former partner at PwC



Stanislav Smirnov
Professor of the University of Geneva. Board member in 2016-2018



Vladislav Surkov
Ex-Aide to the President of the Russian Federation



Paul Thompson
Professor in the Keck School of Medicine of USC



Pekka Viljakainen
Chairman of the Board of Directors of Skolkovo Ventures



Alexander Safonov
Vice President for Development. Executive secretary from 2021



Alexey Sitnikov
Vice President for Communications and Community Building. Executive secretary in 2012 – 2020

Executive secretary of the Board

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 on 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. Alexey Sitnikov, Vice President for Communications and Community Development, effectively served as Executive secretary during 2012 – 2020, contributing to setting the layout of the institutional governance and shaping procedures. In February 2021, Alexander Safonov, Vice President for Development, was appointed as Executive secretary by the decision of the Chairman, Viktor Vekselberg.



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

December 15, 2016 (absentee)	December 16, 2019
March 22, 2017	March 28, 2020 (absentee)
June 28, 2017 (absentee)	April 15, 2020 (absentee)
September 27, 2017	June 15, 2020
December 13, 2017	July 6, 2020 (absentee)
March 28, 2018	September 30, 2020
May 18, 2018 (absentee)	December 14, 2020
September 20, 2018	April 6, 2021
December 11, 2018	April 30, 2021 (absentee)
March 20, 2019	July 2, 2021
June 27, 2019	September 20, 2021

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**

**WILLIS
TOWERS
WATSON**

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.

Procedural issues

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



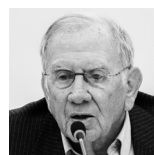
Michael Kelly
Emeritus
Professor
of Engineering,
University
of Cambridge



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

Executive Committee

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).









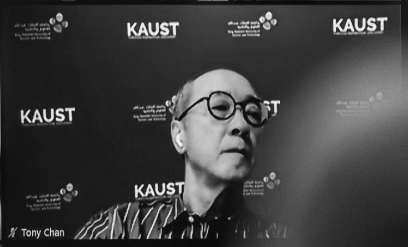
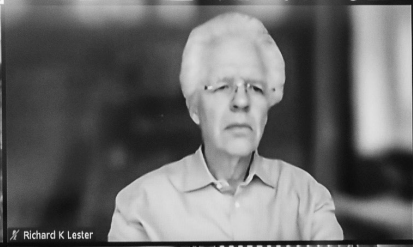
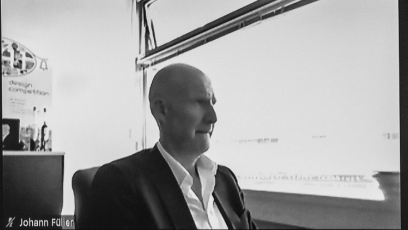














Skolkovo Institute of Science
and Technology
Bolshoy Boulevard 30, bld. 1
Moscow, Russia 121205
Tel.: +7 (495) 280 14 81
skoltech.ru

The information in this report
was correct at the time
of printing (September 2021).
Skoltech reserves the right
to alter or amend the material
contained in this report.