

**APPROVED**

by the General Meeting of Shareholders  
of Open Joint Stock Company  
Oil Company Rosneft  
" 07 " June 2006  
Minutes No. \_\_\_\_

**REGULATIONS ON THE BOARD OF DIRECTORS  
of OJSC Oil Company Rosneft**

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## 1. GENERAL PROVISIONS

### Article 1. Regulations on the Board of Directors

These Regulations ("Regulations") shall, in accordance with the Civil Code of the Russian Federation, Federal Law *On Joint Stock Companies*, other regulatory acts of the Russian Federation, the Corporate Governance Code and the Charter of Open Joint Stock Company Oil Company Rosneft ("Company"), set forth the deadlines and procedures for the convocation and conduct of the meetings of the Board of Directors of the Company, procedures for the approval of resolutions by the Board of Directors, rights and duties of the members of the Board of Directors, and other matters related to the operations of the Board of Directors.

### Article 2. Terms and Definitions

1. The terms and definitions used herein shall be used in the same meanings as are assigned thereto by the laws of the Russian Federation on joint stock companies and securities, unless otherwise stipulated hereby.

2. The following terms and definitions shall be used for the purposes hereof:

**"officers"** shall mean the persons performing organizational, regulatory, administrative and economic functions within the Company;

**"ballot vote"** shall mean the method of approval of resolutions whereby the members of the Board of Directors vote by casting voting ballots without being jointly present at the meeting of the Board of Directors;

**"executive member of the Board of Directors (executive director)"** shall mean the member of the Board of Directors which is an officer of the Company, including any member of the collective executive body of the Company (Managing Board);

**"confidentiality"** shall mean non-disclosure to third parties of any information about the Company and its operations to the extent permitted by the legislation of the Russian Federation;

**"loyalty"** shall mean the attitude of the member of the Board of Directors to the Company, where the member of the Board of Directors refrains from using his/her position to impair the interests of the Company;

**"independent member of the Board of Directors (independent director)"** shall mean the member of the Board of Directors which:

neither has for the last 3 years served, nor currently serves, as an officer (manager) or employee of the Company;

is not an officer of any other business entity where any of the officers of the Company serves as a member of the appointments and remunerations committee of the board of directors;

is not an affiliated person of any officer (manager) of the Company;

is not an affiliated person of the Company, except in his/her capacity as a member of the Board of Directors, or an affiliated person of any such affiliated person;

is not party to any agreement with the Company whereby he/she may acquire assets (receive cash) whose value exceeds 10 or more percent of his/her aggregate annual income other than the remuneration for his/her service as a member of the Board of Directors;

is not a major counterparty of the Company (counterparty whose aggregate annual volume of transactions with the Company is equal to, or exceeds, 10 percent of the book asset value of the Company);

is not a representative of the government.

The independent director may not be regarded as independent after he/she has served as a member of the Board of Directors of the Company for 7 years.

**"disinterested member of the Board of Directors (disinterested director)"** shall mean the member of the Board of Directors which does not have an interest in the execution of the transaction by the Company;

**"employee"** shall mean any person which has labor relations with the Company;

**"Board of Directors"** shall mean the collective management body of the Company which is created by the General Meeting of Shareholders by appointing thereto a certain number of individuals, and which is responsible for the general management of the operations of the Company within the scope of its competence as set forth by the Federal laws and the Charter of the Company.

### **Article 3. Aims and Operating Principles of the Board of Directors**

1. The aims of operations of the Board of Directors shall be to ensure attainment of maximum profits by, and increase of the assets of, the Company, protect the rights and lawful interests of the shareholders of the Company, exercise ongoing control over the executive bodies of the Company, and guarantee completeness, reliability and objectivity of public information about the Company.

2. To implement the aims of its operations, the Board of Directors shall be guided by the following principles:

- approval of resolutions on the basis of reliable information about the operations of the Company;
- exclusion of impairment of the rights of the shareholders to participate in the management of the affairs of the Company, receive dividends and information about the Company in accordance with the legislation of the Russian Federation;
- attainment of the balance of interests of various groups of the shareholders, and approval by the Board of Directors of the most objective resolutions in the interests of all shareholders of the Company.

3. Any irremediable ambiguity in the rules provided by laws and regulations shall be construed by the Board of Directors in favor of expansion of the rights and lawful interests of the shareholders.

### **Article 4. Objectives of the Board of Directors**

To implement the aims of its operations, the Board of Directors shall, acting within the scope of its competence, seek to attain certain objectives and shall, *inter alia*:

- organize implementation of the resolutions approved by the General Meeting of Shareholders;
- define the strategy of development of the Company;
- approve financial and business plans of the Company;
- evaluate political, financial and other risks affecting the operations of the Company;
- determine the policy of the Company in the area of application of investment capital, including via participation of the Company in other entities;
- ensure efficient supervision of financial and business operations of the Company;
- assess the operating results of the Company and its governing bodies;
- determine the terms and conditions for the payment of dividends;
- supervise the activities of the executive bodies of the Company;
- ensure compliance of the Company with the legislation;
- ensure compliance of the Company with the corporate governance standards;
- ensure exercise and protection of the rights of the shareholders, and facilitate resolution of corporate conflicts.

## **2. MEMBERS OF THE BOARD OF DIRECTORS**

### **Article 5. Rights of the Member of the Board of Directors**

The member of the Board of Directors shall have the right to:

- demand the officers and employees of the Company to furnish him/her with any information (documents and materials) in accordance with the procedure established by these Regulations;
- receive a fee for, and/or reimbursement of the expenses incurred by him/her in connection with, the discharge by him/her of his/her duties of the member of the Board of Directors in situations and in the amount stipulated by the appropriate resolution of the General Meeting of Shareholders;
- review the minutes of the meetings of the Board of Directors and other collective governing bodies of the Company, and receive copies of such minutes;
- demand that his/her dissenting opinion on the matters on the agenda and resolutions approved be noted in the minutes of the meeting of the Board of Directors;
- attend the meetings of the collective executive body of the Company (Management Board).

### **Article 6. Duties of the Member of the Board of Directors**

1. The member of the Board of Directors shall have an obligation to:

- be loyal to the Company;
- act within his/her rights in accordance with the aims and objectives of the Board of Directors;
- act in good faith and reasonably in the best interests of the Company, i.e. display care and due diligence to the extent expected from a good manager, and take all measures as may be necessary to

ensure proper discharge by him/her of his duties. The member of the Board of Directors shall be deemed to be acting in good faith and reasonably, if he/she is not interested in the approval of a specific resolution, and has carefully examined all relevant information, provided that other concomitant circumstances testify to the fact that he/she acted exclusively in the best interests of the Company;

—act in the best interests of the Company as a whole, rather than in the best interests of individual shareholders, officers or other persons;

—refrain from disclosing confidential information about the operations of the Company which becomes known to him/her;

—initiate meetings of the Board of Directors to resolve urgent issues;

—attend the meetings of the Board of Directors;

—participate in approval of resolutions of the Board of Directors by voting on the matters included into the agenda of its meetings;

—participate in the work of committees of the Board of Directors;

—make reasonable decisions based on review of all necessary information (materials), conduct investigations, and provide to all members of the Board of Directors all information related to the resolutions being approved;

—make decisions subject to careful examination of all risks associated therewith, and all possible adverse consequences thereof;

—promptly notify the Company of all his/her affiliated persons, and of all changes in the list thereof;

—notify the Board of Directors, the Audit Committee and the Auditor of the Company of all legal entities in which he/she holds, whether independently or jointly with his/her affiliated person(s), 20 percent or more of voting shares (equities, units);

—notify the Board of Directors, the Audit Committee and the Auditor of the Company of all legal entities in whose governing bodies he/she holds positions;

—notify the Board of Directors, the Audit Committee and the Auditor of the Company of all proposed transactions wherein he/she may be deemed an interested party;

—refrain from voting on the matters wherein he/she is personally interested;

—forthwith disclose to the Board of Directors, via the Secretary of the Company, his/her interest and grounds for the emergence thereof;

—notify the Board of Directors in writing of his/her intention to execute, in his/her personal capacity, transactions with the securities of the Company or its subsidiary (controlled) companies, and disclose all information about executed transactions with such securities;

—participate in expert evaluation of projects and programs proposed by the Board of Directors;

—develop proposals related to the improvement of financial and business operations of the Company, if an when so requested by the Board of Directors;

—notify the other members of the Board of Directors of all known to him/her violations by the employees of the Company, including any officers of the Company, of laws and regulations, the Charter, internal regulations, rules and procedures of the Company;

—prepare and submit for consideration by the Board of Directors issues lying within his/her scope of competence;

—form his/her opinion as to the annual reports, annual financial statements prepared in accordance with the Russian Accounting Standards, including the profit and loss reports (profit and loss accounts) of the Company, the distribution of profit (including any such distribution by means of payment (declaration) of dividends) and losses of the Company at the end of the fiscal year;

—attend the General Meeting of Shareholders and reply to the questions posed by the participants thereof.

2. The members of the Board of Directors and their affiliated persons may not accept gifts from persons interested in the approval of resolutions associated with the discharge by them of their duties, or receive either direct or indirect benefits offered by such persons (with the exception of symbolic gestures as are consistent with generally accepted rules of courtesy and souvenirs presented in the course of events).

**Article 7. Procedures for the Exercise of the Rights and Discharge of the Duties by the Member of the Board of Directors**

1. The activities of the member of the Board of Directors shall be of a permanent nature, and shall not be limited by participation in the approval of the resolutions by the Board of Directors.

2. The person responsible for the storage of the resolutions and minutes of the meetings of the Board of Directors shall forthwith furnish the member of the Board of Directors with certified copies of such documents upon receipt of the appropriate request.

**Article 8. Duty of the Officers of the Company to Comply with the Demands of the Members of the Board of Directors**

1. The sole executive body of the Company, the members of the collective executive body of the Company, and heads of units of the Company shall, if and when so requested by the member of the Board of Directors, furnish him/her with any information, whether related or unrelated to the operations of the Company, to the extent permitted by the legislation of the Russian Federation, with the exception of, *inter alia*, information about their private lives and information violating the right to privacy, family secrets, and secrets contained in their correspondence, telephone conversations, letters, telegraphs and other messages.

2. If it is impossible to furnish the member of the Board of Directors with the information requested by him/her, the sole executive body, the members of the collective executive body of the Company, and heads of units of the Company shall forthwith prepare a motivated refusal and furnish the same to the member of the Board of Directors in writing within one day following the date of the request.

3. Refusal to disclose information shall be communicated by the member of the Board of Directors to the Board of Directors, and mentioned in the *Corporate Actions* section of the annual report of the Company.

4. The sole executive body of the Company shall, if and when so requested by the member of the Board of Directors, grant to the latter access to information and an opportunity to make copies of documents and materials.

5. The agreements executed by and between the Company on the one hand, and the sole executive body, the members of the collective executive body of the Company, and heads of units of the Company on the other hand, shall contain provisions stipulating liability for the failure to disclose information to the member of the Board of Directors.

6. The information requested by the member of the Board of Directors may be furnished to him/her via the Secretary of the Company.

**3. CHAIRMAN OF THE BOARD OF DIRECTORS**

**Article 9. Election of the Chairman of the Board of Directors**

1. The Chairman of the Board of Directors shall be elected by the members of the Board of Directors from among them in accordance with the procedure stipulated by the Charter of the Company.

2. The person performing the functions of the sole executive body of the Company may not concurrently hold the position of the Chairman of the Board of Directors.

3. The Board of Directors may at any time reelect the Chairman of the Board of Directors in accordance with procedure stipulated by the Charter of the Company.

4. The members of the Board of Directors may elect a deputy Chairman of the Board of Directors who shall perform the functions of the Chairman of the Board of Directors in his/her absence.

5. If the previous Chairman of the Board of Directors is elected to the new Board of Directors, he/she shall continue to perform his duties pending the election of the new Chairman of the Board of Directors. If the previous Chairman of the Board of Directors is not elected to the new Board of Directors, his duties shall be performed by the oldest member of the Board of Directors pending the election of the new Chairman of the Board of Directors.

**Article 10. Functions of the Chairman of the Board of Directors**

1. The Chairman of the Board of Directors shall:
- organize the work of the Board of Directors, convene and chair its meetings, and ensure that minutes are maintained at all meetings of the Board of Directors;
  - be responsible for the preparation of the agendas of the meetings of the Board of Directors;

- organize the proceedings at the meetings of the Board of Directors so that discussion of the matters on the agenda thereof be open, comprehensive, concise, representative of diverse points of view, and conducive to the approval of specific agreed resolutions;
- organize development of efficient resolutions on the matters on the agenda and, if necessary, free discussion of the relevant issues, and ensure that the meetings of the Board of Directors are conducted in a supportive and constructive atmosphere;
- take all requisite measures to ensure that all members of the Board of Directors promptly receive all information required for approval of resolutions on the matters on the agenda;
- encourage the members of the Board of Directors to freely express their opinions and openly discuss the matters on the agenda;
- initiate development of draft resolutions on the matters under consideration;
- ensure that all members of the Board of Directors have an opportunity to voice their opinions on the matters under discussion, facilitate development by the members of the Board of Directors of agreed resolutions in the best interests of the Company;
- maintain promptly ongoing contacts with other governing bodies and officers of the Company with a view to not only obtain complete and reliable information as may be required for the purposes of informed decision-making by the members of the Board of Directors, but also to ensure efficient interaction of such governing bodies and officers among themselves and with third parties;
- facilitate efficient operation of the committees of the Board of Directors, initiating nomination of the members of the Board of Directors to various committees based on their professional and personal qualities and subject to the proposals of the members of the Board of Directors as to the creation of such committees, provided that, if necessary, the matters examined by the such committees are submitted for consideration by the plenary meetings of the Board of Directors.

2. In the absence of the Chairman of the Board of Directors and his/her deputy, his/her functions shall be performed by one of the members of the Board of Directors of the Company as decided by the resolution of the Board of Directors.

The persons performing the functions of the Chairman of the Board of Directors in his/her absence may exercise any powers vested in the Chairman of the Board of Directors.

3. The Chairman of the Board of Directors may not delegate the performance of his/her functions to any other person.

#### **4. SECRETARY OF THE BOARD OF DIRECTORS**

##### **Article 11. Election of the Secretary of the Board of Directors**

1. The Secretary of the Board of Directors shall be elected by the Board of Directors of the Company.

The Secretary of the Board of Directors shall not necessarily be a members of the Board of Directors of the Company.

The Secretary of the Board of Directors and the Company shall execute an agreement stipulating the liability of the former for disclosure of confidential information about the operations of the Company which becomes known to him/her.

The Secretary of the Board of Directors shall discharge his/her duties pending the appointment of a new Secretary or renewal of the agreement with him/her.

2. The person performing the functions of the sole executive body of the Company may not concurrently hold the position of the Secretary of the Board of Directors.

3. The Board of Directors may at any time reelect the Secretary of the Board of Directors.

##### **Article 12. Duties of the Secretary of the Board of Directors**

1. The Secretary of the Board of Directors shall:

- maintain and draw the minutes of the meetings of the Board of Directors;
- determine the outcome of voting on the resolutions approved by ballot vote;
- maintain the records and organize the storage of the documents and copies of outgoing correspondence of the Board of Directors;
- notify the members of the Board of Directors in advance of the meetings of the Board of Directors, distribute information (materials) to be provided to the members of the Board of Directors prior to the meetings of the Board of Directors;



- send to all members of the Board of Directors voting ballots for the purpose of approval of resolutions of the Board of Directors by ballot vote;
- provide technical and administrative support to the members of the Board of Directors in connection with the preparation of the matters on the agenda of the meetings of the Board of Directors for discussion;
- prepares for the Chairman of the Board of Directors information about violations of timely implementation of the resolutions of the Board of Directors, inappropriate implementation and other violations;
- make up the drafts of reports on the operations of the Board of Directors;
- store the minutes of the meetings of the Board of Directors and all attachments to such minutes;
- store the voting ballots submitted to the Board of Directors by the members of the Board of Directors for the purpose of approval of resolutions of the Board of Directors by ballot vote.

2. To ensure that the activities of the Secretary of the Board of Directors are supported by the budget (expense budget), the Company (Board of Directors) shall allocate the funds in the amount required to be approved by the Board of Directors.

### **Article 13. Remuneration of the Secretary of the Board of Directors**

The Secretary of the Board of Directors shall be paid remuneration and reimbursement of expenses incurred by him/her in connection with the discharge by him/her of his/her duties in accordance with the agreement executed by and between him/her and the Company.

## **5. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND REIMBURSEMENT OF EXPENSES ASSOCIATED WITH THE DISCHARGE BY THEM OF THEIR DUTIES**

### **Article 14. Procedure for the Payment of Remuneration to the Members of the Board of Directors**

1. The General Meeting of Shareholders may resolve that the members of the Board of Directors shall be paid remuneration for the work performed by them during their terms in office and/or reimbursed for the expenses associated with discharge by them of their duties. The amount of such remuneration and reimbursement shall be established by resolution of the General Meeting of Shareholders.

The payment of such remuneration and reimbursement to the members of the Board of Directors shall constitute a separate matter on the agenda of the General Meeting of Shareholders.

The remuneration shall be paid on the basis of resolution of the General Meeting of Shareholders out of the annual results of the Company.

2. If the Company has no net profit (allocable profit), no remuneration shall be paid to the members of the Board of Directors.

3. To formalize relations between the Company and the members of the Board of Directors as concerns the payment of remuneration and reimbursement to the members of the Board of Directors of the expenses incurred by them in connection with the discharge by them of their duties, the Company, in the person of its sole executive body (President), may enter into labor agreements with the members of the Board of Directors of the Company.

4. The members of the Board of Directors may not receive, by any method and in any form, any remuneration and/or reimbursement of the expenses incurred by them in connection with the discharge by them of their duties for approval of resolutions by the Board of Directors and other governing bodies of the Company, or exercise by them of their rights and discharge by them of their duties, other than the remuneration and/or reimbursement of expenses approved by resolution of the General Meeting of Shareholders.

5. Reimbursement of all expenses incurred by the members of the Board of Directors in connection with suits of the third parties (including judicial costs, etc.) is conducted by the Company.

## **6. MEETING OF THE BOARD OF DIRECTORS**

### **Article 15. Convocation of the Meeting of the Board of Directors**

1. The meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors at his/her own initiative, or at the request of the persons listed in paragraph 1 of Article 68 of the Federal Law *On Joint Stock Companies* and in the Charter of the Company.

2. When approving the resolution on convocation of the meeting of the Board of Directors, the persons convening such meeting shall determine the following:

- date, time and place of the meeting;
- agenda of the meeting;
- wording of the matters to be put to the vote;
- list of information (materials) to be furnished to the members of the Board of Directors prior to the meeting.

**Article 16. Place and Time of the Meeting of the Board of Directors**

1. The meeting of the Board of Directors may not be conducted in a place and at a time which create significant obstacles for the attendance at the meeting for the majority of the members of the Board of Directors, or make such attendance impossible.

2. The meeting of the Board of Directors may not be conducted in industrial and other buildings where its normal proceedings are impossible.

**Article 17. Notification of the Members of the Board of Directors of the Convocation and Conduct of the Meeting of the Board of Directors**

1. All members of the Board of Directors shall have been notified of the convocation of the meeting of the Board of Directors at least 20 days before the date of such meeting. The notice of conduct of the meeting shall be delivered to the members of the Board of Directors in writing or by using any other method which is convenient for them (including mail, telegraph, teletype, telephone, e-mail or any other method of communication) to their physical or mailing addresses. In exceptional cases, by unanimous consent of all members of the Board of Directors with the exception of those unavailable or deemed unavailable, the above mentioned notification term may be reduced.

2. The notice of the meeting shall contain the following information:

- indication as to the initiator of the meeting (name of the individual, governing body or legal entity requesting the convocation of the meeting);
- matters on the agenda of the meeting;
- date, place and time of the meeting.

If there is an approved list of information (materials) to be furnished to the members of the Board of Directors prior to the meeting, such information (materials) shall be furnished to the members of the Board of Directors at least 20 days prior to the date of the meeting. In addition to the foregoing, such information (materials) shall be furnished to all members of the Board of Directors attending the meeting. In exceptional cases, by unanimous consent of all members of the Board of Directors with the exception of those those unavailable or deemed unavailable, the above mentioned information disclosure term may be reduced.

**Article 18. Change of the Place and Time of the Meeting of the Board of Directors**

1. If there arise circumstances, which make it impossible or difficult to conduct the meeting of the Board of Directors in a place and/or at a time of which the members of the Board of Directors were notified, the meeting with the same agenda may be conducted in a different place and/or at a different time.

2. All members of the Board of Directors shall be notified of the change of place and/or time of the meeting of the Board of Directors by the Chairman of the Board of Directors within the time reasonably sufficient to ensure their attendance. The notice of the aforementioned changes shall be delivered to the members of the Board of Directors in any form which guarantees receipt thereof at their physical or mailing addresses.

**Article 19. Request for the Convocation of the Meeting of the Board of Directors**

1. The request for the convocation of the meeting of the Board of Directors shall be submitted to the Chairman of the Board or served on the Company in writing, and shall contain the following information:

- indication as to the initiator of the meeting (name of the individual, governing body or legal entity requesting the convocation of the meeting);
- matters on the agenda of the meeting;
- address to which the reply to the request is to be sent.

2. The request shall be signed by the initiator of the meeting.

If the request is submitted by the collective executive body of the Company, it shall be signed by the members of such body who voted for the resolution approving the submission of the request.

#### **Article 20. Refusal to Convene the Meeting of the Board of Directors**

1. The Chairman of the Board of Directors may not refuse to convene the meeting of the Board of Directors, except where:

— the request for the convocation of the meeting of the Board of Directors fails to meet the requirements stipulated by laws and regulations, the Charter of the Company, these Regulations or other internal regulations of the Company;

— the initiator of the meeting does not have the right to request the convocation of the meeting of the Board of Directors as provided by the Federal Law *On Joint Stock Companies* and the Charter of the Company.

2. The Chairman of the Board of Directors shall review the request and resolve whether to convene the meeting of the Board of Directors or refuse to do it within 5 days following the date of submission of the request.

3. The Chairman of the Board of Directors shall notify the initiators of the meeting of his/her decision within 5 days following the date thereof.

4. The meeting of the Board of Directors convened at the request of the persons listed in paragraph 1 of Article 68 of the Federal Law *On Joint Stock Companies* and in the Charter of the Company shall have been convened within 25 days following the date of submission of the request.

#### **Article 21. Mandatory Convocation of the Meeting of the Board of Directors**

1. The Chairman of the Board of Directors shall have an obligation to convene the meeting of the Board of Directors to resolve the following matters:

(a) convocation of the annual General Meeting of Shareholders and approval of the resolutions required for the convocation and conduct of such meeting, as stipulated by paragraph 1 of Article 54 of the Federal Law *On Joint Stock Companies*;

(b) preliminary approval of the annual report of the Company pursuant to the provisions of paragraph 4 of Article 88 of the Federal Law *On Joint Stock Companies*;

(c) review of proposals as to the matters to be included into the agenda of the Annual General Meeting of Shareholders and proposals as to the nominees to the governing bodies of the Company, as submitted by the shareholders, in accordance with the procedure stipulated by paragraphs 1 and 2 of Article 53 of the Federal Law *On Joint Stock Companies*, and to approval of the resolution to include the proposed matters into the agenda of the Annual General Meeting of Shareholders and the nominated candidates - into the list of candidates for election to the governing bodies, or to decline to do the same;

(d) convocation of the General Meeting of Shareholders for the election of a new Board of Directors in the situation stipulated by paragraph 2 of Article 68 of the Federal Law *On Joint Stock Companies*.

If the Chairman of the Board of Directors does not convene the meeting of the Board of Directors for the resolution of the matters listed above, such meeting may be convened by his/her deputy.

2. If neither the Chairman of the Board of Directors nor his/her deputy convenes the meeting of the Board of Directors for the resolution of the matters listed above, such meeting may be convened by any member of the Board of Directors.

#### **Article 22. Meeting of the Board of Directors**

1. The meetings of the Board of Directors shall be conducted as necessary, but at least once each quarter, in accordance with the schedule approved by the Board of Directors and containing the list of the matters to be reviewed at each meeting. The said list shall be developed subject to the opinions expressed by the individuals and bodies which, pursuant to the legislation and the Charter of the Company, have the right to request convocation of the meeting of the Board of Directors.

The said list may be modified and supplemented.

2. For the purpose of approving resolutions of the Board of Directors, the members of the Board of Directors attending the meeting shall express their opinion on the matters on the agenda by participating in an open roll-call vote.

3. For the purposes of voting at the meeting of the Board of Directors, each member of the Board of Directors shall have one vote.

The delegation of the right to vote by any member of the Board of Directors to a third person, including another member of the Board of Directors, shall not be allowed.

4. The following persons which are not members of the Board of Directors may be invited to the meeting of the Board of Directors: the sole executive body, the members of the collective executive body,

the members of the Audit Committee of the Company, officers and heads of units of the Company, representatives of the Auditor of the Company, experts and consultants, other persons.

5. Availability of quorum at the meeting of the Board of Directors shall be determined by the person chairing the meeting.

If the agenda of the meeting of the Board of Directors includes matters where availability of quorum and approval of resolutions require a different number of votes, availability of quorum shall be determined separately for each matter on the agenda. The meeting of the Board of Directors shall be conducted on the matters on the agenda with respect to which there is a quorum.

If there is no quorum on all matters on the agenda, the meeting shall be announced not to have taken place. In that event, the person chairing the meeting shall, having consulted with all attending members of the Board of Directors, announce the time of a new meeting to be held instead of the failed meeting with the same agenda. If such new meeting held instead of the failed meeting is conducted on the same day, the deadlines for the notification of the members of the Board of Directors of conduct of the meeting and for the provision of the information (materials) to be furnished prior to the meeting, as stipulated by these Regulations, shall not apply.

#### **Article 23. Acknowledgment of Written Opinions of the Members of the Board of Directors Absent from the Meeting of the Board of Directors**

1. Determination of availability of quorum, and of the outcome of voting on the matters on the agenda, shall be made subject to written opinion received from the member of the Board of Directors who is absent from the meeting of the Board of Directors of the Company.

Such written opinion shall have been submitted by the member of the Board of Directors to the Chairman of the Board of Directors prior to the meeting of the Board of Directors.

The written opinion of the member of the Board of Directors may indicate his/her position on all matters on the agenda of the meeting, or on any individual matters.

2. If the copy of the written opinion of the member of the Board of Directors is not made available to the members of the Board of Directors as part of the information (materials) furnished to the members of the Board of Directors prior to the meeting, the person chairing the meeting shall announce the written opinion of the member of the Board of Directors absent from the meeting of the Board of Directors prior to the commencement of voting on the matter on the agenda with respect to which such opinion has been submitted.

If the member of the Board of Directors does attend the meeting of the Board of Directors, his/her written opinion received prior to the commencement of the meeting, shall not be announced at the meeting, nor shall it be taken into consideration for the purpose of determination of availability of quorum and the outcome of voting.

#### **Article 24. Minutes of the Meeting of the Board of Directors**

1. Minutes shall be maintained at the meeting of the Board of Directors by the Secretary of the Board of Directors or, in his/her absence, by one of the members of the Board of Directors appointed therefor by the person chairing the meeting.

2. The minutes of the meeting of the Board of Directors shall be drawn within 3 days following the date of such meeting.

The minutes of the meeting of the Board of Directors shall contain the following information:

- full company name of the Company;
- date, place and time of the meeting;
- persons attending the meeting;
- persons which have furnished their written opinions on the matters on the agenda;
- agenda of the meeting;
- matters put to the vote, and the outcome of voting thereon;
- resolutions approved.

The minutes of the Board of Directors shall be signed by the person chairing the meeting of the Board of Directors.

3. If written opinions of the members of the Board of Directors absent from the meeting of the Board of Directors are taken into consideration for the purpose of determination of availability of quorum and the outcome of voting, such written opinions on the matters on the agenda received from the members of the Board of Directors shall be attached to the minutes of the meeting.

4. The Company shall store the minutes of the meetings of the Board of Directors at the location of its executive body in accordance with the procedure, and for a period of time, stipulated by the federal executive body for the securities market. If no such period of time has been stipulated, the Company shall store the minutes of the meetings of the Board of Directors indefinitely.

The Company shall ensure that the shareholders, the members of the Board of Directors, the members of the Audit Committee, and the Auditor of the Company have access to the minutes of the meetings of the Board of Directors in accordance with the procedure, and to the extent, stipulated by the legislation of the Russian Federation.

5. The minutes of the meetings of the Board of Directors shall have been made available by the Company on the premises of the executive body of the Company within 7 days following the date of the request to review the same as may have been filed by the persons entitled thereto. If so requested by the aforementioned persons, the Company shall furnish them with copies of the minutes of the meetings of the Board of Directors. The fee charged by the Company for such copies shall not exceed the costs of preparation thereof.

## **7. REQUIREMENTS APPLICABLE TO THE RESOLUTIONS OF THE BOARD OF DIRECTORS**

### **Article 25. Resolution of the Board of Directors**

1. The resolution of the Board of Directors shall be approved by using any of the following methods:

- (a) at the meeting of the Board of Directors;
- (b) at the meeting of the Board of Directors where availability of quorum and the outcome of voting are determined subject to the written opinions on the matters on the agenda furnished by the members of the Board of Directors who do not attend the meeting;
- (c) by ballot vote.

2. In the situations where, pursuant to the legislation of the Russian Federation or the Charter of the Company, the resolution is approved by a three-quarters majority of votes or unanimously by all members of the Board of Directors without of those unavailable or deemed unavailable, the following members of the Board of Directors shall be deemed unavailable or deemed unavailable:

- members of the Board of Directors who are deceased, missing or declared legally incompetent;
- persons whose membership in the Board of Directors is terminated or suspended by effective decisions of law enforcement bodies.

### **Article 26. Coming of the Resolution of the Board of Directors into Effect**

1. The resolution of the Board of Directors approved at the meeting of the Board of Directors shall come into effect upon the announcement of the outcome of voting on the relevant matter.

2. The resolution of the Board of Directors approved by ballot vote shall come into effect as of the date on which the minutes of the meeting of the Board of Directors are drawn, but in any event not later than on the 3<sup>rd</sup> day following the deadline for the submission of the voting ballots.

## **8. APPROVAL OF THE RESOLUTION OF THE BOARD OF DIRECTORS BY BALLOT VOTE**

### **Article 27. Approval of the Resolution of the Board of Directors by Ballot Vote**

1. The resolution of the Board of Directors may be approved by ballot vote in accordance with the procedure stipulated by this section, except where otherwise provided by the Charter of the Company.

2. The decision to conduct ballot vote shall be made by the Chairman of the Board of Directors.

3. The decision to conduct ballot vote shall specify the following information:

- the agenda;
- matters put to the vote;
- text and form of the voting ballot;
- list of information (materials) furnished to the members of the Board of Directors;
- date on which voting ballots and other information (materials) are furnished to the members of the Board of Directors;
- deadline for the submission of completed voting ballots;
- address for the submission of completed voting ballots.

Voting ballots and other information (materials) shall be sent to the members of the Board of Directors by registered letters or delivered against their personal signatures.

**Article 28. Voting Ballot**

1. The voting ballot shall contain the following information:
  - full company name of the Company;
  - deadline for the submission of completed voting ballots;
  - address for the submission of completed voting ballots;
  - wording of each matter put to the vote and voting options expressed as “aye”, “nay” and “abstained”;
  - reminder that the voting ballot should be signed by the member of the Board of Directors.
2. The members of the Board of Directors whose voting ballots have been received prior to the approved deadline shall be deemed to have participated in ballot vote.
3. The outcome of ballot vote shall be described in the minutes which shall have been drawn within 3 days following the deadline for the submission of completed voting ballots. Such minutes shall be signed by the person chairing the meeting of the Board of Directors.

Resolutions approved by the Board of Directors by ballot vote, and the outcome of ballot vote, shall have been communicated to all members of the Board of Directors within 3 days following the date of the signing of the minutes describing the outcome of ballot vote by sending to them copies of the aforementioned minutes.
4. Written opinion of the member of the Board of Directors describing in detail their opinions on the matter put to the vote may be attached to the minutes.

**9. ACQUAINTANCE WITH THE AFFAIRS OF THE COMPANY BY THE MEMBERS OF THE BOARD OF DIRECTORS**

**Article 29. Procedure for the Acquaintance of the Affairs of the Company by the Members of the Board of Directors**

Each new member of the Board of Directors may go through the procedure of acquaintance (review) with the affairs of the Company which involves his/her introduction to the history of the Company, the proceedings of the Board of Directors, and relevant documents (latest annual reports of the Company, minutes of Annual and Extraordinary General Meetings of Shareholders, minutes of the meetings of the Board of Directors, and other information).

**Article 30. Introduction of the Member of the Board of Directors to the Officers and Shareholders of the Company**

1. Each new member of the Board of Directors shall be introduced to the officers of the Company.
2. The sole executive body shall introduce each new member of the Board of Directors to the officers of the Company within 20 days following the date of determination of the outcome of voting on the matter of election of the Board of Directors.

During such introduction, the member of the Board of Directors shall provide information about himself/herself, including a statement as to whether he/she is an independent director or an executive director. In addition to the foregoing, he/she must state whether his/her membership in the Board of Directors of the Company is his/her main occupation.

**Article 31. Provision of the Member of the Board of Directors with Information (Documents and Materials) about the Company**

The sole executive body shall, within 10 days following the date of determination of the outcome of voting on the matter of election of the Board of Directors, furnish each member of the Board of Directors with certified copies of the Charter of the Company and of the internal regulations of the Company governing the operations of its bodies.

If there are any resolutions of the General Meeting of Shareholders which have not been implemented, the members of the Board of Directors shall also be furnished with certified extracts from the minutes of the General Meeting of Shareholders containing such resolutions.

## **10. CONFLICT OF INTERESTS BETWEEN THE MEMBERS OF THE BOARD OF DIRECTORS AND THE COMPANY**

### **Article 32. Independent Member of the Board of Directors**

1. Each independent member of the Board of Directors responsible for the performance of specific functions of the Board of Directors (such as being a member of any committee of the Board of Directors) shall have professional knowledge in the area consistent with such functions (area of operations of the Company, law, crisis management, corporate governance, financial analysis, audit, etc.).

2. The Independent director shall refrain from committing acts which may impair his/her independence. If following the election of the independent director to the Board of Directors there occur changes, or there arise circumstances, which impair the independence of the independent director, he/she shall serve on the Board of Directors a notice describing such changes or circumstances. In that event, and if and when the Board of Directors otherwise becomes aware of such changes or circumstances, the Board of Directors shall notify the shareholders accordingly and may, if necessary, convene the Extraordinary General Meeting of Shareholders to elect a new Board of Directors.

3. Information about independent directors shall be disclosed in the annual report of the Company.

### **Article 33. Number of Executive Directors and Independent Directors in the Board of Directors**

1. There shall be at least 3 independent directors in the Board of Directors.

2. The number of executive directors shall not exceed one fourth of the total number of the members of the Board of Directors.

### **Article 34. Disclosure of Information about Transactions Where the Members of the Board of Directors Act as Interested Parties**

The annual financial statements of the Company shall contain information about the transactions executed by and between the Company on the one hand, and the member of the Board of Directors, his/her spouse, parent, child, brother, half-brother, sister, half-sister, adoptive parent, adoptive child and/or his/her or their affiliated person on the other hand, and about the transactions with the participation of the Company where any of the aforementioned persons acted as a beneficiary, intermediary or representative, or holds 20 or more percent of the voting shares of the legal entity which is a party, beneficiary, intermediary or representative in any such transaction, or holds a position in a governing body of the legal entity which is a party, beneficiary, intermediary or representative in any such transaction, or holds a position in a governing body of the managing company of such legal entity.

The information about such transactions shall describe all participants of each such transaction, the time of its execution, completion, price and approval of such transaction by the Board of Directors or the General Meeting of Shareholders.

## **11. COMMITTEES OF THE BOARD OF DIRECTORS**

### **Article 35. Creation of the Committees of the Board of Directors**

1. To properly perform its functions, the Board of Directors shall create, from among its members, permanent committees. Such committees shall be responsible for the preliminary consideration of the most important matters and preparation of recommendations based on which the Board of Directors shall approve resolutions on such matters.

The Board of Directors shall create the following committees:

- audit committee;
- appointments and remunerations committee;
- strategic planning committee.

If necessary, the Board of Directors may resolve to create other permanent or *ad hoc* committees.

The committees shall consist of the members of the Board of Directors which have necessary experience and knowledge in the relevant area of operations.

Each committee shall have at least three members.

2. No committee shall have the right to act for an on behalf of the Board of Directors. No committee shall be a governing body of the Company.

3. The committees shall consist of the members of the Board of Directors which are not executive directors of the Company.

One member of the Board of Directors may be a member of not more than two committees.

4. The audit committee and the appointments and remunerations committee shall be headed by independent directors.

The Chairman of the committee shall be elected by the members of each committee from among them, and approved at the meeting of the Board of Directors.

5. The meeting of the committee may be attended by other members of the Board of Directors who are not members of the committee, the sole executive body of the Company, the members of the collective executive body of the Company, the members of the Audit Committee of the Company, the representatives of the Auditor of the Company, the head of the unit responsible for the performance of internal control functions, other officers and employees of the Company.

If necessary, the committee may enroll the services of experts which have the requisite professional knowledge.

6. The Board of Directors shall approve the internal regulations governing the procedures for the creation and operation of the committees.

## **12. EVALUATION OF THE OPERATION OF THE BOARD OF DIRECTORS**

### **Article 36. Evaluation of the Operation of the Board of Directors, Its Committees and Individual Members of the Board of Directors**

1. The operation of the Board of Directors shall be subject to annual evaluation of the Chairman of the Board of Directors.

2. The operation of each committee of the Board of Directors shall be subject to annual evaluation of the Chairman of the Board of Directors.

3. The results of the evaluation conducted in accordance with the provisions of paragraphs 1 and 2 of this Article shall be included into the annual report of the Company.

## **13. INFORMATION ABOUT THE BOARD OF DIRECTORS**

### **Article 37. Report of the Board of Directors**

The report of the Board of Directors shall be submitted to the Annual General Meeting of Shareholders. The form of the report of the Board of Directors shall be approved by the Board of Directors.