

**APPROVED**

by the General Shareholders Meeting  
of Open Joint Stock Oil and Gas  
Company Slavneft

29.06.2018

(Minutes of Meeting No.56

dated 02.07.2018)

# **CHARTER**

Public Joint Stock Oil and Gas Company Slavneft  
(restated)

Moscow  
2018

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## **1. GENERAL PROVISIONS**

- 1.1. Public Joint Stock Oil and Gas Company Slavneft (hereinafter referred to as the Company) was established in accordance with the legislation of the Russian Federation based on Resolution No.305 of the Russian Federation Government dated 08.04.1994, Order No.589-p of the Council of Ministers of the Republic of Belarus dated 15.06.1994 and the Deed of Incorporation dated 27.06.1994.
- 1.2. The Company is established without limitation of its existence.
- 1.3. The Company has the round seal with its full legal name and registered address. The Company is entitled to have its stamps and letterheads, its emblem and duly registered trademark as well as other means of visual identification.

## **2. LEGAL NAME AND REGISTERED ADDRESS OF THE COMPANY**

- 2.1. Full legal name of the Company.
  - 2.1.1. The full name shall be:
    - in Russian: Публичное акционерное общество «Нефтегазовая компания «Славнефть»;
    - in English: Public Joint Stock Oil and Gas Company Slavneft.
  - 2.1.2. The abbreviated name shall be:
    - in Russian: ПАО «НГК «Славнефть»;
    - in English: SLAVNEFT.
- 2.2. The Company's registered address shall be Moscow, the Russian Federation.

## **3. GOAL AND TYPE OF THE COMPANY'S BUSINESS**

- 3.1. The goal of the Company's business shall be to gain the profit.
- 3.2. The Company shall have the civil rights and obligations, which are necessary to perform any types of the business not prohibited by the legislation of the Russian Federation.
- 3.3. The Company engages in following types of the business:
  - 3.3.1. production of crude oil and petroleum (associated) gas;
  - 3.3.2. exploration, development and operation of oil and gas fields;
  - 3.3.3. crude oil and gas processing for further manufacturing of commercial petroleum products, petrochemicals and other process-related products (including crude oil and gas transportation, fabrication of consumer goods);
  - 3.3.4. sale of crude oil, gas, petroleum/ gas products;
  - 3.3.5. trading and agency activities, advertising activities;
  - 3.3.6. arrangement of fulfilling the orders on manufacturing of the products by Company's subsidiaries for public needs;
  - 3.3.7. target financing of scientific and research, design and engineering activities, upgrading, revamping and extension of facilities for production (manufacturing), processing, transportation of crude oil, gas, petroleum products and other types of products (services, works) of the Company's subsidiaries, and target financing of environmental actions;

- 3.3.8. study of the capital/ commodity/ services market environment;
- 3.3.9. consulting activity;
- 3.3.10. arrangement of auxiliary facilities for enhancing the production process, protection of the environment and health of Company's employees and workers;
- 3.3.11. protection of the Company's property, employees and workers;
- 3.3.12. guidance, coordination and control of the mobilization training and civil defense, protection of the information classified as state and business secret pursuant to the effective legislation of the Russian Federation;
- 3.3.13. other types of the business not prohibited by the legislation of the Russian Federation.
- 3.4. The Company performs the works related to use of the information classified as state secret, and carries out the actions and (or) renders the services on state secret protection based on a special permit (license), unless otherwise required by the legislation of the Russian Federation.
- 3.5. In cases provided for by the legislation of the Russian Federation, the Company may engage in some activities only on the basis of a special permit (license), membership in a self-regulatory organization or a certificate for performance of specific works issued by a self-regulatory organization

#### **4. CHARTER CAPITAL. SHARES. SHAREHOLDER RIGHTS**

- 4.1. Amount of the charter capital
  - 4.1.1. The charter capital of the Company amounts to 4,754,238 (four million seven hundred fifty-four thousand two hundred and thirty-eight) rubles.
  - 4.1.2. The charter capital of the Company is comprised of the par value of Company's shares acquired by shareholders.
- 4.2. Outstanding shares
  - 4.2.1. The charter capital of the Company is divided into 4,754,238,000 (four billion seven hundred fifty-four million two hundred and thirty-eight thousand) pieces of ordinary registered shares with the par value of 0.001 (zero point and 1/1,000) rubles each.
- 4.3. Authorized shares
  - 4.3.1. In addition to the outstanding shares, the Company is entitled to place ordinary registered non-documentary shares in the number of 5,000,000,000 (five billion) pieces with the par value of 0.001 (zero point and 1/1,000) rubles each (authorized shares), which shall carry the same rights as outstanding ordinary shares in the Company as provided for by this Charter.
- 4.4. Increase and reduction of the charter capital
  - 4.4.1. The charter capital of the Company may be increased by increasing the par value of its shares or by placing additional shares.
  - 4.4.2. The resolution to increase the Company's charter capital shall be adopted in accordance with the Federal Law "On Joint Stock Companies" and this Charter.

- 4.4.3. The charter capital of the Company may be reduced by decreasing the par value of its shares or reducing their total number, including by acquiring a portion of shares.
- 4.4.4. The charter capital of the Company shall be reduced under a resolution of the General Shareholders Meeting on the charter capital reduction by redemption of the shares, which are recorded on the Company's balance sheet, if these shares have not been sold within one year from the date of their acquisition.
- 4.5. Acquisition by the Company of outstanding shares
- 4.5.1. The Company shall acquire its outstanding shares:
- 1) under the resolution of the General Shareholders Meeting to reduce the charter capital by acquiring a portion of outstanding shares for decreasing their total number. The shares acquired by the Company thereunder shall be redeemed;
  - 2) at the request of shareholders in cases provided for by the Federal Law "On Joint Stock Companies";
  - 3) under the resolution of the Company's Board of Directors in the quantity, which shall not exceed 10 (ten) per cent of the total number of all outstanding shares in the Company. The Company is not entitled to adopt a resolution on share acquisition by the Company, if the par value of Company's outstanding shares makes less than 90 (ninety) per cent of the Company's charter capital.
- 4.5.2. The outstanding shares acquired by the Company are paid by monetary funds, items, stakes (shares) in the charter (pooled) capitals of other business partnerships and companies, public and local bonds, exclusive, other intellectual rights and rights under license agreements that have the monetary value.
- 4.6. Shareholders' rights
- 4.6.1. The holders of Company's ordinary shares shall have the following rights:
- 1) to participate in the meetings of shareholders in person or via authorized representatives and submit proposals for review in accordance with this Charter;
  - 2) to receive a portion of the Company's profit (dividends) to be distributed among shareholders in accordance with the category of shares and in proportion to the number of their shares;
  - 3) to sell their shares without the consent of other shareholders;
  - 4) to receive the information on all items included into the agenda of the General Shareholders Meeting, study the Minutes of the General Shareholders Meeting;
  - 5) to receive a portion of the Company's property in case of its liquidation in accordance with the category of shares and their number;
  - 6) to exercise other rights provided for by the legislation of the Russian Federation, Company's Charter and resolutions of the General Shareholders Meeting adopted within its competence.
- 4.6.2. The holders of ordinary shares, which the Company is entitled to place within the number of authorized shares, will have the following rights upon their placement:

- 1) to participate in the meetings of shareholders in person or via authorized representatives and submit proposals for review in accordance with this Charter;
  - 2) to receive a portion of the Company's profit (dividends) to be distributed among shareholders in accordance with the category of shares and in proportion to the number of their shares;
  - 3) to sell their shares without the consent of other shareholders;
  - 4) to receive the information on all items included into the agenda of the General Shareholders Meeting, study the Minutes of the General Shareholders Meeting;
  - 5) to receive a portion of the Company's property in case of its liquidation in accordance with the category of shares and their number;
  - 6) to exercise other rights provided for by the legislation of the Russian Federation, Company's Charter and resolutions of the General Shareholders Meeting adopted within its competence.
- 4.6.3. The Company's shareholder is not entitled to request the Company to acquire in full or partially the Company's shares held by the shareholder, to dispose otherwise the shares held by the shareholder in the capital except for the cases provided for by the legislation of the Russian Federation.
- 4.6.4. Each ordinary share ensures the similar scope of rights for the shareholder (its holder). Shareholders (holders of ordinary shares) may participate in the General Meeting of Company's Shareholders with a right to vote on all items within its competence. When making resolutions at the General Shareholders Meeting, one ordinary share ensures one vote (except for the case provided for by sub-clause 8.2.4, clause 8.2, Article 8 of this Charter).
- 4.6.5. Company's shareholders shall have the pre-emptive right to acquire Company's securities in cases provided for by the Federal Law "On Joint Stock Companies".
- 4.6.6. Shareholders (holders of Company's voting shares) are entitled to request the Company to redeem all shares or a portion of their shares in cases and pursuant to the procedure provided for by the Federal Law "On Joint Stock Companies".
- 4.6.7. Shareholders are entitled to dispute the resolution of the General Shareholders Meeting in cases and pursuant to the procedure provided for by the legislation of the Russian Federation. Shareholders or the Company have the right to request the indemnity for damages caused to the Company, declaration of the Company's transaction as invalid or enforcement of the invalidated transaction implications in cases and pursuant to the procedure provided for by the legislation of the Russian Federation.

The shareholder disputing the resolution of the General Shareholders Meeting, as well as the shareholder or member of the Company's Board of Directors requesting the indemnity for damages caused to the Company, or declaration of the Company's transaction as invalid, or enforcement of the invalidated transaction implications shall inform in advance other shareholders of the Company about his/ her intent to file a respective court claim by sending the written notification to the Company, which shall be received by the Company five days at least prior to the date of reference to the court.

Within three days from the date of receiving the confirmation on initiation of proceedings in the claim by the court, the Company shall post the notification

specified in the second paragraph of sub-clause 4.6.7 hereof on the Company's official web-site ([www.slavneft.ru](http://www.slavneft.ru)) in the Internet information and telecommunication network and disclose the information about initiation of proceedings in the referenced claim by the court pursuant to the procedure provided for by the Russian Federation legislation on securities for disclosure of the corporate action notice.

## **5. FUNDS OF THE COMPANY**

- 5.1. The Company shall create a reserve fund equal to 100 (one hundred) per cent of the Company's charter capital.
  - 5.1.1. The annual deductions for the Company reserve fund shall amount to 5 (five) per cent of its net profit. Such deductions shall be made until the reserve fund reaches the amount determined under the Charter.
  - 5.1.2. The Company reserve fund shall be used to cover its losses, redeem Company's bonds and buy out Company's shares, if other resources are not sufficient.
  - 5.1.3. The reserve fund shall not be used for other purposes.
- 5.2. The Company may create other funds under a resolution of the Company's Board of Directors. The composition, purpose, sources and use of each such fund shall be determined by the Company's Board of Directors.

## **6. DIVIDENDS**

- 6.1. Dividends shall be paid out of the Company's net profit determined in accordance with requirements of the effective legislation of the Russian Federation.
- 6.2. The Company is entitled to adopt resolutions on (declare) the payment of dividends on outstanding shares based on the results for the first quarter, six months, nine months of the reporting year and (or) based on the results of the reporting year in accordance with the effective legislation of the Russian Federation and this Charter. The resolution on dividend payment (declaration) is adopted by the General Meeting of Company's Shareholders.
- 6.3. Dividends shall be paid in the monetary form. Upon the resolution of the General Meeting of Company's Shareholders, the dividends may be paid in the non-monetary form that shall be determined by the General Meeting of Company's Shareholders based on the proposal of the Company's Board of Directors.
- 6.4. Any person failing to receive the declared dividends because the Company or the registrar lacks accurate and necessary address details or banking details or for reason of any other delay on the creditor's part may file a claim for payment of such dividends (unclaimed dividends) within five years following the dividend payment resolution. Upon expiry of the specified period, the declared and unclaimed dividends are reinstated as a portion of Company's retained earnings, and the Company is no more liable for their payment.

## **7. GOVERNING BODIES OF THE COMPANY**

- 7.1. The governing bodies of the Company are as follows:
  - the General Shareholders Meeting;

- the Board of Directors;
  - the General Director – sole executive body.
- 7.2. If a liquidation commission (liquidator) is appointed, it shall assume all duties related to management of the Company.

## **8. GENERAL SHAREHOLDERS MEETING**

- 8.1. The General Shareholders Meeting shall be the supreme governing body of the Company.
- 8.2. Competence of the General Shareholders Meeting

The following issues are within the competence of the General Shareholders Meeting; resolutions on these issues shall be adopted by the number of votes specified below:

No.	ISSUES WITHIN THE COMPETENCE OF THE GENERAL SHAREHOLDERS MEETING	NUMBER OF VOTES REQUIRED FOR ADOPTING A RESOLUTION ON THE ISSUE
Amendments to the Company's Charter		
8.2.1.	amendments and addenda to the Company's Charter and restatement of the Company's Charter, except for the cases provided for by the legislation of the Russian Federation	by the majority of three fourth of shareholders – owners of voting shares who participate in the General Shareholders Meeting (further – majority of three fourth votes), unless other procedure for making resolutions is provided for by the legislation of the Russian Federation
Issues related to Reorganization and liquidation of the Company		
8.2.2.	reorganization of the Company and other reorganization issues, including share placement in case of the reorganization (a resolution is adopted only upon the proposal of the Board of Directors)	pursuant to the Federal Law "On Joint Stock Companies"
8.2.3.	liquidation of the Company, appointment of the liquidation commission and approval of interim and final liquidation balance sheets	majority of three fourth votes
Issues related to establishment of the Company's governing and supervisory bodies		
8.2.4.	election of members in the Company's Board of Directors	nominees are deemed to be elected in the Company's Board of Directors, if they have

		received the highest number of votes in case of cumulative voting
8.2.5.	early termination of the powers granted to members of the Company's Board of Directors	simple majority of votes of the shareholders – owners of voting shares who participate in the meeting (further – simple majority of votes)
8.2.6.	delegation of the powers vested with the Company's sole executive body to a managing entity or a manager, approval of terms and conditions of a management contract to be made with the managing entity or manager (a resolution is adopted only upon the proposal of the Board of Directors)	simple majority of votes
8.2.7.	early termination of the powers granted to the managing entity or manager	simple majority of votes
8.2.8.	election of members in the Company's Audit Commission and early termination of their powers	simple majority of votes
8.2.9.	payment to members of the Company's Board of Directors of the remuneration amount and (or) reimbursement of the expenses associated with exercising the functions of the Board of Directors members	simple majority of votes
8.2.10.	payment to members of the Company's Audit Commission of the remuneration amount and (or) reimbursement of the expenses associated with performance of their duties	simple majority of votes
Financial and business activity of the Company		
8.2.11.	approval of the Company's auditor	simple majority of votes
8.2.12.	approval of Company's annual reports	simple majority of votes
8.2.13.	approval of the annual accounting (financial) statements	simple majority of votes
8.2.14.	distribution of the Company's profit and loss based on performance results of the reporting year	simple majority of votes
8.2.15.	payment (declaration) of dividends on Company's ordinary shares based on performance results of the first quarter, six months, nine months of the reporting year and based on performance results of the reporting year (a resolution is adopted only upon the proposal of the	simple majority of votes

	Board of Directors)	
8.2.16.	participation of the Company in financial and industrial groups, associations and other alliances of commercial organizations (a resolution is adopted only upon the proposal of the Board of Directors)	simple majority of votes
8.2.17.	initiation of audits of Company's financial and business operations by the Company's Audit Commission	simple majority of votes
Issues related to settlement of transactions		
8.2.18.	making of a resolution on approval to settle related-party transactions or on further approval of such transactions in cases provided for by the Federal Law "On Joint Stock Companies" (a resolution is adopted only upon the proposal of the Board of Directors)	majority of votes of all arm's length shareholders – owners of voting shares who participate in the meeting
8.2.19.	making of a resolution on approval to settle the major transaction or on further approval of such transaction, which subject is a property that price or book value exceeds 50 (fifty) per cent of the book value of Company's assets defined on the basis of the data in its accounting (financial) statements as of the last reporting date (a resolution is adopted only upon the proposal of the Board of Directors)	majority of three fourth votes
8.2.20.	making of a resolution on approval to settle the major transaction or on further approval of such transaction, which subject is a property that price or book value ranges from 25 (twenty-five) to 50 (fifty) per cent of the book value of Company's assets defined on the basis of the data in its accounting (financial) statements as of the last reporting date (a resolution is adopted only upon the proposal of the Board of Directors, provided that unanimity of the Board of Directors on approval of this transaction has not been reached)	simple majority of votes
Issues related to creation of the Company's charter capital		
8.2.21.	determination of the number, par value, category (type) of authorized shares and the rights attached to such shares	majority of three fourth votes
8.2.22.	increase in the Company's charter capital by way of public subscription for additional ordinary shares in the Company that exceed 25 (twenty-five) per cent of the Company's ordinary shares placed previously (a resolution is adopted only upon the proposal of the Board of Directors)	majority of three fourth votes

8.2.23.	increase in the Company's charter capital by increasing the share par value (a resolution is adopted only upon the proposal of the Board of Directors)	simple majority of votes
8.2.24.	increase in the Company's charter capital by way of private subscription for additional ordinary shares in the Company (a resolution is adopted only upon the proposal of the Board of Directors)	majority of three fourth votes
8.2.25.	public subscription for issuable securities convertible into ordinary shares in the Company that exceed 25 (twenty-five) per cent of the Company's ordinary shares placed previously	majority of three fourth votes
8.2.26.	private subscription for bonds and other issuable securities convertible into shares	majority of three fourth votes
8.2.27.	reduction in the Company's charter capital by decreasing the share par value (a resolution is adopted only upon the proposal of the Board of Directors)	majority of three fourth votes
8.2.28.	reduction in the Company's charter capital by redemption of the shares acquired or repurchased by the Company (shares at Company's disposal)	simple majority of votes
8.2.29.	reduction in the Company's charter capital by acquiring a portion of shares by the Company for the decrease of their total number	majority of three fourth votes
8.2.30.	acquisition of outstanding shares by the Company in cases provided for by the Federal Law "On Joint Stock Companies"	majority of three fourth votes
8.2.31.	split and consolidation of shares (a resolution is adopted only upon the proposal of the Board of Directors)	simple majority of votes
Other issues within the competence of the General Shareholders Meeting		
8.2.32.	approval of in-house documents regulating the activity of Company's bodies:  (i) Regulations on the Company's General Shareholders Meeting; (ii) Regulations on the Company's Board of Directors; (iii) Regulations on the Company's Sole Executive Body; (iv) Regulations on the Company's Audit Commission (a resolution is adopted only upon the proposal of the Board of Directors)	simple majority of votes

8.2.33.	submission of an application to the Bank of Russia seeking to have the Company released from its obligation to disclose or provide any information contemplated by securities laws of the Russian Federation	majority of 95 (ninety-five) per cent of votes of all shareholders – owners of Company's shares
8.2.34.	determination of the reimbursement payable to individuals and bodies initiating the Extraordinary General Shareholders Meeting for the expenses associated with preparation and holding of this Meeting at Company's cost in cases provided for by the effective legislation of the Russian Federation	simple majority of votes
8.2.35.	establishment of the procedure for holding the General Shareholders Meeting	simple majority of votes
8.2.36.	submission of an application to delist Company's ordinary shares and (or) Company's issuable securities convertible into Company's shares	majority of 95 (ninety-five) per cent of votes of all shareholders – owners of Company's shares
8.2.37.	other issues falling within the competence of the General Shareholders Meeting pursuant to the legislation	pursuant to the Federal Law "On Joint Stock Companies"

### 8.3. Holding of the General Shareholders Meeting

- 8.3.1. The Annual General Shareholders Meeting shall be convened not earlier than two months and not later than six months upon the end of the reporting year. Meetings other than the Annual General Shareholders Meetings are called extraordinary ones.
- 8.3.2. The General Shareholders Meeting when convened in the form of a physical meeting (joint presence of shareholders to discuss any issues on the agenda and adopt resolutions on the issues put to vote) shall be held in Moscow.
- 8.3.3. The list of persons authorized to participate in the General Shareholders Meeting shall be prepared in accordance with provisions of the Russian Federation legislation on securities as related to making a list of persons exercising their rights with securities. The date, as of which the persons authorized to participate in the General Shareholders Meeting are identified (recorded) shall be set in accordance with the Federal Law "On Joint Stock Companies".
- 8.3.4. The General Shareholders Meeting shall be presided by the Chairman of the Company's Board of Directors, or if he/ she is not present, by one of the Board of Directors members upon the resolution of the Board of Directors, or by the General Director, or by other person appointed in accordance with the resolution of the Board of Directors or General Shareholders Meeting.
- 8.3.5. The procedure for preparing and holding the General Meeting of Company's Shareholders shall be established by the effective legislation of the Russian Federation, this Charter and the Regulations on the General Meeting of Company's Shareholders.

#### 8.4. Adoption of resolutions by the General Shareholders Meeting

- 8.4.1. The General Shareholders Meeting shall consider and adopt resolutions on the issues falling within its competence in accordance with clause 8.2, Article 8 of the Company's Charter.
- 8.4.2. Resolutions of the General Shareholders Meeting shall be adopted only upon the proposal of the Board of Directors in cases provided for by the legislation of the Russian Federation and this Charter.
- 8.4.3. If the agenda of the General Shareholders Meeting includes the issues on early termination of the powers granted to members of the Board of Directors and on election of the Board of Directors, then if the resolution on early termination of the powers is not adopted, the results of voting on the Board new composition shall not be determined.
- 8.4.4. No resolution of the General Shareholders Meeting on the agenda issue shall be deemed to have been adopted and may be declared, until the results of voting on all agenda issues are summarized.

#### 8.5. Announcement of the General Shareholders Meeting

- 8.5.1. The notice on holding the General Meeting of Company's Shareholders shall be posted on the Company's official web-site ([www.slavneft.ru](http://www.slavneft.ru)) in the Internet information and telecommunication network at least 20 (twenty) days (if the agenda includes the issue on Company's reorganization, at least 30 (thirty) days) prior to the date of such meeting.
- 8.5.2. The Company is entitled to notify its shareholders of holding the General Shareholders Meeting by any means other than those specified in this Charter.
- 8.5.3. In cases provided for by paragraph 2, clause 1, Article 52 of the Federal Law "On Joint Stock Companies", the notice on holding the Extraordinary General Shareholders Meeting shall be published at least 50 (fifty) days prior to the date of such meeting.

#### 8.6. Proposals of issues for the agenda of the General Shareholders Meeting and proposals of nominating candidates to governing and supervisory bodies of the Company

- 8.6.1. The shareholders (shareholder) holding, in the aggregate, at least 2 (two) per cent of Company's voting shares shall have the right to propose issues for the agenda of the Annual General Shareholders Meeting and to propose nominees to the Company's Board of Directors and Audit Commission, provided that the number of such nominees does not exceed the total number of members in the relevant body.

Proposals to the agenda of the Annual General Shareholders Meeting and proposals on nominees to the Company's Board of Directors and Audit Commission (Auditors) shall be received by the Company within 60 (sixty) days after the end of the fiscal year.

If the proposed agenda of the Extraordinary General Shareholders Meeting includes the issue on election of members in the Company's Board of Directors, proposals on nominees shall be received by the Company at least 30 (thirty) days prior to the date of the Extraordinary General Shareholders Meeting.

- 8.6.2. Requirements to proposals on including any issues into the agenda of the General Shareholders Meeting or proposals on nomination of candidates to the Company's Board of Directors and Audit Commission are determined by the

effective legislation of the Russian Federation, this Charter and the Regulations on the General Meeting of Company's Shareholders.

8.6.3. The Company's Board of Directors shall consider the submitted proposals and resolve to include or not to include them into the agenda of the General Shareholders Meeting within 5 (five) days upon expiry of the timeline set forth by sub-clause 8.6.1, clause 8.6, Article 8 hereof.

8.6.4. The issue proposed by the shareholders (shareholder) shall be included into the agenda of the General Shareholders Meeting, and nominees shall be included into the list of candidates for election to the relevant body of the Company, except for the cases provided for by the legislation of the Russian Federation.

#### 8.7. Quorum at the General Shareholders Meeting

8.7.1. The General Shareholders Meeting shall be legitimate (shall have a quorum), if it is attended by the shareholders holding, in the aggregate, more than half of the votes attached to Company's outstanding voting shares.

The adjourned General Shareholders Meeting shall be legitimate (shall have a quorum), if it is attended by the shareholders holding, in the aggregate, at least 30 (thirty) per cent of the votes attached to Company's outstanding voting shares.

8.7.2. The following shareholders shall be deemed to have participated in the General Shareholders Meeting held in the form of a physical meeting:

- shareholders registered for participation therein;
- shareholders whose voting ballots have been received at least 2 (two) days prior to the date of such meeting.

8.7.3. If the General Shareholders Meeting is held in the form of absentee voting, the shareholders, whose voting ballots have been received by the Company prior to the last date for acceptance of voting ballots, shall be deemed to have participated in such meeting.

#### 8.8. Voting ballots

8.8.1. Voting on issues in the agenda of the General Shareholders Meeting shall be performed by voting ballots. A voting ballot shall be sent by registered mail or delivered against signature to each person recorded in the register of Company's shareholders and entitled to participate in the General Shareholders Meeting at least 20 (twenty) days prior to such meeting.

8.8.2. A ballot for voting at the General Meeting of Company's Shareholders shall comply with requirements set forth by the effective legislation of the Russian Federation and the Regulations on the General Meeting of Company's Shareholders. The voting ballot may include some additional information as determined by the Board of Directors when approving the form and text of such voting ballot.

8.8.3. If the General Shareholders Meeting is held in the form of a physical meeting, the persons included into the list of persons entitled to participate in the General Shareholders Meeting may participate in such meeting in person or send their filled-in ballots to the Company's registered address or to the address (addresses) specified in such ballots.

8.8.4. When determining the presence of a quorum and the results of voting at the General Shareholders Meeting held in the form of a physical meeting, the votes

to be counted shall be the votes represented by voting ballots, which have been received by the Company at least 2 (two) days prior to such meeting, and the votes cast during the General Shareholders Meeting.

8.8.5. When voting at the General Meeting of Company's Shareholders by ballots, votes on only those issues, for which the voting person has selected only one of the possible voting options, shall be counted, except for the cases provided for by the effective legislation of the Russian Federation. Voting ballots filled in breach of the specified requirement shall be declared as invalid, and votes on issues included therein shall not be counted.

8.8.6. If the voting ballot contains several issues put to vote, failure to comply with the aforesaid requirements in respect to one or more issues shall not result in invalidation of the voting ballot as a whole.

8.8.7. If the voting ballots are received by the Company after the last date for acceptance of voting ballots, the shareholders that submitted such voting ballots shall be considered as not participated in the voting, and their votes on the issues included therein shall not be counted.

**8.9. Minutes of the General Meeting of Company's Shareholders:**

8.9.1. The Minutes of the General Meeting of Company's Shareholders shall be prepared pursuant to the procedure and within the timeline set forth by the effective legislation of the Russian Federation.

8.9.2. The Minutes of the General Meeting of Company's Shareholders shall be signed by the Chairman and Secretary of the General Shareholders Meeting.

## **9. COMPANY'S BOARD OF DIRECTORS**

9.1. The Company's Board of Directors shall be responsible for strategic management of Company operations on behalf of all Company's shareholders.

**9.2. Competence of the Board of Directors**

The following issues are within the competence of the Board of Directors; resolutions on these issues shall be adopted by the number of votes specified below:

No.	ISSUES WITHIN THE COMPETENCE OF THE BOARD OF DIRECTORS	NUMBER OF VOTES REQUIRED FOR ADOPTING A RESOLUTION ON THE ISSUE
1.	Issues related to the financial and business activity of the Company	
9.2.1.	determine the priority types of Company's business	at least 7 (seven) members of the Board of Directors who participate in the meeting of the Board of Directors (absentee voting) (further – qualified majority)

9.2.2.	approve the Company's long-term development program	qualified majority
9.2.3.	consider and approve major investment projects of the Company (a list of interrelated development projects and different actions, which have a common goal and are characterized by a significant scope of investments, uncertainty and complexity of their implementation, if, in the aggregate, such projects have the following main properties: 1) the scope of investments exceeds 15,000,000,000 (fifteen billion) rubles; 2) the level of implementation complexity is high, the criterion for such opinion may be the high uncertainty of project implementation , i.e. the combination of factors related to the project implementation complexity, process risks, potential hazards for industrial, occupational and environmental safety, reserves exploration immaturity, or peculiarities of the formation structure)	qualified majority
9.2.4.	consider and approve the Company's business plan, including the investment program, amendments and addenda thereto	qualified majority
9.2.5.	consider the quarterly management reporting	qualified majority
9.2.6.	consider and approve the Company's performance contract (a program of Company's operations for a fiscal year, including the indicators, which define the results of Company's financial and business operations, occupational/ industrial and environmental safety indicators, key milestones and key performance indicators (KPI) related to implementation of Company's major projects, and the degree of each indicator impact on the final assessment of performance contract implementation by the Company), amendments and addenda thereto, and report on this contract performance based on the year results	qualified majority
9.2.7.	provide recommendations on the amounts of remuneration and compensation payable to members of the Company's Audit Commission	qualified majority
9.2.8.	approve an excess of the Company's total debt amount as of the year end related to loans, credits and financial leasing agreements set forth in the approved business plan of the Company, except for the case when such excess is caused by the variance of actual macroeconomic parameters from the values of such parameters in the Company's business plan	qualified majority
9.2.9.	approve preliminarily the Company's annual report	qualified majority

9.2.10.	provide recommendations on the amount of dividends on Company's shares and on the procedure for their payment	qualified majority
9.2.11.	approve the nominee to the Company's auditor and define the fee amount payable to him/ her	qualified majority
9.2.12.	define the list and amount of funds to be created in the Company	qualified majority
9.2.13.	adopt a resolution on application of Company's reserve fund and other funds	qualified majority
9.2.14.	adopt resolutions on establishment and liquidation of Company's branches, establishment and liquidation of Company's representative offices, approve the Regulations on Branches and Representative Offices and amendments thereto	qualified majority
9.2.15.	adopt resolutions on audit of the Company's financial and business operations by the Audit Commission, consider findings of such audit carried out upon the resolution of the Board of Directors, and adopt resolutions based on these findings (if required)	qualified majority
9.2.16.	define the property price (monetary value) in cases provided for by the Federal Law "On Joint Stock Companies" (except for the cases set forth in sub-clause 9.2.35, clause 9.2, Article 9 hereof)	qualified majority
9.2.17.	approve the Company's registrar and terms and conditions of the contract with the registrar for keeping the register of holders of registered securities, as well as amendments and termination of the contract with the registrar	qualified majority
9.2.18.	adopt resolutions on Company's participation, change of the participation stake and termination of Company's participation in other entities (except for the entities specified in sub-clause 8.2.16, clause 8.2, Article 8 hereof), including acquisition/ disposal by the Company of shares (stakes) in the charter capital of other entities	qualified majority
9.2.19.	adopt a resolution on Company's participation in bids and auctions for new subsoil areas	qualified majority
9.2.20.	adopt a resolution on approval of the list of counterparties, to which the Company sells, entrusts in safe custody or hands over for processing own products (produced hydrocarbons), and on approval of the key terms and prices of transactions with them	qualified majority
9.2.21.	adopt a resolution on delivery, re-issuance and disposal	qualified majority

	of Company's licenses for subsoil areas	
Issues related to establishment of Company's executive bodies		
9.2.22.	appoint the Company's General Director, adopt a resolution on early termination of the powers granted to the Company's General Director and on early termination of the contract with him, bring the General Director to disciplinary responsibility and financial liability	qualified majority
9.2.23.	approve terms and conditions of the contract with the Company's General Director, approve amendments and addenda thereto, approve the agreement on early termination of the specified contract	qualified majority
9.2.24.	determine the person (persons) authorized to sign the contract with the General Director, addenda thereto and the agreement on early termination of the contract on behalf of the Company	qualified majority
9.2.25.	determine an officer of the Company performing duties of the Company's sole executive body, if the General Director is not capable to perform his/ her duties for a lengthy or indefinite period, including in case of voluntary resignation and early termination for other reasons; determine the period, for which an officer performing duties of the Company's sole executive body is appointed	qualified majority
9.2.26.	give consent to concurrent employment of the General Director and to holding of positions in the governing bodies of other entities by the General Director	qualified majority
9.2.27.	suspend powers of a managing entity or a manager; establish a temporary sole executive body	majority of three fourth votes of the Board of Directors members, herewith the votes of exiting members of the Board of Directors are not counted
9.2.28.	consider and approve the system of remunerations payable to the General Director, his/ her deputies, other managing officers, who directly reports to the General Director (further – Top-Managers), annual key performance indicators of the specified officers, as well as reports on achievement of these indicators	qualified majority
9.2.29.	determine amounts of annual bonuses (premiums) and other payments due to the Top-Managers	qualified majority
Issues related to preparation and holding of the General Shareholders Meeting		

9.2.30.	convene the General Shareholders Meeting and adopt resolutions on other issues related to preparation and holding of the General Shareholders Meeting	qualified majority
9.2.31.	submit for consideration of the General Shareholders Meeting the issues, resolutions on which shall be adopted only upon the proposal of the Company's Board of Directors pursuant to this Charter	qualified majority
9.2.32.	approve the report on related-party transactions made by the Company in the reporting year, approve reports on major transactions	qualified majority
Issues related to settlement of Company's transactions		
9.2.33.	make a resolution on approval to settle the major transaction or on further approval of such transaction, which subject is a property that price or book value ranges from 25 (twenty-five) to 50 (fifty) per cent of the book value of Company's assets defined on the basis of the data in its accounting (financial) statements as of the last reporting date	unanimously by all members of the Board of Directors, herewith the votes of exiting members of the Board of Directors are not counted
9.2.34.	make a resolution on approval to settle the related-party transaction or on further approval of such transaction in cases provided for by the Federal Law "On Joint Stock Companies"	pursuant to the Federal Law "On Joint Stock Companies"
9.2.35.	determine the price (monetary value) of the property or services disposed or acquired within the related-party transaction	pursuant to the Federal Law "On Joint Stock Companies"
9.2.36.	approve the transactions (including amendment or early termination of the transactions) on transfer of the Company's property for free use or trust management, grant/ donation transactions, transactions related to charity, or other transactions related to transfer of the Company's property without compensation (regardless of their amount). Transactions approved as major or related-party ones by the Company's governing bodies are not required to be approved pursuant to this sub-clause.	qualified majority
9.2.37.	approve the following transactions of the Company (including amendment or early termination of the transaction (or several related transactions)) (regardless of the transaction amount): <ul style="list-style-type: none"> <li>– transactions with shares (bonds convertible into shares), the issuer of which is the Company, except for the transactions subject to approval in accordance with sub-clause 8.2.30 hereof;</li> <li>– transactions with shares (bonds convertible into shares) and stakes of other business entities;</li> </ul>	qualified majority

	<p>– transactions with the real estate, except for lease contracts.</p> <p>Transactions approved as major or related-party ones by the Company's governing bodies are not required to be approved pursuant to this sub-clause.</p>	
9.2.38.	<p>approve one transaction or several related transactions aimed at funds raising by the Company from any third party, including financing against assignment of accounts receivable (factoring), which amount exceeds an equivalent of 150,000,000 (one hundred and fifty million) US dollars at the rate of the Bank of Russia as of the date of resolution, except for the cases specified in sub-clause 9.2.39, clause 9.2, Article 9 hereof.</p> <p>Transactions approved as major or related-party ones by the Company's governing bodies are not required to be approved pursuant to this sub-clause.</p>	qualified majority
9.2.39.	<p>approve the funds raising by the Company in the form of bill issue</p>	qualified majority
9.2.40.	<p>approve the nominees to appraisers and persons engaged for rendering consulting and legal services to the Company, terms and conditions of contracts with them, if the services fee exceeds 25,000,000 (twenty-five million) rubles</p>	qualified majority
9.2.41.	<p>approve one transaction or several related transactions (except for the transactions subject to approval in accordance with sub-clauses 9.2.36 – 9.2.39, clause 9.2, Article 9 hereof), if the transaction price or book value of the property being the subject of such transaction exceeds the amount equivalent to 25,000,000 (twenty-five million) US dollars at the rate of the Bank of Russia as of the date of resolution.</p> <p>Transactions approved as major or related-party ones by the Company's governing bodies are not required to be approved pursuant to this sub-clause.</p>	qualified majority
Issues related to placement and repurchase of Company's issuable securities		
9.2.42.	<p>increase the Company's charter capital by way of public subscription for additional ordinary shares in the Company that amount to 25 (twenty-five) per cent and less of the Company's ordinary shares placed previously</p>	unanimously by all members of the Board of Directors, herewith the votes of exiting members of the Board of Directors are not counted
9.2.43.	<p>public subscription for issuable securities convertible into ordinary shares in the Company that amount to 25 (twenty-five) per cent and less of the Company's</p>	unanimously by all members of the Board of Directors, herewith the

	ordinary shares placed previously	votes of exiting members of the Board of Directors are not counted
9.2.44.	approve the program of bonds, program of exchange-trade bonds, approve the resolution on issue (additional issue) of securities, listing prospectus, amendments thereto	qualified majority
9.2.45.	place the bonds, including the exchange-trade bonds, other issuable securities of the Company, except for issuable securities convertible into Company's shares	qualified majority
9.2.46.	determine the offering price or a procedure for such price determination, as well as determine the buyout price for issuable securities in cases provided for by the Federal Law "On Joint Stock Companies"	qualified majority
9.2.47.	acquire shares placed by the Company in the number not exceeding 10 (ten) per cent of the total number of all outstanding shares in the Company	qualified majority
9.2.48.	acquire bonds and other securities (except for the shares) placed by the Company in cases provided for by the effective legislation of the Russian Federation	qualified majority
9.2.49.	sell any shares acquired by the Company in cases provided for by the effective legislation of the Russian Federation	qualified majority
9.2.50.	approve the report on results of shares acquisition for their redemption and the report on results of shares redemption	qualified majority
9.2.51.	approve the report on shareholders' claims for redemption of their shares	qualified majority
Approval of Company's in-house documents and corporate regulations		
9.2.52.	approve the Company's dividend policy, amendments and addenda thereto	qualified majority
9.2.53.	approve the Regulations on Company's funds, amendments and addenda thereto	qualified majority
9.2.54.	approve the Regulations on committees of the Company's Board of Directors, amendments and addenda thereto	qualified majority
9.2.55.	approve the corporate regulations and amendments thereto, which determine the Company's policy in the following areas: – information disclosure;	qualified majority

	<ul style="list-style-type: none"> <li>– internal control and risk management system;</li> <li>– remunerations payable to members of the Company's Board of Directors, the General Director and other key officers of the Company;</li> <li>– internal audit;</li> <li>– anti-corruption policy.</li> </ul>	
9.2.56.	approve the Regulations on the Company's performance contract, amendments and addenda thereto	qualified majority
9.2.57.	approve the corporate governance code of the Company, amendments and addenda thereto	qualified majority
Other issues		
9.2.58.	<p>determine preliminarily the Company's position for adopting a resolution on the following transactions/actions of Company's subsidiaries at the General Meetings of Subsidiaries' Shareholders (Participants):</p> <ul style="list-style-type: none"> <li>a) reorganization of the Subsidiary;</li> <li>b) liquidation of the Subsidiary;</li> <li>c) settlement of a transaction (several related transactions) by the Subsidiary (except for the transactions specified in sub-clauses d), f), h), i), g), k) hereof in this Charter), if the price of the transaction (related transactions) or the book value of the property being the subject of such transaction exceeds an amount equivalent to 25,000,000 (twenty-five million) US dollars at the rate of the Bank of Russia as of the date of resolution;</li> <li>d) approval of any funds raising by the Subsidiary from any third party, including financing against assignment of accounts receivable (factoring), by making one transaction or several related transactions for the amount: <ul style="list-style-type: none"> <li>– that exceeds an equivalent of 75,000,000 (seventy-five million) US dollars at the rate of the Bank of Russia as of the date of resolution as related to Open Joint Stock Company Slavneft-Megionneftegaz (Public Joint Stock Company Slavneft-Megionneftegaz), Open Joint Stock Company Obneftegazgeologia (Public Joint Stock Company Obneftegazgeologia), Limited Liability Company Slavneft-Nizhnevartovsk, Open Joint Stock Company Slavneft-Yaroslavnefteorgsintez (Public Joint Stock Company Slavneft-</li> </ul> </li> </ul>	qualified majority

	<p>Yaroslavnefteorgsintez);</p> <ul style="list-style-type: none"> <li>- that exceeds an equivalent of 25,000,000 (twenty-five million) US dollars at the rate of the Bank of Russia as of the date of resolution as related to other Subsidiaries;</li> </ul> <p>e) recommendations on the amounts of dividends payable to the Subsidiaries;</p> <p>f) filing of a bankruptcy petition by the Subsidiary;</p> <p>g) acquisition (disposal) by the Subsidiary of shares (stakes) in the charter capital of other entities;</p> <p>h) consideration and approval of Subsidiaries' major investment projects (interrelated development projects and different actions, which have a common goal and are characterized by a significant scope of investments, uncertainty and complexity of their implementation, if, in the aggregate, such projects have the following main properties: 1) the scope of investments exceeds 15,000,000,000 (fifteen billion) rubles for all Subsidiaries except for Open Joint Stock Company Slavneft-Yaroslavnefteorgsintez (Public Joint Stock Company Slavneft-Yaroslavnefteorgsintez), the scope of investments exceeds 1,500,000,000 (one billion five hundred million) rubles for Open Joint Stock Company Slavneft-Yaroslavnefteorgsintez (Public Joint Stock Company Slavneft-Yaroslavnefteorgsintez); 2) the level of implementation complexity is high, the criterion for such opinion may be the high uncertainty of project implementation, i.e. the combination of factors related to the project implementation complexity, process risks, potential hazards for industrial, occupational and environmental safety, reserves exploration immaturity, or peculiarities of the formation structure);</p> <p>i) approval of any transactions with the real estate of the Subsidiary, regardless of the transaction price or property cost, except for lease contracts;</p> <p>j) approval of transactions related to encumbrance over the Subsidiary's property and/ or possible disposal of the Subsidiary's property (property pledge, surety or guarantee, settlement of options or option agreements related to the Subsidiary's property);</p> <p>k) approval of transactions on transfer of the</p>	
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	<p>Subsidiary's property for free use or trust management;</p> <p>l) approval of grant/ donation transactions, transactions related to Subsidiary's charity;</p> <p>m) amendments to the Subsidiary's Charter or approval of the Charter restatement;</p> <p>n) change in the amount of the Subsidiary's charter capital.</p>	
9.2.59.	<p>approve the following actions related to Company's disputes with federal or regional legislative or executive authorities of the Russian Federation or local self-governing authorities for the amount exceeding 20,000,000 (twenty million) rubles, as well as disputes between the Company and affiliates of its shareholders (including members of the Board of Directors and the sole executive body) regardless of the amount:</p> <p>a) file a claim or an application to the court;</p> <p>b) make amendments to the claims;</p> <p>c) abandon the claim or acknowledge the claim (in full or partially);</p> <p>d) make the voluntary settlement or the agreement on actual fact;</p> <p>e) submit a dispute to the court of arbitration;</p> <p>f) make the agreement of jurisdiction change.</p>	qualified majority
9.2.60.	approve the draft corporate style and amendments thereto.	qualified majority
9.2.61.	adopt the resolution on insurance by the Company of the liability related to members of the Board of Directors, Company's General Director	qualified majority
9.2.62.	approve and amend the Company's organization chart, payroll plan as related to the Top-Managers	qualified majority
9.2.63.	establish and liquidate committees of the Company's Board of Directors, elect members of the Board of Directors committees, terminate their powers, elect chairmen of the committees and terminate their powers	qualified majority
9.2.64.	adopt the resolution on application for a listing of Company's shares and (or) Company's issuable securities convertible into Company's shares	qualified majority
9.2.65.	appoint the secretary of the Company's Board of Directors	qualified majority
9.2.66.	other issues falling within the competence of the Board of Directors pursuant to the effective legislation of the Russian Federation and this Charter	pursuant to the legislation and this Charter

9.2.67. The issues falling within the competence of the Company's Board of Directors may not be delegated to Company's executive bodies for adopting resolutions thereon.

9.2.68. The Board of Directors is entitled to accept for consideration any issue related to the Company's business, except for the issues falling within the competence of the General Shareholders Meeting. Any issues related to development and implementation of defense actions on mobilization training, civil defense, emergency situations and protection of the information classified as state secret shall not be considered at the meeting of the Company's Board of Directors.

### 9.3. Election of the Board of Directors

9.3.1. Members of the Company's Board of Directors shall be elected by the General Shareholders Meeting for the period until the next annual General Shareholders Meeting.

9.3.2. If the annual General Shareholders Meeting is not conducted within the term specified in this Charter, powers of the Board of Directors shall terminate, except for the powers to prepare, convene and conduct the annual General Shareholders Meeting.

9.3.3. A member of the Company's Board of Directors need not be the Company's shareholder. Only individuals may be members of the Company's Board of Directors.

9.3.4. The total number of members in the Company's Board of Directors is 10 (ten) persons. Members of the Company's Board of Directors shall be elected by cumulative voting in line with the procedure set forth in the Federal Law "On Joint Stock Companies".

9.3.5. In accordance with the resolution of the Company's General Shareholders Meeting, the Company may terminate powers of the Company's Board of Directors in respect of all Directors only.

9.3.6. Persons elected to the Company's Board of Directors may be re-elected an unlimited number of times.

9.3.7. If the number of members in the Company's Board of Directors becomes less than the number that constitutes a quorum for conducting the Board of Directors meeting as determined in this Charter, the Company's Board of Directors shall resolve to conduct the extraordinary General Shareholders Meeting aimed at election of new members to the Company's Board of Directors. The remaining members of the Company's Board of Directors may only resolve to convene such an extraordinary General Shareholders Meeting.

### 9.4. Chairman of the Board of Directors

9.4.1. Members of the Company's Board of Directors shall elect the Chairman of the Company's Board of Directors by the majority of votes equal to 7 (seven) votes at least of members of the Company's Board of Directors.

9.4.2. The Company's Board of Directors shall have the right to re-elect its Chairman at any time by the majority of votes of all members of the Board of Directors; herewith votes of the exiting members of the Board of Directors shall not be counted.

- 9.4.3. The Chairman of the Company's Board of Directors shall arrange the Board work, convene the meetings of the Company's Board of Directors and preside thereat, arrange for keeping the minutes at these meetings, preside at the General Meeting of Company's Shareholders, arrange interaction between the Board of Directors and other governing and supervisory bodies of the Company, exercise other powers prescribed by Company's in-house documents.
- 9.4.4. If the Chairman of the Board of Directors is not present, his/ her duties shall be performed by one of the Board of Directors members upon the resolution of the Board of Directors.
- 9.4.5. The Chairman of the Board of Directors shall not have the casting vote when the Company's Board of Directors adopts resolutions.
- 9.5. Meeting of the Board of Directors
- 9.5.1. The meeting of the Company's Board of Directors shall be convened by the Chairman of the Company's Board of Directors at his/ her initiative or at the request of the Board of Directors member, General Director, Audit Commission or Auditor of the Company. The procedure for convening and conducting any meetings of the Company's Board of Directors shall be determined by this Charter and the Regulations on the Company's Board of Directors.
- 9.5.2. At least 7 (seven) members elected to the Company's Board of Directors shall constitute a quorum for a meeting (absentee voting) of the Board of Directors.
- 9.5.3. When determining the quorum presence and results of voting on the agenda items in the manner prescribed by the Regulations on the Company's Board of Directors, a written opinion of any member of the Company's Board of Directors absent from such meeting shall be counted, except for any issues subject to other resolution-adopting requirements as set forth by the Federal Law "On Joint Stock Companies" or this Charter.
- 9.5.4. At the meetings of the Board of Directors, resolutions shall be adopted, if at least 7 (seven) members of the Board of Directors participated in the voting (absentee voting) and (or) expressed their opinion in writing have voted for these resolutions, unless otherwise provided for by the Federal Law "On Joint Stock Companies".
- 9.5.5. When resolving on issues at the meeting of the Company's Board of Directors, each member of the Company's Board of Directors shall have one vote. No member of the Board of Directors shall be allowed to delegate his/ her voting right to another person, including another member of the Company's Board of Directors.
- 9.5.6. If video communications devices, which ensure the visual and voice identification of the Board of Directors members, are used at the meeting of the Board of Directors, such meeting is deemed to be the physical meeting.
- 9.5.7. The meeting of the Board of Directors may be conducted by way of absentee voting. If the Board of Directors meeting is held in the form of absentee voting, the Board of Directors members, who have submitted the filled-in absentee voting ballots prior to the last date for acceptance of voting ballots, shall be deemed to have participated in such meeting. The resolution of the Board of Directors is considered to have been adopted by way of absentee voting, only in case of no "against" votes.

- 9.5.8. If resolutions on items specified in sub-clauses 9.2.2 - 9.2.6, 9.2.8, 9.2.10, 9.2.11, 9.2.19 – 9.2.21, 9.2.28, 9.2.36-9.2.41, 9.2.58– 9.2.60, 9.2.62, clause 9.2, Article 9 of this Charter have not been adopted by way of absentee voting, they may be re-submitted for consideration only at the physical meeting of the Company's Board of Directors.
- 9.5.9. The procedure for convening and conducting the Board of Directors meetings, adopting resolutions by the Board of Directors is prescribed by the Regulations on the Company's Board of Directors.
- 9.5.10. Minutes at the meetings of the Board of Directors shall be kept in the manner prescribed by the Regulations on the Company's Board of Directors and shall be prepared within 3 (three) days after the date of such meetings. Minutes of the Board of Directors meetings shall be signed by the person presided at the meeting, who is responsible for accuracy of these Minutes.
- 9.5.11. The secretary of the Board of Directors shall arrange for conducting the meetings of the Board of Directors and keeping the respective minutes pursuant to the procedure set forth by the Regulations on the Board of Directors.
- 9.6. Committees of the Board of Directors
- Committees of the Board of Directors may be established upon the resolution of the Board of Directors; the procedure for their establishment and operation is prescribed by the Regulations on the Company's Board of Directors, Regulations on Committees of the Company's Board of Directors.

## **10. EXECUTIVE BODIES OF THE COMPANY**

- 10.1. The sole executive body, that is the General Director, manages current operations of the Company.
- 10.2. The General Director shall report to the General Shareholders Meeting and to the Company's Board of Directors.
- 10.3. General Director of the Company
- 10.3.1. The General Director of the Company shall exercise powers of the sole executive body, act on the basis of this Charter and on the basis of the Regulations on the General Director of the Company approved by the General Shareholders Meeting.
- 10.3.2. Except for the issues falling within the competence of the General Shareholders Meeting and Company's Board of Directors, all other issues related to management of Company's current operations shall be within the competence of the Company's General Director:

No.	ISSUES WITHIN THE COMPETENCE OF THE GENERAL DIRECTOR
10.3.2.1.	current management of the Company operations in accordance with resolutions of the General Shareholders Meeting and Company's Board of Directors
10.3.2.2.	duties distribution between Deputy General Directors
10.3.2.3.	disposal of the Company property, settlement of transactions on behalf of the Company considering restrictions set forth by the legislation and this

	Charter
10.3.2.4.	making of contracts for opening and maintenance of Company's settlement and other accounts with banks
10.3.2.5.	<p>settlement of a transaction or several related transactions (except for the transactions specified in sub-clauses 9.2.18, 9.2.36, 9.2.37 and 9.2.38, clause 9.2, Article 9 hereof and transactions aimed at funds raising by the Company from any third party, provided that other restrictions are defined for financing of such transactions), if the transaction amount or the book value of the property that is the subject of such transaction does not exceed the amount equivalent to 25,000,000 (twenty-five million) US dollars at the rate of the Bank of Russia as of the date of this transaction (or, in the aggregate, at the amount of the related transactions as of the date of each such transaction).</p> <p>An exception is the transactions, for which other decision-making procedure is set forth by this Charter.</p>
10.3.2.6.	making of loan contracts, credit facilities, as well as other transactions aimed at funds raising by the Company, including financing against assignment of accounts receivable (factoring), if the amount of each transaction or several related transactions does not exceed, in the aggregate, the amount equivalent to 150,000,000 (one hundred and fifty million) US dollars at the rate of the Bank of Russia as of the date of such transaction (or at the date of each related transaction)
10.3.2.7.	approval of the terms for issue of bonds, including the exchange-trade bonds, within the program of bonds, including programs of exchange-trade bonds, approved by the resolution of the Company's Board of Directors pursuant to sub-clause 9.2.44, clause 9.2, Article 9 hereof
10.3.2.8.	granting of the powers of attorney for representation of Company's interests
10.3.2.9.	issue of orders, approval (acceptance) of guidelines, corporate regulations, other internal documents of the Company, which approval does not fall within the competence of the General Shareholders Meeting and Company's Board of Directors; issue of instructions, which are mandatory for fulfillment by all employees and workers of the Company
10.3.2.10.	approval of the Company's personnel schedule and amendments thereto, except for the personnel schedule related to the Top-Managers
10.3.2.11.	determination of the list of information, which contains trade secrets or which is the Company's confidential information
10.3.2.12.	signing of all documents on behalf of the Company (except for the documents of the Board of Directors)
10.3.2.13.	approval of the list of documents to be kept by the Company

10.3.2.14.	creation of the conditions for protection of the Company's information classified as state secret
10.3.2.15.	approval of Company standards, company management standards and business process standards
10.3.2.16.	approval of principles and standards for keeping the tax, accounting and financial statements, standards for preparation of the Company long-term development program
10.3.2.17.	approval of corporate regulations, which prescribe the procurement procedures and standards; approval of the persons to be the members of the Company's bidding (procurement) committee
10.3.2.18.	ensuring the creation of the internal control and risk management system, maintenance of its operation and efficiency; implementation of internal control procedures
10.3.2.19.	ensuring the prompt submission by the Company of accounting, tax and other financial statements to the relative authorities
10.3.2.20.	decision-making as related to Company's investment projects
10.3.2.21.	other issues not falling within the competence of the General Shareholders Meeting and Company's Board of Directors pursuant to the effective legislation of the Russian Federation and this Charter

- 10.3.3. Upon request of the Board of Directors, the General Director submits the report of Company's operations for review of the Board of Directors. At requests of the Board of Directors, the General Director shall submit the information about Company's operations.
- 10.3.4. The General Director of the Company shall be appointed by the Company's Board of Directors for a term of 3 (three) years.
- 10.3.5. The General Director of the Company shall perform his/ her duties during the term, for which he/ she has been elected, until a new General Director is appointed or an acting General Director is appointed in line with the procedure set forth by sub-clause 9.2.25, clause 9.2, Article 9 hereof.
- 10.3.6. Rights and obligations of the General Director, the amount of and procedure for remuneration payment to the Company's General Director are determined by the contract to be made between the General Director and the Company. Such contract shall be signed on behalf of the Company by the Chairman of the Board of Directors or by any other person authorized by the Company's Board of Directors. The Chairman of the Board of Directors or any other person authorized by the Board of Directors exercises the employer's rights and performs employer's obligations with respect to the General Director.
- 10.3.7. Powers of the Company's General Director may be early terminated by the resolution of the Company's Board of Directors.
- 10.3.8. The General Director shall be authorized to act on behalf of the Company without the power of attorney. For the period of his/ her short-term absence

(vacation, sick leave, business trip, other circumstances except for the circumstances set forth by sub-clause 9.2.25, clause 9.2, Article 9 hereof), the General Director is entitled to appoint a person acting as the Company's sole executive body. Such person settles transactions and represents the Company before third parties pursuant to the power of attorney.

- 10.3.9. The General Director shall procure the fulfillment of resolutions adopted by the General Shareholders Meeting and the Company's Board of Directors.

The Company's General Director shall be personally responsible for establishing the conditions to protect the information classified as state secret. The General Director shall arrange an access of Company's employees/workers and persons sent on business trips to the Company to the information classified as state secret in accordance with requirements of the Russian Federation legislation on state secret protection.

In case of liquidation or reorganization of the Company, the General Director of the Company shall be personally responsible for preservation of the information classified as state secret. In case of functions/ ownership form change, liquidation or termination of the works with usage of the information classified as state secret, the Company's General Director shall take actions on protection of this information and media containing such information. In line with the established procedure, the media with the information classified as state secret shall be deleted, delivered for archival storage or handed over to:

- the Company's successor, if such successor has the powers to fulfill the works using the specified information;
- public authorities, at disposal of which such information is;
- other public authorities, other enterprise, institution or organization as instructed by the Interdepartmental Commission on State Secret Protection.

- 10.3.10. Upon resolution of the General Shareholders Meeting, the powers of the Company's sole executive body may be assigned to a managing company or a manager under the contract.

Rights and obligations of the managing company (manager) related to management of Company's current operations shall be determined by the legislation of the Russian Federation and contract to be signed between the managing company (manager) and the Company.

The contract with the managing company (manager) is signed on behalf of the Company by the Chairman of the Company's Board of Directors or by a person authorized by the Company's Board of Directors.

## **11. LIABILITY OF MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE BODIES OF THE COMPANY**

- 11.1. When exercising their rights and performing their duties, members of the Company's Board of Directors, Company's General Director shall act in the interests of the Company, exercise their rights and perform their duties in good faith and in a reasonable manner.
- 11.2. The members of the Company's Board of Directors, Company's General Director shall be liable to the Company for damages caused to the Company by their wrongful actions (inactions), unless other grounds for and amount of the liability are provided for by the effective legislation of the Russian Federation.

- 11.3. The members of the Company's Board of Directors, who have voted against the resolution caused the damage to the Company or who have not participated in the voting, shall not be liable.
- 11.4. The Company or shareholder (shareholders) holding, in the aggregate, at least 1% (one per cent) of outstanding ordinary shares in the Company shall have the right to file a court claim against the member (members) of the Company's Board of Directors, Company's General Director on indemnity for damages caused to the Company in cases and in line with the procedure prescribed by the effective legislation of the Russian Federation.
- 11.5. At its cost and expense, the Company may insure the liability related to the members of the Company's Board of Directors and Company's General Director provided for by this clause hereof.

## **12. AUDIT COMMISSION**

- 12.1. The financial and business operations of the Company shall be supervised by the Audit Commission. The operating procedures of the Audit Commission shall be determined by the Regulations on the Audit Commission of the Company approved by the General Meeting of Company's Shareholders.
- 12.2. The Audit Commission shall consist of 6 (six) members to be elected by the General Meeting of Company's Shareholders for a period until the next annual General Shareholders Meeting.
- 12.3. If the number of the Audit Commission members becomes less than 4 (four), the remaining members of the Audit Commission shall perform their duties until a new Audit Commission is elected, and the Company's Board of Directors shall convene the extraordinary General Meeting of Company's Shareholders to elect a new Audit Commission. The term of powers of this newly elected Audit Commission shall last till the next annual General Shareholders Meeting.
- 12.4. The powers of certain or all Audit Commission members may be early terminated by the resolution of the General Shareholders Meeting.
- 12.5. Only an individual may be a member of the Company's Audit Commission. A member of the Company's Audit Commission need not be a shareholder in the Company. No member of the Company's Audit Commission may concurrently serve as a member of the Company's Board of Directors or hold other positions in Company's governing bodies.
- 12.6. At its first post-election meeting, the Audit Commission shall elect the Chairman of the Audit Commission out of its members. The Audit Commission Chairman may be re-elected by the majority of votes of the total number of members elected to the Audit Commission.
- 12.7. The Audit Commission of the Company shall audit Company's operations, which shall include identification and assessment of risks arising as a result or in the course of its business operations. The Audit Commission of the Company shall:
- 12.7.1. audit (inspect) financial and business operations of the Company, whereupon it shall prepare a report that shall include:
- confirmation of reliability and accuracy of the data in reports and other financial documents of the Company;
  - information on any non-compliance with the accounting and financial reporting procedures established by legal acts of the Russian Federation

or non-compliance with legal acts of the Russian Federation in the course of financial and business operations;

- 12.7.2. control the quality of accounting records by confirming the reliability of data specified in the Company's annual report and in the annual accounting (financial) statements of the Company.
- 12.8. Audit (inspection) of Company's financial and business operations shall be based on annual performance results of the Company and shall be conducted at any time on the initiative of the Company's Audit Commission, under the resolution of the General Shareholders Meeting, Company's Board of Directors or upon request of shareholders (any shareholder) holding, in the aggregate, at least 10 (ten) percent of all voting shares in the Company.
- 12.9. Upon request of the Company's Audit Commission, officers of the Company's governing bodies shall submit documents on the Company's financial and business operations. Such documents shall be provided within 5 (five) days from the date of submitting the respective written request.
- 12.10. The Company's Audit Commission is entitled to request the convocation of an extraordinary General Shareholders Meeting and a meeting of the Company's Board of Directors.
- 12.11. The presence of at least 4 (four) members of the Company's Audit Commission shall constitute a quorum for meetings of the Company's Audit Commission.
- 12.12. The meeting of the Company's Audit Commission may be held:
- in the form of a physical meeting (joint presence of the Audit Commission members to discuss any issues on the agenda and adopt resolutions on the issues put to vote)
  - in the form of absentee voting.
- 12.13. When adopting resolutions on the issues, each member of the Company's Audit Commission shall have one vote. No member of the Audit Commission shall be allowed to delegate his/ her voting right to another person, including another member of the Company's Audit Commission.
- 12.14. Resolutions of the Company's Audit Commission shall be adopted and its reports shall be approved by the majority consisting of 4 (four) votes of the Audit Commission members. The resolutions shall be executed as the Minutes of Meeting, which shall be signed by all members of the Audit Commission attended the meeting.
- 12.15. The members of the Company's Audit Commission may be paid remuneration or reimbursed for costs related to performance of their duties for the period of their office. The amount of such remuneration and reimbursement shall be determined by the resolution of the General Meeting of Company's Shareholders.

### **13. ACCOUNTING AND REPORTING. STORAGE OF DOCUMENTS BY THE COMPANY. INFORMATION SUBMISSION BY THE COMPANY TO SHAREHOLDERS**

- 13.1. The Company shall keep the accounting records and submit the accounting (financial) statements in line with the procedure set forth by the effective legislation of the Russian Federation and this Charter.

- 13.2. The Company shall prepare, submit and disclose the annual and interim consolidated financial statements in the scope and in line with the procedure set forth by the effective legislation of the Russian Federation.
- 13.3. The Company shall store the documents in safe custody in the scope and in line with the procedure set forth by the effective legislation of the Russian Federation.
- 13.4. An additional list of documents to be kept by the Company may be approved by the Company's General Director.
- 13.5. The Company shall provide the shareholders with access to the documents stipulated by the Federal Law "On Joint Stock Companies". Accounting documents shall be available to the shareholders (shareholder) holding, in the aggregate, at least 25 (twenty-five) per cent of voting shares in the Company.
- 13.6. Upon request of any shareholder, the Company shall grant him/ her an access to the documents provided for by the Federal Law "On Joint Stock Companies" for review at the Company's office within 7 (seven) business days from the date of such request submission. Upon request of the persons entitled to have access to the documents specified in the Federal Law "On Joint Stock Companies", the Company shall provide them with copies of such documents. The fee charged by the Company for such copies shall not exceed the cost of their copying.