

APPROVED
by the General Shareholders Meeting
of Rosneft Oil Company

on June 27, 2014

Minutes without No.

CHARTER
Rosneft Oil Company
(new version)

Moscow, 2014

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1. GENERAL PROVISIONS

- 1.1 Open Joint Stock Company Rosneft Oil Company (the “Company”) was established under Decree № 327 of the President of the Russian Federation dated April 1, 1995 “On primary measures on development of the oil companies’ operations” and on the basis of Resolution of the Government of the Russian Federation № 971 dated September 29, 1995 “On reorganization of the state enterprise Rosneft into Open Joint Stock Company Rosneft Oil Company”.
- 1.2 The Company is established without limitation of the period of its existence.
- 1.3 The Company is the legal successor of the reorganized state enterprise Rosneft in accordance with the transfer act.
- 1.4 The Company is the legal successor of OAO Rosneft–Krasnodarneftegaz, OAO Rosneft–Purneftegaz, OAO Rosneft–Sakhalinmorneftegaz, OAO Rosneft–Stavropolneftegaz, OAO Yuganskneftegaz, OAO Severnaya Neft, OAO Selkupneftegaz, OAO Rosneft–Komsomolsk Refinery, OAO Rosneft–Tuapsinsky Refinery, OAO Rosneft–Arkhangelsknefteproduct, OAO Rosneft–Nakhodkanefteproduct, OAO Rosneft–Tuapsenefteproduct, which merged into the Company pursuant to the resolutions of General Shareholders Meetings of Rosneft, OAO Rosneft–Krasnodarneftegaz, OAO Rosneft–Purneftegaz, OAO Rosneft–Sakhalinmorneftegaz, OAO Rosneft–Stavropolneftegaz, OAO Yuganskneftegaz, OAO Severnaya Neft, OAO Selkupneftegaz, OAO Rosneft–Komsomolsk Refinery, OAO Rosneft–Tuapsinsky Refinery, OAO Rosneft–Arkhangelsknefteproduct, OAO Rosneft–Nakhodkanefteproduct, and OAO Rosneft–Tuapsenefteproduct dated June 2, 2006 on the reorganization by way of merger OAO of Rosneft–Krasnodarneftegaz, OAO Rosneft–Purneftegaz, OAO Rosneft–Sakhalinmorneftegaz, OAO Rosneft–Stavropolneftegaz, OAO Yuganskneftegaz, OAO Severnaya Neft, OAO Selkupneftegaz, OAO Rosneft–Komsomolsk Refinery, OAO Rosneft–Tuapsinsky Refinery, OAO Rosneft–Arkhangelsknefteproduct, OAO Rosneft–Nakhodkanefteproduct, and OAO Rosneft–Tuapsenefteproduct, respectively, into Rosneft, and the Deeds of Merger of OAO Rosneft–Krasnodarneftegaz, OAO Rosneft–Purneftegaz, OAO Rosneft–Sakhalinmorneftegaz, OAO Rosneft–Stavropolneftegaz, OAO Yuganskneftegaz, OAO Severnaya Neft, OAO Selkupneftegaz, OAO Rosneft–Komsomolsk Refinery, OAO Rosneft–Tuapsinsky Refinery, OAO Rosneft–Arkhangelsknefteproduct, OAO Rosneft–Nakhodkanefteproduct, and OAO Rosneft–Tuapsenefteproduct into Rosneft, respectively, dated June 2, 2006.

2. OFFICIAL NAME AND REGISTERED OFFICE OF THE COMPANY

- 2.1 The official name of the Company
- 2.1.1. The full name shall be:
- 1) in Russian: Открытое акционерное общество «Нефтяная компания «Роснефть»;
 - 2) in English: Rosneft Oil Company.
- 2.1.2 The abbreviated name shall be:
- 1) in Russian: OAO «НК «Роснефть»;
 - 2) in English: Rosneft.

- 2.2 The registered office of the Company shall be: Russian Federation, 115035, Moscow, 26/1 Sofiyskaya embankment.

3. PURPOSE AND OBJECTS OF THE COMPANY OPERATIONS

- 3.1 The purpose of Company operations shall be to earn profit.
- 3.2 The Company shall have the civil rights and obligations as necessary to engage in any type of activity not prohibited under federal laws.
- 3.3 The Company may engage in certain types of operations as listed by federal laws on the basis of a special authorization/license only.
- 3.4 The objectives of the Company's operations shall be to ensure the search, exploration, extraction, and processing of oil, gas, and gas condensate and the sale of oil, gas, gas condensate and their derivatives to consumers in and outside the Russian Federation, to conduct any associated types of activity, as well as to carry out works with precious metals and precious stones. The Company shall carry out, inter alia, the following main types of activity:
- 3.4.1 Geological prospecting and geological exploration aimed at oil, gas, coal, and other minerals search; extraction, transportation and processing of oil, gas, coal, other minerals, and timber; production of oil products, petrochemicals and other products, including liquefied natural gas, gas products and gas-derived chemicals, electric power, woodworking products, and fast moving consumer goods, as well as provision of services to the public; storage and sale (including sale in the domestic market and export sale) of oil, gas in gaseous and liquid form, oil products, gas products and gas-derived chemicals, coal, electric power, woodworking products, and other hydrocarbon and other derivatives.
- 3.4.2 Investment activities, including transactions with securities.
- 3.4.3 Arrangements for fulfilling of orders for federal state requirements and regional consumers of goods produced by the Company or its subsidiary and dependent companies, including deliveries of oil, gas, and oil products.
- 3.4.4 Investment management, construction, engineering, technical and maintenance support of upstream and downstream projects, scientific and technical support, procurement and sale, economic, foreign economic and legal support of the activity of both the Company and its subsidiary and dependent companies, and third party customers. Study of commodity and services markets and securities markets, research, and sociological and other studies. Regulation and coordination of the operations of subsidiary and dependent companies.
- 3.4.5 Leasing out of immovable and other property and use of leased property.
- 3.4.6 Provision of assistance in securing the interests of the Russian Federation in the preparation and execution of production sharing agreements in respect of subsoil areas and hydrocarbon deposits.
- 3.4.7 Organization of advertising and publishing activities and holding of exhibitions, selling exhibitions, auctions, etc.
- 3.4.8 Agency, consultancy, marketing, and other activities, including foreign trade (including export and import transactions), performance of work and provision of services on a contractual basis.
- 3.4.9 Organization of protection of the Company employees and its property.

- 3.4.10 Use of precious metals and precious stones in technological processes as parts of equipment and materials.
- 3.4.11 Organization and implementation of measures with regard to mobilization preparation, civil defense and protection of information constituting state secrets.

4. BRANCHES AND REPRESENTATIVE OFFICES

- 4.1 The Company may establish branches and open representative offices both in and outside the Russian Federation.
- 4.2 To attain the goals and objects of its operations, the Company has the following branches and representative offices:
 - 4.2.1 In Chechen Republic, at 364051 Grozny, Revolutzii Boulevard, house 7/84.
 - 4.2.2 In Northern Caucasus, at 350610 Krasnodar, 54 Krasnaya street.
 - 4.2.3 In Yamalo-Nenetsk Autonomous region, at 629830 Gubkinsky, district 10, house 3.
 - 4.2.4 In the Far East, at 693010 Sakhalin region, Yuzhno-Sakhalinsk, 17 Khabarovskaya street.
 - 4.2.5 In Stavropol region, at 356880 Neftekumsk, 5 Street of 50th anniversary of Pioneriya.
 - 4.2.6 In Khanty-Mansiysky Autonomous region - Yugra, at 628309 Nefteyugansk, 26 Lenina street.
 - 4.2.7 In Komi Republic, at 169710 Usinsk, 1 Pripolyarnaya street.
 - 4.2.8 In Khabarovsk region, at 680000 Khabarovsk, 22 Shevchenko street.
 - 4.2.9 In Asia-Pacific region, in China, at 100022 Beijing, Chaoan, 6A Tsyangomenway, Central World Trade Center, tower D.
 - 4.2.10 In Middle East, in UAE, at Office A 1101, Tower C6, Sector W35, Bainunah street, Bateen area, Abu-Dhabi.
- 4.3 Branches and representative offices shall carry out their activities on behalf of the Company, which shall bear responsibility for their activities.
 - 4.3.1 Branches and representative offices are not legal entities and are provided with property by the Company and shall operate in accordance with the regulations on such branches and representative offices.
 - 4.3.2 The property of branches and representative offices shall be recorded on their separate balance sheets and on the balance sheet of the Company.
 - 4.3.3 The heads of branches and representative offices shall act under a power of attorney.

5. CHARTER CAPITAL. SHARES. SHAREHOLDER RIGHTS

- 5.1 Amount of charter capital
 - 5.1.1 The charter capital of the Company shall amount to 105,981,778.17 rubles (one hundred five million nine hundred eighty one thousand seven hundred seventy eight rubles and seventeen kopeks).

5.1.2 The charter capital of the Company shall be comprised of the par value of the Company shares acquired and paid for by the shareholders.

5.2 Types of shares placed by the Company

5.2.1 The Company shall have the right to place common shares.

1) Each common share in the Company shall have the same par value and shall provide to the shareholder holding it the same scope of rights;

2) Each common share shall be a voting share, with the exception of shares recorded on the balance sheet of the Company, and with the exception of other cases stipulated by the effective legislation of the Russian Federation.

5.2.2 All shares in the Company are registered shares.

5.2.3 All shares in the Company shall be issued by the Company in the non-documentary form.

5.3 Outstanding and authorized shares

5.3.1 The charter capital of the Company shall be divided into 10,598,177,817 (ten billion five hundred ninety eight million one hundred seventy seven thousand eight hundred seventeen) pieces of common registered non-documentary shares with the par value of 1 (one) kopeck each.

5.3.2 The Company shall have the right to place, in addition to the outstanding shares, registered common non-documentary shares in the number of 6,332,510,632 (six billion three hundred thirty two million five hundred ten thousand six hundred thirty two) pieces, with the par value of 1 (one) kopeck each and with the aggregate par value of 63,325,106.32 rubles (sixty three million three hundred twenty five thousand one hundred six rubles thirty two kopeks) (authorized shares), which shall carry the same rights as outstanding common shares in the Company as provided for by this Charter.

5.4 Increase of charter capital

5.4.1 The charter capital of the Company may be increased by increasing the par value of its shares or by placing additional shares.

5.4.2 A resolution to increase the charter capital of the Company by increasing the par value of its shares and by placing additional shares shall be approved by the General Shareholders Meeting.

5.5 Reduction of charter capital

5.5.1 The charter capital of the Company may be reduced by decreasing the par value of shares or reducing their total number, including by acquisition of a portion of shares.

5.5.2 The charter capital of the Company may be reduced by acquisition of a portion of the Company's shares under a resolution of the General Shareholders Meeting on the reduction of the charter capital of the Company by way of acquisition of a portion of outstanding shares in the Company with the purpose of reducing their total number.

5.5.3 The charter capital of the Company shall be reduced under a resolution of the General Shareholders Meeting on the reduction of the charter capital by redemption of shares, which are recorded on the balance sheet of the Company, if these shares have not been sold within one year from the date of their acquisition.

5.5.4 Within three business days following the resolution to reduce its charter capital, the Company shall notify the authority carrying out the state registration of legal entities, and shall twice, once a month, publish a notice of such charter capital reduction in mass media outlets that publish information regarding state registration of legal entities.

5.6 Acquisition by the Company of outstanding shares

5.6.1 The Company shall acquire its outstanding shares:

- 1) under a resolution of the General Shareholders Meeting to reduce the charter capital of the Company. The shares acquired by the Company thereunder shall be redeemed;
- 2) at the request of shareholders in cases provided for under the Federal Law “On Joint Stock Companies”;
- 3) under a resolution of the Board of Directors of the Company in number not to exceed 10 percent of the total number of all outstanding shares in the Company, provided that that the remaining number of outstanding shares in the Company shall be no less than 90 percent of the total number of outstanding shares in the Company.

5.6.2 The shares acquired by the Company, as well as those recorded on the balance sheet of the Company on other grounds shall not vote and shall not be taken into consideration when counting votes and no dividends shall accrue thereon. Such shares shall be sold at the price not less than the market price within one year from the date of their acquisition. Otherwise, the General Shareholders Meeting shall resolve to reduce the charter capital of the Company by way of redemption of such shares.

5.6.3 The outstanding shares acquired by the Company shall be paid for in cash, securities, other property, or property or other rights that have monetary value.

5.7 Net assets of the Company

5.7.1 The value of the Company net assets shall be appraised based on accounting data in the manner established by the federal executive agency so authorized by the Government of the Russian Federation.

5.7.2 In cases, when the value of net assets of the Company becomes less than its charter capital, the obligations, actions, and resolutions of the Company and its governing bodies shall be determined by requirements of the effective legislation of the Russian Federation.

5.8 Rights of shareholders

5.8.1 The holders of common shares in the Company shall have the following rights:

- 1) to dispose of their shares without consent of other shareholders and the Company;
- 2) to receive a portion of the net profit (dividends) to be distributed among shareholders in the manner prescribed by the effective legislation of the Russian Federation and this Charter;
- 3) to receive a portion of the property and other assets of the Company (liquidation quota) which remain upon the liquidation of the Company, in proportion to the number of shares held by them;

- 4) to obtain information about the Company's operations and have access to the Company's documents in the manner and to the extent provided for under the effective legislation of the Russian Federation, this Charter, and Company's internal documents, and to obtain copies of such documents for a fee;
 - 5) to obtain an extract from the register of holders of registered securities, evidencing their rights to shares;
 - 6) to participate in voting (including in absentee voting) at the General Shareholders Meeting on all issues falling within its competence;
 - 7) to demand the repurchase of all or any portion of its shares by the Company in the cases provided for by the law;
 - 8) to exercise other rights provided for by the legislation of the Russian Federation, the Charter of the Company and resolutions of the General Shareholders Meeting adopted within its competence.
- 5.8.2 The shareholders of the Company shall have the preemptive right to acquire additional shares and issuable securities convertible into shares, which are placed by open subscription, in a number proportionate to the number of shares they hold.
- 5.8.3 The shareholders of the Company that voted against or did not participate in the voting on the issue of placing shares and issuable securities convertible into shares by closed subscription shall have the preemptive right to acquire additional shares and issuable securities convertible into shares to be placed by closed subscription, in a number proportionate to the number of shares which they hold. Such a right shall not apply to a placement of shares and other issuable securities convertible into shares by means of closed subscription among the shareholders only if the shareholders have an option to acquire a whole number of shares and other issuable securities convertible into shares scheduled for placement, in proportion to the number of shares they hold.
- 5.8.4. The shareholders of the Company incur obligations provided for by the effective legislation of the Russian Federation.

6. FUNDS OF THE COMPANY

- 6.1 The Company shall create a reserve fund equal to 5 (five) percent of its charter capital.
- 6.1.1 The annual deductions for the Company reserve fund shall be equal to 5 (five) percent of its net profits. Such deductions shall be made until the reserve fund reaches the amount determined under the Charter.
 - 6.1.2 The reserve fund of the Company shall be used to cover its losses, for the redemption of the Company's bonds and for the buyout of the Company's shares in the absence of other resources.
 - 6.1.3 The reserve fund shall not be used for other purposes.
- 6.2 A special employee share ownership fund shall be formed out of the net profit of the Company.
- 6.2.1 A special employee share ownership fund shall only be used to acquire the Company's shares put up for sale by its shareholders, for their subsequent distribution between the Company's employees.

- 6.2.2 The proceeds from sale of the Company's shares to the employees purchased at the expense of the employee share ownership fund of the Company shall be used to form such a fund.
- 6.3 The Company may create other funds under a resolution of the Board of Directors of the Company. The composition, the purpose, the sources and the use of such funds shall be determined by the Board of Directors of the Company.

7. DIVIDENDS

- 7.1 Dividends shall be paid out of the Company profit determined in accordance with requirements of the effective legislation.
- 7.2 The Company shall have a right to resolve on (declare) the payment of dividends on outstanding shares based on the results for the first quarter, the first six months, and the first nine months of a fiscal year and/or the results for a fiscal year, unless otherwise stipulated by the effective legislation of the Russian Federation. A resolution to pay (declare) dividends based on the results for the first quarter, the first six months, and the first nine months of a fiscal year may be adopted within three months after the end of the respective period.
- 7.3 Resolutions to pay (declare) dividends shall be made by the General Shareholders Meeting. Such a resolution shall determine the dividend amount, the form of payment, the procedure of any non-cash dividend payment, and the date of record for determination of persons entitled to receive such dividends. The amount of dividends shall not be more than that recommended by the Board of Directors of the Company.
- 7.4 Dividends shall be paid in the monetary form. By a resolution of the General Shareholders Meeting of the Company dividends may be paid in a non-monetary form that shall be determined by a resolution of the General Shareholders Meeting of the Company based on the suggestion of the Board of Directors of the Company.
- 7.5 The date to determine persons entitled to receive such dividends, pursuant to the dividend payment/declaration resolution, may not be set earlier than 10 days or later than 20 days from the date of the said dividend payment/declaration resolution was adopted. In this regard, a resolution of the General Shareholders Meeting on setting the date to determine persons entitled to receive dividends shall only be adopted at the suggestion of the Board of Directors of the Company. Dividends shall be paid to any persons holding shares in the Company or to persons exercising any rights under such shares in accordance with federal laws as of the end of the operational day of the date on which persons entitled to receive dividends are to be determined in accordance with the dividend payment resolution.
- 7.6 The term for dividend remittance to a nominee holder or a trust manager that is a security market professional, all as listed on the Company's share register, may not exceed 10 business days; and the term for dividend remittance to other persons listed on the share register shall not exceed 25 business days of the record date for the purpose of determining the persons entitled to receive dividends.
- 7.7 Any persons failing to receive a declared dividend 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) over a five-year period following the dividend payment resolution.
- 7.8 When adopting a resolution on (declaring) the payment of dividends the Company shall follow the restrictions established by the federal laws.

8. STRUCTURE OF GOVERNING BODIES OF THE COMPANY

- 8.1 The governing bodies of the Company shall be as follows:
 - 8.1.1. the General Shareholders Meeting.
 - 8.1.2. the Board of Directors.
 - 8.1.3. the President - sole executive body.
 - 8.1.4. the Management Board - collective executive body.
- 8.2 In the event of appointment of a liquidation commission (liquidator) it shall assume all the duties related to the management of the Company.

9. GENERAL SHAREHOLDERS MEETING

- 9.1 Supreme governing body
 - 9.1.1 The General Shareholders Meeting shall be the supreme governing body of the Company.
 - 9.1.2 The General Shareholders Meeting when convened in the form of joint presence of shareholders to discuss any issues on the agenda and to adopt resolutions on issues put to vote, shall be conducted in the city of the Company's location - Moscow, or in St. Petersburg, Krasnodar, Sochi, Stavropol, Saratov, Orenburg, Tyumen, Krasnoyarsk, or Khabarovsk.
 - 9.1.3 The address, at which the General Shareholders Meeting is conducted in the form of joint presence of shareholders, shall be determined by the Board of Directors of the Company. The Board of Directors shall determine the address(es) for sending filled-in voting ballots for the purpose of voting on issues on the agenda of the General Shareholders Meeting in the form of a meeting, and shall determine whether shareholders may vote electronically using electronic facilities.
 - 9.1.4 A list of persons entitled to participate in the General Shareholders Meeting shall be drawn up with reference to the data of the Company's share register. The date for compiling a list of persons entitled to participate in the General Shareholders Meeting may not be set earlier than 10 days from the day the resolution to hold such General Shareholders Meeting was adopted and more than 50 days prior to the date of holding thereof; in case the proposed agenda of the Extraordinary General Shareholders Meeting includes the business of electing members to the Board of Directors of the Company, the issue on appointing the Company's sole executive, and/or the issue on early termination his or her powers, it may not be set more than 80 days prior to the date of such General Shareholders Meeting.
 - 9.1.5 The Company shall disclose the date for compiling a list of persons entitled to participate in the General Shareholders Meeting at least 5 days prior to such date.
 - 9.1.6 The annual General Shareholders Meeting shall be convened not earlier than 2 months and not later than 6 months upon the end of the fiscal year.
 - 9.1.7 The General Shareholders Meeting shall be presided over by the Chairman of the Board of Directors of the Company or, if he/she is not present - by one of the

members of the Board of Directors at the option of the members of the Board of Directors.

9.1.8 The procedure for preparing and holding the General Shareholders Meeting of the Company shall be established by the effective legislation of the Russian Federation, this Charter, and the Regulations on General Shareholders Meeting of the Company.

9.2 Competence of the General Shareholders Meeting

9.2.1 The General Shareholders Meeting shall adopt resolutions on the following issues by the majority of three fourths of votes of shareholders – owners of voting shares who participate in the meeting:

- 1) amendments and addenda to and restatement of the Charter of the Company, except for the cases provided for by the Federal Law “On Joint Stock Companies” and the Charter;
- 2) reorganization of the Company, with the exception of reorganization by way of transformation into a non-profit partnership;
- 3) liquidation of the Company, appointment of the liquidation commission and approval of interim and final liquidation balance sheets;
- 4) determination of the number, par value, category (type) of authorized shares and the rights attached to such shares;
- 5) increase of the charter capital of the Company by way of a private subscription for additional shares in the Company;
- 6) private subscription for the Company’s issuable securities convertible into Company shares;
- 7) increase in the charter capital of the Company by way of public subscription for additional common shares in the Company that exceed 25 percent of the Company’s common shares placed previously;
- 8) public subscription for issuable securities convertible into common shares in the Company that exceed 25 percent of the Company’s common shares placed previously;
- 9) reduction of the charter capital of the Company by way of reduction of the par value of shares;
- 10) submission of an application to delist Company’s shares and/or issuable Company’s securities convertible into Company’s shares;
- 11) submission of an application to the Bank of Russia seeking to have the Company released from its obligation of disclosing or providing any information contemplated by securities laws of the Russian Federation.

9.2.2 The General Shareholders Meeting shall adopt resolutions on the following issues by the simple majority of votes of shareholders – owners of voting shares who participate in the meeting:

- 1) election of the members of the Board of Directors of the Company and early termination of their powers;
- 2) election of the members of the Audit Commission of the Company and early termination of their powers;
- 3) approval of the auditor of the Company;

- 4) approval of the annual report(s) of the Company;
- 5) approval of annual accounting (financial) statements;
- 6) distribution of profits and losses of the Company based on the results of a fiscal year;
- 7) payment/declaration of dividends for the first quarter, the first six months, the first nine months of a fiscal year, and a fiscal year, including setting a date to determine persons entitled to receive dividends;
- 8) establishment of the procedure for conduct of the General Shareholders Meeting;
- 9) split and consolidation of shares;
- 10) increase of the charter capital of the Company by way of increase of the par value of shares;
- 11) increase of the charter capital of the Company by way of public subscription to additional shares comprising 25 percent or less of common shares placed previously;
- 12) reduction of the charter capital of the Company by way of acquisition by the Company of a portion of shares with the purpose to reduce their total number, and by way of redemption of shares acquired or repurchased by the Company of shares that are at the disposal of the Company;
- 13) participation of the Company in financial and industrial groups, associations and other alliances of commercial organizations;
- 14) initiation of audits of financial and business operations of the Company by the Audit Commission;
- 15) approval of internal documents regulating activities of the Company's bodies:
 - Regulations on the General Shareholders Meeting of the Company;
 - Regulations on the Board of Directors of the Company;
 - Regulations on the Collective Executive Body (Management Board) of the Company;
 - Regulations on the Sole Executive Body (President) of the Company;
 - Regulations on the Audit Commission of the Company;
 - Regulations on the Counting Commission of the Company.
- 16) setting remuneration payable to and/or reimbursement of expenses incurred by, the members of the Board of Directors of the Company in connection with the performance of their duties as members of the Board of Directors during the term of their office; determination of the amounts of such remuneration and reimbursement;
- 17) setting remuneration payable to and/or reimbursement of expenses incurred by, the members of the Audit Commission in connection with the performance of their duties during the term of their office; determination of the amounts of such remuneration and reimbursement;
- 18) setting reimbursement of the individuals and bodies initiating the conduct of the Extraordinary General Shareholders Meeting for the expenses

related to the preparation and conduct of such a meeting, at the Company's expense, in cases contemplated by the effective legislation of the Russian Federation;

19) delegation of the functions vested with the Company's sole executive body, under a contract, to a managing entity or manager, approval of the terms and conditions of such management contract, and early termination of their powers;

20) other issues falling within the competence of the General Shareholders Meeting by the Federal Law "On Joint Stock Companies".

9.2.3 The General Shareholders Meeting, by the majority vote of all disinterested shareholders, shall resolve to approve any related party transaction in accordance with the effective legislation of the Russian Federation.

9.2.4 The General Shareholders Meeting shall resolve to approve any major transaction of the Company in such cases, subject to such procedure, and with such majority vote of voting shareholders who participate in the General Shareholders Meeting as required by the effective legislation of the Russian Federation.

9.3 Adoption of resolutions by the General Shareholders Meeting

9.3.1 The General Shareholders Meeting shall consider and adopt resolutions on issues falling within its competence in accordance with Clause 9.2 of the Charter of the Company.

9.3.2 The General Shareholders Meeting shall have the right to adopt resolutions only on issues included in the agenda. The General Shareholders Meeting shall not amend the agenda.

9.3.3 The resolutions on the following issues shall be adopted by the General Shareholders Meeting only on the suggestion of the Board of Directors:

- 1) reorganization of the Company;
- 2) increase of the charter capital of the Company by way of increase of the par value of shares;
- 3) increase of the charter capital of the Company by way of placement of additional shares;
- 4) reduction of the charter capital of the Company by way of reduction of the par value of shares;
- 5) split and consolidation of shares;
- 6) approval of related-party transactions in the cases provided for by the Federal Law "On Joint Stock Companies";
- 7) approval of major transactions in the cases provided for by the Federal Law "On Joint Stock Companies";
- 8) participation of the Company in financial and industrial groups, associations and other alliances of commercial organizations;
- 9) approval of internal documents regulating the operation of the Company's bodies;
- 10) setting a date to determine persons entitled to receive dividends;

- 11) delegation of the authority vested with the Company's sole executive body to a managing entity or manager; and
 - 12) in other cases provided for by the legislation of the Russian Federation and this Charter.
- 9.3.4 If the agenda of the General Shareholders Meeting includes the issue on early termination of the powers of the members of the Board of Directors and members of the Audit Commission of the Company, and election of the members of the Board of Directors and the members of the Audit Commission of the Company, then if the resolution on early termination of the powers is not adopted, the results of voting on the new composition of the body shall not be determined.
- 9.3.5 The resolutions adopted by the General Shareholders Meeting and the voting results shall be declared at the General Shareholders Meeting at which the voting took place, or shall be communicated to the persons included in the list of those entitled to participate in the General Shareholders Meeting within 4 (four) business days following the closing date of such General Shareholders Meeting or following the final date for acceptance of voting ballots in case such General Shareholders Meeting is conducted in the form of the absentee vote; such communication shall be drawn up in the form of a report on the voting results in the manner stipulated for the announcement of the General Shareholders Meeting.
- 9.3.6 If as of the date for compiling a list of persons entitled to participate in the General Shareholders Meeting, a nominee shareholder is listed on the share register of the Company, the report on the voting results shall be served to such nominee shareholder electronically (in the form of an e-document certified under an electronic signature).
- 9.3.7 No resolution of the General Shareholders Meeting on an issue on the agenda of the meeting shall be deemed to have been adopted and may be declared, before the results of the voting on all issues on the agenda are summarized.

9.4 Announcement of General Shareholders Meeting

- 9.4.1 The announcement of the General Shareholders Meeting shall be placed on the web site of the Company at www.rosneft.ru on the Internet at least 30 days prior to the date of the meeting. Requirements to the announcement of the General Shareholders Meeting, and further forms for notifying shareholders of any General Shareholders Meetings to be conducted shall be set forth in the Regulations on General Shareholders Meeting of the Company.
- 9.4.2 If the proposed agenda of the Extraordinary General Shareholders Meeting includes (i) the issue of election of the members of the Board of Directors of the Company, or (ii) the issue of reorganization of the Company in the form of merger, demerger or spinoff and the issue of election of the members of the board of directors (supervisory board) of the new company, created as a result of the reorganization, the announcement of such Extraordinary General Shareholders Meeting shall be made at least 70 days prior to the date of such meeting.
- 9.4.3 The Company may additionally notify its shareholders of the General Shareholders Meeting via the mass media (including print media (Rossiyskaya Gazeta, Komsomolskaya Pravda), electronic media, television, and radio), email, and other permitted means.

9.5 Information (materials) for the General Shareholders Meeting

9.5.1 The information (materials) to be provided to persons entitled to participate in the General Shareholders Meeting in course of preparation for the General Shareholders Meeting in accordance with the procedure established by the Regulation on the General Shareholders Meeting, shall include the following documents (to the extent that the relevant issues are included in the agenda of the General Shareholders Meeting):

- 1) annual report;
- 2) annual financial statements;
- 3) auditor's opinion;
- 4) assessment of the auditor's opinion by the audit committee;
- 5) opinion of the Company Audit Commission based on the results of the audit of the annual financial statements and regarding the accuracy of information contained in the annual report;
- 6) information on candidates to the Board of Directors and the Audit Commission sufficient to form a concept of their personal and professional qualities;
- 7) information on any candidate(s) nominated to the Company's auditor;
- 8) draft addenda and amendments to or a draft restated version of, the Charter of the Company;
- 9) draft addenda and amendments to or drafts of new versions of, internal documents of the Company;
- 10) draft resolutions of the General Shareholders Meeting;
- 11) recommendations of the Board of Directors of the Company on issues specified in Clause 10.2.9 of the Charter of the Company;
- 12) information about shareholder agreements entered into within 12 months prior to the date of the General Shareholders Meeting, in the scope and in cases provided for under the effective legislation of the Russian Federation; and
- 13) other documents and materials provided for by the legislation of the Russian Federation, the Charter and the Regulations on General Shareholders Meeting of the Company.

9.5.2 The accuracy of data contained in the Company annual report, annual accounting statements and accounting (financial statements) shall be confirmed by the Audit Commission of the Company.

Before publishing the documents specified in Clause 9.5.1 of the Charter, the Company shall engage an auditor that is not a related party of the Company or its shareholders for the performance of the annual audit and confirmation of the annual financial statements.

The annual report of the Company shall be subject to prior approval by the Board of Directors of the Company no later than 30 days prior to the date of an annual General Shareholders Meeting.

9.5.3 If the agenda of the General Shareholders Meeting includes the issue on the election of the members of the Board of Directors and the members of the Audit

Commission, then additional information about whether the nominees to the respective body of the Company have given their written consent or not thereto, must also be provided.

9.5.4 If the agenda of the General Shareholders Meeting contains issues, voting on which may trigger the right to demand the repurchase of shares by the Company, then the following additional information (materials) shall be provided to the shareholders:

- 1) an independent appraiser's report on the market value of the Company's shares the repurchase of which may be demanded from the Company;
- 2) a calculation of the Company's net assets value based on the accounting (financial) statements of the Company for the last completed reporting period;
- 3) minutes (extract from minutes) of the meeting of the Board of Directors of the Company that resolved to determine the repurchase price of Company shares, specifying such share repurchase price.

9.5.5 If the agenda of any General Shareholders Meeting includes the Company's reorganization, then the following additional pre-reads shall be furnished to the shareholders:

- 1) a draft resolution on demerger, spinoff, or transformation or an agreement (a draft agreement) of merger or accession to be made between the companies involved in such merger or accession;
- 2) substantiation of the terms of and procedures for the Company's reorganization, which are set out in the resolution on the demerger, spinoff or transformation or in the agreement on merger or accession as approved/adopted by the Company's authorized body;
- 3) a draft transfer certificate (a separation balance sheet);
- 4) annual reports and annual accounting (financial) statements of all companies that take part in the reorganization for the three completed fiscal years preceding the date of the General Shareholders Meeting or for each completed fiscal year from the date of the company establishment, if such a company has been operating less than three years;
- 5) quarterly financial statements of all companies that take part in the reorganization for the last completed quarter preceding the date of the General Shareholders Meeting.

9.5.6 In addition to the statutory means of provision to persons entitled to participate in the General Shareholders Meeting, of information (materials) listed in this Clause 9.5, such materials may be placed on the Company's web-site at www.rosneft.ru.

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

9.6.1 Shareholder(s) that hold in the aggregate at least 2 percent of the voting shares of the Company shall have the right to propose issues to the agenda of an annual General Shareholders Meeting and to propose nominees to the Board of Directors of the Company and the Audit Commission of the Company, provided that the number of such nominees shall not exceed the total number of members of the relevant body.

Proposals to the agenda of the annual General Shareholders Meeting and proposals on nominees to the Board of Directors and/or the Audit Commission shall be received by the Company within 60 days from the end of a fiscal year.

If the proposed agenda of the Extraordinary General Shareholders Meeting includes the issue on election of the members of the Board of Directors and/or the Audit Commission of the Company, proposals on nominees shall be received by the Company at least 30 days prior to the date of the Extraordinary General Shareholders Meeting.

- 9.6.2 Requirements to proposals on inclusion of any issues into the agenda of the General Shareholders Meeting or proposals on nomination of candidates to the Board of Directors of the Company and the Audit Commission are determined by the effective legislation of the Russian Federation, this Charter, and the Regulations on General Shareholders Meeting of the Company.
- 9.6.3 A proposal on the inclusion of issues into the agenda of the General Shareholders Meeting shall contain the wording of each proposed issue and may also contain the wording of the resolution on each proposed issue.
- 9.6.4 The Board of Directors of the Company shall consider the submitted proposals and resolve to include or not to include them into the agenda of the General Shareholders Meeting within 5 days from the expiration of terms set in Clause 9.6.1 of the Charter.
- 9.6.5 An issue proposed by shareholder(s) shall be included into agenda of the General Shareholders Meeting, and nominee shall be included in the list of candidates for election to the relevant body of the Company, unless:
- 1) shareholder(s) failed to meet the terms set in Clause 9.6.1 of the Charter;
 - 2) shareholder(s) who signed the proposal do not/does not have the right to make proposals to the agenda of the General Shareholders Meeting and/or to propose nominees to governing and controlling bodies of the Company in accordance with the effective legislation of the Russian Federation and this Charter;
 - 3) the proposal fails to meet the requirements provided for by the effective legislation of the Russian Federation, this Charter, and the Regulations on General Shareholders Meeting;
 - 4) the proposal on candidates to the Board of Directors and the Audit Commission of the Company fails to include any candidate-related information as prescribed by this Charter and the Regulations on General Shareholders Meeting;
 - 5) the issue proposed for inclusion into the agenda of the General Shareholders Meeting does not fall within the competence of the General Shareholders Meeting by the law and the Charter of the Company and/or fails to meet the requirements of the Federal Law "On Joint Stock Companies" or other normative legal acts of the Russian Federation.
- 9.6.6 The date of any proposal on inclusion of an issue into the agenda of the General Shareholders Meeting and on nomination of candidates to governing and supervisory bodies of the Company shall be the date when the Company receives the relevant proposal, which date shall be determined as required by the effective legislation of the Russian Federation.

- 9.6.7 A motivated resolution of the Board of Directors of the Company on refusal to include a proposed issue into the agenda of the General Shareholders Meeting or a proposed nominee into the list of candidates to the relevant Company's body shall be sent to the shareholder(s) proposing such an issue or nominating such candidates within 3 days of such a resolution.
- 9.6.8 If the Board of Directors of the Company refuses to include a proposed issue into the agenda of the General Shareholders Meeting or a proposed nominee into the list of candidates to the relevant body of the Company or if the Board of Directors of the Company evades adopting such a resolution, the shareholder(s) may apply to the court seeking that the Company be required to include the issue so proposed into the agenda of its General Shareholders Meeting or a candidate into the list of nominees to be voted on for the purpose of election into the relevant body of the Company.
- 9.6.9 The Board of Directors of the Company shall not change the wording of issues proposed for inclusion into the agenda of the General Shareholders Meeting or the wording of the resolutions on such issues.
- 9.6.10 In addition to issues proposed by shareholders for inclusion into agenda of the General Shareholders Meeting or in the absence of such proposed issues or absence or insufficient number of nominees proposed by shareholders for the formation of the relevant body, the Board of Directors of the Company has the right to include issues into the agenda of the General Shareholders Meeting or nominees into the list of candidates at its own discretion.

9.7 Extraordinary General Shareholders Meeting

- 9.7.1 The Extraordinary General Shareholders Meeting shall be conducted under the resolution of the Board of Directors of the Company adopted at its initiative or at the request of the Audit Commission of the Company, the auditor of the Company or shareholder(s) that hold at least 10 percent of the voting shares of the Company as of the date of such a request.
- 9.7.2 The request for convocation of the Extraordinary General Shareholders Meeting shall be submitted in writing, specifying the names (company names) of submitting shareholder(s) and the number and the category (type) of the shares owned by them. The request for convocation of the Extraordinary General Shareholders Meeting shall be signed by person(s) requesting such convocation.
- 9.7.3 The Board of Directors of the Company shall resolve to convene or refuse to convene the Extraordinary General Shareholders Meeting within 5 days from the date of submission of the request by persons mentioned in Clause 9.7.1 of this Charter.
- 9.7.4 The resolution of the Board of Directors of the Company on convocation of the Extraordinary General Shareholders Meeting or a motivated resolution to convene it shall be sent to the persons requesting the convocation within 3 days from the date such resolution was adopted on.
- 9.7.5 A resolution refusing to convene the Extraordinary General Shareholders Meeting shall only be adopted on such grounds as laid down in the Federal Law "On Joint Stock Companies".
- 9.7.6 In case, within the period set by Clause 9.7.3 of this Charter, the Board of Directors of the Company has either failed to adopt a resolution on convocation of the Extraordinary General Shareholders Meeting or refused to convene the same, the Company's body or persons requiring its convocation may apply to the

court seeking that the Company be required to hold such the Extraordinary General Shareholders Meeting.

- 9.7.7 The Extraordinary General Shareholders Meeting convened at the request of the Company's Audit Commission, auditor, or any shareholder(s) holding at least 10 percent of all voting shares in the Company shall be conducted within 50 days following the submission of such request to convene the Extraordinary General Shareholders Meeting.
- 9.7.8 If the proposed agenda of the Extraordinary General Shareholders Meeting includes the issue of election of the members of the Board of Directors of the Company, (whether as a sole issue or along with any other issues on the proposed agenda), such General Shareholders Meeting shall be conducted within 95 days from the date of submission of the request to convene the Extraordinary General Shareholders Meeting.
- 9.7.9 The date of submission of the request to convene the Extraordinary General Shareholders Meeting shall be the date when the request is received by the Company, which shall be determined according to the effective legislation of the Russian Federation.
- 9.7.10 In the cases when pursuant to the Federal Law "On Joint Stock Companies" the Board of Directors of the Company shall resolve to convene the Extraordinary General Shareholders Meeting, such meeting shall be conducted within 40 days of the Board of Directors' resolution to hold the same. If the Board of Directors is required to adopt a resolution to hold the General Shareholders Meeting for electing members of the Board of Directors of the Company, such General Shareholders Meeting shall be conducted within 90 days from the date of the resolution of the Board of Directors of the Company to convene the meeting.

9.8 Quorum at the General Shareholders Meeting

- 9.8.1 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 the Company's outstanding voting shares.
- 9.8.2 Shareholders registered for participation in the General Shareholders Meeting conducted in the form of joint presence of shareholders for discussion of issues on the agenda and adoption of resolutions on issues put to vote (in the form of a meeting), and shareholders whose voting ballots are received at least 2 days prior to the date of such General Shareholders Meeting shall be deemed to have participated such General Shareholders Meeting.
- 9.8.3 The procedure for registration of participants of the General Shareholders Meeting conducted in the form of a meeting shall be established by the Regulations on General Shareholders Meeting.
- 9.8.4 In case the General Shareholders Meeting is conducted in the form of the absentee vote, the shareholders whose voting ballots are received by the Company prior to the last date for acceptance of voting ballots shall be deemed to have participated in such General Shareholders Meeting.
- 9.8.5 Voting ballots recognized as invalid in accordance with the effective legislation, this Charter, and Regulations on General Shareholders Meeting, shall not be counted when the quorum is determined for voting on an issue.
- 9.8.6 In case the agenda of the General Shareholders Meeting includes issues which are to be voted on by different contingent of voters, the quorum for the adoption

of resolutions on those issues shall be determined separately. The absence of a quorum for resolutions on issues to be voted on by a certain contingent of voters shall not prevent the adoption of resolutions on issues to be voted on by a different contingent of voters, the quorum for which is reached.

9.8.7 The General Shareholders Meeting conducted in the form of a meeting shall be opened if by the time of its commencement there is a quorum for at least one of the issues included in the agenda of such a General Shareholders Meeting. If there is no quorum for any of the issues on the agenda of such General Shareholders Meeting. If there is no quorum for any of the issues on the agenda of such General Shareholders Meeting by the time of its commencement, then the commencement may be adjourned for no more than 2 hours.

9.9 Adjourned General Shareholders Meeting

9.9.1 In the absence of a quorum for conduct of the annual General Shareholders Meeting the Board of Directors shall adopt the resolution to conduct an adjourned General Shareholders Meeting with the same agenda.

9.9.2 In the absence of a quorum for conduct of the Extraordinary General Shareholders Meeting, an adjourned General Shareholders Meeting with the same agenda may be conducted in accordance with a resolution of the Board of Directors.

9.9.3 The procedure for preparing and convening an adjourned General Shareholders Meeting, notifying the shareholders of the same, and conducting such General Shareholders Meeting shall be similar to the procedure established for the adjourned General Shareholders Meeting by the effective legislation, this Charter, and the Regulations on General Shareholders Meeting, save for any exceptions established by the Federal Law “On Joint Stock Companies”.

9.9.4 An 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 percent of the votes attached to the outstanding voting shares in the Company.

9.9.5 In the event an adjourned General Shareholders Meeting is conducted within 40 days from the date of original General Shareholders Meeting, persons entitled to participate in the General Shareholders Meeting shall be determined in accordance with the list of persons entitled to participate in the original General Shareholders Meeting.

9.10 Voting ballots

9.10.1 Voting on issues on the agenda of the General Shareholders Meeting shall be performed by voting ballots. A voting ballot shall be sent or delivered against signature to each of the persons specified in the list of persons entitled to participate in the General Shareholders Meeting no later than 20 days prior to the date of the General Shareholders Meeting.

9.10.2 A ballot for the purpose of voting at the General Shareholders Meeting of the Company shall meet requirements established by the effective legislation of the Russian Federation and the Regulations on General Shareholders Meeting. A ballot may include further information as determined by the Board of Directors in approving the form and text of such voting ballot.

9.10.3 If the General Shareholders Meeting is conducted in the form of a meeting, persons included in the list of persons entitled to participate in such General Shareholders Meeting may either participate therein in person or send filled-in

voting ballots at the address of the Company specified in this Charter or at any address(es) specified in the ballot. As resolved by the Board of Directors, the Company may use electronic systems whereby shareholders are able to vote electronically.

9.10.4 When determining the presence of a quorum and the results of voting at the General Shareholders Meeting conducted in the form of a meeting, the votes to be counted shall be the votes represented by voting ballots received by the Company no later than 2 days prior to the date of the General Shareholders Meeting as well as the votes cast during the General Shareholders Meeting, including votes submitted electronically in case the Company uses electronic facilities for shareholder vote at its General Shareholders Meeting.

9.10.5 When voting at the General Shareholders Meeting by ballot, votes on only those issues shall be counted for which the voting person left only one of the possible voting options, with the exception of cases provided for by the effective legislation of the Russian Federation. Voting ballots filled out in breach of the above requirement shall be held invalid, and votes on issues set forth therein shall not count.

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

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

9.11 Counting Commission

9.11.1 The functions of the Counting Commission of the Company shall be performed by the registrar of the Company.

9.11.2 In performing the Counting Commission's functions, the Company registrar shall:

- 1) verify the powers of and register the persons participating in the General Shareholders Meeting, prepare the report on results of registration;
- 2) ascertain the quorum of the General Shareholders Meeting and the quorum for resolutions on each issue on the agenda;
- 3) give explanations on questions arising in connection with the exercise by shareholders of the voting rights at the General Shareholders Meetings;
- 4) explain the procedure for the voting on issues put to a vote;
- 5) ensure that the established procedures for the voting and shareholders' rights to participate in the voting are kept with;
- 6) count votes and summarized the voting results;
- 7) announce resolutions made by the General Shareholders Meeting and results of voting on issues on the agenda of such General Shareholders Meeting;
- 8) prepare and sign the protocol on the voting results;
- 9) submit the voting ballots to the archives;
- 10) perform other functions provided for by the effective legislation of the Russian Federation and the agreement between the Company and its registrar.

9.11.3 Minutes of the Counting Commission shall be signed by at least 3 authorized persons of the registrar.

10. BOARD OF DIRECTORS

10.1 The Board of Directors of the Company shall be responsible for strategic management of Company operations on behalf and in the interests of all shareholders of the Company.

10.2 Competence of the Board of Directors

10.2.1. In the exercise of its management functions the Board of Directors of the Company shall:

- 1) determine the priority directions of the Company's activities;
- 2) approve a long-term strategy of development and monitor its implementation;
- 3) approve plans of the Company's financial and business operations (business plans, budgets) and monitor their implementation;
- 4) preliminary approve the Company's annual report;
- 5) determine the amount of remuneration payable to the Company's auditor;
- 6) determine the list and amounts of funds formed in the Company;
- 7) make resolutions on use of the reserve fund and other funds of the Company;
- 8) make resolutions on establishment and liquidation of branches and opening and liquidation of representative offices of the Company;
- 9) make resolutions on amending the Charter of the Company in connection with establishment of branches, opening of representative offices of the Company and their liquidation;
- 10) approve criteria for determination of the amount of remuneration payable to the members of the Board of Directors of the Company;
- 11) determine key performance indices and approve amounts of annual bonuses (premiums) payable to members of the Company's collective executive body, the Company's sole executive body, and other top managers of the Company;
- 12) make resolutions on audit by the Audit Commission of financial and business operations of the Company, consider the findings of such audits as carried out pursuant to the resolution of the Board of Directors, and make resolutions on them if required;
- 13) determine the price (monetary value) of the property in cases, provided for by the Federal Law "On Joint Stock Companies";
- 14) approve the registrar of the Company and terms and conditions of the contract to be concluded with the registrar for keeping the register of holders of registered securities as well as amendment/termination of the contract with the registrar;
- 15) consider reports of the Company's subdivision responsible for the Company's compliance with the legislation in terms of preventing wrongful use of insider information, regarding the Company's compliance with the Russian Federation's insider information or market manipulation laws;

- 16) approve key areas for development of the internal control and risk management system, and supervise their implementation;
- 17) arrange for analysis and operational efficiency assessment of the internal control and risk management system;
- 18) elect chairmen of committees of the Board of Directors of the Company;
- 19) adopt resolutions on appointment and dismissal of the Head of the internal audit service of the Company;
- 20) consider reports of the internal audit service of the Company;
- 21) adopt resolutions on application for a listing of the Company's shares and/or the Company's issuable securities convertible into the Company's shares;
- 22) adopt resolutions on insurance by the Company at its own expense of the liability of members of the Board of Directors of the Company, the Management Board of the Company and the President of the Company.

10.2.2. The Board of Directors of the Company shall form executive bodies of the Company, including:

- 1) appointment of the President of the Company, adoption of a resolution on early termination of powers of the President of the Company;
- 2) determination of the total number of members of the Management Board, appointment of members of the Management Board, appointment of the Vice Chairman of the Management Board, adoption of a resolution on early termination of powers of certain or all members of the Management Board;
- 3) approval of terms and conditions of contracts with the President of the Company and members of the Management Board, approval of amendments to such contracts;
- 4) appointment of persons authorized to sign contracts on behalf of the Company with the President and the members of the Management Board of the Company;
- 5) determination of an officer of the Company, performing duties of the sole executive body of the Company in case the President is not capable of performing his/her duties for a lengthy or indefinite period, including in case of temporary disability, voluntary resignation, or early termination for other reasons;
- 6) giving consent to the President's concurrent employment, and to holding by the President and the members of the Management Board of the Company of positions in governing bodies of other entities.

10.2.3 The Board of Directors shall adopt resolutions connected with the preparation and convocation of the General Shareholders Meetings including:

- 1) convocation the General Shareholders Meeting;
- 2) approval the agenda of the General Shareholders Meeting;
- 3) determination of the date for compilation of the list of persons entitled to participate in the General Shareholders Meeting;
- 4) adoption of resolutions on any other issues, falling within the competence of the Board of Directors of the Company in accordance with requirements of the effective legislation of the Russian Federation, this Charter, and

internal documents of the Company and related to preparation and conduct of the General Shareholders Meeting.

10.2.4 The Board of Directors of the Company shall exercise powers with regard to placement and repurchase of shares and other issuable securities in the Company, including resolutions on the following issues:

- 1) placement of bonds and other issuable securities of the Company with the exception of cases where the issue of placing bonds and other issuable securities falls within the competence of the General Shareholders Meeting in accordance with the effective legislation or the Charter of the Company;
- 2) approval of resolutions on issuance (additional issuance) of securities, prospectuses and amendments thereto;
- 3) determination of the offering price or a procedure for determination the same as well as determination of the buyout price for issuable securities in the cases provided for under the Federal Law “On Joint Stock Companies”;
- 4) acquisition of shares placed by the Company in the number not exceeding 10 percent of the total number of all outstanding shares in the Company, so that the number of outstanding shares in the Company in circulation shall be no less than 90 percent of the total number of outstanding shares in the Company;
- 5) acquisition of bonds and other securities placed by the Company in cases provided for under the effective legislation of the Russian Federation;
- 6) sale of any shares acquired by the Company, in cases provided for under the effective legislation of the Russian Federation;
- 7) approval of a report on the results of acquisition of the shares for the purpose of their redemption and of the report on the results of redemption of shares;
- 8) approval of a report on shareholders’ claims for redemption of their shares.

10.2.5 The Board of Directors shall approve the following transactions:

- 1) major transactions in the cases provided for under the Federal Law “On Joint Stock Companies”. If a transaction constitutes a major transaction and also a related party transaction, however under the effective legislation of the Russian Federation does not require an approval as a related party transaction, the said transaction shall be approved by the Board of Directors in accordance with the rules provided for the approval of major transactions;
- 2) related party transactions in the cases provided for under the Federal Law “On Joint Stock Companies”.

10.2.6 The Board of Directors of the Company shall adopt a resolution on implementation of business projects/investment programs (including those related to establishment of new enterprises/businesses, joint ventures, attracting investments, new construction, reconstruction, production capacities upgrade), which involve or may involve expenses or other liabilities of the Company in the amount, equal to or exceeding a monetary equivalent of 1,500,000,000 (one billion five hundred million) US dollars.

10.2.7 The Board of Directors of the Company shall adopt resolutions on conclusion, alteration, or termination of the following transactions (or several inter-related

transactions) other than transaction types referenced in Clause 10.2.5 of this Charter:

- 1) any transactions, which involve or may involve expenses or other liabilities of the Company in the amount, equal to or exceeding a monetary equivalent of 1,500,000,000 (one billion five hundred million) US dollars, with the exception of transactions authorized in a different procedure established under the effective legislation and this Charter;
- 2) gratuitous transactions of the Company (including charity, donation, grants), which involve or may involve expenses or other liabilities of the Company in the amount, equal to or exceeding a monetary equivalent of 50,000,000 (fifty million) US dollars.

10.2.8 The Board of Directors of the Company shall approve the following internal documents of the Company including any amendments thereto:

- 1) Corporate Governance Code of the Company;
- 2) Code of Corporate Ethics;
- 3) Regulations on committees of the Board of Directors;
- 4) Regulations on Corporate Secretary;
- 5) Regulations on funds of the Company;
- 6) Regulations on remuneration and compensation payable to members of the Board of Directors of the Company (including regulations on shareholdings of members of the Board of Directors and Group Companies in the Company), members of the Management Board and the sole executive body (including regulations on social support for members of the Management Board and the sole executive body), and key executives;
- 7) Policy-level corporate regulations of the Company in the following areas:
 - I. determination of the business organization model (including determination of key managerial and business processes and principles for establishing and modifying the Company's organizational structure);
 - II. sustainable development;
 - III. corporate governance;
 - IV. internal control and risk management system;
 - V. compliance of documents and operations of the Company with legal requirements and business practice;
 - VI. management of conflicts of interests;
 - VII. internal audit (Regulations on Internal Audit, which shall define the goals, objectives, and authorities of organizational departments performing internal audit functions in the Company);
 - VIII. management of finances and reporting;
 - IX. industrial safety,
 - X. labour and environmental protection;
 - XI. investment;
 - XII. innovation activities;
 - XIII. information policy (including information disclosure and provision, protection of confidential information, information security and measures to prevent wrongful use of insider information);

- XIV. dividend policy (Regulations on Dividend Policy);
 - XV. external communications (including regional politics and international operations);
 - XVI. anti-corruption policy;
 - XVII. human resource and social policies;
 - XVIII. performance evaluation (including evaluation of work of the Company's governing bodies);
- 8) other internal documents of the Company as defined by this Charter and the effective legislation of the Russian Federation.

The Board of Directors may supervise implementation of provisions of internal Company documents, as referenced above in this clause of the Charter, by the Company's executive bodies, including by way of requesting and examining progress reports by the Company's executive bodies on the Company's compliance with the above internal documents and/or by requiring that committees of the Board of Directors or the Company's Corporate Secretary monitor compliance with internal Company documents to be approved by the Board of Directors.

10.2.9 The Board of Directors of the Company shall provide recommendations to the General Shareholders Meeting on the following issues:

- 1) distribution of profits and losses of the Company based on results of a fiscal year;
- 2) amount of a dividend on the Company shares and procedure of payment of dividends;
- 3) amount of remuneration and compensation payable to the members of the Company's Audit Commission.

10.2.10 The Board of Directors shall develop proposals to the General Shareholders Meeting on issues falling within the competence of the General Shareholders Meeting as provided for in Clause 9.3.3.

10.2.11 The Board of Directors shall resolve to appoint or remove the Corporate Secretary of the Company.

10.2.12 The Board of Directors of the Company shall appoint the Secretary of the Board of Directors of the Company.

10.2.13 The Board of Directors of the Company shall determine the general policy in relation to the Group Companies. In particular, the following issues shall fall within the competence of the Board of Directors of the Company:

- 1) approval of the internal document of the Company that defines criteria for classifying any Group Companies as Key Group Companies;
- 2) determination of the position of the Company with regard to conclusion, amendment and early termination by Group Companies of the following transactions (or several inter-related transactions):
 - (i) transactions, which involve or may involve expenses and /or other liabilities of a Group Companies equal to or exceeding a monetary equivalent of 1,500,000,000 (one billion five hundred million) US dollars, with the exception of a Group Company transactions subject to a different procedure for determination of the Company's position pursuant to this Charter;

- (ii) grants, donations, or charitable transactions, which involve or may involve expenses and/or other liabilities of a Group Company equal to or exceeding a monetary equivalent of 50,000,000 (fifty million) US dollars;
- 3) determination of the Company position with regard to implementation, by Group Companies, of business projects/investment programs (including those related to establishment of new enterprises (businesses), joint ventures, attracting investments, new construction, reconstruction, production capacities upgrade), which involve or may involve expenses and/or other liabilities of the Company equal to or exceeding a monetary equivalent of 1,500,000,000 (one billion five hundred million) US dollars;
- 4) determination of the position of the Company with regard to the following issues:
 - (i) any actions, including transactions, that result in any reduction of the charter capital of a Key Group Company or reduction of the Group Company's direct or indirect proportionate equity stake in the Key Group Company;
 - (ii) liquidation of Key Group Companies;
 - (iii) reorganization of Key Group Companies by way of merger or consolidation into business entities other than Group Companies.

For the purpose of this Charter, any business entity where the Company directly and (or) indirectly holds shares or equity stakes of 20 percent and more shall be recognized as Group Companies.

For the purpose of this Charter, Group Companies having or likely to have a material impact on the Company's financial, economic, and other performance indicators and/or on the implementation of its development strategy shall be recognized as Key Group Companies.

10.2.14 The Board of Directors of the Company shall adopt resolutions on other issues falling within its competence in accordance with the effective legislation of the Russian Federation or this Charter.

10.2.15 Issues falling within the competence of the Board of Directors of the Company may not be delegated to executive bodies of the Company.

10.2.16 The Board of Directors of the Company shall have the right to accept for consideration any issue relating to activities of the Company, with the exception of issues, falling within the competence of the General Shareholders Meeting in accordance with the Federal Law "On Joint Stock Companies" or this Charter.

10.2.17 Any issues related to the development and implementation of defense measures regarding mobilization preparation, civil defense, emergency situations and information protection issues, which constitute state secret, shall not be considered at a meeting of the Board of Directors of the Company.

10.3 Election of the Board of Directors

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

10.3.2 If the annual General Shareholders Meeting is not conducted within the term specified in the Charter, powers of the Board of Directors shall terminate, except

for the powers to prepare for, convene, and conduct the annual General Shareholders Meeting.

- 10.3.3 A member of the Board of Directors of the Company may not be a shareholder of the Company. Only individuals may be members of the Board of Directors of the Company.
- 10.3.4 The Board of Directors shall be elected by a cumulative vote at the General Shareholders Meeting and shall be composed of 9 (nine) members.
- 10.3.5 The Board of Directors shall, among other things, include persons of sufficient independence to develop a position on issues falling within the competence of the Board of Directors of the Company, regardless of any influence exerted by the executive bodies of the Company, selected shareholder groups, or other stakeholders, and having a sufficient degree of professionalism and experience (independent directors). A number of independent directors shall be at least one-third of the total number of members of the Board of Directors of the Company, but may not be less than three.
- 10.3.6 A member of the Board of Directors of the Company may not be recognized as an independent director if he/she is:
- 1) related to the Company;
 - 2) related to a significant shareholder in the Company;
 - 3) related to a significant counterparty of the Company;
 - 4) related to a competitor of the Company;
 - 5) related to the state (the Russian Federation, subject of the Russian Federation) or a municipality.

Whether any member of the Board of Directors of the Company is independent shall be determined in accordance with criteria established by the Regulations on Board of Directors of the Company.

The Board of Directors of the Company shall assess candidates to the Board of Directors of the Company, issue an opinion regarding independence of any candidate to the Board of Directors of the Company, and shall examine any independent members of the Board of Directors of the Company for compliance with the independence criteria.

- 10.3.7 In accordance with the resolution of the General Shareholders Meeting the Company may terminate powers of the Board of Directors of the Company in respect of all Directors only.
- 10.3.8 Persons elected to the Board of Directors of the Company may be reelected an unlimited number of times.
- 10.3.9 If the number of the members of the Board of Directors of the Company becomes less than the number that constitutes a quorum for conduct of a meeting of the Board of Directors as determined in this Charter, the Board of Directors of the Company shall resolve to conduct the Extraordinary General Shareholders Meeting aimed at election of the new members of the Board of Directors of the Company. The remaining members of the Board of Directors of the Company may only resolve to convene such the Extraordinary General Shareholders Meeting.

10.4 Chairman of the Board of Directors and his/her Deputies

- 10.4.1 The Chairman of the Board of Directors of the Company and his/her Deputies shall be elected by the members of the Board of Directors of the Company from among themselves by the majority of votes of all the members of the Board of Directors of the Company, without consideration of the votes of the withdrawn members of the Board of Directors.
- 10.4.2 The Board of Directors of the Company shall have the right to re-elect its Chairman and Deputy Chairmen at any time by the majority of votes of all the members of the Board of Directors without consideration of the votes of the withdrawn members of the Board of Directors.
- 10.4.3 The Chairman of the Board of Directors of the Company shall organize its work, convene and preside over the meetings of the Board of Directors, arrange for the keeping of minutes at its meetings, preside at the General Shareholders Meeting, ensure interaction between the Board of Directors and other management and supervisory bodies of the Company, and exercise other powers prescribed by internal documents of the Company.
- 10.4.4 In the absence of the Chairman of the Board of Directors, his/her duties shall be performed by one of his/her Deputies, and in case of their absence - by one of the members of the Board of Directors by a resolution of the Board of Directors of the Company.

10.5 Meeting of the Board of Directors

- 10.5.1 The meeting of the Board of Directors of the Company shall be convened by the Chairman at his/her own initiative or at the request of a member of the Board of Directors, the Management Board, the President, the Audit Commission of the Company or the auditor of the Company. The procedure for convening and conducting any meetings of the Board of Directors of the Company shall be determined by this Charter and the Regulations on Board of Directors of the Company.
- 10.5.2 At least one half of all members elected to the Board of Directors shall constitute a quorum for a meeting of the Board of Directors.
- 10.5.3 When determining the presence of a quorum and the results of voting on the agenda issues in the manner prescribed by the Regulations on Board of Directors of the Company, a written opinion of any member of the Board of Directors absent from such meeting of the Board of Directors shall be taken into account, except for any issues subject to other resolution-adopting requirements as prescribed by the Federal Law "On Joint Stock Companies" or the Company Charter.
- 10.5.4 The resolutions of the Board of Directors may be adopted by absentee voting. The Board of Directors may not adopt resolutions by absentee vote on the issues specified in sub-clauses 1-3 of Clause 10.2.1 or sub-clauses 1-3 of Clause 10.2.3 of this Charter.
- 10.5.5 The resolutions at the meetings of the Board of Directors shall be adopted by the majority of votes of the members of the Board of Directors of the Company present at the meeting and/or expressed their opinion in writing, unless otherwise provided for by the Federal Law "On Joint Stock Companies" or the Company's Charter.

- 1) In case of absentee voting, a resolution of the Board of Directors shall be deemed to have been approved, if more than one-half of the members of the Board of Directors, who participate in the absentee voting, voted in favor of such resolution, unless otherwise provided for by the Federal Law "On Joint Stock Companies" or the Company's Charter.
- 2) The resolution on the approval of a related party transaction shall be approved by the Board of Directors of the Company, by the majority of votes of independent directors who are not interested in consummation of such a transaction. If all members of the Board of Directors of the Company are recognized as interested persons and (or) are not independent directors, the issue on approval of the transaction shall be submitted to the General Shareholders Meeting.
- 3) The resolution on the approval of a major transaction involving a property valued at 25 to 50 percent of the Company's book assets, or the resolution authorizing placement, by the Company, of bonds convertible into shares, or other issuable securities convertible into shares, shall be adopted unanimously by all the members of the Board of Directors, provided that the votes of the former members of the Board of Directors shall not be taken into consideration.
- 4) The resolution of the Board of Directors on submitting proposals to the General Shareholders Meeting regarding the issues indicated in sub-clauses 1, 2, 3, and 7, Clause 9.3.3, Article 9 of this Charter, shall be considered approved if at least all but one elected members of the Board of Directors voted for it. The votes of the former members of the Board of Directors shall not be taken into consideration.

10.5.6 When resolving on issues at a meeting of the Board of Directors of the Company, each member of the Board of Directors of the Company 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 Board of Directors.

10.5.7 In case of equality of votes of the members of the Board of Directors of the Company on a resolution, the Chairman of the Board of Directors shall have a decisive vote.

10.6 Committees of the Board of Directors

10.6.1 As resolved by the Board of Directors, committees shall be formed within its structure. The formation and operation of such committees shall be governed by the Regulations on Board of Directors of the Company and other internal documents to be approved by the Board of Directors of the Company. When determining the competence of its committees, the Board of Directors may determine a list of issues falling within the competence of the Board of Directors to be preliminary considered by relevant committees of the Board of Directors.

10.6.2 As a rule, the Board of Directors of the Company shall form within its structure the following committees: Strategic Planning Committee, Audit Committee and Human Resources and Remuneration Committee.

10.6.3 The Board of Directors may resolve to establish any other committees within its structure.

11. PRESIDENT OF THE COMPANY

- 11.1** The President of the Company shall exercise powers of the sole executive body, and shall act on the basis of this Charter as well as on the basis of the Regulations on Sole Executive Body (President) of the Company approved by the General Shareholders Meeting.
- 11.2** The President of the Company shall report to the Board of Directors and the General Shareholders Meeting of the Company.
- 11.3** The President of the Company shall be appointed by the Board of Directors for a term of 5 (five) years.
- 11.4** The President of the Company shall perform his/her duties during the term for which he/she was elected, until a new President of the Company is appointed or an acting President is appointed in accordance with the procedure established under sub-clause 5 of Clause 10.2.2 of this Charter.
- 11.5** The rights and obligations of the President of the Company, as well as the amount of and procedure for payment of remuneration to the President of the Company shall be determined by an agreement to be made between the President and the Company. Such agreement shall be signed on behalf of the Company by the Chairman of the Board of Directors of the Company or any another person authorized by the Board of Directors of the Company.
- 11.6** The powers of the President of the Company may be early terminated by the resolution of the Board of Directors of the Company.
- 11.7** The President of the Company shall be authorized to act on behalf of the Company without the power of attorney, inter alia, to represent the interests of the Company, to conclude transactions on behalf of the Company to the extent provided by the effective legislation of the Russian Federation and this Charter, to issue orders and to give instructions mandatory for all employees of the Company, to issue powers of attorney for representation of interests of the Company. For the duration of his/her short-term absence (vacation, sick leave, business travel, or other circumstances with the exception of those contemplated by sub-clause 5, Clause 10.2.2 hereof), the President may appoint a person to act as the Company's sole executive body.
- 11.8** The President of the Company shall procure the fulfillment of resolutions adopted by the General Shareholders Meeting, the Management Board, and the Board of Directors of the Company.
- 11.9** The President of the Company shall be personally responsible for establishing appropriate conditions to safeguard any state secrets. In case of liquidation or reorganization of the Company, the President of the Company shall be personally responsible for preservation of any state secrets.
- 11.10** The following issues shall fall within the competence of the President of the Company:
- 1) current management of the Company operations in accordance with resolutions of the General Shareholders Meeting and the Board of Directors of the Company;
 - 2) submission of proposals to the Board of Directors of the Company on nominees to the Management Board of the Company and on early termination of powers of the members of the Management Board of the Company;
 - 3) arrangements for development of financial and business plans to be submitted to the Board of Directors of the Company for approval, as well as preliminary consideration and approval (prior to submission to the Board of Directors of the Company) of any expenses not contemplated by the Company's financial and business plan;

- 4) preparation of the Company's annual report(s), annual accounting (financial) statements, as well as profit distribution statements, including payment/declaration of dividends, and Company losses of a fiscal year for submission to the Board of Directors of the Company;
- 5) approval of the Company's personnel schedule and any amendments or additions thereto;
- 6) appointment of heads of the Company's branches and representative offices and early termination of their powers;
- 7) appointment of individual members to collective bodies (committees, commissions, etc.), with the exception of committees of the Board of Directors of the Company;
- 8) determination of the list of information containing trade secrets or constituting confidential information of the Company;
- 9) implementation of internal control procedures;
- 10) execution, modification, or early termination of currency conversion transactions, regardless of their value, with the exception of transactions to be decided by other governing bodies of the Company on grounds provided for by the effective legislation of the Russian Federation and this Charter;
- 11) execution, modification, or early termination of a transaction (or several inter-related transactions), including those in the course of ordinary business activity, which involve or may involve expenses and/or other liabilities of the Company up to a monetary equivalent of 500,000,000 (five hundred million) US dollars, with the exception of transactions to be decided on subject to another procedure as established by the effective legislation and this Charter;
- 12) execution, modification, or early termination of grant, donation, or charitable transactions, which involve or may involve expenses and/or other liabilities of the Company up to a monetary equivalent of 5,000,000 (five million) US dollars;
- 13) adoption of resolutions to implement business projects/investment programs (including those involving establishment of new enterprises/businesses, joint ventures, attracting investments, new construction, reconstruction, production capacities upgrade), which involve or may involve expenses and/or other liabilities of the Company up to a monetary equivalent of 500,000,000 (five hundred million) US dollars;
- 14) conducting of meetings of the Management Board of the Company;
- 15) signing of all documents on behalf of the Company, as well as minutes of meetings of the Management Board of the Company;
- 16) approval of internal documents of the Company, adoption of which does not fall within the competence of the General Shareholders Meeting, the Board of Directors and the Management Board of the Company;
- 17) approval of the list of documents to be kept by the Company;
- 18) approval of the list of Key Group Companies;
- 19) approval of the list of candidates to governing bodies of Group Companies other than Key Group Companies;
- 20) other issues not falling within the competence of the General Shareholders Meeting, the Board of Directors and the Management Board of the Company in accordance with the effective legislation and this Charter.

11.11 The President of the Company shall determine the Company's position of the Company with regard to activity of Group Companies on the following issues:

- 1) approval/modification of the organization structure of Key Group Companies;

- 2) appointment of powers of members of the collective executive bodies (Management Boards), sole executive bodies and termination of their powers, as well as delegation of powers of the sole executive body to a managing entity of Group Companies other than Key Group Companies;
- 3) approval of the terms and conditions of employment agreements with the sole executive body and members of the collective executive body of Group Companies, adoption of resolutions on imposition of disciplinary penalties on sole executive bodies of Group Companies;
- 4) approval of the terms and conditions of any agreement with the managing entity (manager) of a Group Company;
- 5) election of the Chairman of the Board of Directors (Supervisory Board) of a Group Company;
- 6) approval of the list of candidates for election to Audit Commissions of Group Companies;
- 7) determination of the amount of remuneration payable to members of the Board of Directors (Supervisory Board), Audit Commission, and collective executive body of a Key Group Company;
- 8) approval of performance indicators and annual bonus amounts for the sole executive body of a Group Company other than a Key Group Company;
- 9) establishment/opening/liquidation of branches and representative offices, appointment of heads of branches and representative offices for Key Group Companies;
- 10) approval of constituent documents, regulations on governing bodies, regulations on branches and representative offices, as well as amendments thereto with regard to Key Group Companies using a standard form of such documents of Group Companies as developed and approved by the Company;
- 11) approval of constituent documents, regulations on governing bodies, regulations on branches and representative offices, as well as amendments thereto with regard to Group Companies other than Key Group Companies, in case such documents are inconsistent with standard forms approved by the Company;
- 12) distribution of profits of Group Companies;
- 13) approval of plans of financial and business operations (business plans and budgets) of Group Companies and any amendments thereto;
- 14) reorganization of Group Companies other than Key Group Companies, with the exception of cases when, in accordance with this Charter, the position of the Company on reorganization of the said Group Entities shall be determined by the Management Board of the Company;
- 15) execution of any actions (transactions) on increase of the charter capital of a Group Company other than a Key Group Company, unless such actions (transactions) results in reduction of the Group Company's direct or indirect proportionate equity stake held by the Company in such Group Company;
- 16) split and consolidation of shares of a Group Company;
- 17) execution, modification, or early termination of any transaction (or several inter-related transactions), including a shareholder agreement or a similar agreement (a corporate contract), as well as any transaction made in the course of ordinary business activities, which involve or may involve expenses and/or other liabilities of a Group Company ranging from a monetary equivalent of 25,000,000 (twenty five million) US dollars to a monetary equivalent of 500,000,000 (five hundred million) US dollars, with the exception of Group Company transactions subject to

another procedure for determination of the Company's position as provided for by this Charter;

- 18) execution, modification, or early termination of grants, donations, and charitable transactions, which involve or may involve expenses and/or other liabilities of a Group Company up to a monetary equivalent of 5,000,000 (five million) US dollars;
 - 19) implementation of business projects/investment programs (including those involving establishment of new enterprises/businesses, joint ventures, attracting investments, new construction, reconstruction, production capacities upgrade), which involve or may involve expenses and/or other liabilities of a Group Company up to a monetary equivalent of 500,000,000 (five hundred million) US dollars;
 - 20) execution, modification, or early termination of any transaction (or several inter-related transactions), which involve or may involve expenses and/or other liabilities of a Group Company up to a monetary equivalent of 500,000,000 (five hundred million) US dollars:
 - i. with shares issued by the Company;
 - ii. with shares or participatory interests in Group Companies;
 - iii. with a 20 percent or higher share/stake in the charter capital of other business entities;
 - iv. with non-core assets and real estate, with the exception of lease agreements.
- 11.12** The President of the Company may determine the position of the Company on any issue involving the operation of a business entity wherein the Company directly or indirectly holds an equity stake, unless such issues fall within the competence of the Board of Directors or the Management Board of the Company in accordance with this Charter.
- 11.13** The procedure for exercising the President's authorities defined in Clauses 11.10 - 11.12 of this Charter may be established by Company's local regulations and directives.
- 11.14** The Company President may refer to the Management Board of the Company, for consideration, any issue falling within his/her competence as provided for by this Charter.
- 11.15** The President of the Company shall participate in meetings of the Board of Directors and, if so requested by the Board of Directors, shall provide the latter with information on all aspects of activities carried out by the Company involving issues within the competence of the Board of Directors of the Company. During the periods between meetings of the Board of Directors, the President of the Company shall regularly inform the Chairman of the Board of Directors, and at the request of the latter - other members of the Board of Directors, on main areas of the Company's activity.

12. MANAGEMENT BOARD OF THE COMPANY

- 12.1** The Management Board of the Company shall be the collective executive body of the Company, which shall act on the basis of this Charter as well as on the basis of the Regulations on Collective Executive Body (Management Board) of the Company approved by the General Shareholders Meeting.
- 12.2** The functions of the Chairman of the Management Board of the Company shall be performed by the President of the Company. The Management Board of the Company shall appoint the Secretary of the Management Board from among employees of the

- Company in accordance with the procedure provided for by the Regulations on Collective Executive Body (Management Board).
- 12.3** Members of the Management Board of the Company shall be appointed by the Board of Directors for the term of three years. The procedure for formation of the Management Board shall be established by the Regulations on Collective Executive Body (Management Board) of the Company.
- 12.4** Powers of certain or all members of the Management Board of the Company may be terminated early by resolution of the Board of Directors of the Company.
- 12.5** The presence of at least one half of the number of the members of the Management Board of the Company (with the exception of its former members) shall constitute a quorum for conduct of a meeting of the Management Board of the Company. If the number of the members of the Management Board of the Company becomes less than the number constituting the quorum, the Board of Directors of the Company shall form a new Management Board or elect additional members to the Management Board of the Company until the required number is reached.
- 12.6** The President of the Company shall organize the meetings of the Management Board of the Company. At the meetings of the Management Board minutes shall be kept, which shall be signed by the President and secretary of the management Board thereafter. Minutes of meetings of the Management Board shall be made available to the members of the Board of Directors, the Audit Commission, and the auditor of the Company upon their request.
- 12.7** When resolving on issues at meetings of the Management Board of the Company each member of the Management Board of the Company shall have one vote. No member of the Management Board shall be allowed to delegate his/her voting right to another person, including another member of the Management Board.
- 12.8** The procedure for convening and conducting of meetings of the Management Board and for adopting resolutions by it shall be established by the Regulations on Collective Executive Body (Management Board) of the Company.
- 12.9** The Management Board of the Company may adopt resolutions on issues falling within its competence by the absentee vote in accordance with the procedure provided for by the Regulations on Collective Executive Body (Management Board) of the Company.
- 12.10** The following issues shall fall within the competence of the Management Board:
- 1) preliminary determination of the priority areas of the activities;
 - 2) organization of work on the implementation of priority areas of the Company's activities;
 - 3) adoption of resolutions on participation or on termination of participation in commercial and non-profit organizations;
 - 4) approval of the Company's organizational structure;
 - 5) approval of performance indices and annual bonus amounts payable to managers of separate organization departments of the Company;
 - 6) determination of the Company's system of collective bodies (committees, commissions, etc., other than committees of the Board of Directors), identification of tasks and functions of the Company's collective bodies;
 - 7) approval of the list of nominees to governing bodies of Key Group Companies;
 - 8) adoption of resolutions on execution, variation or termination of any transaction (or several inter-related transactions), including a shareholder agreement or another similar agreement or any transaction made in the course of ordinary business activities, which involves or may involve expenses and/or other liabilities of the Company ranging from a monetary equivalent of 500,000,000 (five hundred

million) US dollars to a monetary equivalent of 1,500,000,000 (one billion five hundred million) US dollars, with the exception of transactions to be authorized in a different procedure as established by the effective legislation and this Charter;

- 9) adoption of resolutions on execution, modification, or early termination of grant, donation, or charitable transactions, which involve or may involve expenses and/or other liabilities of the Company ranging from a monetary equivalent of 5,000,000 (five million) US dollars to a monetary equivalent of 50,000,000 (fifty million) US dollars;
- 10) adoption of resolutions to implement any business projects/investment programs (including those related to establishment of new enterprises (businesses), joint ventures, attracting investment, new construction, reconstruction, and facility upgrades), which involve or may involve expenses and/or other liabilities of the Company ranging from a monetary equivalent of 500,000,000 (five hundred million) US dollars to a monetary equivalent of 1,500,000,000 (one billion five hundred million) US dollars;
- 11) appointment of the Secretary for the Management Board of the Company;
- 12) approval of the following internal documents of the Company:
 - i. rules for internal labor order;
 - ii. regulations on conditions of wage payment and social protection for employees of the Company;
 - iii. regulations on the principles for establishing and operating the system of the collective bodies of the Company (committees, commissions, etc.);
 - iv. regulations on collective bodies of the Company (committees and commissions), with the exception of regulations on committees of the Board of Directors of the Company;
 - v. local regulations on organization of work of the Company's representatives within governing bodies of other legal entities;
 - vi. standard forms of corporate documents for Group Companies, including constituent documents of Group Companies, regulations on governing bodies of Group Companies, and regulations on branches and representative offices of Group Companies;
 - vii. a model organizational structure for Group Companies in accordance with areas of their activities;
 - viii. policy-level internal documents of the Company, unless their approval falls within the competence of the Board of Directors, as well as standard-level internal documents.

12.11 The Management Board of the Company shall determine the position of the Company on the following issues of operations carried out by Group Companies:

- 1) appointment of members of the collective executive body (Management Board) or sole executive body and termination of their powers, delegation of the authority vested with the sole executive body to a management entity of a Key Group Company;
- 2) determination of performance indicators and annual bonus amounts payable to the sole executive bodies of Key Group Companies;
- 3) approval and amendment of constituent documents, regulations on governing bodies, branches and representative offices of Key Group Companies, insofar as such documents are inconsistent with standard forms approved by the Company;

- 4) execution of any actions (transactions) on increase of the charter capital of a Key Group Company, unless such actions (transactions) involves *pro rata* reduction of the Group Company's direct or indirect participatory interest in such Key Group Company;
 - 5) execution of any actions (transactions) that reduce the charter capital of a Group Company other than a Key Group Company, or that involves a *pro rata* reduction of the Group Company's direct or indirect equity stake in such Group Companies;
 - 6) liquidation of Group Companies other than Key Group Companies;
 - 7) reorganization of Key Group Companies, with the exception of issues of reorganization of Key Group Companies the position on which shall be determined by the Board of Directors of the Company;
 - 8) reorganization of Group Companies, other than Key Group Companies, by way of merger or consolidation into business entities other than Group Companies;
 - 9) execution, variation, or early termination of any transaction (or several inter-related transactions), including transaction made in the course of ordinary business activities, which involve or may involve expenses and/or other liabilities of a Group Company ranging from a monetary equivalent of 500,000,000 (five hundred million) US dollars to a monetary equivalent of 1,500,000,000 (one billion five hundred million) US dollars, other than Group Company transactions subject to another procedure for determination of the Company's position, as provided by this Charter;
 - 10) execution, modification, or early termination of grant, donation, or charitable transactions, which involve or may involve expenses and/or other liabilities of the Company ranging from a monetary equivalent of 5,000,000 (five million) US dollars to a monetary equivalent of 50,000,000 (fifty million) US dollars; and
 - 11) implementation of any business projects/investment programs (including those related to establishment of new enterprises (businesses), joint ventures, attracting investment, new construction, reconstruction, and facility upgrades), which involve or may involve expenses and/or other liabilities of a Group Company ranging from a monetary equivalent of 500,000,000 (five hundred million) US dollars to a monetary equivalent of 1,500,000,000 (one billion five hundred million) US dollars.
- 12.12** The Management Board of the Company may adopt a resolution on any issue, submitted for its consideration by the President, falling within the competence of the latter in accordance with this Charter.

13. LIABILITY OF MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE BODIES OF THE COMPANY

- 13.1 When exercising their rights and performing their duties, the members of the Board of Directors of the Company, the President of the Company and the members of the Management Board of the Company shall act in the interests of the Company and exercise their rights and perform their duties in good faith and in a reasonable manner.
- 13.2 The members of the Board of Directors of the Company, the President of the Company and the members of the Management Board of the Company shall be liable to the Company for damages caused to the Company by their wrongful actions (inactions), unless other grounds for or amount of, the liability are provided for by the effective legislation of the Russian Federation.
- 13.3 The members of the Board of Directors of the Company and the members of the Management Board of the Company who voted against the resolution that caused damages to the Company or who did not participate in the vote shall not be liable.

- 13.4 The Company or shareholder(s) holding, in the aggregate, at least 1 percent of outstanding common shares in the Company shall have the right to file a court claim against a member of the Board of Directors of the Company, the President of the Company, and a member of the Management Board of the Company for damages caused to the Company in the instance provided for by the effective legislation of the Russian Federation.
- 13.5 The Company may at its cost and expense insure the liability of the members of the Board of Directors, the President of the Company and the members of the Management Board of the Company provided for by this Clause hereof.

14. AUDIT COMMISSION

- 14.1 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 Audit Commission of the Company approved by the General Shareholders Meeting.
- 14.2 The Audit Commission of the Company shall consist of 5 (five) members to be elected by the General Shareholders Meeting for a period until the next annual General Shareholders Meeting.
- 14.3 If the number of the members of the Audit Commission becomes less than 3 (three), the remaining members of the Audit Commission shall perform their duties until a new Audit Commission is elected, and the Board of Directors of the Company shall convene the Extraordinary General Shareholders Meeting to elect a new Audit Commission the term of powers of which shall last till the next annual General Shareholders Meeting.
- 14.4 The powers of certain or all of the members of the Audit Commission may be early terminated by a resolution of the General Shareholders Meeting.
- 14.5 Only an individual may be a member of the Audit Commission of the Company. A member of the Audit Commission of the Company need not be a shareholder in the Company. No member of the Audit Commission of the Company may concurrently serve as a member of the Board of Directors of the Company or hold positions in the governing bodies of the Company.
- 14.6 Any candidate to the Audit Commission of the Company shall meet the following requirements:
- 1) university degree in economics, finance, law, or business;
 - 2) no employment relations with the Company for the last three years; and
 - 3) no positions held with any entity that competes with the Company.
- 14.7 At the first meeting following its election, the Audit Commission shall elect the Chairman of the Audit Commission from among its members. The Chairman of the Audit Commission may be re-elected by the majority vote of all members elected to the Audit Commission.
- 14.8 The Audit Commission of the Company shall audit Company operations, which shall include identification and assessment of any risks arising as a result or in the course of its business operations. The Audit Commission of the Company shall:
- 1) audit/inspect financial and business operations of the Company, whereupon it shall draw up a report that shall include:
 - i. confirmation of reliability and accuracy of the data in reports and other financial documents of the Company;

- ii. 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;
 - 2) confirm reliability and accuracy of data included in the annual report and annual accounting (financial) statements of the Company.
- 14.9 The examination/audit of the Company's financial and business operations shall be based on the annual performance of the Company and may also be conducted at any time on the initiative of the Audit Commission of the Company, under a resolution of the General Shareholders Meeting or the Board of Directors of the Company, or upon request of any shareholder(s) holding, in the aggregate, at least 10 percent of all voting shares in the Company.
- 14.10 Upon request of the Audit Commission of the Company, the officers of the Company's governing bodies shall provide documents on the Company's financial and business operations. Such documents shall be provided within five days from submission of a written request to this effect.
- 14.11 The Audit Commission of the Company shall have the right to request the convocation of the Extraordinary General Shareholders Meeting, a meeting of the Board of Directors of the Company or a meeting of the Management Board of the Company.
- 14.12 The presence of at least half of the members of the Audit Commission as determined by the Charter (other than former members of the Audit Commission), shall constitute a quorum for the meeting of the Audit Commission of the Company.
- 14.13 Meetings of the Audit Commission shall be conducted in the form of joint presence of the members of the Audit Commission to discuss issues on the agenda and adopt resolutions on issues put to a vote.
- 14.14 When adopting resolutions on issues, each member of the 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 Audit Commission of the Company.
- 14.15 Resolutions of the Audit Commission shall be adopted and its reports shall be approved by the majority of votes of the members of the Audit Commission who are present at the meeting, by a roll call vote. In case of equality of votes, the Chairman of the Audit Commission shall have a casting vote.
- 14.16 The members of the Audit Commission may be paid remuneration and/or reimbursed for costs related to the performance of their duties for the term of their office. The amounts of such remuneration and/or reimbursement shall be determined by a resolution of the General Shareholders Meeting based on a recommendation of the Board of Directors of the Company.

15. CORPORATE SECRETARY

- 15.1 The Corporate Secretary of the Company shall be an office holder of the Company, who ensures the Company's compliance with the effective legislation, this Charter, and internal documents of the Company and guarantees due exercise of any rights and lawful interests vested with shareholders of the Company.
- 15.2 The Corporate Secretary shall be appointed to and removed from that office by the President of the Company pursuant to a resolution of the Board of Directors of the Company.

- 15.3 The Corporate Secretary shall report to the Board of Directors of the Company.
- 15.4 Requirements applicable to a nominee to the position of the Corporate Secretary of the Company, the functions, rights, obligations and responsibilities of the Corporate Secretary of the Company as well as the procedure of his/her interaction with the governing bodies and organization departments of the Company shall be determined by the Regulations on Corporate Secretary of the Company.
- 15.5 The functions of the Corporate Secretary of the Company shall include:
- 1) participation in arrangements to prepare and hold General Shareholders Meetings of Company;
 - 2) facilitation of work carried out by the Board of Directors of the Company and its committees;
 - 3) participation in implementation of the Company's policies with regard to information disclosures and arrangements for safe custody of the Company's corporate documents;
 - 4) support for the Company's interaction with its shareholders and participation in prevention of corporate conflicts;
 - 5) support for implementation of any procedure established by the legislation of the Russian Federation and internal documents of the Company that ensure implementation of shareholder rights and lawful interests, as well as compliance monitoring thereof;
 - 6) prompt notification of the Board of Directors of the Company of any detected breaches of the legislation of the Russian Federation or any provisions of internal documents of the Company to the extent the functions of the Corporate Secretary of the Company include ensuring compliance with the same;
 - 7) participation in improvements to the system and practices of the Company's corporate governance.
- 15.6 The Corporate Secretary shall perform the functions of the Secretary of the Board of Directors of the Company and the Secretary of the General Shareholders Meeting of the Company.
- 15.7 In order to perform the functions vested with him/her, the Corporate Secretary of the Company may:
- 1) request and obtain documents of the Company required to carry out the Corporate Secretary's functions;
 - 2) submit proposals on consideration of any issues related to his/her functions by the Company's governing bodies subject to their competence;
 - 3) require that Company employees comply with the Charter of the Company and internal documents of the Company with regard to the Corporate Secretary's functions; and
 - 4) interact with the Chairman of the Board of Directors of the Company and the chairmen of its committees.

16. STORAGE OF DOCUMENTS IN THE COMPANY.

PROVISION OF INFORMATION BY THE COMPANY TO SHAREHOLDERS

- 16.1 The Company shall store documents in safe custody to such extent and subject to such procedure as provided for by the effective legislation of the Russian Federation.

- 16.2 An additional list of documents to be kept in the Company shall be approved by the Company President.
- 16.3 The Company shall provide the shareholders with access to the documents stipulated by the Federal Law "On Joint Stock Companies". Accounting documents and minutes of meetings of the collective executive body shall be available to the shareholder(s) holding, in the aggregate, at least 25 percent of the voting shares in the Company.
- 16.4 The documents provided for by the Federal Law "On Joint Stock Companies" shall be made available for review at the registered address of actual location of the Company within 7 (seven) days from the day of submission of the respective request. 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 providing such copies shall not exceed the cost of copying.