



**APPROVED**

**by Resolution of Rosneft Board of Directors  
dated March 29, 2019**

**Minutes No.19 dated April 01, 2019**

# **ROSNEFT REGULATIONS**

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## **PROCEDURE FOR FORMATION AND WORK OF ROSNEFT BOARD OF DIRECTORS COMMITTEES**

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**VERSION 3.00**

**MOSCOW  
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## INTRODUCTORY PROVISIONS

These Regulations on the Procedure for Formation and Work of Rosneft Board of Directors Committees is drawn up in compliance with Federal Law № 208-FZ of December 26, 1995 "On Joint Stock Companies", the Corporate Governance Code recommended by the Bank of Russia for use by joint stock companies whose securities are admitted to trading, the Charter of Rosneft Oil Company, Regulations on Rosneft Board of Directors and sets out the procedure for formation and work of the Company Board committees<sup>1</sup>.

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<sup>1</sup> Company – Rosneft Oil Company.

# 1. FORMATION OF THE BOARD COMMITTEES

1.1. In order to perform its functions, the Company Board of Directors shall form the committees<sup>2</sup> for the preliminary review of the most important items within the TOR of the Company Board of Directors and for preparation of recommendations to the Board of Directors for making decisions on such items.

1.2. The Company forms the following standing Committees:

- Strategic Planning Committee;
- Audit Committee;
- HR and Remuneration Committee.

Whenever necessary, by decision of the Company Board of Directors, other standing or temporary committees may be formed (for resolution of certain issues). The Committees shall operate based on these Regulations as well as based on the Board approved regulations regulating operation procedure and defining tasks, functions and terms of reference of each committee.

Committees shall not be bodies of the Company and have no right to act on behalf of the Board of Directors of the Company. Resolutions of Committees shall serve as guidelines for the Board of Directors.

1.3 Committees shall be formed at the first meeting of a newly elected Company Board of Directors, and in case that is not possible for objective reasons, then no later than one month after the election of a new Company Board of Directors.

1.4. Committees shall be composed of the Company BoD members possessing professional experience and knowledge in the relevant area and other designated persons, unless otherwise established by the legislation of the Russian Federation and the Charter of the Company.

1.5. Only members being independent directors of the Company Board of Directors may be members of the Audit Committee and the Human Resources and Compensations Committee, unless otherwise provided by the Regulations on the Committee. In case such Audit Committee and Human Resources and Compensations Committee comprised of independent directors only can not be formed for objective reasons, the majority of the members of each of such committees shall be comprised of the independent directors and the rest of the members of such committees may be members of the Company Board of Directors who are not executive directors.

In case circumstances affecting an independence of the committee member arise, the committee member shall immediately notify the Company Board of Directors of such circumstances.

1.6. Committees shall be formed in such a way as to allow for a comprehensive discussion of the issues submitted to such committees, taking into account a variety of opinions.

Members of the committee may be elected to the same committee an unlimited number of times.

Each of Committees shall be comprised of at least three members. One member of the Company Board of Directors may be a member of not more than two Committees.

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<sup>2</sup> Committees - standing or temporary (for resolution of certain issues) committees of the Company Board of Directors.

By decision of the Company Board of Directors, the authorities of any or all committee members may be prematurely terminated.

1.7. If so required, invited non-voting participants - experts and/or consultants who possess the required professional experience and knowledge may be invited to work in Committees on a temporary or permanent basis.

Experts and/or consultants may be involved subject to compliance with the Company adopted procedures for access to confidential information.

Experts and/or consultants involved for working in the committee shall not have the right to vote when the committee makes a decision within its ToR.

1.8. The Company Board of Directors is entitled to terminate the authority of one or several members of the committee, including upon a written application of the committee member submitted two weeks prior to withdrawing from the committee to the Chairman of the Company Board of Directors.

## 2. CHAIRMEN OF THE BOARD COMMITTEES

2.1. The Chairmen of Committees or deputies thereof shall be elected by the Board of Directors from among the members of the respective committees.

2.2 Only an independent director may be the Chairman of the Audit Committee of the Board of Directors. The Chairmen of other committees of the Board of Directors of the Company shall be elected from among their members who are independent directors of the Company, and if not impossible – from among members of the Board of Directors of the Company, who are not executive directors.

2.3. The Chairman of the Board of Directors shall not be the Chairman of the Audit Committee and the Chairman of the HR and Compensations Committee.

2.4. The Chairman of Committee shall ensure the efficient organization of its activities, i.e.

- convoke the Committee meetings and determine its agenda;
- preside the committee meetings and organize taking of the minutes at meetings;
- ensure constructive discussion of the issues within the committee's TOR at the meetings in presentia;
- sign and present to the Board of Directors of the Company on behalf of Committee the recommendations in respect of the issues within the committee's TOR;
- inform the Board of Directors upon the request of its members on the committee operation;
- perform other functions envisaged by these Regulations and other internal documents of the Company regulating activities of respective Committee.

2.5. The Chairman of the Committee shall be responsible for complete and timely communication of the committee recommendations to the Board of Directors.

2.6. In case the Chairman of a committee is absent, the deputy Chairman of the committee shall preside as the Chairman. In case the Chairman of the Committee and his Deputy are absent, the Committee member (Chairperson) elected by the majority of the votes of the Committee members participating in the meeting shall preside as the Chairman.

### 3. RIGHTS AND RESPONSIBILITIES OF MEMBERS OF THE BOARD COMMITTEES

3.1. The committee members are entitled to:

- submit proposals when preparing the committee forward schedule for a period ahead in accordance with the deadlines set out in the internal documents of the Company.
- initiate convening of the Committee meeting;
- to request and to obtain from executive bodies and officials of the Company in a timely and complete manner all information required for making informed decisions on the matters falling within ToR of the committee;
- familiarize with minutes if the committee meetings, obtain copies (abstracts) of the said minutes with observance of the requirements to confidential and other information protected by law and Company internal documents;
- to request inclusion of special opinions on the agenda issues and resolutions into the minutes of the committee meeting;
- if not prohibited by legislation of the Russian Federation, receive remuneration for performance of their duties and/or compensation of expenditures related to execution of the committee member functions in the amount determined by the General Shareholders meeting and in accordance with the Company adopted principles of remuneration payment to the BoD members.

3.2. The committee members shall:

- act in good faith and reasonably when executing their duties, not abuse their official position and act against interests of the Company;
- actively participate in the work of the committee;
- perform a comprehensive assessment of information and documents in respect of the matters within ToR of the committee;
- not disclose confidential information regarding the Company, its subsidiaries and dependent companies' activities they come to possess, as well as any information they come to possess in exercising their professional duties;
- immediately inform the committee on own interest in making a decision on the agenda item, refrain from voting or not participate in voting on such items of the agenda;
- refrain from actions that may result in the conflict between his/her own interest and interests of the Company and/or may discredit the committee and/or doubt the professionalism of the committee members.

3.3. No Committee member may give his/her vote to any other person, including another member of the Committee.

## 4. SECRETARY OF THE BOARD COMMITTEE

4.1. The Secretary of the committee shall be appointed by the Committee at the first meeting of the elected committee. The Secretary of the Committee may at any time be re-elected by the decision of the Committee.

4.2. Functions of the Committee Secretary can be performed by the Secretary of the Company BoD Secretary.

4.3. When the Company BoD Secretary exercise the powers of the Committee Secretary, a term of powers of the Committee Secretary is equivalent to the term of powers of the Company BoD Secretary, determined by a resolution of the Company BoD, and in case such term is not determined, then it is equivalent to a term of powers of the Company BoD Secretary.

4.4. The Committee Secretary shall ensure organizational and technical support to the Committee activities, incl.:

- requests from the Committee members the proposals for preparing the Committee forward schedule, develops a draft agenda of the Committee meetings, sends the approved Committee meetings agenda to the Committee members;
- within the time established by item 5.13 hereof, informs the Committee members of the meetings, sends to the Committee members information and materials required for the meeting, as well as the bulletins for voting in case of the meeting in absentia;
- documents outcomes of the Company BoD committees (summarizes voting results on the agenda items, prepares and ensures signing of the meeting minutes);
- prepares and provides extracts of minutes of the Committee meetings to the Committee members, members of the Company Board of Directors, who are not members of the committee and persons who initiated review of the item by the Committee subject to observance of the requirements to confidential and other information protected by law and Company internal documents;
- prepares a draft report on activities of the committee for its further approval by the committee and submission to the Company Board of Directors;
- ensures organizational and technical support with regard to the committee members interaction with the governing bodies and officials of the Company;
- ensures safekeeping of the materials for the committee meetings, bulletins and minutes of the committee meetings;
- ensures the record and storage of all incoming documents and copies of outgoing documents related to the committee;
- exercises any other functions in accordance with these Regulations, resolutions of the Company Board of Directors and committees, assignment of the Committee Chairman.

## 5. MEETINGS OF THE BOARD COMMITTEES

5.1. Committee meetings shall be held as often as required in accordance with the approved committee meetings schedule, but at least once in three months.

5.2. The committee forward schedule shall be prepared for each half a year based on the approved Board of Directors forward schedule.

The committee forward schedule may include issues that are not included in the BoD meetings agenda and that may have a significant influence on the development of the Company, additional issues as consistent with the functions and tasks of the committee, as well as the issues in accordance with the assignment of the Board of Directors and with due account for the proposals of the committee members.

5.3. Draft forward schedule of the committee meetings shall be developed by the Committee secretary.

5.4. The Committee forward schedule shall be approved no later than 14 days after the approval of the Board of Directors forward schedule for the respective half-year period or at the first meeting of the Committee.

5.5. If necessary, the committee may hold extraordinary meetings that can be initiated by the Chairman of the committee, Deputy Chairman, committee member at his/her own initiative and on the proposal of the members of the Board of Directors, who are not members of the committee, member of the Audit commission of the Company, the Company's auditor, the Company's sole executive body or senior executive of the Company.

5.6. Agenda of Committee meeting shall be determined by the committee Chairman. Before holding the meeting, the committee meeting agenda may be amended (updated/reduced) by the decision of the committee Chairman at his/her own initiative, on the proposal of the committee members, members of the Board of Directors who are not the committee members, Audit commission of the Company, the Company's auditor, the Company's sole executive body or relative senior executives of the Company.

5.7. By the decision of the committee Chairman, members of the Board of Directors who are not the committee members, the Company's sole executive body, members of the Company collegial executive body, representatives of the Company's auditor, senior executives and other employees of the Company may be invited to the committee meetings .

5.8. The committee meetings may be held in the format of:

- joint presence for a discussion of the agenda items, whereas any meeting of the committee in the format of a joint presence for the discussion of the agenda items may be held using technical capabilities of participation (telephone (video-) conference);
- absentee voting on the agenda items.

In case the committee meeting is held in the format of a joint presence for the discussion of agenda items using technical capabilities telephone (video-) conference), any member of the committee, including the Chairman of the committee, deputy Chairman of the committee has a right to participate in such meeting using technical capabilities (telephone (video-) conference).

Format of the committee meeting shall be determined by the committee Chairman considering importance of the meeting agenda items.

5.9. The committee meetings shall be held using information security measure in order to prevent unauthorized access to confidential information.

5.10. The committee meeting is duly constituted (has a quorum), if more than half of the total number of the committee members participate (expressions in writing are received by the beginning of the meeting, completed bulletins are received by the end of the meeting). When there is no quorum, the committee meeting shall be rescheduled for the date determined by a decision of the Committee Chairman.

5.11. Committee meetings shall be convened by the Committee Chairman by way of sending a written notice of the Committee meeting stating the format, date, time and venue of the meeting (and in case of the meetings is held in absentia, the date and time of the voting bulletins receipt closing and the address where the bulletins should be sent to (received), and the meeting agenda items.

5.12. The Committee meetings may not be held at venues and/or times that most of the Committee members may find significantly inconvenient or impossible for personal presence.

Should any circumstances arise making it impossible or difficult to conduct the meeting of the Committee at the place and/or time, at a venue and (or) at a time, specified in the meeting notification, the meeting on the planned agenda may be conducted at a different venue and/or different time subject to approval of the respective changes by all members of the Committee.

Approval of the said changes with the meeting participants shall be made by the Committee Secretary. Such approval may be in any format subject to a condition that it allows establishing a fact of approval by all Committee members.

5.13. Notice of the Committee meeting with the attached materials on the agenda items and the voting bulletins (in case of the voting in absentia) shall be sent by the Committee Secretary to the Committee members no later than 3 days after the date of the meeting using the method approved by the Committee members.

By a decision of the Committee Chairman, in exceptional cases admitting of no delay, the timing of sending the materials to the Committee members may be reduced.

5.14. The Committee Chairman shall preside at the Committee meetings. Meeting minutes shall be taken by the Committee Secretary.

5.15. The Committee resolutions shall be passed by a simple majority of votes of the Committee members attending the meeting (taking into account the expressions in writing submitted by Committee members prior to the meeting).

Persons invited to the meetings shall not have the right to vote on the items reviewed, however, they may communicate their opinion to the Committee members in an oral or written form. Opinion of a person invited to the meeting may be recorded in the meeting minutes (added to the meeting minutes).

5.16. Any information on personal interest of the Committee member (conflict of interest) in adopting a decision on any item shall be disclosed at the Committee meeting.

5.17. The Committee meeting minutes shall be drawn up in a single copy no later than 3 days after the meeting holding and shall contain the following:

- Company legal name;
- format, time and venue of the Committee meeting (closing date of the bulletins accepting – in case of the meeting in absentia);
- list of persons attending the meeting, including invited persons who are not the Committee members;
- list of the Committee members who provided an expression in writing on the agenda items, and the expression in writing of the Committee members (if any);
- statement that the quorum is present for the Committee meeting to be held;
- the agenda of the meeting;
- statement of the conflict of interest with the Committee member in making a decision on the item (items) of the meeting agenda;
- issues put to vote and results of voting on them;
- resolutions adopted in respect of the agenda items
- a special opinion of the Committee member, in case it is different from an opinion adopted by the Committee on the agenda item.

The committee meeting minutes shall be signed by the Committee Chairman and shall be deposited with the Committee Secretary.

5.18. The Committee Secretary shall ensure communication of the resolutions adopted by the Committee (recommendations to the Board of Directors) to the persons who initiated a review of the item by the Committee.

5.19. In case an item falling under the terms of reference of the Board of Directors should be preliminarily review by the Committee, a resolution adopted in respect of such item by the Committee shall serve as a recommendation to the Board of Directors.

Recommendation to the Board of Directors shall be submitted by the Committee Secretary in the form of an abstract of minutes of the Committee meeting where a respective item was reviewed. Abstract of the Committee resolution may be added to the materials of the Board of Directors meeting, in the agenda of which such item is included.

## 6. REPORTING OF THE BOARD COMMITTEES

6.1. Chairmen of Committees shall inform the Board of Directors of Committees activity, including of the recommendations issued and/or resolutions of Committees on the main items reviewed by Committees.

6.2. On the annual basis, Committees shall report on their performance to the Board of Directors providing information on the number of meetings held, the number and the list of issues reviewed, nature of recommendations issued and statistics of committee members' participation in the Committee activities.

6.3. The Committee report may contain an opinion of the Committee and/or individual members of the Committee on the Committee performance in the reporting year, proposals on improvement of the Committee performance as well as other information of relevance, in opinion of the Committee or individual members of the Committee.

6.4. Reports on Committees performance may be included in the Company report.

6.5. Reports on Committees performance may be used during assessment of Committees performance, members of Committees, the Board of Directors and members of the Board of Directors, incl. for the purpose of determining an amount of remuneration of the members of Committees for the execution of their functions.

## 7. FINAL PROVISIONS

7.1. To ensure activities of the Board Committees, the Company business plan may provide for funding of each Committee operation.

7.2. Whenever necessary and by decision of the Committee, within the budget envisaged, the Committee members may participate in the professional advanced training programs.

7.3. Activities of each committee shall be annually evaluated by the Company Board of Directors.

7.4. Any alterations hereof and amendments hereto shall be made by the Company's Board of Directors. The Committees are entitled to initiate introduction of amendments in the Resolutions hereof.

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## 8. REFERENCES

1. Federal Law No. 208-FZ "On Joint Stock Companies" dated 26.12.1995.
2. The Code of Corporate Governance recommended by the Bank of Russia for application by the joint stock companies whose securities are approved for organized trading (Letter of the Bank of Russia No. 06-52/2463 of 10.04.2014 "On the Code of Corporate Governance").
3. Regulations on the Rosneft Board of Directors approved by the resolution of General Shareholders Meeting of Rosneft Oil Company on 27.06.2014, Minutes u/n dated 02.07.2014.

## 9. REGISTRATION OF MODIFICATIONS TO THE LOCAL NORMATIVE DOCUMENT

**Table 1**  
**List of changes to the Rosneft Regulations**

REVISION	TYPE AND NAME OF DOCUMENT	DOCUMENT NUMBER	APPROVAL DATE	EFFECTIVE DATE	DIRECTIVE DOCUMENT DETAILS
1	2	3	4	5	6
1.00	Regulation on the Procedure for Formation and Work of Rosneft Board of Directors Committees	Unnumbered	18.10.2008	18.10.2008	Minutes of Rosneft Board of Directors No. 5 dated 18.10.2008
2.00	Regulation on the Procedure for Formation and Work of Rosneft Board of Directors Committees	№ П3-01.05 P-0002 ЮЛ-001	01.10.2014	06.10.2014	Minutes of Rosneft Board of Directors No. 6 dated 18.10.2008