

APPROVED

by Resolution of the annual general  
shareholders' meeting of  
Open Joint Stock Company  
"Surgutneftegas"

Minutes No.29 dated 29 June 2018

Regulations on the Board of Directors of  
"Surgutneftegas" Public Joint Stock Company  
(revised)

Surgut  
2018

## Article 1 GENERAL PROVISIONS

1.1. The Board of Directors of “Surgutneftegas” Public Joint Stock Company (hereinafter – the Company) shall perform general management of the Company’s activities except for the issues referred by the Federal Law “On Joint Stock Companies” to the terms of reference of the General shareholders’ meeting of the Company.

1.2. The basic mission of the Company’s Board of Directors shall be to develop policy aimed at increasing the Company’s profitability and competitiveness, ensuring its sustainable financial and economic position and protecting rights of the Company’s shareholders, as well as implementing any other goals set by the Company’s Charter.

1.3. The Company’s Board of Directors shall be governed in its activities by the legislation of the Russian Federation, the Company’s Charter, the resolutions of the General shareholders’ meeting of the Company and these Regulations.

These Regulations and any amendments and addenda thereto shall be approved by the General shareholders’ meeting of the Company.

1.4. The Company’s Board of Directors shall comply with the resolutions of the General shareholders’ meeting of the Company adopted within its terms of reference.

## Article 2 TERMS OF REFERENCE OF THE BOARD OF DIRECTORS

2.1. The terms of reference of the Company’s Board of Directors shall include general management of the Company’s activities except for the issues referred by the Company’s Charter and the Federal Law “On Joint Stock Companies” to the terms of reference of the General shareholders’ meeting of the Company.

2.2. The terms of reference of the Company’s Board of Directors shall be the following:

2.2.1. To submit issues specified by Subclauses 6.3.6, 6.3.13-6.3.21, Clause 6.3, Article 6 of the Company’s Charter to the General shareholders’ meeting for a resolution to be adopted.

2.2.2. To recommend the size of dividends on shares to be paid to the shareholders and the procedure for paying dividends.

2.2.3. To determine priority lines of the Company’s activity.

2.2.4. To convene annual and extraordinary General shareholders’ meetings of the Company.

2.2.5. To approve the agenda for General shareholders’ meetings of the Company.

2.2.6. To determine the date of compiling the list of persons entitled to participate in the General shareholders’ meeting, and other issues referred by the Federal Law “On Joint Stock Companies” to the terms of reference of the Company’s Board of Directors and related to preparing and holding the General shareholders’ meeting.

2.2.7. Preliminary approval of the annual report and the annual accounting (financial) statements of the Company.

2.2.8. To increase the charter capital of the Company by placement of the following additional shares within the number and category (type) of the declared shares:

additional ordinary shares through a public subscription which constitute 25 or less percent of the ordinary shares placed by the Company earlier;

additional preference shares through a public subscription;

additional shares at the expense of the Company's property.

2.2.9. To approve the report (notice) on the results of the issue (additional issue) of securities.

2.2.10. To amend the Company's Charter after an increase in the charter capital of the Company resulting from the placement of additional shares under the resolution of the Company's Board of Directors.

2.2.11. To place by the Company:

bonds and other equity securities convertible into shares, if the mentioned bonds (other equity securities) are placed through a public subscription and may be converted into ordinary shares of the Company, constituting 25 or less percent of the ordinary shares placed by the Company earlier;

bonds and other equity securities in case when they are not convertible into the shares of the Company under the subscription terms.

2.2.12. To determine the price (assessed cash value) of the property and the price of placement or the procedure applied to determine this price and the price of equity securities to be bought back in cases specified by the Federal Law "On Joint Stock Companies".

2.2.13. To acquire and buy back shares placed by the Company as well as bonds and other securities in cases specified by the Federal Law "On Joint Stock Companies" or other federal laws.

2.2.14. To dispose of shares acquired and bought back by the Company and of shares which came to the disposal of the Company due to the fact that their buyers failed to fulfill their payment obligations.

2.2.15. To elect the chairperson of the Company's Board of Directors and the deputy chairperson of the Board of Directors from the members of the Company's Board of Directors.

2.2.16. To appoint and to early terminate Director General of the Company, to determine the amount of remuneration and compensation paid to him/her.

2.2.17. To recommend the amount of remuneration and compensation paid to the members of the Company's Auditing Committee and to determine the amount of auditor's fees.

2.2.18. To use the reserve and other funds of the Company.

2.2.19. To approve the Company's internal documents, excluding those internal documents which, in conformity with the Federal Law "On Joint Stock Companies", shall be approved by the General shareholders' meeting of the Company, and other internal documents of the Company which, according to the Company's Charter, shall be approved by Director General of the Company.

2.2.20. To establish branches and to open representative offices of the Company.

2.2.21. To authorize transactions and further approve them in cases specified by the Federal Law "On Joint Stock Companies".

2.2.22. To approve the Company's registrar, approve and cancel an

agreement with the Company's registrar.

2.2.23. To adopt resolutions on the Company's participation in other organizations (excluding organizations stated in the Federal Law "On Joint Stock Companies").

2.2.24. To adopt a resolution to file an application for listing the Company's shares and (or) equity securities of the Company which are convertible into the shares of the Company.

2.2.25. Other issues as provided for by the current legislation of the Russian Federation and the Company's Charter.

2.3. The Company's Board of Directors shall adopt the relevant resolutions on issues within its terms of reference.

### Article 3 PROCEDURE FOR ELECTING THE MEMBERS TO THE BOARD OF DIRECTORS

3.1. The Company's Board of Directors shall be elected by the annual General shareholders' meeting of the Company. If the annual General shareholders' meeting of the Company is not held within the period established by the Federal Law "On Joint Stock Companies", the powers of the Company's Board of Directors shall be terminated except for those to prepare, convene and hold the annual General shareholders' meeting of the Company. The number of the members of the Board of Directors shall be determined by a resolution of the General shareholders' meeting. Only an individual may act as a member of the Company's Board of Directors.

3.2. A member of the Board of Directors may be a person elected from the candidates nominated by the Company's shareholders in accordance with the Company's Charter and these Regulations, or requirements suggested by the Board of Directors in cases specified by the Federal Law "On Joint Stock Companies".

3.3. The shareholders' proposals to nominate candidates to the Company's Board of Directors shall be put forward in compliance with the current legislation of the Russian Federation, the Company's Charter and Regulations on the General shareholders' meeting of the Company.

3.4. In case the General shareholders' meeting is reconvened due to the absence of a quorum necessary for the annual General shareholders' meeting of the Company, the nomination of new candidates for the Board of Directors shall not be permitted.

3.5. If the election of the Board of Directors held at the annual General shareholders' meeting is considered null and void, the current Board of Directors shall adopt a resolution to convene the extraordinary General shareholders' meeting to elect the Board of Directors.

### Article 4 TERM OF POWERS AND TERMINATION OF POWERS OF THE MEMBERS OF THE BOARD OF DIRECTORS

4.1. The members of the Board of Directors shall be considered elected from the moment the results of voting are announced (published) at the General shareholders' meeting on the issue relating to the election to the Board of Directors and shall exercise their powers until the following annual General shareholders' meeting elects new members of the Board of Directors except for cases of early termination of the powers of the Board of Directors.

4.2. If the new Board of Directors is not elected for any reason at the annual General shareholders' meeting, the term of powers of the Board of Directors shall be terminated except for the powers to prepare, convene and hold the extraordinary General shareholders' meeting of the Company.

4.3. Under the resolution of the General shareholders' meeting the powers of all the members of the Company's Board of Directors may be early terminated.

4.4. If the term of powers of all the members of the Board of Directors was early terminated under the resolution of the annual General shareholders' meeting, Director General of the Company shall perform the duties of the Board of Directors on preparing and holding the extraordinary General shareholders' meeting to elect new members of the Board of Directors. In this case, the nomination of candidates to the Board of Directors shall follow the procedure specified by the Federal Law "On Joint Stock Companies".

4.5. In case of early termination of the powers of the Board of Directors, the powers of the new members of the Board of Directors elected at the extraordinary General shareholders' meeting are valid until the new Board of Directors is elected at the earliest annual General shareholders' meeting.

4.6. Any member of the Board of Directors shall have the right to voluntarily resign upon written notification submitted to the remaining members of the Board of Directors. In this case the powers of the remaining members of the Board of Directors shall not terminate.

4.7. In case the members of the Board of Directors voluntarily terminate their powers and the number of the members of the Company's Board of Directors is less than the quorum specified in Clause 7.1 hereof, the remaining members of the Board of Directors shall adopt a resolution to convene the extraordinary General shareholders' meeting to elect new members to the Company's Board of Directors.

## Article 5

### REMUNERATION AND REIMBURSEMENT OF EXPENSES INCURRED IN PERFORMING FUNCTIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS

5.1. During the period of performance of his/her duties, the chairperson of the Board of Directors shall be paid monthly remuneration in the amount of a salary and monthly bonuses paid to Director General of the Company.

5.2. Under the resolution of the General shareholders' meeting of the Company, the members of the Company's Board of Directors who do not act as a chairperson of the Board of Directors or Director General of the Company and are not employees of the Company shall be paid remuneration, the amount of which is determined by the resolution of the General shareholders' meeting of the Company, during the period when they perform their duties.

The basic remuneration for each member of the Board of Directors specified in the first paragraph of this clause is RUB 4,000,000 (four million). The members of the Board of Directors who acted as chairpersons of the committees of the Board of Directors shall be paid additional remuneration in the amount of RUB 1,000,000 (one million).

The Board of Directors shall have the right to recommend to the General shareholders' meeting to reduce the amount of remuneration to individual members of the Board of Directors in regard to the basic remuneration, if they participated in less than half meetings of the Board of Directors during the period when they performed their duties.

The amounts of remuneration determined by these Regulations include taxes payable by a member of the Board of Directors in accordance with the current legislation of the Russian Federation. The payment of remuneration specified in this clause of the Regulations shall be made not later than 30 calendar days from the date of holding the General shareholders' meeting of the Company which adopted the resolution to pay remuneration to the members of the Board of Directors.

5.3. All costs and expenses incurred while performing the duties of the chairperson and the member of the Board of Directors shall be compensated by the Company.

## Article 6 CONVENING AND ARRANGING THE MEETINGS OF THE BOARD OF DIRECTORS

6.1. The Board of Directors shall adopt its resolutions at the meetings of the Board of Directors or by way of absentee voting as prescribed by these Regulations.

6.2. The Board of Directors shall hold meetings when it is necessary to consider the issues related to its terms of reference.

6.3. The chairperson of the Board of Directors and the deputy chairperson of the Board of Directors shall be elected at the first session held by the elected Board of Directors after the General shareholders' meeting that has elected the members thereof.

The member of the Board of Directors holding the majority of the Company's shares, shall open the first meeting of the Board of Directors and act as the chairperson of the meeting until the chairperson of the Board of Directors is elected.

The chairperson of the Company's Board of Directors and the deputy chairperson of the Board of Directors shall be elected by the members of the Company's Board of Directors of their number by a two-thirds qualified majority of the votes of the total number of the members of the Board of Directors.

The Board of Directors shall have the right to reelect its chairperson and deputy chairperson any time by a two-thirds qualified majority of the votes of the total number of the members of the Board of Directors.

Director General of the Company shall not concurrently act as the chairperson of the Company's Board of Directors.

6.4. The chairperson of the Board of Directors or, in his/her absence due to illness, vacation or any other reason and under his/her orders, the deputy chairperson of the Board of Directors shall arrange work of the Board of Directors,

convene the meetings of the Board of Directors and preside thereat, as well as shall be responsible for the minutes being taken at the meetings and absentee voting as prescribed by these Regulations.

6.5. Not later than 30 days prior to the date of the annual General shareholders' meeting the Board of Directors shall hold the meeting to preliminarily approve drafts of the annual reports and the annual accounting (financial) statements of the Company.

6.6. The corporate secretary shall perform the functions of the secretary of the Company's Board of Directors.

The procedure for appointing the corporate secretary of the Company and performance of his/her functions shall be determined by the Regulations on the corporate secretary of the Company approved by the Board of Directors.

The secretary of the Board of Directors shall prepare the draft agenda for a meeting of the Board of Directors, when a meeting is required, and submit a draft agenda to the chairperson of the Board of Directors to be approved, or in case of his/her absence, to the deputy chairperson of the Board of Directors.

The chairperson or the deputy chairperson of the Board of Directors shall approve the agenda thus resolving to hold a meeting of the Board of Directors.

6.7. The meeting of the Board of Directors shall be convened upon request of one or several members of the Board of Directors, the Auditing Committee, the auditor or Director General of the Company. The request to convene a meeting shall be signed by a requesting member and submitted to the chairperson of the Board of Directors.

The chairperson of the Board of Directors shall consider such a request and within five days from the date when the request is submitted shall make a decision to convene a meeting of the Board of Directors or refuse to convene it, and notify persons requesting to convene the meeting of the Board of Directors about this decision.

Issues within the terms of reference of the Board of Directors the resolutions on which are proposed by the persons requesting to convene the meeting of the Board of Directors shall be included in the agenda of the meeting of the Board of Directors which is convened as prescribed by this clause.

6.8. A written notification of the meeting of the Board of Directors shall be sent to each member of the Board of Directors (via registered mail, express mail, telegram, telex or telefax) not later than three calendar days prior to the appointed date of the meeting. The notification shall contain the agenda of the meeting. The materials on the agenda shall be attached thereto. The materials on the agenda may be handed over to a member of the Board of Directors the day before the meeting of the Board of Directors is held.

6.9. The meetings of the Board of Directors shall be presided by the chairperson of the Board of Directors or, in his/her absence or under his/her order, by the deputy chairperson of the Board of Directors; in absence of the deputy chairperson the meeting shall be presided by a member of the Board of Directors to be elected by a simple majority of the members of the Board of Directors who are present at the meeting.

6.10. At the meeting the Board of Directors shall consider the issues included in the agenda. The members of the Board of Directors and persons invited to the meeting of the Board of Directors shall submit their comments and proposals

regarding the agenda to the secretary of the Board of Directors not later than one day prior to the date of the meeting. The agenda may be amended by the issues during the meeting of the Board of Directors if required and upon consent of all the members of the Board of Directors who are present at the meeting.

6.11. As a rule, the meetings of the Board of Directors shall be held as closed sessions. However, the chairperson of the Board of Directors may adopt a resolution to invite the Company's officials, experts, shareholders of the Company and other persons to the meetings of the Board of Directors. The chairperson or the deputy chairperson shall determine the list of persons invited to the meetings of the Board of Directors as agreed upon with the persons who are responsible for preparation of the issue to be considered at the meeting.

6.12. Any meeting of the Board of Directors may be adjourned if required and upon consent of all the members of the Board of Directors who are present at the meeting.

The issues on the agenda that have not been considered at the meeting of the Board of Directors shall be considered at the next meeting.

6.13. The members of the Board of Directors shall perform their duties personally.

6.14. The members of the Board of Directors and the persons invited to the meeting of the Board of Directors may participate in discussions, make proposals and comments and provide essential information on the issues under consideration. Discussions shall be canceled when proposed by the person presiding at the meeting.

## Article 7

### PROCEDURE FOR ADOPTING RESOLUTIONS BY THE BOARD OF DIRECTORS

7.1. A quorum for the meeting of the Board of Directors shall constitute not less than a half of the total number of the elected members of the Board of Directors except for cases specified by the Federal Law "On Joint Stock Companies". In case the number of the members of the Board of Directors is less than the quorum specified herein, the Board of Directors shall adopt a resolution to convene the extraordinary General shareholders' meeting to elect new members of the Board of Directors. For this purpose, the remaining members of the Board of Directors shall not be entitled to adopt any other resolutions except for the resolution to convene the extraordinary General shareholders' meeting.

A written opinion of a member of the Board of Directors who is absent from the meeting of the Company's Board of Directors may be taken into account when determining a quorum and counting the votes on the issues of the agenda.

7.2. When adopting a resolution at the meetings of the Board of Directors, every member of the Board of Directors shall have one vote.

Any member of the Company's Board of Directors shall not transfer the right to vote to any other person, including other members of the Company's Board of Directors.

In case different voting options have an equal number of votes, the chairperson of the Board of Directors shall give the casting vote.

7.3. Any resolution of the Board of Directors shall be adopted by the majority



of votes of the members of the Board of Directors attending a meeting unless the Federal Law "On Joint Stock Companies", the Company's Charter or these Regulations specify a higher number of votes for these resolutions to be adopted.

The resolution of the Board of Directors to authorize an interested party transaction shall be adopted by the Company's Board of Directors as prescribed by the Federal Law "On Joint Stock Companies".

7.4. When the meeting of the Board of Directors is held by way of absentee voting, the ballot papers and necessary documents (reference materials) on the agenda issues shall be handed over to the members of the Board of Directors in time and manner as prescribed by these Regulations for giving the notification about the meeting of the Board of Directors.

7.5. In case the meeting of the Board of Directors is held by way of absentee voting, in order to determine a quorum and count votes, the secretary of the Board of Directors shall accept the ballot papers from the members of the Board of Directors on or prior to the date and time specified in the ballot paper.

## Article 8

### THE MINUTES OF A MEETING OF THE BOARD OF DIRECTORS

8.1. The resolutions adopted on the issues put to vote at a meeting of the Board of Directors shall be recorded in the minutes of the meeting of the Company's Board of Directors.

8.2. The secretary of the Board of Directors shall draw up the minutes within three working days after the meeting of the Board of Directors is held.

The minutes shall include the minutes date, the venue, date and time of the meeting, the names of persons present at the meeting, the agenda of the meeting, the issues put to vote as well as the results of voting thereon and adopted resolutions.

The minutes of the meeting of the Board of Directors shall be signed by the chairperson of the Board of Directors (or the person presiding at the meeting of the Board of Directors) who is responsible for the accuracy of the minutes, and the secretary of the Board of Directors.

The minutes that are not signed by the chairperson of the Board of Directors (or the person presiding at the meeting of the Board of Directors) shall be deemed null and void.

8.3. The member of the Board of Directors who disagrees with the resolution adopted by the Board of Directors shall have the right to express his/her dissenting opinion in writing within one day after the meeting of the Board of Directors is held to be attached to the minutes.

8.4. The secretary of the Board of Directors shall notify the persons responsible for execution of the adopted resolutions and submit the resolutions to the shareholders or other stakeholders upon their reasoned requests in the form of abstracts of minutes of the meetings signed by the secretary of the Board of Directors and certified by the Company's seal. Information on the resolutions of the Board of Directors shall be submitted under the order of the chairperson or the deputy chairperson of the Board of Directors when required.

## Article 9

## RESPONSIBILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

9.1. When exercising their powers, rights and performing duty specified by these Regulations, the members of the Company's Board of Directors shall act in the interests of the Company reasonably and in good faith, and shall not disclose any confidential and insider information they became aware of.

9.2. The members of the Board of Directors shall bear responsibility towards the Company for the losses incurred by the Company due to their wrongful acts or failure to act. However, the members of the Board of Directors shall bear no responsibility in case they voted against the resolution that resulted in losses or did not participate in voting thereon.

When determining the grounds and extent of responsibility of the members of the Board of Directors, the ordinary course of business and other conditions essential for the case shall be considered.