

**APPROVED BY**

**Board of Directors of Rosneft**

**Decision dated October 1, 2014**

**Minutes № 6 dated October 6, 2014**

## **ROSNEFT REGULATIONS**

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### **ON HUMAN RESOURCES AND REMUNERATION COMMITTEE OF ROSNEFT BOARD OF DIRECTORS**

**№ P2-03 R-0329 YuL-001**

**VERSION 2.00**

(as amended by Rosneft Board of Directors dated May 22, 2015  
(Minutes №34 dated May 25, 2015))

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## INTRODUCTORY PROVISIONS

These Rosneft Regulations «On Human Resources and Remuneration Committee of Rosneft Board of Directors» were elaborated in accordance with Federal Law № 208-FZ «On Joint Stock Companies» dated December 26, 1995, Corporate Governance Code recommended by the Bank of Russia as applicable to joint-stock companies, securities of which are admitted for organized trading, Charter of Rosneft, Regulations on the Board of Directors of Rosneft and establish tasks, functions, competence, powers and procedure for activities of the Human Resources and Remuneration Committee of Rosneft Board of Directors<sup>1</sup>.

The procedure for formation and activities of the Committee is determined under Rosneft Regulations «Procedure for Formation and Activities of Committees of Rosneft Board of Directors» № P3-01.05 R-0002 YuL-001.

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<sup>1</sup> Committee – Human Resources and Remuneration Committee of Rosneft Board of Directors.

# 1. TASKS AND FUNCTIONS OF COMMITTEE

1.1. The Committee is a consulting and advisory body of the Board of Directors of the Company, hereinafter – the Company<sup>2</sup> and established for the purpose of in-depth consideration of issues and preparing recommendations to the Board of Directors of the Company on issues of its competence with regard to personnel, social, remuneration policies, as well as on any other issues delegated to the Committee by the Board of Directors of the Company.

1.2. The primary task of the Committee is assistance to the Board of Directors of the Company in protection of the Company shareholders' interests through assessment of efficiency of the personnel policy as well as the policy of the Company succession, system of appointments and remunerations of the Company, assessment of activities of the Board of Directors of the Company, executive bodies and other top-managers of the Company.

1.3. Functions of the Committee shall include the following:

1.3.1. Ensuring attraction of qualified specialists to management of the Company and creating incentives necessary for their successful work through:

- analysis of current and expected needs of the Company for professional qualification of members of management bodies and top-managers of the Company with due consideration of interests and strategy of the Company development;
- defining criteria for selection and preliminary assessment of candidates for members of the Board of Directors of the Company and executive bodies of the Company, as well as candidates for positions of the sole executive body and top-managers of the Company from the perspective of professional specialization, experience (considering their information);
- reviewing qualifications of candidates for members of the Board of Directors of the Company, analyzing meeting by independent directors (considering their information) criteria of independence, preparing and providing to the Company Board of Directors of the opinion on independency of candidates (members of the Board of Directors of the Company), including the information about circumstances, by virtue of which a member of the Board of Directors of the Company ceases to be independent;
- preparing recommendations to shareholders with regard to voting on election of candidates for the Company Board of Directors;
- planning of personnel appointments for members of executive bodies, including continuity of activities;
- preparing recommendations to the Board of Directors with regard to candidates for the sole executive body, members of the collegial executive body, corporate secretary of the Company;
- elaborating and periodical reviewing the policy for remuneration of members of the Board of Directors of the Company, members of executive bodies of the Company and other top-managers of the Company, controlling introduction and implementation thereof;
- preparing proposals on determining material conditions of contracts (labour contracts) with members of the Board of Directors of the Company, members of the collegial executive body of the Company and a person performing functions of the sole executive body of the Company, including the procedure and conditions for early cancelation of the

<sup>2</sup> Company – Rosneft.

contracts, including all material obligations of the Company and conditions of their provision;

- preparing proposals and recommendations to the Board of Directors of the Company on determining the size of remuneration, principles and size of paying bonuses to the Corporate Secretary of the Company amount;
- considering and assessing reasonableness of introducing the program for long-term motivation taking into account a business model, horizons of planning the Company activity, objectiveness of long-term indicators, expected motivation effectiveness and the cost of implementing the said program.

The Committee (on the basis of the related initiative of shareholders) may organize preliminary discussing by shareholders (representatives of shareholders) of candidates proposed for the Board of Directors of the Company.

#### 1.3.2. Assessment of performance of management bodies of the Company through:

- participating in elaborating criteria for assessment of activities of members of executive bodies and other top-managers of the Company;
- preliminary assessing of activities of members of executive bodies and other top-managers of the Company based on yearly performance in accordance with the current remuneration policy of the Company, including assessing achievement by them of set objectives;
- preparing recommendations to the Board of Directors of the Company regarding the possibility of re-appointment of members of executive bodies of the Company;
- elaborating criteria and methodology for assessment of activities of the Board of Directors and members of the Board of Directors of the Company, including methodology of self-assessment of members of the Board of Directors and preparing proposals (recommendations) to the Board of Directors of the Company on approval thereof;
- considering a candidate for an independent consultant to carry out external assessment of activities of the Board of Directors of the Company and preparing proposals (recommendations) to the Board of Directors of the Company on selection of an independent consultant to assess activities of the Board of Directors;
- carrying out annual detailed formalized assessment (self-assessment/external assessment) of performance of the Board of Directors and its committees, members of the Board of Directors of the Company, considering results of assessment and elaboration of proposals to the Board of Directors of the Company with regard to improvement of activities and procedures for activities of the Board of Directors, determining priority directions to strengthen the composition of the Board of Directors, preparing the report on results of assessment for inclusion in the Annual Report of the Company;
- forming the introductory course for newly elected members of the Board of Directors of the Company aimed to familiarize newly elected directors with activities of the Company, its strategy, organization structure and business practice, and control over implementation thereof;
- forming (when necessary) a program for training and professional improvement of members of the Board of Directors of the Company considering their individual needs.

#### 1.3.3. Continuous monitoring of conformity of the personnel and social policies of the Company, system for motivation of assessment and remuneration of the Company with the

development strategy of the Company, the situation at the market of labour and financial standing of the Company through preparing proposals on determining directions of the personnel and social policies of the Company, including attraction, development and motivation of personnel as well as on improvement of the personnel and social policy, including on issues of the corporate reserve and corporate culture.

1.3.4. Carrying out supervision over disclosure of information on remuneration policy and practice and on holding the Company shares by members of the Board of Directors, members of executive bodies and other top-managers of the Company in the annual report and on the Company corporate web-site on Internet.

1.3.5. Ensuring regular interaction of the Board of Directors of the Company with executive bodies of the Company and the Personnel Department of the Company by means of holding working meetings and joint sessions devoted to:

- development of the personnel and social policy of the Company;
- development of the unified corporate culture, contributing to effective implementation of the Company personnel policy, attraction of qualified specialists;
- implementation in the Company of the corporate governance principles;
- maintaining control over observance by the Company employees of requirements of local normative documents in the area of personnel and social policy;
- preliminary assessing of candidates for top-managers of the Company;
- preliminary discussion of proposals with regard to remuneration of members of the Board of Directors and executive bodies of the Company.

## 2. COMPETENCE AND POWERS OF COMMITTEE

2.1. The competence of the Committee shall include:

2.1.1. Preliminary consideration and preparing recommendations to the Board of Directors of the Company on the following issues falling in the scope of its competence:

- approving criteria for determination of the size of remuneration to members of the Board of Directors of the Company;
- determining key performance indicators and approving sizes of annual bonuses (premiums) to members of the collegial executive body of the Company, sole executive body of the Company, as well as other executive employees (top managers) of the Company;
- appointment of the President of the Company, making of a decision on early termination of his powers;
- determining a number of members of the Management Board, appointment of members of the Management Board of the Company, appointment of the Deputy Chairman of the Management Board, making of a decision on early termination of powers of some or all members of the Management Board of the Company;
- approval of conditions of contracts with the President of the Company and members of the Management Board of the Company, approval of introducing amendments and supplements to the said contracts;
- appointment of persons authorized to sign the contract on behalf of the Company with the President of the Company and members of the Management Board of the Company;
- appointment of an office holder of the Company performing functions of the one-man executive body of the Company if the President of the Company is unable to perform his duties within a long or indefinite period of time, including in case of temporary disability as well as in case of dismissal of the President on his own will and in case of early termination of his powers on any other grounds;
- giving consent to holding by the President of an office with any other employer, as well as to holding by the President and members of the Management Board of the Company of offices in management bodies of any other organizations;
- approval of the following internal documents of the Company as well as any amendments and supplements to them related to functions of the Committee:
  - ♦ code of corporate and business ethics of the Company;
  - ♦ Regulations on Corporate Secretary of the Company;
  - ♦ Regulations on Remuneration and Compensation of members of the Board of Directors of the Company (including Regulations on Holding by Members of the Board of Directors of Shares in the Company and Entities of Rosneft Group<sup>3</sup>);
  - ♦ Regulations on Remuneration to Members of the Management Board and One-Man Executive Body (including Regulations on Measures of Social Support to Members of the Management Board and One-Man Executive Body), Key Managers;
  - ♦ provision for annual bonuses (bonuses) and options;

<sup>3</sup> Term «Entity of Rosneft Group» is interpreted in accordance with paragraph 10.2.13 of Rosneft Charter.

- ◆ local normative documents of the Company of the Policy level concerning:
  - personnel and social policy;
  - assessment of performance (including assessment of performance of the Company management bodies);
  - other activities of the Company relating to human resources and social matters;
- recommendations to the General Shareholders' Meeting of the Company on the size of remuneration and compensation payable to members of the Auditing Commission of the Company;
- appointment to and dismissal from the office of the Corporate Secretary of the Company;
- appointment of the Secretary of the Board of Directors of the Company.

2.1.2. Preliminary consideration of the Company sustainability reports in the part related to the Committee functions.

2.2. The Committee is authorized by the Board of Directors to act in accordance with its competence provided under these Regulations and by order of the Board of Directors of the Company.

The Committee may request and receive from the Company, executive bodies and office holders any information in accordance with its competence, which is necessary for the Committee to carry out its activities.

The Company, executive bodies and office holders shall be obliged to assist the Committee in receipt of the requested information, to ensure completeness and timeliness of submission thereof, to show its initiative in providing the information important for consideration and making decision on matters of the Committee's competence, considering restrictions established under the effective legislation of the Russian Federation, Charter and internal documents of the Company.



### 3. FINAL PROVISIONS

3.1. The Committee shall regularly assess the actuality of these Regulations and if necessary prepare proposals to the Board of Directors of the Company on amendment thereof.

3.2. Amendments to these Regulations shall be introduced by the Board of Directors of the Company.

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## 4. REFERENCES

1. Federal Law № 208-FZ «On Joint Stock Companies» dated December 26, 1995.
2. Corporate Governance Code recommended by the Bank of Russia as applicable to joint-stock companies, securities of which are admitted for organized trading (Letter of the Central Bank of the Russian Federation № 06-52/2463 «On Corporate Governance Code» dated April 10, 2014).
3. Regulations on Board of Directors of Rosneft Oil Company, approved by decision of the General Shareholders' Meeting of Rosneft Oil Company dated June 27, 2014, Minutes n/n dated July 2, 2014.
4. Rosneft Regulations «Procedure for Formation and Activities of Rosneft Board of Directors» № P3-01.05 R-0002 YuL-001 version 2.00.

## 5. REGISTRATION OF AMENDMENTS TO LOCAL NORMATIVE DOCUMENT

Table 1  
List of amendments to Rosneft Regulations

| VERSION | TYPE AND NAME OF DOCUMENT  | NUMBER OF DOCUMENT | DATE OF APPROVAL | EFFECTIVE DATE   | REQUISITES OF OD  |
|---------|--|--------------------|------------------|------------------|---|
| 1       | 2  | 3                  | 4                | 5                | 6   |
| 1.00    | Regulations on Human Resources and Remuneration Committee of Rosneft Oil Company | N/N                | October 18, 2008 | October 18, 2008 | Minutes of meeting of Rosneft Board of Directors № 5 dated October 18, 2008 |