

**APPROVED**

**by Rosneft Board of Directors Resolution  
dated October 01, 2014**

**Minutes No. 7 dated October 06, 2014**

## **ROSNEFT REGULATION**

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**ON THE ROSNEFT BOARD OF DIRECTORS  
HR AND REMUNERATION COMMITTEE**

**№ П2-03 Р-0329 ЮЛ-001**

**VERSION 2.00**

**MOSCOW  
2014**

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## INTRODUCTORY PROVISIONS

This Regulation on the Rosneft Board of Directors HR and Remuneration Committee is drawn up in compliance with Federal Law № 208-ФЗ dated December 26, 1995 On Joint-Stock Companies, the Corporate Governance Code recommended by the Bank of Russia for application by joint-stock companies with listed securities, the Charter of the Rosneft Oil Company, and the Regulation on the Rosneft Board of Directors. It sets the tasks, functions, powers and work procedure for the Rosneft Board of Directors HR and Remuneration Committee<sup>1</sup>.

The procedure for formation and work of the Committee is determined by Rosneft Regulation on the Procedure for Formation and Work of Rosneft Board of Directors Committees № ПЗ-01.05 P-0002 IOJI-001.

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<sup>1</sup> Committee - Rosneft Board of Directors HR and Remuneration Committee.

# 1. TASKS AND FUNCTIONS OF THE COMMITTEE

1.1. The Committee shall be a consultative and advisory body of the Board of Directors of the Company<sup>2</sup> and shall be established with the purpose of an in-depth consideration of issues and preparation of recommendations to the Company Board of Directors on matters within its remit pertaining to HR policy, social policy, and remuneration policy, and on other matters delegated to the Committee by the Company Board of Directors.

1.2. The main task of the Committee shall be rendering assistance to the Company Board of Directors in its assuring protection of the interests of Company shareholders by evaluating the effectiveness of the Company's HR policy and business continuity policy, of the Company's appointments and remuneration system, and by assessing the performance of the Company Board of Directors, executive and other bodies of the Company.

1.3. The functions of the Committee shall include:

1.3.1. Assurance of recruitment of skilled specialists to manage the Company and creation of necessary incentives for their successful work by means of:

- planning personnel appointments taking into account the need for business continuity by members of the Company governance bodies;
- analysis of the Company's current and future needs with regard to professional qualifications of members of the Company governance bodies and top managers given the Company's interests and development strategy;
- defining criteria for recruitment and preliminary assessment of candidates to membership in the Company Board of Directors and Company executive bodies, also candidates to Company top manager positions;
- preparation of recommendations to the Board of Directors on candidates to the sole executive body, members of the collegial executive body, and the Company corporate secretary;
- development and regular reviews of the remuneration policy pertaining to members of the Company Board of Directors and members of the Company executive bodies, and control of its implementation;
- preparation of proposals on defining material terms and conditions of contracts with members of the Company Board of Directors, members of the collegial executive body and the person performing the functions of the sole executive body of the Company, including the procedure and conditions for early termination.
- preparation of proposals and recommendations to the Company Board of Directors on setting the amount of remuneration and principles and amount of bonuses to the Company corporate secretary.

1.3.2. Assessment of the performance of the Company governance bodies by means of:

- participation in developing criteria for assessment of the performance of members of the Company executive bodies and top managers;
- preliminary assessment of the annual performance of members of the Company executive bodies and top managers pursuant to the applicable remuneration policy, including

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<sup>2</sup> Company - Rosneft Oil Company.

assessment of their delivery of the set targets;

- preparation of recommendations to the Company Board of Directors regarding the possibility of reappointment of members of the Company executive bodies;
- preparation of recommendations to shareholders regarding voting on election of candidates to the Company Board of Directors;
- development of criteria and methodology of assessment of the performance of the Company Board of Directors and Board directors;
- annual assessment of the performance of the Company Board of Directors and Board directors, identifying areas in the Company Board of Directors activities which need to be strengthened.

1.3.3. Continuous monitoring of the Company HR and social policy, the motivation, assessment and remuneration system being aligned with the Company's development strategy, with the labor market situation and the Company's financial situation by preparation of proposals on guidelines for Company HR and social policy, including recruitment, development and motivation of personnel, and improvement of the HR and social policy, including on matters pertaining to a personnel succession pool and corporate culture;

1.3.4. Assurance of regular interaction of the Company Board of Directors with the executive bodies and the HR subdivision of the Company by having working meetings and joint sessions on:

- development of Company HR and social policy;
- development of a single corporate culture conducive to effective implementation of the HR policy and recruitment of skilled specialists;
- implementation of the principles of corporate governance;
- control of Company employees' compliance with the requirements of internal regulatory documents in the field of HR and social policy;
- preliminary assessment of candidates to top management positions in the Company;
- preliminary discussion of proposals on payment of remuneration to members of the Company Board of Directors and Company executive bodies.

## 2. TERMS OF REFERENCE AND POWERS OF THE COMMITTEE

2.1. The terms of reference of the Committee shall cover:

2.1.1. Preliminary reviews and preparation of recommendations to the Company Board of Directors on the following matters within its remit:

- endorsement of criteria for setting the amount of remuneration to members of the Company Board of Directors;
- setting key performance indicators and approval of the amounts of annual bonuses to members of the Company collegial body, the sole executive body, and other executives (top managers) of the Company;
- appointment of the Company President, taking a decision on the early termination of the powers of the Company President;
- setting the number of members of the Company Management Board, appointment of the Deputy Chairman of the Company Management Board, taking a decision on the early termination of the powers of individual members or of the whole Company Management Board;
- approval of the terms and conditions of contracts with the Company President and members of the Company Management Board, approval of amendments and supplements to the said contracts;
- identifying persons authorized to sign a contract with the Company President and members of the Company Management Board on behalf of the Company;
- identifying a Company officer to act as the sole executive body of the Company in the case of the Company President's inability to perform his/her duties either for a long or an indefinite period of time, in the case of the Company President's voluntary resignation, including in the case of temporary disability, and also in the case of the Company President's voluntary termination of employment, and early termination of the Company President's powers for other reasons;
- granting consent to the Company President's concurrently working part-time for another employer and to the President and members of the Company Management Board concurrently holding part-time positions in governance bodies of other organizations;
- approval of the following internal documents of the Company and any amendments and supplements thereto related to the Committee's functions:
  - ♦ Company Code of Corporate Ethics;
  - ♦ Regulation on the Company Corporate Secretary;
  - ♦ Regulation on Annual Bonuses and Options;
  - ♦ Regulation on Remuneration and Compensation to Members of the Company Board of Directors (including Regulation on Members of the Company Board of Directors Owning Shares of the Company and Companies of the Group<sup>3</sup>), Members of the Management Board and the Sole Executive Body (including Regulations on Measures of Social Support for Members of the Management Board and the Sole Executive Body), and Key

<sup>3</sup> The term "Company of the Group" is interpreted pursuant to para 10.2.13 of the Rosneft Charter.

Executives;

- ◆ Company internal documents at the Policy level in the field of:
  - HR and social policy;
  - assessment of performance (including assessment of performance of the Company's governance bodies);
  - other areas of the Company's activities concerning HR and social spheres.
- recommendations to the General Meeting of Company Shareholders on the amount of remuneration and compensation to be paid to the Company Audit Commission;
- appointment and dismissal of the Company Corporate Secretary;
- appointment of the Secretary of the Company Board of Directors.

2.1.2. Preliminary reviews of the Company's sustainable development reports where they concern the Committee's functions.

2.2. The Committee shall be authorized by the Company Board of Directors to act within the terms of reference defined by this Regulation and on behalf of the Company Board of Directors.

The Committee shall have the right to request and receive from the Company, executive bodies and officers of the Company, any information within its remit required for the Committee to perform its functions.

The Company, executive bodies and officers of the Company shall assist the Committee in obtaining requested information, assure completeness of the said information and timeliness of its provision, take initiative in providing information which is of importance for considering and taking decisions on matters within the Committee's remit, subject to restrictions set by the applicable laws of the Russian Federation, the Charter and internal documents of the Company.

### 3. FINAL PROVISIONS

3.1. The Committee shall regularly assess the relevance of this Regulation and, if necessary, shall prepare proposals to the Company Board of Directors on amending (supplementing) it.

3.2. Amendments and supplements to this Regulation shall be made by the Company Board of Directors.



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## 4. REFERENCES

1. Federal Law № 208-ФЗ dated December 26, 1995, On Joint-Stock Companies.
2. Corporate Governance Code recommended by the Bank of Russia for application by joint-stock companies with listed securities (Letter from the Central Bank of the Russian Federation (Bank of Russia) № 06-52/2463 dated April 10, 2014 , On the Corporate Governance Code).
3. Regulation on the Rosneft Board of Directors approved by the decision of the Annual General Meeting of Rosneft Shareholders dated June 27, 2014, Minutes dated July 2, 2014, unnumbered.
4. Rosneft Regulation on the Procedure for Formation and Work of Rosneft Board of Directors Committees № ПЗ-01.05 Р-0002 ЮЛ-001 версия 2.00.

## 5. RECORD OF INTERNAL REGULATORY DOCUMENT CHANGES

Table 1  
List of Rosneft Regulation Changes

VERSION	DOCUMENT TYPE AND NAME	DOCUMENT NUMBER	APPROVAL DATE	EFFECTIVE DATE	RD REFERENCE
1	2	3	4	5	6
1.00	Regulation on the Rosneft Board of Directors HR and Remuneration Committee	Unnumbered	October 18, 2008	October 18, 2008	Minutes № 5 of the Rosneft Board of Directors meeting dated October 18, 2008.