

**APPROVED**

by the Extraordinary General Meeting of Shareholders of Novatek JSC on March 25, 2005 (Minutes No. 95 as of March 28, 2005) as amended and restated by the Extraordinary General Meeting of Shareholders on December 14, 2005 (Minutes No. 97 as of December 15, 2005) and the Extraordinary General Meeting of Shareholders on October 15, 2009 (Minutes No. 108 as of October 21, 2009) and on September 30, 2016 (Minutes No. 126 as of October 3, 2016)

**Regulations  
on the Management Board  
of Public Joint-Stock Company  
NOVATEK**

Moscow  
2005

## **1. General Provisions**

1.1. These Regulations shall determine the status and competence of the Management Board within the management structure of NOVATEK JSC (hereinafter referred to as "the Company"), regulate a decision-making procedure, procedure for convening and conducting its meetings, electing its members and terminating their powers, the duties and responsibilities of the Management Board members.

1.2. The Management Board shall be the Company's collegial executive body and shall manage the Company's day-to-day operations.

1.3. In its activities, the Management Board shall be guided by Russian Federation laws, the Company's Articles of Association, resolutions passed by the general meetings of shareholders and the meetings of the Board of Directors, these Regulations and other internal documents of the Company pertaining to its activity.

1.4. The Management Board shall be subordinated to the Board of Directors and the General Meeting of Shareholders. The Chairman of the Management Board shall head the Management Board, organize its work and its meetings, as well as implementation of resolutions passed by the General Meetings of Shareholders and the meetings of the Board of Directors.

## **2. Establishment Procedure and Structure of the Management Board**

2.1. The Chairman of the Management Board shall be elected by the General Meeting of Shareholders for the period of five years and may be re-elected an unlimited number of times. The General Meeting of Shareholders may at any time pass a resolution on early termination of powers of the Chairman of the Management Board and decide to form a new sole executive body.

The Chairman of the Management Board shall without the Power of Attorney act on behalf of the Company and:

- Manage the Company's day-to-day operations;
- Represent the Company's interests inside and outside of the Russian Federation;
- Administer the Company's assets and funds and consummate transactions on behalf of the Company.
- Approve the staff schedule, regulations of the Company's structural subdivisions, job descriptions and wages for all the positions included into the staff schedule;
- Issue orders and give instructions obligatory for all the Company's employees;
- Organize the Company's bookkeeping and accounting;
- Control the due receipt of funds and compliance of any spending with the Company's annual budget;
- Have the authority to sign financial documents;
- Enter into labor contracts with the Company's employees, apply punishment or incentive measures;
- Issue powers of attorney on behalf of the Company.
- Prepare and submit for approval by the Board of Directors any resolutions to issue shares, offering memorandums and reports on results of securities issue;
- Open the Company's bank accounts;
- Appoint persons representing the Company at the Meetings of Shareholders (participants) of the companies whose shares are owned by the Company;
- Submit to the Company's Board of Directors proposals on the personal and quantitative composition of the Management Board;
- Submit for the consideration of the Board of Directors the matters that do not fall within the competence of the Board of Directors (save the matters falling within the competence of the General Meeting) but may have a significant impact on the Company's business.

In exercising the powers of a shareholder (participant) of subsidiary companies, as well as the powers of the subsidiaries' Board member, the Chairman of the Management Board shall act pursuant to the resolutions passed by the Company's Management Board on the matters specified in sub-clauses 11) - 26) of Clause 9.47 of the Company's Articles of Association.

*(The paragraph wording approved by resolution of the Annual General Meeting of Shareholders on October 15, 2009, Minutes No. 108 as of October 21, 2009, and the Extraordinary General Meeting*

*of Shareholders on September 30, 2016, Minutes No. 126 as of October 3, 2016)*

2.2. The Board of Directors shall resolve the matters on forming the Management Board, including determination of its quantitative composition and election of its members, save the Chairman of the Management Board who is represented on the Management Board by virtue of his position.

Decisions to determine (change) the number or elect members of the Management Board shall be made by the Board of Directors solely as advised by Chairman of the Management Board.

The Management Board members shall be elected from among the Company's employees for the period of 5 years.

*(The paragraph wording approved by the extraordinary general meeting of shareholders on 15 October 2009, Minutes No. 108 as of 21 October 2009)*

2.3. The Board of Directors shall be entitled to reject a candidate to the Management Board. A candidate shall be deemed elected to the Management Board, if 8 (eight) members of the Board of Directors vote for its election. The Board of Directors shall not be entitled to elect a candidate without the relevant recommendation from the Chairman of the Management Board.

*(The paragraph wording approved by the extraordinary general meeting of shareholders on 15 October 2009, Minutes No. 108 as of 21 October 2009)*

2.4. The Deputy Chairman of the Management Board shall be elected by a majority of members of the Board of Directors from among the members of the Management Board as advised by the Chairman of the Management Board.

2.5. The work of the Management Board shall be organized by its Chairman. All members of the Management Board shall be directly subordinated to the Chairman of the Management Board.

2.6. The powers of any Management Board member may be terminated ahead of time by resolution of the Board of Directors. In this case, a new member may be elected to the existing composition of the Management Board to replace the previous one whose powers were terminated earlier. The termination of authorities of a Management Board member shall not result in resignation from the position it holds in the Company.

The Board of Directors may resolve to increase the number of members of the Management Board and elect new members of the Management Board.

The term of powers of the new Management Board members elected instead of those whose powers were terminated earlier or those elected in connection with an increase in the number of members of the Management Board shall cease simultaneously with the tenure of the remaining members of the Management Board.

*(The paragraph wording approved by the extraordinary general meeting of shareholders on 15 October 2009, Minutes No. 108 as of 21 October 2009)*

2.7. The relevant amendments shall be introduced to an employment agreement with a person elected to the Company's Management Board, when it takes up duties.

2.8. The employment agreement shall provide for a monthly salary and annual remuneration payable based on the annual performance results. The size of remuneration shall be determined by resolution of the Company's Board of Directors.

2.9. The work on the Company's Management Board shall be primary employment for the Management Board members. Involvement of the Management Board members in the management of other organizations may only be permitted by the relevant resolution of the Company's Board of Directors.

2.10. In the absence of Chairman of the Management Board, its functions shall be performed by the First Deputy Chairman, unless otherwise specified by order of Chairman of the Management Board.

2.11. The members of the Management Board shall inform the Company on the following:

*(The paragraph wording approved by resolution of the Extraordinary General Meeting of Shareholders on September 30, 2016, Minutes No. 126 as of October 3, 2016)*

- ownership of and the sale and (or) purchase of the Company's securities;
- legal entities where they hold individually or jointly with their affiliated person(s) not less than 20% of the voting shares (equity interests);
- legal entities where they hold management positions;

- actual or anticipated transactions of which they are aware and where they may be recognised as interested parties;
- any other information required by the Company to comply with the laws in force.

*(A new paragraph introduced by the Extraordinary General Meeting of Shareholders on September 30, 2016, Minutes No. 126 as of October 3, 2016)*

### **3. Competence of the Management Board**

3.1. The Company's Management Board shall perform executive and administrative functions and, inter alia, coordinate the work of the Company's departments, divisions and services (hereinafter referred to as the "Company's structural units"); pass resolutions on crucial issues of the Company's day-to-day operations, excluding those falling within the sole competence of the General Meeting of Shareholders and the Company's Board of Directors.

3.2. The Management Board shall act pursuant to the Company's Articles of Association and these Regulations.

3.3. Competence of the Management Board shall be determined by the Company's Articles of Association.

*(The paragraph wording approved by resolution of the extraordinary general meeting of shareholders on September 30, 2016, Minutes No. 126 as of October 3, 2016)*

3.4. The Company's officers responsible for preparation of materials related to the agenda items of the Management Board meeting shall provide such materials prior to the meeting on request of any member of the Management Board.

3.5. Materials on the agenda items shall be provided to each member of the Management Board by the persons responsible for their preparation not later than 3 business days before the meeting. The materials shall contain analysis covering all aspects of the items to be discussed, all necessary tables, charts and diagrams, as well as draft resolutions to be passed.

### **4. Organization of Work of the Management Board**

4.1. The Meetings of the Management Board shall be convened by the Chairman of the Management Board as necessary and when required in the Company's interests. In the absence of Chairman of the Management Board, the meeting shall be convened by the First Deputy Chairman of the Management Board or other person discharging its duties by order of Chairman of the Management Board.

4.2. The notice of the Management Board meeting shall be served in writing and delivered to each member of the Management Board by electronic means of communication (e-mail, fax) no later than 5 days before the date of the Meeting, unless all the members of the Management Board approve a shorter period in writing. A notice shall contain the date, time and place of the Management Board meeting and its agenda specifying in detail the items submitted for the meeting's consideration. A notice shall be accompanied by draft documents to be discussed.

*(The paragraph wording approved by the extraordinary general meeting of shareholders on 15 October 2009, Minutes No. 108 as of 21 October 2009)*

4.3. The Management Board meeting shall be in quorum, if at least half of its members attend the meeting. The resolutions of the Management Board meeting on the matters specified in sub-clauses 11) - 26) of Clause 9.47 of the Company's Articles of Association shall be deemed adopted if 2/3 of the elected members of the Management Board cast their votes for such resolution. The resolutions on any other matters of the Management Board meeting shall be passed by a simple majority of votes of the members of the Management Board attending the Meeting. In resolving the matters at the Meeting of the Management Board, each member of the Management Board shall have one vote.

*(The paragraph wording approved by resolution of the Annual General Meeting of Shareholders on October 15, 2009, Minutes No. 108 as of October 21, 2009, and the Extraordinary General Meeting of Shareholders on September 30, 2016, Minutes No. 126 as of October 3, 2016)*

4.4. Minutes shall be taken at each meeting of the Management Board. For this purpose, the Chairman of the meeting shall appoint a secretary. The minutes of the meeting shall be drawn up

within two days following the meeting and a copy thereof shall be sent to each member of the Management Board. A member of the Management Board having objections to the minutes shall send them in writing to the Chairman of the Management Board within three days with a copy sent to the Chairman of the Board of Directors.

4.5. The minutes shall be signed by the Chairman of the meeting, laced and sealed by the Company.

4.6. The minutes shall specify the following:

- date of the meeting;
- members of the Management Board attending the meeting, presence of quorum;
- invitees;
- agenda;
- issues put to the vote;
- resolutions passed;
- voting results.

*(The paragraph wording approved by resolution of the extraordinary general meeting of shareholders on September 30, 2016, Minutes No. 126 as of October 3, 2016)*

4.7. The minutes shall be kept at the location of the Company's executive body and made available to the members of the Board of Directors, Management Board, Revision Commission and the Company's Auditor on their request.

## **5. Responsibility of the Management Board Members**

5.1. The members of the Management Board shall act for the benefit of the Company and in good faith and reasonably exercise their rights and perform their duties in relation to the Company.

In resolving matters at the meetings of the subsidiaries' boards of directors, the members of the Management Board serving as members of such subsidiaries' boards of directors shall act pursuant to the resolutions passed by the Management Board on the matters specified in subparagraphs 11) – 26) of Clause 9.47 of the Company's Articles of Association.

*(The paragraph wording approved by resolution of the extraordinary general meeting of shareholders on September 30, 2016, Minutes No. 126 as of October 3, 2016)*

5.2. The members of the Management Board shall be liable to the Company for any losses caused to the Company by their faulty actions (omissions), unless other reasons and scope of liability are provided for by the federal laws.

The members of the Management Board shall be personally liable for the state of affairs in the Company within their competence determined by the General Meeting of Shareholders, Board of Directors and these Regulations.

5.3. The members of the Management Board who voted against the resolutions which caused losses to the Company or did not vote at all, shall not be liable for any of such losses. A member of the Management Board put in charge of implementing the resolution passed by the Management Board meeting shall be personally liable for it.

5.4. In determining the basis and scope of liability of the Management Board members, the general business practices and other relevant circumstances shall be taken into account.

5.5. Should a member (members) of the Management Board have personal interest in the transaction whereby the Company is or intends to become a party, such member (members) shall notify the Management Board of such interest before a decision is made on such transaction and such member (members) themselves shall not vote on such item.

5.6. The members of the Management Board shall not be entitled to establish or become members of the commercial organizations competing with the Company, except as otherwise permitted by the Company's Board of Directors.

5.7. The members of the Management Board shall be liable for disclosure of commercial secrets and confidential information regarding the Company's activity, as well as for improper performance of their duties, in the manner prescribed by the Russian Federation laws.

5.8. The Company shall procure liability insurance for the members of the Management Board, guarantee limitation of their liability and indemnify them for the losses suffered in the course of discharging their duties as members of the Management Board.

*(A new paragraph introduced by the Extraordinary General Meeting of Shareholders on 15 October 2009, Minutes No. 108 of 21 October 2009)*

## **6. Relations with the Company's Other Bodies**

6.1. The resolutions passed by the General Meeting of Shareholders and the Board of Directors within their competence shall be binding on the Management Board.

6.2. The Chairman of the Management Board or, in his absence, the Deputy Chairman of the Management Board shall represent the Management Board at the general meetings of shareholders and the meetings of the Board of Directors.

## **7. Information Responsibility**

7.1. The Management Board shall deliver materials on all the agenda items of the meeting of the Board of Directors to the Corporate Secretary not later than 7 days before to the meeting.

*(The paragraph wording approved by resolution of the extraordinary general meeting of shareholders on September 30, 2016, Minutes No. 126 as of October 3, 2016)*

7.2. The Management Board shall provide information regarding the Company's financial and business activity to any member of the Board of Directors on its written request within 5 days after receiving such request with copies of such request and response thereto sent to the Chairman of the Board of Directors.

7.3. In exceptional circumstances, in the event of impossibility to provide information fully or partially within the set deadlines, the Management Board shall send to such member of the Board of Directors a response stating the reasons of its failure to provide information and the expected timelines for submission of full information.

7.4. In the event of impossibility to fully or partially provide information on a written request of the member of the Board Directors, the delivery to such member of the Board of Directors of a substantiated response regarding the inability to provide information shall not release the Chairman of the Management Board from the responsibility to procure full submission of the requested information to such member of the Board of Directors within the deadlines agreed with such - member of the Board of Directors.

7.5. The Management Board shall submit to the Board of Directors the information regarding the Company's financial standing, implementation of priority programs, transactions and resolutions, which may have a material impact on the Company's business within the timelines and in the format established by the Board of Directors.

7.6. The Management Board shall, in accordance with the established procedures, provide the Revision Commission and the Company's auditors with all necessary documents regarding the Company's financial and business activity, as well as provide personal explanations of the Management Board members.

## **8. Final Provisions**

8.1. These Regulations shall be approved by the General Meeting of Shareholders and may be amended by its relevant resolution.

8.2. In the event, that certain provisions of these Regulations come into conflict with the Russian Federation laws, such provisions shall be deemed null and void, and the Management Board shall be guided by the applicable law of the Russian Federation, as well as legitimate provisions of the Company's Articles of Association and these Regulations.

8.3. The matters not contemplated by the Company's Articles of Association and these Regulations shall be regulated by the Russian Federation law.