

APPROVED

by resolution of the Board of Directors of  
NOVATEK JSC

(Minutes of the meeting of the Board of  
Directors dated 28 April 2014 No. 168)

**REGULATIONS  
ON THE STRATEGY COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF NOVATEK JOINT STOCK COMPANY**

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## **1. GENERAL PROVISIONS**

1.1. These Regulations on the Strategy Committee of the Board of Directors of NOVATEK Open Joint Stock Company (hereinafter referred to as the “Regulations”) have been prepared in accordance with laws of the Russian Federation, Charter and Regulations on the Board of Directors of NOVATEK Open Joint Stock Company (hereinafter referred to as the “Company”), taking into account provisions of the Code of Corporate Governance recommended for application by the Central Bank of the Russian Federation and listing rules of stock exchanges where securities of the Company are listed.

1.2. The Strategy Committee of the Company’s Board of Directors (hereinafter referred to as the “Committee”) was established with the objective to improve efficiency of the Company’s business in the long term perspective, increase its assets, profitability and investment appeal.

1.3. The Regulations determine the status and competence of the Committee, rights and obligations of the Committee (members of the Committee), membership of the Committee, the procedure for its formation, operation and interaction with the Company’s management bodies.

1.4. All proposals elaborated by the Committee shall be in the form of recommendations submitted for the consideration of the Board of Directors (hereinafter referred to as the “Board of Directors”).

1.5. In its work the Committee shall be guided by the Russian Federation laws, the Company’s Charter, Regulations of NOVATEK’s Board of Directors, resolutions of the Board of Directors, these Regulations and other local normative acts of the Company approved by its general meeting of shareholders, Board of Directors and resolutions of the Committee.

1.6. The terms used but not defined in these Regulations shall have the same meanings as used in the Company’s Charter, Regulations of NOVATEK’s Board of Directors and other bylaws of the Company.

## **2. FUNCTIONS OF THE COMMITTEE**

Key functions of the Committee shall be the following:

- a) determination of strategic objectives of the Company, control of implementation of the Company’s strategy, preparation of recommendations to the Board of Directors on adjustment of the Company’s existing development strategy;
- b) development of priority areas of the Company’s business;

- c) preparation of recommendations on the dividend policy of the Company;
- d) assessment of efficiency of the Company's business in the long term perspective;
- e) preliminary consideration and preparation of recommendations with regard to participation of the Company in other organizations (including direct and indirect acquisition and disposal of shares in charter capitals of organizations, encumbrance of shares, equity interests);
- f) assessment of voluntary and mandatory offers for acquisition of the Company's securities;
- g) consideration of financial model and model for evaluation of value of the Company's business and its business segments for the purpose of elaborating recommendations to the Board of Directors, when they take a decision on determination of priority lines of the Company's business;
- h) consideration of matters on reorganization and liquidation of the Company;
- i) preparation of recommendations to the Company's Board of Directors on transactions to be approved by the Board of Directors or the general meeting of shareholders;
- j) preparation of recommendations to the Company's Board of Directors, following the results of considering the investment projects proposed for implementation by the Company;
- k) preparation of recommendations to the Company's Board of Directors on establishment of branches and opening representative offices of the Company in the Russian Federation and abroad;
- l) preparation of recommendations to the Company's Board of Directors in connection with the Company's policy on utilizing its non-core assets.

### **3. RIGHTS AND OBLIGATIONS OF THE COMMITTEE**

3.1. For the purpose of implementing the functions mentioned in clause 2 of the Regulations, the Committee shall have the following rights:

3.1.1. to request and receive documents, reports, explanations and other information from executive bodies, managers of structural subdivisions and the Company's other officers;

3.1.2. to hear reports on fulfillment of recommendations of the Committee and to present to the Board of Directors a report on assessment of the executive body's performance in terms of the fulfillment of the Committee's recommendations;

3.1.3. to invite managers and the Company's other officers to its meetings;

3.1.4. to utilize services of external experts and advisors within the Committee's budget;

3.1.5. to inform the Board of Directors of the Committee's recommendations on the matters that, in the opinion of the Committee, require the Board of Directors to take actions;

3.1.6. assess these Regulations and submit to the Board of Directors proposals for any amendment/supplement hereto.

3.2. Members of the Committee shall:

3.2.1. accomplish functions imposed on the Committee in accordance with these Regulations, requirements of the Russian Federation laws, the Charter and internal documents of the Company;

3.2.2. take part in the Committee's work and attend all its meetings. In case of impossibility to attend the Committee's meeting, to inform Chairman of the Committee thereof in advance;

3.2.3. take part in elaborating the work plan of the Committee;

3.2.4. inform the Board of Directors of any changes in their status of independent director or a conflict of interest in connection with any decisions to be taken by the Committee;

3.2.5. immediately inform the Chairman of the Committee in writing of any personal, commercial or other interest (direct or indirect) in adoption of any decision by the Committee.

3.2.6. observe restrictions on use of insider information determined by applicable laws and the Company's local normative acts;

3.2.7. not disclose confidential and other office information which becomes known to a member of the Committee in connection with fulfillment of its relevant duties, and not use the same in their own or third parties' interests, both during the period of accomplishment of duties of a Committee member and within 3 years following termination of employment with the Company;

3.2.8. observe all rules and procedures under the Company internal documents related to the security regime and safety of the Company confidential information;

3.2.9. observe general ethical principles and norms of conduct under the Code of Business Ethics of NOVATEK JSC;

3.2.10. annually assess their own work and inform the Board of Directors of such assessment results;

3.2.11. report to the Board of Directors on their work at least once a year.

#### **4. ELECTION AND MEMBERSHIP OF THE COMMITTEE**

4.1. The Committee shall be elected from among members of the Board of Directors and consist of at least three (3) persons. A decision on election of members of the Committee shall be taken by the Board of Directors by majority of votes of the Board members participating in voting.

4.2. Members of the Committee shall be elected until election of the next composition of the Company's Board of Directors by the annual general meeting of shareholders. Candidates to members of the Committee shall have higher education and experience of work in the relevant areas.

4.3. Members of the Committee may be elected unlimited number of times.

4.4. Upon decision of the Company's Board of Directors taken by a simple majority of votes of members of the Board of Directors taking part in the voting, the powers of all or some members of the Committee may be early terminated.

4.5. Powers of a member of the Committee will be early terminated in the following cases:

4.5.1. voluntary resignation. A member of the Committee may resign as a member of the Committee by informing the Chairman of the Board of Directors and the Chairman of the Committee through sending a relevant notice one (1) month before the date of resignation;

4.5.2. in case the powers of the Committee member in his capacity as a member of the Company's Board of Directors have been terminated;

4.5.3. in case the Company's Board of Directors relieved, by its decision, the Committee member of his/her duties.

4.6. If powers of a Committee member are terminated by virtue of clause 4.6.1 of these Regulations, the Board of Directors of the Company shall, at the next meeting but no later than one (1) month after the day when such member of the Committee sent a written notice on resignation as a member of the Committee, elect a new member of the Committee. Until then, the member of the Committee shall accomplish his/her duties in full.

## **5. THE CHAIRMAN AND SECRETARY OF THE COMMITTEE**

5.1. The Chairman of the Committee shall be elected by the Board of Directors from among members of the Committee. The Board of Directors may also elect a Deputy Chairman of the Committee to accomplish the functions of the Chairman of the Committee pursuant to these Regulations when the latter is absent.

5.2. The Board of Directors shall have the right to re-elect, at any time, the Chairman of the Committee and/or Deputy Chairman of the Committee.

5.3. The decision on election (re-election) of the Chairman of the Committee and/or Deputy Chairman of the Committee shall be taken by the Board of Directors by simple majority of votes of the Board members participating in the voting.

- 5.4. Functions of the Chairman of the Committee are:
- 5.4.1. to initiate and convene meetings of the Committee and chair the same;
  - 5.4.2. approve the agenda of the Committee meetings;
  - 5.4.3. to organize discussion of issues at the meetings of the Committee and to listen to opinions of persons invited to attend the meeting;
  - 5.4.4. to distribute duties among members of the Committee;
  - 5.4.5. on the basis of proposals of the Committee's members and taking into account the work plan of the Company's Board of Directors to prepare a work plan of the Committee for the current year;
  - 5.4.6. to accomplish other functions under applicable laws of the Russian Federation, the Charter of the Company, these Regulations and the Company's other bylaws.

5.5. Functions of the secretary of the Committee shall be accomplished by the Corporate Secretary of the Company (hereinafter referred to as the "Corporate Secretary"). The Corporate Secretary will arrange the preparation of the Committee meetings, collection and systematization of materials for the meetings, timely circulation to Committee members and invitees of notices of the Committee meetings, agenda of the meetings, materials on items of the agenda, minutes of the meetings, preparation of draft resolutions of the Committee and subsequent storage of all relevant materials. The Corporate Secretary will ensure obtainment of necessary information by members of the Committee.

## **6. TERMS OF AND PROCEDURE FOR CONVOCAION OF ORDINARY MEETINGS OF THE COMMITTEE**

6.1. Ordinary meetings of the Committee shall be held in accordance with the plan approved by the Committee at least four (4) times a year.

6.2. A decision on convocation of an ordinary Committee meeting, date, time and place of the meeting as well as agenda items and the decision on the list of persons to be invited to attend the meeting shall be taken by Chairman of the Committee pursuant to the plan of ordinary meetings of the Committee.

6.3. A notice of the Committee's meetings along with the agenda shall be prepared by the Corporate Secretary and circulated to the Committee members in compliance with the Regulations of NOVATEK's Board of Directors applicable to such notices no later than five (5) business days before the date of the Committee meeting.

6.4. A Committee meeting shall be prepared by the Corporate Secretary, under the guidance of Chairman of the Committee.

## **7. EXTRAORDINARY MEETING OF THE COMMITTEE**

7.1. Extraordinary meetings of the Committee shall be convened upon proposals of Chairman of the Company's Management Board.

7.2. Proposals on convocation of an extraordinary meeting of the Committee shall be sent to the Corporate Secretary no later than fifteen (15) business days prior to the proposed date of the Committee's extraordinary meeting. Such proposal shall be made and sent to the Corporate Secretary in accordance with the requirements of the Regulations of NOVATEK's Board of Directors regarding requests to convene the meetings of the Company's Board of Directors. The Corporate Secretary will submit such proposals to Chairman of the Committee no later than the following day after they are received.

7.3. Within five (5) business days after receiving from Chairman of the Company's Management Board a proposal to convene an extraordinary meeting of the Committee, the Chairman of the Committee shall take a decision on conducting the extraordinary meeting of the Committee, setting the date, time and place of the meeting or the date of the absentee voting or refuse from convening the extraordinary meeting of the Committee. A reasoned decision on refusal to convene the extraordinary meeting of the Committee shall be sent to the Company's person or body requiring to convene the meeting within two (2) business days after the Chairman makes a decision to refuse from convening the meeting.

7.4. A decision of the Committee's Chairman to refuse from convening the extraordinary meeting of the Committee may be taken in the following cases:

7.4.1. agenda item(s) proposed for inclusion in the agenda of the Committee's meeting is (are) beyond its competence, according to these Regulations;

7.4.2. the agenda item contained in the proposal to convene the Committee's extraordinary meeting has already been included in the agenda of the next ordinary meeting convened upon decision of the Committee's Chairman made before receiving the aforesaid proposal;

7.4.3. the procedure for submitting proposals on convening the Committee's meeting has not been observed.

7.5. If Chairman of the Company's Board of Directors submits a proposal to convene the Committee's extraordinary meeting, the Chairman of the Committee shall convene such extraordinary meeting within five (5) business days.

## **8. PROCEEDINGS AT THE MEETINGS OF THE COMMITTEE**



8.1. A meeting of the Committee shall be eligible (has quorum) if it is attended by more than one half of the total number of members of the Committee. Existence of the quorum shall be determined by the Chairman of the Committee when opening the meeting. If the quorum required to hold a meeting of the Committee is absent, a repeated meeting of the Committee shall be held within five (5) business days with the same agenda.

8.2. Meetings of the Committee may be held in the form of joint presence of members of the Committee or in form of absentee voting in accordance with the Regulations on the Board of Directors of NOVATEK JSC.

8.3. Meetings of the Committee may be attended by persons not being members of the Committee invited by Chairman of the Committee, but such persons may not take part in voting on items of the agenda of the Committee's meeting.

## **9. THE PROCEDURE FOR TAKING DECISIONS BY THE COMMITTEE**

9.1. In resolving the issues each member of the Committee will have one vote.

9.2. No member of the Committee may transfer his/her vote to another person.

9.3. Decisions of the Committee shall be taken by simple majority of votes of the total number of votes of all members of the Committee.

In case of equality of votes, the vote of Chairman of the Committee (but not Deputy Chairman of the Committee) will be decisive.

## **10. MINUTES OF THE MEETING OF THE COMMITTEE**

10.1. No later than three (3) business days following the Committee meeting in the form of joint presence of the Committee members or absentee voting the Corporate Secretary will draw up the minutes of the conducted meeting.

10.2. Minutes of the Committee's meeting shall be signed by Chairman of the Committee who shall be responsible for the correctness thereof. The minutes shall be made in two original counterparts one of which shall be sent to the Board of Directors within three (3) business days after signing, along with the recommendations prepared for the Board of Directors, while the other counterpart shall be kept at the archive of the Committee. All members of the Committee shall receive copies of the minutes and prepared recommendations.

10.3. Minutes of a meeting of the Committee shall contain the following information:

10.3.1. date, form, place and time of the meeting (or the date of absentee voting);

10.3.2. a list of the Committee's members who have taken part in considering items on the agenda of the Committee meeting and a list of other persons attending the Committee's meeting;

10.3.3. the agenda;

10.3.4. proposals of members of the Committee on the agenda items;

10.3.5. items proposed for voting and voting results;

10.3.6. decisions taken.

## **11. SUBORDINATION OF THE COMMITTEE TO THE COMPANY'S BOARD OF DIRECTORS**

11.1. The Committee shall submit to the Company's Board of Directors the annual report on results of its work no later than forty-five (45) calendar days before the date of the Company annual general meeting of shareholders.

11.2. The Committee's report shall contain all information regarding the Committee's work during the year including:

11.2.1. the list of recommendations to the Board of Directors on the matters falling within the Committee's functions pursuant to clause 2 of these Regulations;

11.2.2. data on utilization of funds (amounts and items of expenditure) provided for by the Budget of the Board of Directors for the Committee's activities;

11.2.3. details of services received from external experts and advisors,

11.2.4. data on fulfillment of the approved work plan of the Committee and information on conducted extraordinary meetings.

## **12. RELATIONS WITH THE COMPANY'S BODIES AND OTHER PERSONS**

12.1. Information and documents which are necessary to members of the Committee to ensure efficient work shall be provided through the Corporate Secretary. The request for the information and documents shall be made in writing and signed by the Committee's Chairman.

12.2. The experts and specialists possessing professional knowledge for considering some of matters within the scope of the Committee's work may be engaged. A procedure and conditions of such experts and specialists engagement

shall be determined by a contract to be entered into by and between the Company and the relevant persons.

### **13. LIABILITY OF THE COMMITTEE'S MEMBERS**

13.1. Members of the Committee shall bear liability in accordance with norms of applicable laws and the Company's local regulations.

### **14. APPROVAL AND AMENDMENT OF THESE REGULATIONS**

14.1. These Regulations and all amendments hereto shall be approved by the Company's Board of Directors by majority of votes of the total number of members of the Company's Board of Directors.

14.2. All matters not covered by these Regulations shall be governed by the Company's Charter, Regulations on the Board of Directors of JSC NOVATEK, the Company's other local regulations and applicable laws of the Russian Federation.

14.3. If, as a result of any change in laws or legal acts of the Russian Federation, any provisions of these Regulations conflict with such laws or acts, such provisions will become ineffective and until amendment of these Regulations members of the Committee shall be guided by laws and subordinate legal acts of the Russian Federation.

14.4. The Committee's annual performance report to be presented to the Company's Board of Directors pursuant to clause 11 hereof may contain recommendations to the Board of Directors on the necessity to introduce amendments to these Regulations.