

## **REGULATION on the President of Sistema JSFC**

Current Regulation is developed in accordance with legislation of the Russian Federation, the Charter of Sistema JSFC (hereafter - Company), Code of corporate conduct of RF. Regulation settles activity of President, determines authorities, procedure of work and cooperation with other bodies of Company governance.

### **1. General provisions**

- 1.1. President is a permanent acting individual executive body of Company management, main task of which is to manage current Company activity to secure profitability and competitiveness, financial and economic stability, ensure shareholders rights and social guarantees of the Company staff.
- 1.2. President acts within his competence and reports to the Directors Board and General shareholders meeting of the Company.
- 1.3. Decisions, adopted by General shareholders meeting and Board of the Company, are binding for President.
- 1.4. President can't be simultaneously Chairman of the Directors Board, as well as member of Inspection commission of the Company.
- 1.5. President performs functions of chairman of Company collegial executive body (Executive board).
- 1.6. President is admitted to combine positions in managing bodies of other companies only providing consent of the Directors Board of the Company.
- 1.7. In his work President follows Charter of the Company, other internal regulatory documents of the Company, decisions of General shareholders and Directors Board of the Company, as well as the current Regulation.

### **2. Procedure of appointment and termination of powers of President**

- 2.1. To the position of President can be appointed a person with higher education, high professional skill, managing experience in a large company at least 5 (five) years, fair reputation. To the position of a President can't be appointed a person who has convictions for crimes in entrepreneurial activity, finance, taxes, securities market.
- 2.2. Setting up an individual executive body (President) and advance termination of his powers is a competence of Directors Board of the Company. Resolution is approved by a majority (more than 1/2) of the Board members participating in the meeting. Term of appointment of President is 3 (three) years with the possibility of second appointment.  
President powers arise (terminate) on the date of approval by the Directors Board the respective resolution. The Company reveals information about termination (rise, prolongation) of President

powers according to RF legislation, as well as by publishing respective news release on Web-site of the Company.

Info about President, including quantity of owning by him shares of the Company, its subsidiaries and dependent companies, is published on Web-site of the Company.

2.3. The Company represented by Chairman of the Board signs fixed-term employment contract with the President, where are stated his rights and duties, responsibility, wage conditions, other terms.

Terms of such Contract are determined by the Directors Board.

The Contract is to be signed within 5 days from the moment the Board adopts Contract terms.

2.4. The Company guarantees the President possibility to realize powers, assigned to him by the Company Charter, this Regulation and employment contract, signed with him.

2.5. Grounds to terminate powers of the President are the following:

- Term expiry of the Contract;
- Agreement of the Parties;
- Advance power termination according to decision of the Company Board, termination of Employment contract on the initiative of President subject to written notice to the Company not later than 1(one) month before the date of Contract termination;
- Circumstances beyond will of Parties;
- Other reasons, stipulated by Labor law of RF.

2.6. Subject to advance termination of Employment contract on the initiative of the Company single remuneration in the amount, defined by the signed Contract, is paid to the President.

### **3. Rights and duties of President**

3.1. President is obliged to:

- Duly put before the Board questions on necessity to approve one or other resolutions, adopting of which, according to RF legislation and Company Charter, are in competence of the Directors Board or Company General shareholders meeting;
- Report on his activity before the Board;
- Act in the interests of Company shareholders, exercise his rights and do his duties before Company well and conscientiously;
- Exercise decisions of General shareholders meeting, Directors Board, Inspection commission of the Company, adopted within competence of these bodies;
- Organize effective work of collegial executive body (Executive Board), as well as control fulfillment of resolutions, adopted by Executive Board;
- Use property and non-property rights of the Company only to achieve Company goals;
- Be loyal towards the Company;
- Not disclose economic, technical, organizational, legal and other commercial information about Company activity to the third party, as well as not disclose or use any inside company info in self interests and in the interests of third parties;
- Inform Company of his affiliated persons, as well as change in their structure;
- Perform other duties, entrusted him by the Charter and other internal company documents.

3.2. President of the Company has the right to:

- Require and get any information and documents concerning Company activity;
- Get compensated of transport, representative, business trip and other expenses he incurred during fulfilling his duties;
- First signature of all financial documents;
- Stimulate the excellent workers;
- Bring to disciplinary liability and liability for breakage the workers, who broke labor discipline, as well as caused property losses.

President and his family are provided for body-guard and physical security, full health insurance.

President has other social benefits and guarantees according to current legislation and Company Board decisions.

President is given private vehicle with driver and unlimited vehicular communication.

3.3. President has no right to set up or participate (acquire shares) in enterprises – competitors of the Company.

3.4. The Company is the main place of employment of the President. President can not occupy other places of profit in state or public bodies, as well as in other enterprises, institutions, except teaching, scientist and other creative activity. President has the right to act in managing bodies of other legal entities provided approval of the Company Board.

3.5. President, as well as his affiliated persons, has no right to accept presents, any sure or indirect gains with a purpose to make the President take specific economic decision.

3.6. President is obliged to inform the Board about quantity of Company securities, its subsidiaries and dependant companies, owned by President, about his intention to make dealing in stocks of the Company, its subsidiaries and dependant companies, as well as about acquisition (alienation) of such shares. President has no right to make deals using inside information.

#### **4. Competence of President**

4.1. All managing issues on current Company activity, defined by the Charter, resolutions of General shareholders meeting and the Board, this Regulation, other internal documents of the Company, are in competence of the Company President, except issues, referred to the competence of General shareholders meeting, Board of the Company.

4.2. President arranges decisions implement of General shareholders meeting and Board of the Company.

4.3. President acts without letter of attorney on behalf of the Company and represents its interests in relations with any persons on any issues, as well as represents and maintain Company interests before government bodies and court.

4.4. Within competence, determined by this Regulation, President in the interests and on behalf of the Company:

- Represents interests of the Company before government, law-enforcement, judicial bodies, contractors, employees and other third parties;
- Manages property and funds of the Company;
- Makes deals on behalf of the Company both in Russian Federation and abroad;
- Has the right of first signature of all financial documents;
- Opens settlement accounts and other ones in any Russian bank and abroad to keep monetary funds and make all kinds of payments, credit and cash operations;
- Approves staff list of the Company, gives an employment and dismisses employees according to RF legislation, confirms internal working rules and defines salary system, adopts official salaries within staff list, stimulates excellent workers and disciplines;
- Decides to send employments to a business trip;
- Arranges work and effective cooperation of Company departments;
- Distributes duties among heads of the departments, controls their implement and duly corrects them according to changes in activity terms of the Company;
- Organizes accounting and tax accounting , as well as accounting and tax reports on their basis, secures safety of accountable documents, registers of accounting, tax accounting and reports;
- Submits annual report and Company balance for approval by the Board and General shareholders meeting; guarantees truthfulness and duly reporting on economic activity to the Board and General shareholders meeting, as well as to government bodies according to RF legislation;

- Arranges developing of Company budgets and secures their performance;
- Takes measures to guarantee security of commercial and confidence information, concerned with the Company;
- Gives authorities to act on behalf of the Company, including power of substitution;
- Approves internal documents within his competence, including documents, regulating activity of internal structure departments of the Company, job descriptions of the Company;
- Makes decisions to claim on behalf of the Company against legal entities and individuals and to meet claims against the Company;
- Ensures safety of capital assets and material resources of the Company;
- Ensures adhering to law in the Company activity;
- Develops effective internal control and risk managing system;
- Performs other functions necessary for operating management of the Company within his competence.

4.5. President is not to undertake any commitments and take steps which can lead to conflicts of interests of President and Company.

4.6. Within his authorities President makes Decrees and gives instructions binding for all employees of the Company.

## **5. Responsibility of President**

5.1. Non-fulfillment or improper execution by President his functions can be a ground for early termination of Employment contract on the Company initiative.

5.2. President bears civil, discipline, material any other types of responsibility for infringement of his obligations, as well as for damage caused by his improper actions according to legislation of Russian Federation. Amount of President` responsibility to the Company for damages caused by his improper action (inaction), is determined by RF legislation.

5.3. President is not responsible for damage occurred due to fulfilling resolutions adopted by General shareholders meeting and the Board of the Company, as well as for damage occurred due to normal economic risk.

## **6. Alteration of Regulation on President**

6.1. Changes in this Regulation are made under the resolution of the Company General shareholders meeting.

6.2. Provided the norms of this Regulation contradict to the requirements of Russian legislation, provisions of RF legislation are applied.