



*Appendix No. 4 to item No. 9 on the agenda  
of the Annual General Shareholders' Meeting of OJSC Rostelecom upon the year 2013*

APPROVED  
by Annual General Shareholders' Meeting  
of OJSC Rostelecom held on June 30, 2014

Minutes No. 02 July 03, 2014

**REGULATIONS ON THE BOARD OF DIRECTORS OF  
OPEN JOINT STOCK COMPANY  
LONG-DISTANCE AND INTERNATIONAL TELECOMMUNICATIONS ROSTELECOM**

(restated version No.12)

Moscow  
2014

**1. GENERAL PROVISIONS**

- 1.1. These Regulations on the Board of Directors (hereinafter, "Regulations") shall, in accordance with the Civil Code of the Russian Federation, the Law "On Joint-Stock Companies" and the Charter of the Company, govern the procedure for convocation and holding of meetings of the Board of Directors, the amount and procedure for payment of remuneration and compensation to members of the Board of Directors of the Company.
- 1.2. The Board of Directors is the collegial governing body of the Company which carries out general management activities except for the issues relegated by the Federal Law "On Joint Stock Companies" to the General Shareholders' Meeting of the Company.

**2. PURPOSES AND PRINCIPLES OF OPERATION OF THE BOARD OF DIRECTORS**

- 2.1. The purposes of the Board of Directors activities shall be the procurement of maximum profits and increase of assets of the Company, protection of rights and legitimate interests of the shareholders and provision of complete, accurate and objective public information about the Company.
- 2.2. In order to accomplish its purposes the Board of Directors shall adhere to the following principles:
  - make decisions on the basis of reliable information about the Company's activities;
  - exclude restrictions on rights of the shareholders to participate in the management of the Company's activities and to receive dividends and information on the Company;
  - procure the balance between interests of different groups of shareholders and make decisions of Board of Directors in an objective manner for the benefit of all shareholders of the Company.
- 2.3. Any irremovable ambiguity of rules, stipulated in legislation and internal documents shall be interpreted by the Board of Directors in favor of rights and legitimate interests of the shareholders.

**3. RIGHTS AND DUTIES OF A MEMBER OF THE BOARD OF DIRECTORS; PROCEEDINGS FOR THEIR EXECUTION**

- 3.1. A member of the Board of Directors shall have the right:
  - to request from the officers of the Company any information and documents on the Company's activities specified in Article 89 of the Law "On Joint Stock Companies" in accordance with the procedure stipulated by these Regulations;
  - to receive compensation of expenses related to performance of functions of a member of the Company's Board of Directors according to the procedure specified in this Regulations, provided that they are not prohibited from commercial participation in the managing body of a commercial organization pursuant to the current legislation of the Russian Federation; to receive remuneration for performance of his or her duties of a member of the Company's Board of Directors as stipulated for herein or to perform functions of a member of the Company's Board of Directors free of charge;
  - to demand his or her dissenting opinion on issues on the agenda and approved decisions to be recorded in the minutes of the meeting (absentee voting) of the Board of Directors.
- 3.2. A member of the Board of Directors shall:
  - be loyal to the Company, i.e., refrain from using his or her position in the Company for the benefit of other persons;
  - act within the scope of his or her authorities in accordance with the purposes and principles of operation of the Board of Directors;
  - act reasonably and in good faith with respect to the Company's affairs;
  - not disclose non-public and confidential information (as stipulated by the applicable legislation and internal documents) on the activities of the Company became known to him or her as fulfilling his or her duties as a member of the Board of Directors;
  - initiate meetings or absentee voting by the Board of Directors in order to decide urgent matters;

- participate in the decision-making of the Board of Directors by voting on issues on the agenda of meetings or by absentee voting;
  - make reasonable decisions having reviewed all necessary information (materials);
  - evaluate risks and adverse consequences in the course of decision-making;
  - notify the Company in time that he or she is affiliated or that there are changes in the grounds for his or her affiliation;
  - notify the Board of Directors of proposed transactions in which he/she may be deemed interested;
  - notify in writing the Corporate Secretary about (i) possession of securities of the Company, (ii) intentions to conduct deals with securities of the Company and its affiliates, and (iii) executed transactions with such securities – in an order set by applicable internal document, approved by the Board of Directors;
  - inform the Company in writing about prohibition set or lifted for his or her participation in the managing body of a commercial organization pursuant to the current legislation of the Russian Federation;
  - to inform the Company in writing if he or she intends to perform their functions as a member of the Board of Directors free of charge.
- 3.3. The activities of a member of the Board of Directors shall be continuous and shall not be limited to participation in decision-making of the Board of Directors.
- 3.4. The Company shall, at the written request of a member of the Board of Directors, provide him or her with personal access to the information and documents stipulated in Section 3.1 hereof.

The requested information and documents shall be provided in person to a member of the Board of Directors for review within five business days from the moment when such request was made or within another period agreed upon with the member of the Board of Directors who had made such request.

The Company shall, at the request of a member of the Board of Directors, provide him or her with copies of the requested documents.

#### **4. CHAIRMAN OF THE BOARD OF DIRECTORS**

- 4.1. The Chairman of the Board of Directors shall be elected by and from among the members of the Board of Directors by a majority of votes of the members of the Board of Directors participating in the first meeting following their election by the General Shareholders Meeting of the Company.
- 4.2. The person performing the functions of the individual executive body of the Company may not at the same time be the Chairman of the Board of Directors.
- 4.3. The Board of Directors may re-elect the Chairman of the Board of Directors at any time.
- 4.4. The members of the Board of Directors shall have the right to elect a Deputy Chairman. In the absence of the Chairman of the Board of Directors of the Company, all of his or her functions (including the right to sign documents) shall be performed by the Deputy Chairman and, in the absence of the latter, by one of the members of the Board of Directors authorized by a decision of the Board of Directors of the Company made by the majority of votes of its members participating in the meeting.
- 4.5. The Chairman of the Board of Directors shall organize the work of the Board of Directors, convene its meetings and absentee voting, chair its meetings, organize keeping of minutes at the meetings and absentee voting of the Board of Directors.
- 4.6. The Chairman of the Board of Directors may not delegate his or her functions to another person.

#### **5. CORPORATE SECRETARY**

- 5.1. The working efficiency of the Board of Directors is assured by the Corporate Secretary. The duties of the Corporate Secretary are stipulated by the Regulations on the Corporate Secretary and the Corporate Secretary's Department.

- 5.2. For the period of absence of the Corporate Secretary his/her duties shall be performed by other person designated for this period from among the employees of Corporate Secretary Department of the Company by the Board of Directors.
- 5.3. The Corporate Secretary shall have the right:
- to request from the Company's officers information and documents required for the preparation of materials regarding the agenda issues of meetings of the Board of Directors;
  - **make and sign extracts from minutes of meetings and absentee voting of the Board of Directors;**
  - to receive compensation for expenses related to the performance of his/her functions and bonus payments based upon evaluation of his/her work by the Board of Directors.
- 5.4. The Corporate Secretary shall:
- keep and draw up minutes of meetings and absentee voting of the Board of Directors;
  - record and keep incoming documentation and copies of outgoing documentation of the Board of Directors;
  - notify members of the Board of Directors about meetings (absentee voting) of the Board of Directors in the manner and within the time stipulated herein;
  - send out the materials necessary for consideration of the agenda issues of meetings (absentee voting) of the Board of Directors to the members of the Board of Directors in the manner and within the term stipulated herein;
  - **produce extracts from Minutes of Board meetings and absentee votings upon request of a shareholder in accordance with the Federal Law "On Joint Stock Companies";**
  - perform other functions as provided herein and in the Regulations on the Corporate Secretary and Corporate Secretary Department;
  - not disclose information concerning the Company's operations that he or she became privy to fulfilling his or her functions, if such information is out of the public domain and the access to such information is limited pursuant to the laws of the Russian Federation and the Company's internal documents.

## **6. MEETING OF THE BOARD OF DIRECTORS**

- 6.1. Decisions of the Board of Directors may be taken in the form of joint presence (including video- or audio- conference call) or by absentee voting.
- 6.2. The meetings (absentee voting) of the Board of Directors shall be held regularly in accordance with the work schedule approved by the Board of Directors, but not less than once every three months. If so required, the Board of Directors shall consider issues that are not included in the work schedule.
- 6.3. A meeting (absentee voting) of the Board of Directors shall be convened by the Chairman of the Board of Directors on his or her own initiative, at the request of a member of the Board of Directors, a committee of the Board of Directors, the Audit Committee, the external auditor of the Company, the individual executive body or collegial executive body of the Company, the head of the internal control unit, or at the request of a shareholder (shareholders) holding in aggregate not less than 2 percent of the Company's voting shares.
- The agenda of the meeting to be convened (absentee voting) shall be determined by the Chairman of the Board of Directors subject to the approved work plan of the Board of Directors and received requests of the persons listed in the first paragraph of this Clause.
- After the Board has been elected in the new composition and before the Chairman of such new Board is elected, as well as when Chairman is not available for other reasons, a Board meeting (absentee voting) can be convened by one of the elected Board members.**
- 6.4. The request to convene a meeting (absentee voting) of the Board of Directors shall contain the following information:
- 6.4.1. name of the person initiating the meeting or the name of the body or the legal entity making the request;

- 6.4.2. if the request for convocation of a meeting is submitted by a shareholder, it shall include the number and category (type) of his or her shares;
- 6.4.3. the form of decision-making (by joint presence or by absentee voting);
- 6.4.4. the date of the meeting or, in the event of absentee voting, the date of completion of voting by the members of the Board of Directors on the agenda issues;
- 6.4.5. agenda of the meeting (absentee voting);
- 6.4.6. list of information (materials) to be furnished to the members of the Board of Directors for the meeting (absentee voting).

In addition, the request to convene a meeting (absentee voting) of the Board of Directors may contain the following information:

- 6.4.7. time and venue of the meeting (in case of a meeting);
  - 6.4.8. draft resolutions on agenda issues and, if such issues include election (appointment) of members of official bodies and other persons, information on candidates to such bodies and such persons;
  - 6.4.9. other information at the discretion of the party initiating the convocation.
- 6.5. Notification of the meeting of the Board of Directors (absentee voting) shall be delivered to each member of the Board of Directors together with the necessary materials not less than **10 business days** prior to the date of the meeting (or, in the event of absentee voting, prior to completion of voting). The said term may be reduced if it is required to decide urgently on any issues provided that none of the members of the Board of Directors objects. Objections shall be presented in the form of dissenting opinions submitted by the members of the Board of Directors by using one of the methods stipulated by this paragraph for notification of the convocation of the meeting (absentee voting) not later than the date specified in such notification for urgent decision-making.

If the meeting of the Board of Directors (absentee voting) must be held earlier in accordance with the existing legislation, the period for delivery of notification and necessary materials must be reduced.

Notification of the meeting (absentee voting) and meeting materials shall be sent to the members of the Board of Directors by e-mail or in any other form convenient to them (including regular mail).

Notification of the meeting (absentee voting) shall contain the information listed in paragraphs 6.4.3-6.4.8 hereof and specify the address **and fax number** to which the members of the Board of Directors may send their **written opinions or voting ballots**.

On the initiative of the bodies and persons entitled to demand convocation of the meeting of the Board of Directors (absentee voting), the agenda of the meeting of the Board of Directors (absentee voting) may include additional issues, provided that there are no objections from any of the Directors. Proposal to include additional issues into the agenda of a convened meeting (absentee voting) shall be made in writing and include wording of such an issue and information stipulated in paragraphs 6.4.1, 6.4.2 and 6.4.6 hereof.

The bodies and the persons that initiated convocation of the meeting or absentee voting (inclusion of an issue into the agenda of the meeting or absentee voting) may revoke their proposal at any time before summarizing the voting results on such an issue.

Should there arise circumstances which make it impossible or difficult to hold the meeting of the Board of Directors in the place and/or at the time notified to the members of the Board of Directors, the meeting on the original agenda may be held in a different place and/or at a different time. All members of the Board of Directors shall be notified of changes in the place and/or time of the meeting in advance to ensure their attendance. Notification of such changes shall be given to the members of the Board of Directors in any form which guarantees receipt of such notification at the location or mailing address of each member of the Board of Directors.

All members of the Board of Directors shall be notified of changes in the agenda of the meeting (absentee voting) in accordance with the procedure used for notification of convocation of the meeting (absentee voting).

No advance notification shall be needed for the first meeting of the Board of Directors conducted on the day of the General Shareholders' meeting at which the Board of Directors is elected (provided that the decision on the election of the Board of Directors and the results of voting thereon are announced at the General Shareholders' Meeting at which the voting is held).

- 6.6. In the course of making decisions at the meeting of the Board of Directors, the members of the Board of Directors who are present at the meeting shall express their opinion on the agenda issues by voting.

If a member of the Board of Directors cannot attend a meeting in person such member of the Board of Directors may express his or her opinion on the issues on the agenda in writing.

- 6.7. The written opinion may be expressed by the member of the Board of Directors by using one of the following methods (including mail, facsimile or electronic communication):

- 6.7.1. Submission of a written opinion on the issues on the agenda.

The written opinion shall indicate how the member of the Board of Directors has voted on each issue on the agenda on which he/she has the right to vote using one of the following options: “aye”, “nay” or “abstained”.

The written opinion of the member of the Board of Directors main contain:

remarks on furnished materials (information) which require that specific amendments be made to such materials (information);

comments on (interpretations of) furnished materials (information), descriptive and critical remarks which do not require that specific amendments be made to such materials (information) as used for decision-making purposes;

requests that the Company or the persons initiating consideration of the issue on the agenda furnish additional information which is related to such issue but is not necessarily required for decision-making purposes and does not affect the voting;

requests that the Company furnish copies of materials (information) specified in resolutions of the Board of Directors in the event of their approval.

***The written opinion of a Board member shall be included in the Board minutes and considered an integral part of such minutes.***

- 6.7.2. Conduct of a written poll of the members of the Board of Directors intending to be absent from the meeting on draft resolutions on the issues on the agenda proposed in the notification of the meeting.

- 6.7.3. Conduct of a written poll of the members of the Board of Directors absent from the meeting on draft resolutions on the issues on the agenda **as formulated** by the members of the Board of Directors attending the meeting.

Written polls of the members of the Board of Directors shall be conducted by completing questionnaires prepared by the Corporate Secretary.

- 6.8. Prior to the meeting, any member of the Board of Directors intending to be absent from the meeting and express his/her opinion in writing may submit his/her written conclusion on the issues on the agenda or request that the Corporate Secretary prepare for him/her a questionnaire containing draft resolutions on the issues on the agenda proposed in the notification of the meeting. Such questionnaire shall be prepared and delivered to such member of the Board of Directors within 1 business day following the date of receipt of such request.

***The chairman of the meeting shall announce the written opinion of a member of the Board of Directors who is absent from the meeting and put to vote draft resolutions and remarks on furnished materials (information) contained in such written opinion.***

***If the members of the Board of Directors attending the meeting develop draft resolutions on the issues on the agenda different from those contained in the written opinion of the absent member of the Board of Directors, the Corporate Secretary shall request the absent member of the Board of Directors to express his/her opinion thereon. Such questionnaire shall be prepared and circulated to the absent Board member immediately after the end of the meeting.***

- 6.9. ***Written opinions of absent members of the Board of Directors submitted prior to the time of beginning of the meeting shall be taken into consideration for the purpose of determining the quorum and voting results.***

***When summing up voting results only duly filled out questionnaires of absent members of the Board of Directors submitted prior to the end of the day on which the meeting is held shall be taken into account. Otherwise, the absent member is considered to not have voted on draft resolutions developed at the meeting.***

- 6.10. ***If the meeting of the Board of Directors is held in the form absentee voting, decision making shall be made by voting on draft resolutions provided in the ballot. The ballot shall contain the following information:***

- ***wording of issues put to vote;***
- ***draft resolutions of issues put to vote;***
- ***voting options on each issue “AYE”, “AGAINST”, “ABSTAIN”;***
- ***deadline for submission of the voting ballots;***
- ***postal address and fax number to send ballots;***
- ***last name and initial letters of the name of the Board member;***
- ***signature of the Board member.***

***When the Board meeting is held in the form of absentee voting the Corporate Secretary shall circulate voting ballots to all Board members. The Board Members whose signed ballots have been submitted to the Corporate Secretary till the deadline determined in the ballot shall be considered to be participants of the meeting.***

***The following ballots shall not participate in the quorum determination and in the voting at the meeting of the Board of Directors:***

- ***not signed by a Board Member;***
- ***not executed by a Board member;***
- ***submitted after the deadline for acceptance of ballots;***
- ***if more than one variant is ticked on the same issue or if no variants are ticked on the issues on the agenda.***

***A Board member is entitled to submit a written opinion on any issue on the absentee voting agenda along with the voting ballot. The written opinion of a Board member shall be included in the Board minutes and considered an integral part of such minutes.***

- 6.11. When voting on the issue previously considered by committees of the Board of Directors, the members of the Board of Directors shall be given an opportunity to review recommendations issued by the relevant committees.

- 6.12. ***In case an issue put to vote can be classified under another Board competence set out in the Charter, such issue shall be considered decided under all applicable competences.***

- 6.13. When the Board of Directors considers the issues on the agenda, each member of the Board of Directors shall have one vote.

A member of the Board of Directors may not delegate his or her voting right to another person, including another member of the Board of Directors.

In the event of a tie vote of the members of the Board of Directors the Chairman of the Board of Directors shall have the casting vote.

In the event where a decision is made in accordance with the Charter of the Company by a three-quarters majority or unanimously by all members of the Board of Directors without taking into account the votes of dismissed members of the Board of Directors, dismissed members of the Board of Directors shall be defined as those who have died.

- 6.14. Proceedings at the meetings of the Board of Directors (absentee voting) shall be recorded in the minutes.

The minutes of the meeting (absentee voting) of the Board of Directors shall be drawn up within 3 days following the date of the meeting (completion of voting by the members of the Board of Directors in the event of absentee voting).

The minutes of the meeting (absentee voting) shall specify:

- place and time of the meeting or, in the event of absentee voting, place where the minutes are drawn up and date of completion of voting by the members of the Board of Directors;
- persons who were present at the meeting: members of the Board of Directors (with an indication of whether they have the right to vote on specific issues on the agenda) and invitees;
- members of the Board of Directors which have submitted written opinions on the issues on the agenda (with an indication of whether they have the right to vote on specific issues on the agenda);
- agenda of the meeting;
- draft resolutions on the issues put to the vote and voting results;
- resolutions approved.

The minutes of the Board meeting shall be signed by the chairman of the meeting and by the Corporate secretary. The minutes of the Board absentee voting shall be signed by the Chairman of the Board of Directors and by the Corporate secretary.

If the Board meeting (absentee voting) was invalid, because it did not have quorum regarding all issues of the agenda, the minutes of the invalid Board meeting shall be prepared.

The minutes of the invalid Board meeting (absentee voting) shall be drawn up no later than at the day following the invalid Board meeting (absentee voting) and specify:

- place and time of the meeting or, in the event of absentee voting, date of completion of voting by the members of the Board of Directors stated in the notification of the invalid Board meeting (absentee voting);
- agenda of the meeting stated in the notification of the invalid Board meeting (absentee voting);
- number of elected Board members;
- members of the Board of Directors present at the invalid meeting (absentee voting), if any.

The minutes of the invalid Board meeting (absentee voting) shall be signed by the Corporate secretary.

## **7. REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND COMPENSATION FOR EXPENSES RELATED TO THE PERFORMANCE OF THEIR FUNCTIONS**

7.1. For the period of performance by the members of the Board of Directors of their duties, the Company shall remunerate them and compensate costs connected with the performance by members of the Board of Directors of their functions.

7.2. The remuneration of the members consists of annual **payments**.

7.3. **The annual payment to the members of the Board of Directors shall be 4,000,000 (Four Million) Rubles. The Chairman shall receive remuneration with a coefficient 1.3.**

7.3.1. **The remuneration to the member of Board of Directors may be reduced by:**

- **10%, in the case of absence on less than 25% (inclusive) of the Board of Directors meetings and absentee meetings held;**
- **30%, in the case of absence on more than 25% and less than 50% (inclusive) of the Board of Directors meetings and absentee meetings held;**
- **100%, in the case of absence on more than 50% of the Board of Directors meetings and absentee meetings held.**

If during the period from the moment of election of the Board of Directors by the annual General Shareholders' Meeting until the next annual General Shareholders' Meeting there were changes in the composition of the Board of Directors and/or changes in performance of functions by a member of the Board of Directors (commercial/free of charge) the remuneration shall accrue and be paid in proportion to the period of time during which the member of the Board of Directors performed their functions on a commercial basis.



7.4. The annual remuneration to the member of the Board of Directors shall be paid ***not later than 1 month after the General Shareholders' Meeting for the year when he or she was elected to the Board.***

7.5. ***Annual payment equal to 400,000 rubles*** shall be accrued and paid to the members of the Board of Directors who also serve as members of the Audit Committee for performance of functions as members of the Audit Committee. The Chairman of the Audit Committee shall receive annual payment with coefficient 1.25.

***Annual payment equal to 320,000 rubles*** shall be accrued and paid to the members of the Board of Directors who also serve as members of other committees of the Board of Directors for performance of functions as members of respective committees. The Chairpersons of the committees shall receive annual payment with coefficient 1.25.

If during the year there have been changes in the composition of the committee, the remuneration shall accrue and be paid in proportion to the period of time during which the member of the committee performed his/her functions.

7.6. ***A Board member shall receive reimbursement for his/her expenses related to performing functions of such Board member (including travel and accommodation expenses, telecom expenses, visa support, etc.) in accordance with the limits set for grade 11 employees of the Company.***

7.7. Members of the Board of Directors who are state officials shall perform their duties on non-paid basis.

7.8. Members of the Board of Directors may not receive remuneration or compensation for expenses for the performance of their duties in any kind or manner for making decisions by the Board of Directors or other bodies of the Company, or also for the exercise of their rights and performance of their duties as members of the Board of Directors, other than remuneration and compensation for expenses received in accordance with these Regulations or by the decision of the General Shareholders Meeting.

## **8. PROCEEDINGS FOR APPROVAL AND INTRODUCTION OF AMENDMENTS AND ADDITIONS TO THE REGULATIONS**

8.1. These Regulations shall be approved by the General Shareholders Meeting by a majority of votes of the shareholders holding the voting shares of the Company and participating in the meeting.

8.2. The Regulations may be amended by the General Shareholders Meeting by a majority of votes of the shareholders holding the voting shares of the Company and participating in the meeting.

8.3. If, as a result of a change in the legislation of the Russian Federation or the Charter of the Company, certain provisions of these Regulations will not be in compliance with such changes, such provisions shall cease to be in force and before amendments to these Regulations are made the members of the Board of Directors shall act in accordance with effective legal acts of the Russian Federation and the Company's Charter.