

APPROVED BY

Rosneft

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REGULATIONS OF ROSNEFT OIL COMPANY

**ON ACTIVITY OF ADVISORY BOARD CARRYING OUT PUBLIC AUDIT OF EFFICIENCY
OF PURCHASES FROM SMALL AND MEDIUM – SIZED BUZINESS ENTITIES**

№ P2-08 R-0085

VERSION 1.00

(with amendments introduced by Rosneft' Order dated 28.02.2017 № 108)

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INTRODUCTORY PROVISIONS

INTRODUCTION

The Regulations of Rosneft «On activity of Advisory Board Carrying Out Public Audit of Efficiency of Purchases from Small and Medium - Sized Business Entities» (hereinafter – «Regulations») shall establish the procedure for formation and activity of the Advisory Board.

AIMS

The aim of these Regulations shall be implementation of the plan of measures («road map») «Expansion of Access for Small and Medium - Sized Business Entities to Purchases of Infrastructure Monopolies with State's Participation», approved by order of the Government of the Russian Federation № 867-r dated 29 May 2013 and effective interaction between Rosneft and small and medium - sized business entities.

TASKS

The tasks of these Regulations shall include:

- determination of areas of business and functions of the Advisory Board as a part of the process for organization and carrying out procurement activity of Rosneft;
- determination of rights and duties of the Chairman and members of the Advisory Board;
- determination of the working procedure of the Advisory Board.

SCOPE

These Regulations shall be binding upon all employees of Rosneft, involved in the process of procurement activity.

Orders, local regulatory documents and any other internal documents shall not conflict with these Regulations.

VALIDITY AND AMENDMENT PROCEDURE

These Regulations shall be permanent local regulatory document.

These Regulations shall be approved and put into force in Rosneft by Rosneft's order.

These Regulations shall be recognized as ceased to be in force in Rosneft on the basis of Rosneft's order.

Amendments to these Regulations shall be introduced by Rosneft's order.

Introduction of amendments to these Regulations shall be initiated by the organization department of Rosneft responsible for organization of procurement procedures, as well as any other organization departments of Rosneft by agreement with the said organization department.

Amendments to these Regulations shall be introduced in the following cases: changes in the legislation of the Russian Federation, changes in the organization structure or powers of managers, etc.

1. TERMS AND DEFINITIONS

TERMS AND DEFINITIONS OF CORPORATE GLOSSARY

ADVISORY BOARD – an advisory – consultative structure of Rosneft, established for interaction between representatives of Rosneft, representatives of small and medium - sized business entities, non-commercial and public associations of small and middle-size business, representatives of branch scientific and educational institutions and organizations.

SMALL AND MEDIUM - SIZED BUSINESS ENTITIES — business entities (legal entities and individual entrepreneurs), classified as small enterprises, including as microenterprises and medium-sized enterprises in accordance with conditions, established by Federal Law of the Russian Federation № 209-FZ dated 24 July 2007 «On Development of Small and Medium - Sized Business Entities in the Russian Federation».

2. GENERAL PROVISIONS

The Advisory Board shall be an advisory – consultative structure of Rosneft to carry out public audit of efficiency of Rosneft’s purchases from small and medium - sized business entities and to elaborate proposals aimed at enhancement of efficiency of Rosneft’s procurement activity, including at expanding access of small and medium - sized business entities to Rosneft’s purchases.

In its activity the Advisory Board shall be governed by these Regulations, legislation of the Russian Federation.

The Advisory Board shall be a permanent body and formed from among representatives of Rosneft, public associations of entrepreneurs of small and medium-size business (including associations in the area of procurement activity), branch scientific and educational institutions.

The work in the Advisory Board shall be based on the principles of voluntary participation, self-administration, transparency, independency in making decisions within the scope of their competence.

3. MAIN AIMS AND TASKS OF ADVISORY BOARD

The main aims of the Advisory shall include:

- enhancement of efficiency of purchases from small and medium - sized business entities, application of advanced technological solutions in the course of Rosneft's procurement activity of small and medium - sized business entities;
- assisting Rosneft in implementation of measures provided for under the plan of measures («road map») «Expansion of Access for Small and Medium - Sized Business Entities to Purchases of Infrastructure Monopolies with State's Participation», approved by order of the Government of the Russian Federation № 867-r dated 29.05.2013, including those ensuring:
 - ♦ increase in a share of participation in Rosneft's purchases of small and medium - sized business entities;
 - ♦ establishment of a wide network of reliable, qualified and responsible suppliers of goods (works, services) from among small and medium - sized business entities;
 - ♦ increase in a share of common and direct purchases from small and medium - sized business entities in the total annual volume of Rosneft's purchases;
 - ♦ increase in a share of purchases of innovative goods (works, services) and scientific research, design and experimental and technological works from small and medium - sized business entities in the total annual volume of Rosneft's purchases.

For achievement of the above aims the Advisory Board shall:

- carry out an analysis of practice of Rosneft's purchases within the framework of Federal Law № 223-FZ dated 18 July 2012 «On Purchase of Goods, Works, Services by Individual Types of Legal Entities», related to participation in purchases of small and medium - sized business entities;
- consider applications and complaints of small and medium - sized business entities, related to organization of the procurement process of Rosneft and based on results of their consideration and generalization elaborate proposals aimed at enhancement of efficiency of Rosneft's procurement activity, improvement of procurement procedures, including at expansion of access of small and medium - sized business entities to purchases of Rosneft;
- render assistance in enhancement of efficiency of operation of «one window» system in the structure of Rosneft for introduction of innovative (high-technology) products and results of scientific research, design and experimental and technological works of small and medium - sized business entities, as well as in providing mutual transfer of technologies, including through elaboration of proposals;
- prepare proposals on expansion of participation of small and medium - sized business entities in the partnership program to be created under provisions of the «road map»;
- prepare proposals of Rosneft on enhancement of efficiency of its activity through introduction of technical, technological and organizational innovations;
- elaborate proposals aimed at enhancement of efficiency of applying advanced technological solutions in the course of Rosneft's procurement activity, including through expanding of access of small and medium - sized business entities to Rosneft's purchases;
- facilitate other measures aimed at enhancement of Rosneft's activity in the area of purchases with regard to small and medium - sized business entities.

In the course of implementation of set tasks on assessment of efficiency of purchases from small and medium - sized business entities the Advisory Board shall interact with the Internal Audit and Control Service of Rosneft.

4. COMPOSITION OF ADVISORY BOARD

The composition of the Advisory Board shall be as follows:

- Chairman of the Advisory Board;
- Deputy Chairman of the Advisory Board;
- Executive Secretary of the Advisory Board;
- Members of the Advisory Board.

The Advisory Board shall be headed by the Chairman appointed by Rosneft's order.

Representatives of Rosneft shall be appointed to the Advisory Board by Rosneft's order.

For formation of composition of the Advisory Board on the part of small and medium - sized business entities the Chairman of the Advisory Board shall submit a request to public organizations and associations of entrepreneurs for nomination of candidates to the Advisory Board.

The Chairman of the Advisory Board shall:

- approve personal composition of the Advisory Board;
- manage the work of the Advisory Board, preside at meetings of the Advisory Board;
- represent the Advisory Board in relations with organization departments and / or subsidiary and / or dependent entities of Rosneft, federal executive authorities, executive authorities of subjects of the Russian Federation, other organizations and public associations;

In the absence of the Chairman of the Advisory Board the Deputy Chairman of the Advisory Board shall:

- preside at meetings of the Advisory Board;

The Executive Secretary of the Advisory Board shall:

- organize the work of the Advisory Board, convene its meetings, organize taking minutes of meetings;
- send copies of minutes of meetings of the Advisory Board to all members of the Advisory Board.

Members of the Advisory Board shall:

- participate in meetings of the Advisory Board;
- facilitate implementation of decisions made by the Advisory Board;
- submit proposals to the agenda of meetings of the Advisory Board;
- execute orders of the Advisory Board.

5. WORKING PROCEDURE OF ADVISORY BOARD

Members of the Advisory Board shall work on a free of charge basis.

The Advisory Board shall hold regular (scheduled) and extraordinary meetings through joint attendance.

Members of the Advisory Board shall be notified about the time and place of meetings by placing of information on Rosneft's official website.

Scheduled meetings of the Advisory Board shall be held in accordance with the plan of meetings drawn up with due consideration of proposals submitted by members of the Advisory Board.

The Chairman of the Advisory Board shall organize discussions and consultations on agenda items of the Advisory Board meeting, collection and recording of received proposals, their generalization and preparing of final decisions.

Decisions of the Advisory Board shall be documented in the form of minutes.

Minutes of the Advisory Board meeting shall be signed by a person presiding at the Advisory Board meeting and the Executive Secretary.

Minutes of the Advisory Board meetings shall be placed on the official website of Rosneft.

6. REPORTING ON WORK OF ADVISORY BOARD

Reporting documents of the Advisory Board shall include minutes as well as other documents drawn up by the Advisory Board in the course of its activity. Such documents shall be filed with the Secretary of the Advisory Board. The said documents shall be stored for at least 3 years.

7. REFERENCES

1. Federal Law of the Russian Federation № 223-FZ dated 18 July 2011 «On Purchases of Goods, Works, Services by Individual Types of Legal Entities».
2. Federal Law of the Russian Federation № 209-FZ dated 24 July 2007 «On Development of Small and Medium - Sized Business Entities in the Russian Federation».
3. Plan of measures («road map») «Expansion of Access for Small and Medium - Sized Business Entities to Purchases of Infrastructure Monopolies with State's Participation», approved by order of the Government of the Russian Federation № 867-r dated 29 May 2013.