



APPROVED
by Resolution
of the General Shareholders Meeting
of the Joint Stock Company “INK-Capital”

Minutes No.34 dated 2 November 2015

**CORPORATE GOVERNANCE CODE
JOINT STOCK COMPANY
INK-CAPITAL**

Irkutsk
2015

1. General Provisions

1.1. Joint Stock Company “INK-Capital” (the “Company”) is a non-public joint stock company. The Company owns the legal entities (including through its subsidiary companies) that perform geological study, exploration and production of hydrocarbons in Eastern Siberia and neighbor regions.

1.2. The Corporate Governance Code (the “Code”) is drawn up in accordance with the laws of the Russian Federation, the Corporate Governance Code recommended by the Central Bank of Russia in its Letter dated April 10, 2014 No. 06-52/2463, the Company’s Charter, and the best international practices in corporate governance.

1.3. The purpose of adopting the Code by the Company is to develop and implement in the Company’s daily activities the principles and rules of corporate governance ensuring successful development of the Company and companies that constitute one group with the Company in accordance with laws of the Russian Federation or that are controlled by the Company in accordance with the International Financial Reporting Standards (hereinafter jointly – the Group of companies, the Group), their capitalization growth, observance of the rights and legitimate interests of all the shareholders, creation of a positive image of the Company among the shareholders, employees, contractors, potential investors, professional participants of the securities market, and other stakeholders, and support of sustainable growth of the financial and operating data in the long term of the Group’s development.

1.4. The principles and rules of corporate governance provided for by the Code represent a higher level of requirements, as compared with those provided for by the applicable law, in respect of operation of the management and supervisory bodies, business culture, and compliance with the high ethical standards.

1.5. For the purposes of this Code, the term “Corporate Governance” shall mean a system of relationships between the executive bodies of the Company, its Board of Directors, its shareholders and other stakeholders.

1.6. In relation to corporate governance, the Company pays particular attention to the following:

- observing shareholder rights, including the right to information, and creation of most favourable conditions for its shareholders enabling them to participate in the general meeting and develop informed positions on issues on its agenda, as well as to providing them with the opportunity to coordinate their actions and express their opinions on issues being discussed;
- organising efficient work of the Board of Directors and presence of the balanced composition of the Board of Directors, in particular, in terms of qualifications, expertise, and business skills of its members who also should enjoy the confidence of the shareholders;
- development of an efficient systems of risk management and internal control.

1.7. The system of corporate governance is based on the principles of full compliance with the requirements of Russian law and aimed at establishment and preservation of reliable trustworthy relationships with the Company’s shareholders and Board members.

2. Rights of the Company’s Shareholders

2.1. The Company shall ensure equal and fair treatment of all its shareholders in the course of exercise by them of their right to participate in the management of the Company.

2.1.1. The Company shall create most favourable conditions for its shareholders enabling them to participate in the general meeting of the Company, to develop informed positions on issues on its agenda,

and to coordinate their actions, as well as shall provide them with the opportunity to express their opinions on issues being discussed.

2.1.1. Procedures for convocation, preparation and holding of the general meeting of the Company are provided by the Regulations on the General Shareholders Meeting of the Company approved by the general meeting of the Company and being available on the official website of the Group: <http://irkutskoil.ru> (Russian version) and <http://irkutskoil.com> (English version).

2.2. The procedure for notification on holding of the general meeting of the Company and provision of materials for it shall enable the shareholders to get properly prepared for participation therein.

2.2.1. Notification on holding of the general meeting of the Company shall contain all information provided for by applicable law of the Russian Federation and required for the shareholders to make a decision regarding participation in the general meeting of the Company.

2.2.2. Notification on holding of the general meeting of the Company in the form of joint presence shall additionally contain the following: (i) the exact location of the general meeting of the Company and (ii) information on documents required for admission to the premises on which the general meeting is to be held.

2.2.3. Notification on holding of the general meeting of the Company and all materials to it shall be sent to the shareholders in paper and electronic formats (to e-mail addresses provided to the Company by the shareholders).

To ensure equal treatment of all the shareholders, including foreign (if any), the Company shall provide the information about a forthcoming general meeting of the Company and information (documents) thereto not only in Russian, but also in English.

2.2.4. In order to form an objective opinion of shareholders on an agenda item, the information on the general meeting of the Company shall contain the information about who has proposed each item or nominated a particular candidate to a management body or other body of the Company.

2.3. During the preparation for and holding of the general meeting of the Company, the shareholders shall be able to freely and timely receive information about the meeting and its materials, to pose questions to the Company, and to communicate with each other.

2.3.1. In order to strengthen the foundations for decisions taken by the general meeting of the Company, in addition to the materials being mandatory under laws of the Russian Federation, the Charter and Regulations on the General Shareholders Meeting of the Company set out provision of the persons entitled to participate in the general meeting of the Company with additional materials (information).

2.3.2. The Company shall provide its shareholders with the right to review the general meeting materials (additional materials), including the receipt of their copies, if, notwithstanding typos or other insignificant flaws, the shareholder's request as a whole enables the Company to determine his will and confirm his right to access the requested materials. If there are significant flaws in the shareholder's request, the Company shall inform the shareholder about them immediately to enable the latter to correct such flaws in due time.

2.3.3. The Company shall provide its shareholders owning at least one percent of votes, with the right to review the list of persons entitled to participate in the general meeting of the Company.

2.4. The shareholders should be able to exercise their right to demand that a general meeting be convened, to nominate candidates to the Company's governing and supervisory bodies, and to place proposals on the agenda of its general meeting.

2.4.1. The Charter of the Company provides extension of a period during which its shareholders are allowed to propose items to be included in the agenda of the Company's annual general shareholders meeting and candidates to the Company's governing bodies, from 30 days as provided for by law of the Russian Federation to 60 days from the end of a respective calendar year.

2.4.2. If there are typos and other insignificant flaws in a shareholder proposal, the Company shall not refuse to include this proposal on the agenda or refuse the proposed candidate to the list of nominees for election to a respective body of the Company as long as the contents of the proposal as a whole are sufficient to determine the will of the shareholder and confirm his right to submit the proposal. If there are significant flaws, the Company shall report them in a timely manner to the shareholder so that it is possible to correct them before the Board of Directors of the Company approves the agenda of the Company's general meeting and the list of candidates to respective bodies of the Company.

2.4.3. Provided that it has required technical means, the Company shall seek to put in place a shareholder-friendly procedure for sending to the Company any requests to convene its general meeting, proposals nominating candidates to its bodies and regarding items proposed to be included in the agenda of the Company's general meeting.

At determining the said procedure, the Company shall seek to use modern means of communication and electronic information exchange.

2.5. Each shareholder shall be able to freely exercise his right to vote in a straightforward and most convenient way.

2.5.1. The procedure of registration of the Company's shareholders for participation in the general meeting is set out in the Regulations on the General Shareholders Meeting of the Company.

2.5.2. To avoid errors and abuse at registration of the general meeting participants and tabulation of voting results, the Company shall engage a registrar and/or notary to act as the returning committee. A contract for services of the returning committee shall include conditions that the registrar and/or notary when exercising the functions of the returning committee is bound by applicable law of the Russian Federation, the Company's Charter and internal documents governing the preparation and conduct of the Company's general meeting, and that the registrar and/or notary have property responsibility for any failure to perform or improper performance of these functions.

2.5.3. The Company shall conclude its general meeting within one day. If, for objective reasons, it is not possible to conclude the Company's general meeting in one day, the Company shall conclude the general meeting on the following day.

2.5.4. The Charter of the Company provides that the general meetings may be held in the place of Company's location (Irkutsk, Russia), Moscow (Russia) or London (United Kingdom of Great Britain and Northern Ireland).

In case the general meeting of the Company is to be held in a place other than the Company's location, such place shall be designated with due account of the interest of the shareholders and their ability to take part in such general meeting in person.

2.5.5. Provided that there are respective legislative conditions and technical means, the Company may use the systems enabling the shareholders to take part in voting (including filling out voting ballots) by electronic means.

2.5.6. Results of voting shall be summed up and announced before the end of the general meeting of the Company.

The Regulations on the General Shareholders Meeting of the Company provide that a person filling out a voting ballot may, until the end of the general meeting, request that a copy of the ballot filled out thereby be certified by the Company's returning committee (or representative of the registrar who carries out the functions of such returning committee, and/or the notary). For that purpose, the Company shall provide any person taking part in the general meeting of the Company with the opportunity to make, at such person's expense, a copy of his/her filled out voting ballot.

2.6. The procedure for holding the general meeting of the Company set by the Regulations on the General Shareholders Meeting of the Company shall provide equal opportunity

to all persons present at the general meeting of the Company to express their opinions and ask questions that might be of interest to them.

2.6.1. Participants of the Company's general meeting shall be able to freely communicate and consult with each other on issues relating to their voting at the general meeting, without violating the general meeting procedures of the Company.

2.6.2. The Company may use telecommunication systems to provide the shareholders with remote access to the general meeting of the Company (for example, by using conferencing or video-conferencing).

2.7. The shareholders shall have equal and fair opportunities to participate in the profits of the Company by means of receiving dividends.

2.7.1. The Company has developed and adopted the Regulations on Dividend Policy that sets out the transparent and clear mechanism for determining the amount of dividends and their payment, and gets updated from time to time.

The Regulations on Dividend Policy of the Company, its Russian and English versions, as well as amendments thereto are disclosed on the official website of the Group: <http://irkutskoil.ru> (Russian version) and <http://irkutskoil.com> (English version).

2.7.2. Decision to pay dividends to be made by the general meeting of the Company shall always enable the shareholders to receive full information relating to the amount of dividends payable on the shares of each category (type). Payment of dividends is generally made in cash.

2.7.3. The Regulations on Dividend Policy of the Company provide the conditions regarding the obligation of shareholders to provide actual data required for dividend payments, as well as the consequences and risks related to failure to timely inform the Company and registrar about change of such data.

2.8. The system and practices of corporate governance of the Company shall ensure equal terms and conditions for all shareholders owning shares of the same category (type), including minority and foreign shareholders as well as their equal treatment by the Company.

2.8.1. The Company shall create all conditions which would enable its governing bodies and controlling persons to treat each shareholder fairly, in particular, which would rule out the possibility of any abuse of minority shareholders by major shareholders.

2.8.2. The shareholders must not abuse the rights granted to them. The shareholders are not permitted to perform any actions intended to cause harm to other shareholders or the Company; similarly, no other abuses of the rights of shareholders are permitted.

2.9. The shareholders shall be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose such shares (unless applicable law of the Russian Federation and/or agreements between the Company's shareholders provide any restrictions to dispose shares of a non-public joint stock company).

2.9.1. Protection of a shareholder's ownership rights and the guarantee of freedom to dispose shares owned by such shareholder must be achieved through:

1) maintenance and storage of the Company's shareholder register by the independent registrar that holds a respective license, has high reputation, well established and reliable technologies enabling it to record, in a most efficient way, ownership rights of the Company's shareholders and help them exercise their rights;

2) taking actions, together with the registrar, aimed at updating details of the shareholders contained in the shareholder register;

3) performance of detailed coordination between the Company and independent registrar.

3. Board of Directors of the Company

3.1. The Board of Directors of the Company shall be in charge of strategic management of the Company, determine major principles of and approaches to creation of a risk management system and internal control system within the Company, and monitor the activity of the Company's executive body.

3.1.1. One of the main ways to carry out the strategy-setting function is approval by the Board of Directors of the Company's Business-Plan (Budget) for a respective year and the long-term Development Plan of the Company.

3.1.2. In accordance with the Company's Charter, the Board of Directors shall be responsible for decisions to appoint and remove the executive body of the Company, including in connection with its failure to properly perform its duties.

3.1.3. The Board of Directors of the Company shall determine principles of and approaches to creation of the risk management system and internal control system in the Company.

The Charter of the Company provides for the Board of Directors' powers to approve the Policy in the area of risk management and internal control.

3.2. The Board of Directors of the Company shall play a key role in prevention, detection and resolution of internal conflicts between the Company's bodies, shareholders.

3.2.1. The Company shall take any and all necessary and possible measures for prevention and resolution of a conflict (as well as for mitigation of its consequences) between a Company's body and its shareholder (shareholders), as well as between its shareholders, where such conflict affects the Company's interests, and in particular, use out-of-court dispute resolution procedures, including mediation.

3.2.2. The procedures for prevention, detection and resolution of internal conflicts between the Company's bodies and shareholders are set out in the Regulations on Corporate Conflicts and Conflicts of Interest of the Company that have been approved by the Board of Directors of the Company.

3.3. The Board of Directors of the Company shall be accountable to the Company's shareholders.

3.3.1. Information about the Board of Directors' work shall be disclosed in the annual report of the Company that shall be provided to the shareholders for its approval at the annual general shareholders meeting of the Company.

The annual report of the Company shall disclose information about the number of meetings of the Board of Directors and its committees held during the reporting year, specifying the form of the meetings and information about the presence of the Board members at such meetings.

3.4. The Chairman of the Board of Directors must be available to communicate with the Company's shareholders.

3.4.1. The shareholders shall be given the opportunity to pose questions to the Chairman of the Board of Directors of the Company relating to any matters falling within the jurisdiction of the Company's Board, as well as to communicate their opinion (position) on such matters via the Corporate Secretary of the Company or using any other available and user-friendly means.

3.5. The Board of Directors shall be an efficient and professional governing body of the Company that is able to make objective and independent judgements and to pass resolutions in the best interests of the Company and its shareholders.

3.5.1. Only persons with impeccable business and personal reputation shall be elected to the Board of Directors of the Company; such persons shall also have knowledge, skills, and experience necessary to make decisions that fall within jurisdiction of the Board of Directors of the Company and to perform its functions efficiently.

3.6. The Board members shall be elected pursuant to a transparent procedure enabling the shareholders to obtain information about respective candidates sufficient for them to get an idea of the candidates' personal and professional qualities.

3.6.1. The shareholders shall be able to obtain information about the candidates to the Company's Board of Directors that shall be sufficient to enable them to get an idea of such candidates' personal and professional qualities. In particular, the candidate's age and education, positions held by him/her during a period for at least the last five years, his/her position as of the time of his/her nomination, his/her membership in boards of directors of other legal entities, and any other information that might affect the candidate's ability to perform his/her respective duties, along with other information about him/her provided by the candidate. In addition, the shareholders shall be able to obtain information on whether or not a particular candidate meets the requirements to independent directors. If the candidate or the shareholder who has nominated him/her failed to provide all or part of the above information, the Company shall state so.

3.6.2. The Company shall require the candidate's written consent to be elected to the Board of Directors of the Company and work as a member of its committee, where such candidate is expected to participate in work of a committee (committees) of the Company's Board of Directors, as well as shall state whether such consent has been obtained.

3.6.3. Information on candidates to the Company's Board of Directors shall be provided as part of materials made available in the course of preparation for and holding the general meeting of the Company.

3.6.4. Minutes of the general meeting of the Company at which the Company's Board of Directors is elected shall include information on those elected Board members who have been elected as independent directors.

3.7. The Board of Directors shall include a sufficient amount of independent directors.

3.7.1. An independent director shall mean a person defined in the Corporate Governance Code recommended by the Central Bank of Russia in its Letter dated April 10, 2014 No. 06-52/2463, or any other document prepared in accordance with the best international practices in corporate governance.

3.7.2. The Board of Directors of the Company shall evaluate whether candidates nominated to be the Board of Directors meet the independence criteria as well as to review, on a regular basis, whether or not independent Board members of the Company meet the independence criteria.

3.8. The Board members of the Company shall act reasonably and in good faith in the best interest of the Company (Group of companies) and its shareholders, being sufficiently informed, with due care and diligence.

3.8.1. Under the law, the duty to act reasonably and in good faith in best interests of the Company shall be imposed on the Board members and executive body of the Company. However, in order to prevent any losses of the Company (Group of companies), its Board members and third parties inflicted through any actions of the Board members and/or executive body of the Company, the Company maintains liability insurance in respect of its Board members and executive body at its own expense.

Liability insurance will not only allow the Company (Group of companies) and/or the Company's Board members to compensate its losses but will also enable it to attract competent professionals to become the Board members where such professionals would otherwise be afraid of major potential claims that could be brought against them.

3.9. Rights and duties of the Board members of the Company are stated and documented in the Charter and Regulations on the Board of Directors of the Company.

3.9.1. All Board members of the Company shall have equal opportunity to access the Company's documents and information. Newly elected Board members shall be provided with sufficient information

about the strategy of the Company and Group as a whole, the Company’s existing corporate governance system, and internal control system.

The executive body of the Company shall, within the time limits set forth by the Charter and/or the Regulations on the Board of Directors of the Company, ensure to each newly elected Board member the access via the Corporate Secretary of the Company to the Company’s Charter, internal documents related to the governing and supervisory bodies of the Company, information on the strategy of the Company, the corporate governance system, and other material information required for a Board member to perform his/her duties.

3.9.2. The Board members of the Company shall be able to obtain all required information as well as to request information from the Company and promptly receive answers to their queries. All the Board members shall have equal rights of access to the documents of the Company and those of the legal entities controlled by the Company. If any document requested by a Board member contains confidential information, including trade secrets, this may not prevent such document from being provided to the Board member, given that this Board member is obliged to keep the received information confidential.

3.10. Meetings of the Board of Directors shall be held as needed, with due account of the scope of activities and the current goals of the Company (Group of companies), but as a rule, at least once every quarter.

3.10.1. The Board meetings shall be held in accordance with the Board of Directors’ work plan including a list of issues to be considered at respective meeting.

3.10.2. The Board meetings are held both in person and in absentia forms.

3.10.3. Minutes of a meeting of the Board of Directors shall contain information on how each Board member voted on matters included in the agenda of the meeting.

3.10.4. The first meeting of the newly elected Board of Directors of the Company, at which the Board of Directors shall elect its Chairman, form its committees, and elect their chairpersons, shall be held, if possible, on the closing date of the Company’s general meeting at which the Board of Directors of the Company was elected.

3.11. The Regulations on the Board of Directors of the Company sets out a procedure for preparing for and holding meetings of the Board of Directors of the Company that enables the shareholders to get prepared properly for such meetings.

3.11.1. For the purpose of holding the Board meetings in absentia form, the Charter and Regulations on the Board of Directors of the Company set out a procedure and time limits for sending voting ballots to each Board member and receiving completed ballots therefrom. In addition to the completed ballot, the Board members shall be entitled to send to the Company their written opinion on matters included in the agenda of the meeting.

The Regulations on the Board of Directors of the Company, its Russian and English versions, as well as amendments thereto are disclosed on the official website of the Group: <http://irkutskoil.ru> (Russian version) and <http://irkutskoil.com> (English version).

3.11.2. At the Board meetings held in person, when determining the quorum and summing up voting results, account should be taken of written opinions on any agenda items presented by Board members who are absent from the meeting. A procedure for receiving written opinions of the Company’s Board members is set forth by the Charter and Regulations on the Board of Directors of the Company.

3.11.3. Those Board members of the Company who are away from the place where a meeting is held shall be able to participate in discussing and voting on the agenda items remotely, via conference and video-conference calls.

3.11.4. The shareholders (shareholder) of the Company holding jointly at least 2 percent of voting shares in the Company, shall be entitled to demand that a Board meeting of the Company be convened and to propose matters to the agenda of the meeting.

3.11.5. To enable the Board members of the Company to get properly prepared for a Board meeting, the Charter of the Company sets out reasonable and justified time limits for notifying them about such meeting. The Board members shall be notified of the convocation of a meeting of the Board of Directors, its form, and its agenda, and be provided with materials on the agenda items, no later than 14 calendar days prior to the date of the Board meeting, unless other time limits are set forth by applicable law of the Russian Federation, the Charter and Regulations on the Board of Directors of the Company.

3.11.6. To ensure equal treatment of all the Board members of the Company, including foreign Board members, the Company shall provide the information about a forthcoming Board meeting of the Company and information (documents) thereto not only in Russian, but also in English.

3.11.7. Notification on holding of the Board meeting of the Company and all materials thereto shall be sent to the Board members in electronic format to the e-mail addresses provided to the Company by the Board members.

3.12. The form of a meeting of the Board of Directors shall be determined with due account of importance of issues on the agenda of the meeting.

3.12.1. Most important issues, including approval of the Business-Plan (Budget) for a respective year and/or long-term Development Plan of the Company, shall be decided at the meetings held in person.

3.13. The Board of Directors of the Company shall be entitled to resolve to form committees.

3.13.1. For the purpose of preliminarily consideration of any matters relating to control over the Company's financial and business activities, settlement of any other financial and business matters, as well as risk management system and internal control system, the Audit Committee of the Board of Directors has been formed.

3.13.2. The Audit Committee of the Board of Directors is chaired by the independent director.

3.13.3. The main objectives of the Audit Committee of the Board of Directors are as follows:

- 1) control over completeness, accuracy, and reliability of the Company's accounting (financial) statements;
- 2) participation in consideration of material issues and opinions in relation to the Company's accounting (financial) statements;
- 3) ensuring the independence and objectivity of the internal audit function;
- 4) review of a plan of work of the internal audit department;
- 5) evaluation of independence, objectivity of and lack of conflict of interest in relation to external auditors of the Company, including evaluation of candidates to the auditors of the Company, development of proposals on appointment, re-election and dismissal of the external auditors of the Company, on payment of their services and terms and conditions of their engagement;
- 6) control over external audits and evaluation of the quality of an external audit and the auditor's reports;
- 7) other objectives set out in the Regulations on the Audit Committee of the Board of Directors of the Company.

Main functions of the Audit Committee of the Board of Directors, as well as rights and obligations of the members of this Committee are set out in the Regulations on the Audit Committee of the Board of Directors of the Company.

3.13.4. All members of the Audit Committee of the Board of Directors shall have experience and knowledge in the area of preparation, analysis, evaluation and audit of accounting (financial) statements.

3.14. The Board of Directors shall procure evaluation of quality of its work and that of its Board members.

3.14.1. Evaluation of quality of the Board of Directors' work shall be aimed at determining how efficiently the Board of Directors and Board members work and whether their work meets the Company's development needs, as well as at making their work more intensive and identifying areas of improvement.

3.14.2. Quality of work of the Board of Directors and Board members shall be evaluated on a regular basis.

3.14.3. The Board of Directors of the Company shall determine, on an annual basis, the form of evaluation of efficiency of the Board of Directors' work.

3.15. The Board of Directors of the Company shall monitor the Company's corporate governance practices.

3.15.1. The Board of Directors of the Company shall analyze, on a regular basis, the compliance of the Company's corporate governance system and its corporate values with the goals and objectives of the Company, as well as with the scope of its activities and risks assumed thereby.

3.15.2. Evaluation of corporate governance practices shall be focused on division of powers and determination of responsibilities of each of the Company's bodies and evaluation of performance thereby of respective functions and duties.

3.15.3. Upon the results of evaluation of corporate governance practices, the Board of Directors of the Company shall make proposals aimed at improving such practices, and if necessary, making required changes to the Charter and internal documents of the Company.

4. System of Remuneration Due to Members of the Board of Directors of the Company

4.1. The Company's policy regarding remuneration of the Board members shall regulate any and all types of payments, benefits, and privileges provided to them.

4.1.1. The Company have adopted the Regulations on Remuneration and Compensation that ensures transparency of all financial benefits by providing a clear explanation of existing approaches and principles, as well as disclosing detailed information on all types of payments, benefits, and privileges made and granted to the Board members of the Company in consideration of performance of their duties.

4.1.2. The Regulations on Remuneration and Compensation of the Company set out a list of reimbursable expenses provided to the Board members at performance of their duties.

4.1.3. The Board members shall be compensated (reimbursed) for their expenses incurred when travelling to/from the place of the meetings and in connection with other trips undertaken when performing their duties.

4.2. The system of remuneration of the Board members of the Company shall ensure harmonization of financial interests of the directors with long-term financial interests of the shareholders.

4.2.1. The Regulations on Remuneration and Compensation of the Company provide a fixed annual monetary remuneration of the Board members, as well as additional monetary remuneration due to a Board member performing the functions of the Chairman of the Company's Board of Directors or the functions of the Chairman of the Audit Committee of the Board of Directors of the Company.

4.2.2. No fee shall be payable to the Board members of the Company for participation in individual meetings of the Board of Directors or its Committees.

4.2.3. No short-term incentives shall be provided to the Board members of the Company.

5. Corporate Secretary of the Company

5.1. The Corporate Secretary of the Company shall be responsible for current interaction with the shareholders, coordination of the Company's actions designed to protect the rights and interests of the shareholders, and support of efficient work of the Board of Directors.

5.1.1. The Corporate Secretary of the Company shall have knowledge, experience, and qualifications sufficient for performance of his/her duties, as well as an impeccable reputation and should enjoy the trust of the shareholders.

5.1.2. A person to be appointed as the Corporate Secretary shall have a degree in law and at least three years of experience in the area of corporate governance or as a manager.

5.1.3. The Company shall disclose on the official website of the Group on the Internet and in the Company's annual report, information on the Corporate Secretary of the Company which shall be as detailed as that required to be disclosed in relation to the Board members and executive body of the Company.

5.2. The Corporate Secretary of the Company shall report directly to the Board of Directors of the Company and act on the basis of the Charter and/or Regulations on the Corporate Secretary of the Company approved by the Board of Directors of the Company.

5.2.1. The functions of the Corporate Secretary of the Company shall include:

1) taking part in making arrangement for preparing for and holding the general meetings of the Company;

2) ensuring preparation for and holding of the Board of Directors' meetings in accordance with the requirements of law, the Charter and internal documents of the Company;

3) taking part in implementation of the Company's information disclosure policy and ensuring the keeping of the Company's corporate documents;

4) ensuring interaction of the Company with its shareholders and taking part in prevention of corporate conflicts;

5) ensuring compliance, and exercising control over compliance, with procedures provided for by the legislation and the Company's internal documents and ensuring the exercise of rights and protection of legitimate interests of the shareholders;

6) promptly informing the Board of Directors of the Company about any and all identified violations of law, as well as provisions of the internal documents of the Company, the compliance with which forms part of the functions of the Corporate Secretary of the Company;

7) participating in improving the corporate governance system and practices of the Company.

6. Risk Management System and Internal Control System

6.1. The Board of Directors shall determine the principles of and approaches to organization of the risk management system and internal control system of the Company and Group as a whole.

6.1.1. The Board of Directors of the Company shall be in charge and responsible for determining the principles of and approaches to organization of the risk management and internal control systems in the Company and Group as a whole.

6.1.2. When creating the risk management and internal control systems, the Company shall use generally accepted concepts and practices in the area of risk management and internal control, in particular, international standards ISO31000:2009, ISO 9004:2009, ISO 9000:2011, and COSO:ERM.

6.2. The executive body of the Company shall ensure the daily operation of the risk management system and internal control system in the Company and Group as a whole.

6.2.1. The executive body of the Company shall ensure, within its jurisdiction set out in the Company's Charter, the daily operation of the risk management system and internal control system in the

Company and Group as a whole and shall be responsible for fulfilment of decisions made by the Company's Board of Directors in relation to organization of the risk management and internal control systems.

6.2.2. The executive body of the Company shall distribute the powers, duties, and responsibilities in respect of specific risk management and internal control procedures among the heads of departments of the Company or Group who report to or are supervised by such executive body. The heads of departments of the Company or Group shall be responsible, in accordance with their functional duties, for designing, documenting, implementing, monitoring, and developing the risk management and internal control systems within their respective functional areas of the Company's and/or Group's business.

6.2.3. For efficient operation of the risk management and internal control systems, the Company has created (designated) separate structural units in charge of risk management and internal control.

6.3. The risk management and internal control systems of the Company shall enable one to obtain an objective, fair and clear view of the current condition and prospects of the Company, integrity and transparency of its accounts and reports, and reasonableness and acceptability of risks being assumed by the Company or Group as a whole.

6.3.1. The Group has approved an anti-bribery policy (the Code of Ethics) ruling out corruption and setting forth measures aimed at developing elements of corporate structure, as well as rules and procedures in the following areas: relations with employees, occupational health, industrial safety, personal safety, corporate image and identity, environmental management, efficiency, preservation of assets, monitoring and reporting, relations with state authorities, relations with outside organizations, and conflict of interest. In order to implement and maintain high ethical standards and to prevent corruption, the Group has established the Ethics Committee.

6.3.2. In the framework of the risk management and internal control systems, the Company has organized the secure, confidential and affordable method (hotline) of informing the Ethics Committee of any breaches of legislation, internal procedures, and anti-bribery policy by any of the Group's employees and/or a member of the management body or the body of control over financial and economic activity of the Company or Group as a whole.

The hotline can be used to submit to the Ethics Committee any proposals on improvement of anti-corruption procedures and other internal control procedures. A person who has submitted respective information shall be protected from any pressure whatsoever (including termination of his/her employment, persecution, or other forms of discrimination).

6.4. The Board of Directors of the Company shall take required measures to procure that the existing risk management system and internal control system of the Company and Group as a whole are consistent with the principles of and approaches to their creation as set forth by the Board of Directors of the Company and that they operate efficiently.

6.4.1. At least once a year, the Board of Directors shall review organization, operation, and efficiency of the risk management and internal control systems and, should this be necessary, make recommendations on their improvement.

7. Disclosure of Information about the Company and its Information Policy

7.1. The Company and its activities shall be as transparent as possible to its shareholders and other stakeholders.

7.1.1. The Board of Directors of the Company has approved the Information Policy ensuring efficient information exchange between the Company, its shareholders and other stakeholders.

The Information Policy of the Company sets out purposes and principles of information disclosure by the Company, contains a list of information (in addition to that provided for by law) which the

Company undertakes to disclose as well as a procedure for its disclosure, time periods during which the information to be disclosed should be accessible, a procedure for communication between members of the management bodies, officials, and employees of the Company, on the one hand, and its shareholders and other stakeholders, on the other hand, and measures aimed at ensuring control over compliance with the Company's Information Policy.

The Information Policy of the Company, its Russian and English versions, as well as amendments thereto are disclosed on the official website of the Group: <http://irkutskoil.ru> (Russian version) and <http://irkutskoil.com> (English version).

7.1.2. The executive body of the Company shall be in charge of implementing the Information Policy of the Company. The Board of Directors of the Company shall exercise control over compliance with the Information Policy of the Company.

7.2. The Company shall disclose information on the system and practices of corporate governance, including detailed information on compliance with the principles and recommendations of this Code.

7.2.1. The Company shall disclose the following information about its corporate governance system:

1) information on the system and general principles of corporate governance applied by the Company;

2) information on the executive body and his/her biographical details (including information about his/her education, skills and experience) which should be sufficient to enable one to get an idea of the executive body's personal and professional qualities;

3) information on the composition of the Board of Directors of the Company, specifying the name of the Chairman, as well as biographical details of the Board members (including information about their education, current position/employment, skills, and experience) which should be sufficient to enable one to get an idea of such Board member's personal and professional qualities, the date when each Director was first elected to the Board of Directors, information about whether they are independent directors;

4) information on the loss by a Board member of his/her status of an independent director;

5) information on the composition of the Committees of the Board of Directors specifying the names of the chairman and independent directors in the Committees.

7.3. The Company shall strive to disclose, on a timely basis, full, updated and reliable information about itself so as to enable its shareholders and investors to make informed decisions.

7.3.1. The Company shall disclose information in accordance with the principles of regularity, consistency and timeliness, as well as accessibility, reliability, completeness and comparability of disclosed data.

7.3.2. The official website of the Group (<http://irkutskoil.ru>, <http://irkutskoil.com>) is the main channel for information disclosure about the Company and Group as a whole.

The official website of the Group contains sufficient information enabling one to form an objective view of material aspects of the activities of the Company and Group as a whole.

7.4. The Company shall provide information and documents requested by the shareholders in accordance with the principle of equal and unhindered accessibility.

7.4.1. Exercise by the shareholders of their right to access the Company's documents and information shall not be unreasonably burdensome.

7.4.2. The Company sets forth a procedure for providing its shareholders with access to its information and documents in the Information Policy of the Company.

7.4.3. The Company does not and is not planning to artificially overvalue its costs for making and sending copies of any of the Company's documents.

7.4.4. The Company shall strive, with the account of technical means available to it, to put in place a procedure for sending shareholder requests for provision of access to Company's information and documents that would be convenient for the shareholders (in particular, by using modern means of communication and electronic information exchange).

7.4.5. The Company shall provide information and documents to the shareholders in such a way and in such a form as would be convenient for them, in particular, using electronic media and modern means of communications provided that it is allowed by applicable law of the Russian Federation (taking account of wishes of the shareholders who have requested such documents and information regarding their preferred form of obtaining the same, confirmation of correctness of copies of documents and their preferred method of delivery of the same).

8. Final Provisions

8.1. This Code shall come into effect upon its approval by the general shareholders meeting of the Company.

8.2. The Company will enhance this Code according to new corporate governance standards in the Russian and international practices, interests of the shareholders, Company and other stakeholders, and amendments to applicable law of the Russian Federation.

8.3. This Code, its Russian and English versions, as well as amendments thereto are disclosed on the official website of the Group: <http://irkutskoil.ru> (Russian version) and <http://irkutskoil.com> (English version).