

Approved by the Bank of Russia
(Sole Shareholder)

dd. _____, 2016 No. _____

REGULATION ON
the Management Board
of Joint-Stock Company
National Reinsurance Company (NPK)

Moscow
2016

1. General

1.1. This Regulation (hereinafter the Regulation) on the Management Board of Joint-Stock Company National Reinsurance Company (NPK) (hereinafter referred to as the Company) is developed in accordance with the laws of the Russian Federation and the Company Charter.

1.2. This Regulation describes the setting-up procedure and tenure of the Company Management Board (hereinafter the Board), procedures and dates for convening, preparing and holding the Board meetings, procedures for adopting the Board resolutions, as well as the rights and responsibilities of the Board members and other issues associated with the activities of the Management Board.

1.3. In carrying out its activities the Management Board is guided by the laws of the Russian Federation, Company Charter, Code of Corporate Conduct¹, this Regulation, other internal documents of the Company and resolutions of the Sole Shareholder and the Company Supervisory Board.

1.4. The Board is a collegial executive body of the Company responsible for the routine management of the Company operation.

2. Membership, Setting-up Procedure and Tenure

2.1. The Board consists of the members of the Management Board. The Company President is a member of the Board by virtue of his/her office and the Board Chairman.

The number of members and the composition of the Board are determined by the Company Supervisory Board in accordance with the Company Charter.

2.2. No Board member can simultaneously be the Chairman of the Company Supervisory Board, and a member of the Company Auditing Commission.

2.3. Members of the Management Board (except for the Company President) are elected by the Company Supervisory Board on the recommendation of the Company

¹ Letter of the Bank of Russia dd. 10.04.2014 No. 06-52/2463 «On Code of Corporate Conduct».

President. The Board tenure is determined by the Company Supervisory Board, but cannot exceed five (5) years. After the expiry of this term, the Board members continue to hold their office until the Company Supervisory Board decides to form the new Management Board.

The same persons can be elected as the Board members an unlimited number of times.

2.4. The Board members shall meet the requirements applied by the Russian laws to persons holding a respective position.

2.5. The powers of the Board members shall terminate:

on the grounds contemplated by the laws of the Russian Federation;

by the decision of the Company Supervisory Board to terminate the office of the Board members.

2.6. The Company Supervisory Board may at any time terminate the office of one or more Board members.

2.7. The resolution on the termination of the office of the Board members can be passed by the Company Supervisory Board on its convenience or on the suggestion of the Company President.

3. Board Powers

3.1. The Management Board is a collegial executive body of the Company responsible for the routine management of the Company operation within its sphere of competence. The competence of the Board is determined by the laws of the Russian Federation and the Company Charter.

3.2. The principal tasks of the Board are: ensuring fulfillment of the resolutions passed by the Company Sole Shareholder and the Company Supervisory Board, implementing the Company Development Strategy and maintaining the Company stable financial and economic position.

3.3. The main functions of the Board are:

management of the routine financial and economic activities of the Company within the Board competence and ensuring the efficiency of its operation;
arranging the implementation of the Company Development Strategy;
development of the priority business lines of the Company.

4. Board Chairman

4.1. The Management Board is headed by the Company President who acts as the Chairman of the Management Board by virtue of his/her office (hereinafter the Board Chairman).

4.2. The Board Chairman organizes the activities of the Board and reports to the Company Supervisory Board and Sole Shareholder on the results achieved by the Management Board.

4.3. The Board Chairman annually submits to the Company Supervisory Board the report on the Board activities for approval.

4.4. In case of temporary absence of the Board Chairman (President) (disability, leave, business trip etc.), his/her duties will be undertaken by a Board member designated by the Board Chairman.

The person acting as the Board Chairman shall manage the routine operation of the Company within the competence of the Board Chairman (President), unless otherwise provided by the order designating the acting Board Chairman (President).

4.5. The Board Chairman:

convenes and chairs the Board meetings;

determines the form, date and time of the Board meetings and approves the meeting agenda;

determines the persons to be invited to the Board meetings held in form of collective presence;

assigns the responsibilities among the Board members;

arranges discussion of issues at the meetings and hearing the opinions of the persons invited to the Board meetings;

signs the meeting minutes and resolutions passed by the Board;
represents the Board before the Company Supervisory Board, other bodies and entities;
performs other functions contemplated by the laws of the Russian Federation, Company Charter and the Company internal documents.

5. Board Secretary

5.1. The Secretary of the Company Management Board (hereinafter the Board Secretary) is appointed by the decision of the Board on the suggestion of the Board Chairman.

The Board Secretary cannot be a member of the Management Board.

5.2. The Management Board may at any time relieve the Board Secretary of his/her duties.

5.3. The Board Secretary provides documentary and technical support for the Board activities, in particular:

receives requests for convening the Board meetings and documents necessary for creating the agenda and preparing for the Board meetings;

drafts agendas for the Board meetings and submits them to the Board Chairman for approval;

notifies the Board members and invited persons of the planned Board meetings, sends the agenda and materials pertaining to the issues included in the meeting agenda;

drafts minutes of the Board meetings and submits them to the Board Chairman for signing;

provides organizational, technical and other support to the Board members when preparing for the Board meetings;

keeps record and maintains the minutes of the Board meetings and related materials;

assists in monitoring the fulfillment of the Board resolutions.

6. Board meetings

6.1. The Board meetings are held on an as needed basis, but no less than once a month on the initiative of the Board Chairman or at the request of a Board member.

6.2. The Board meetings can be held both in person (collective presence of the Board members for discussion of the issues on the agenda and passing resolutions), and by correspondence (absentee voting).

6.3. The Board meetings are normally held at the Company principal place of business. By the decision of the Board Chairman or a person performing his/her duties, meetings can be held outside the Company premises.

6.4. Issues can be suggested for the agenda of the Board meeting by the Board members, director of the Company business unit responsible for internal audit, Company controller and other persons in the manner described in the Company internal documents. Suggestions to the meeting agenda shall be submitted to the Board Secretary.

6.5. The Board meeting is considered legally capable (having quorum) if at least half of the members is present.

Resolutions of the Management Board are deemed valid if more than half of the Board members present at the meeting voted in favor of it.

6.6. The Board members shall be personally present at the Board meetings. No Board member may transfer his/her voting right to any third party.

6.7. A Board member, who was not personally present at the Board meeting, may provide a written opinion on the issues included in the meeting agenda.

A Board member, who does not agree with the Board resolution, may submit a special opinion on a respective issue to be attached to the meeting minutes.

7. Rights and Responsibilities of Board Members

7.1. The Board members shall have the right to:

obtain all information, documents and materials necessary for the performance of their duties;

take part in the Board meetings, vote on all issues on the agenda, demand that his/her special opinion regarding the agenda issues and respective resolutions is attached to, or included in, the meeting minutes;

demand holding the Board meetings and suggest issues to be included in the meeting agenda;

submit a written opinion on the issues included in the agenda of a meeting at which they cannot be present;

express in writing his/her disagreement with the Board resolution and bring it to the notice of the Board Chairman;

familiarize themselves with the minutes of the Board meetings and obtain copies of such minutes;

exercise other rights conferred by the laws of the Russian Federation, Company Charter, this Regulation, other internal documents of the Company and the agreement made with each of them.

7.2. The Board members shall:

comply with the laws of the Russian Federation, the Charter and other internal documents of the Company;

manage the routine operation of the Company within their competence acting reasonably and in good faith;

fulfill the resolutions adopted by the Sole Shareholder, Supervisory Board and Management Board;

refrain from any actions which will or may potentially lead to a conflict of their own interests and the Company interests, and in case of the presence or occurrence of such conflict immediately inform the Company Supervisory Board;

not disclose or use for their own or third party interests any confidential information on the Company activities;

avoid actions knowingly aimed at inflicting harm to the Company;

avoid actions (omission) which hinder or prevent the implementation of the Company Development Strategy;

refrain from voting on issues in which they have personal interest, and immediately notify the Management Board of such interest and the ground for the same;

perform other duties contemplated by the laws of the Russian Federation, Company Charter, this Regulation, other internal documents of the Company and the agreement made with each of them.

7.3. A Board member can only combine his/her position with positions in management bodies of other organizations if such combination is agreed by the Company Supervisory Board.

8. Liability of Board Members

8.1. In exercising their rights and performing their responsibilities the Board Chairman and the Board members shall respect the Company interests and act reasonably and in good faith.

8.2. The Board members shall be liable to the Company for damages the Company may incur as a result of their guilty actions (omission), unless other grounds and liability limits are established by the federal laws.

The Board members, who voted against a resolution entailing damages or, acting reasonably, did not take part in the voting, shall be exempted from such liability.

8.3. If several Board members are held liable, their liability to the Company shall be joint liability.

9. Approval and Amendment

9.1. This Regulation shall become effective as approved by the Sole Shareholder of the Company and can be amended at any time following the same procedure.

