

Approved by
The Board of Directors
Sistema JSFC
24 September 2011,
Minutes No 08-11
as of 28 September 2011

**TERMS OF REFERENCE
ON INVESTOR RELATIONS AND THE DIVIDENT POLICY
OF THE BOARD OF DIRECTORS**
Open Joint-Stock Company Sistema Joint-Stock Financial Corporation



Moscow, 2011

1. GENERAL PROVISIONS

- 1.1. These Terms of Reference were developed in accordance with the applicable legislation, the Charter of Sistema JSFC, the Code of Corporate Conduct and other bylaws of the Company.
- 1.2. These terms of reference determine the status, the procedure for appointing members, the scope and the functions, the working procedures and the procedures for decision-making of the Investor Relations and the Dividend Policy Committee (hereinafter the "Committee") of the Board of Directors of Open Joint-Stock Company Sistema Joint-Stock Financial Corporation (hereinafter "Sistema JSFC" or the "Company").
- 1.3. The Committee is the body of the Board of Directors and serves the following purposes:
 - a) facilitating the formation a system aimed at maintaining effective relations with the financial community and government agencies, as well as increasing the appeal of Sistema's shares to investors;
 - b) facilitating the formation and maintaining of a transparent and stable dividend policy of Sistema JSFC.The Committee also shall also serve the purpose of increasing the capitalization of the Company and protect rights and interests of its shareholders.
- 1.4. The Committee is not a body of the Company, through the Committee the Company does not assume any civil rights or responsibilities.
- 1.5. The Committee's activities shall be guided by the current laws of the Russian Federation, the Company's Charter, the Code of Corporate Conduct, the Ethics Code, and other bylaws of the Company.

2. FUNCTIONS OF THE COMMITTEE

- 2.1. Key functions of the Investor Relations and the Dividend Policy Committee of the Board of Directors of Sistema JSFC are:
 - a) assisting in forming, developing and implementing the Company's strategy in the sphere of investor relations and the dividend policy (hereinafter - the "IR strategy") of the Company;
 - b) assisting in organizing the work of the Investor Relations Division of the Company (hereinafter - the "IR Division");
 - c) developing recommendations on improving the IR strategy of the Company and the Sistema Group;
 - d) coordinating IR activities inside the Sistema Group;
 - e) facilitating processes of information disclosure and communicating with the investor community;
 - f) assisting in forming the dividend policy of the Company and regular assessment of its efficiency;
 - g) control of fulfillment of the dividend policy of the Company;
 - h) forming the information policy of the Company with regard to formats, methods and volumes of the disclosure, organizing preparation of the Annual Report of the Company;
 - i) organizing communication of the Board of Directors of the Company with the investment community with the aim of increasing attractiveness of securities and providing information on the dividend policy of the Company;
 - j) preliminary review and approval of programs in the sphere of the corporate social responsibility of the Company;
 - k) assisting in forming, developing and implementing the Company's strategy in the sphere of government relations (hereinafter - the "GR strategy");

- l) assisting in organizing the work of the Government Relations Division of the Company (hereinafter - the "GR Division");
 - m) developing recommendations on improving the GR strategy of the Company and the Sistema Group;
 - n) coordinating GR activities inside the Sistema Group;
 - o) following a proposal from the President of the Company, pre-approval of the candidate to the position of the head of the PR Function of the Company and annual approval of his KPIs to be further submitted for the consideration of the Nomination, Remuneration and Corporate Governance Committee of the Board of Directors of the Company.
- 2.2. The Committee's decisions shall be non-binding for the Company's Board of Directors.
- 2.3. The Committee shall be entitled to give assignments to the members of the Company's management within its scope of authority.

3. MEMBERSHIP OF THE COMMITTEE

- 3.1. The membership of the Committee shall be formed in the first meeting of the Company's Board of Directors after the annual general meeting of the Company's shareholders.
- 3.2. The powers of the Committee members shall terminate at the moment of opening the annual general meeting of shareholders.
- 3.3. The members of the Committee shall be elected mainly from members of the Company's Board of Directors.
- 3.4. The Committee shall consist of at least 3 (three) members.
- 3.5. The membership of the Committee shall be approved by a resolution of the Company's Board of Directors. Candidates to the Committee shall be nominated by the members of the Company's Board of Directors. Committee members shall be elected by the Board of Directors by a simple majority vote.
- 3.6. The Chairman of the Committee responsible for managing the Committee's activities shall be appointed by the Board of Directors of the Company.
- 3.7. The powers of any member of the Committee may be terminated at any time by a resolution of the Board of Directors taken on the initiative of the Board of Directors of the Company or its members, the Chairman of the Committee or a member of the Committee.
- 3.8. For the purposes of organizing the work of the Committee, the Board of Directors shall appoint the Secretary of the Committee from among the employees of the Company or members of the Committee.
- 3.9. In the event the Board of Directors takes no decision on the appointment of the Secretary of the Committee, or for any reason the previously appointed Secretary of the Committee can no longer fulfill his/her responsibilities, the Chairman of the Committee shall appoint another Secretary of the Committee from among the employees of the Company or the members of the Committee.

4. RIGHTS AND RESPONSIBILITIES OF THE COMMITTEE MEMBERS

- 4.1. The Committee members shall have the right to:
- a) request and receive any documents of the Company related to the scope of authority of the Committee;
 - b) request the Company officers to provide information and explanations on any matters within the scope of authority of the Committee.

- c) be invited to working meetings, negotiations, sessions of commissions, working committees on any matters related to the Committee's scope, and to participate as members of working delegations of the Company in business trips and visits;
- d) for the purposes of exercising one's functions and as agreed with the Chairman of the Committee, use the services of external advisors paid with the Company's funds;
- e) request that the Committee meeting be held and submit items for consideration of the Committee;
- f) request that their dissenting written opinion be reflected in the Minutes of the Committee's meeting.

4.2. The Committee members are obliged to:

- a) attend the meetings and actively participate in preparation and discussion of items reviewed at the Committee meetings;
- b) take part in the Committee's decision-making by voting on the agenda items;
- c) take informed decisions by studying all the necessary data (materials), conducting investigations and updating all the Committee members on the information concerning the decisions taken;
- d) notify the Committee Chairman and provide the reasons for being unable to attend the meeting in person;
- e) act reasonably and in good faith when taking decisions in order to promote the interests of the Company's shareholders and all related parties in conformity with the guidelines of the Russian Code of Corporate Conduct and best practice of corporate governance adopted abroad;
- f) fulfill assignments of the Committee Chairman;
- g) in accordance with the Company's bylaws not to disclose insider information to third parties and not to use such information for personal advantage or in the interests of family members, as well as affiliated persons.

4.3. When the Committee deems it necessary to hire external consultants, the respective amendments to the budget of the Company must be suggested.

5. PROCEDURES OF THE COMMITTEE

5.1. The Committee is headed by the Committee Chairman, who is personally responsible for the performance results of the Committee and for achievement of the tasks set for the Committee.

5.2. Chairman of the Committee shall:

- a) organize development of the Committee's work plan and submit it for the Committee's approval;
- b) convene the Committee meetings and preside over them;
- c) determine the format of the meeting and approve the agenda of the meetings;
- d) make the lists of persons invited to attend the Committee meeting;
- e) arrange keeping of the minutes of the Committee meetings and sign them;
- f) distribute responsibilities among the members of the Committee; give assignments to the members relating to in-depth research on the matter and preparing the materials to be reviewed at the Committee meeting;
- g) report on the Committee's performance to the Company's Board of Directors;
- h) supervise over fulfillment of the taken decisions;
- i) use the available resources of the Company to achieve the Committee's goals, including by means of engaging external expertise;
- j) perform other functions proceeding from the goals and tasks of the Committee.

5.3. Secretary of the Committee shall:

- a) draw up the work plan of the Committee;
 - b) send out notices of the forthcoming meetings and materials on the agenda items to the Committee members;
 - c) keep the minutes of the Committee meetings and get them signed;
 - d) keep the minutes and prepare and sign abstracts from the minutes of the Committee meetings;
 - e) fulfill the the assignments given by the Committee Chairman;
- 5.4. The activities of the Committee are conducted according to plan. Committee meetings are held as required, at least 4 times a year.
- 5.5. The work plan of the Committee is made for one calendar year.
- 5.6. The work plan of the Committee may include the following items:
- a) approval of the Committee's work plan;
 - b) preliminary review of the IR strategy of the Company;
 - c) developing the system of organizing IR work within the Company and the Sistema Group and preparing recommendations for improving it;
 - d) reports on the status of implementation of the Sistema's IR strategy;
 - e) preliminary review of the GR strategy of the Company;
 - f) developing the system of organizing IR work within the Company and the Sistema Group and preparing recommendations for improving it;
 - g) reports on the status of implementation of the Sistema's GR strategy;
 - h) disclosing material information about the Company;
 - i) status of implementation of the strategy in the sphere of the social corporate responsibility and preliminary approval of the Company's social reports;
 - j) preliminary review of the draft of the Company's dividend policy;
 - k) assessing efficiency of the existing dividend policy of the Company;
 - l) preliminary approval of the Company's Annual Report;
 - m) approval of the report of the committee before the meeting of the Board of Directors.
- 5.7. The work plan of the Board of Directors of Sistema JSFC may also include agenda items that must be preliminarily reviewed by the Committee. In this case the Committee must include such items in its work plan.
- 5.8. As necessary, the Committee may hold additional meetings to discuss what the Committee deems necessary within its scope of authority.
- 5.9. The Committee may suspend any person (persons) from participating in the meeting or from discussing a specific agenda item if, as the Committee believe, there is a conflict of interests.
- 5.10. Committee Chairman has a right to invite third parties to the Committee meetings.
- 5.11. The Committee shall perform its activities by considering the agenda items at the Committee meetings. The dates and procedures of the meetings shall be set by the Committee Chairman. No less than 50% of the Committee members constitute the quorum. Decision shall be taken by simple majority vote. In case of the equal number of 'for' and 'against' votes the Chairman of the Committee has the decisive vote.
- 5.12. It is allowed to hold the Committee meetings in the form of letter ballots, teleconferences, or take into account the written opinion of an absent member of the Committee on the items considered. The written opinion of an absent Committee member shall be taken into account when determining the quorum of the meeting.
- 5.13. The Chairman of the Committee shall approve the agenda of the meeting. Each agenda item shall contain a wording of the item and specify the person responsible for preparing and submitting respective materials (the speaker).

- 5.14. The person responsible for preparing and submitting materials on the item of the Committee's agenda must submit the materials on the agenda item in advance to the Secretary of the Committee.
- 5.15. The notice of the Committee meeting shall be e-mailed by the Committee Secretary at least 3 days before the meeting with materials on the agenda items attached.
- 5.16. Based on the results of the Committee meeting, the Secretary shall draw up the minutes of the meeting. The minutes of the Committee shall include:
- a) date, time and venue of the meeting;
 - b) attendees including the Committee members and invitees;
 - c) agenda of the meeting;
 - d) suggestions and remarks made in the process of discussion held on the agenda items;
 - e) the voting results and the decisions taken.
- 5.17. The minutes shall be drawn up within 2 working days after the date of the meeting.

6. FINAL PROVISIONS

- 6.1. These Terms of Reference, as well as amendments to them, shall be approved by a simple majority vote of the Board of Directors.
- 6.2. The Committee shall report on its work to the Board of Directors on an annual basis.
- 6.3. The Terms of Reference of the Committee and the information on the membership of the Committee shall be posted by the Committee Secretary on the Internet website of the Company.