

**The decision to recognise as an independent director a Board member whose tenure as a member of the Board of Directors exceeds 7 years.**

**The date of the meeting of the Board of Directors**

25 June 2016

**The date of drawing up and the number of the minutes of the Board of Directors meeting**

27 June 2016, Minutes No.07-16

**A quorum for the meeting of the Board of Directors**

All 11 members of the Board of Directors took part in the meeting, which equals 100% of the total number of the elected members

**The content of the resolution of the Board of Directors**

1. Assign the status of an independent director to the following members of the Board of Directors of Sistema JSFC:  
Robert Kocharyan
2. Take note that the tenure of the member of the Board of Directors of Sistema JSFC (hereinafter referred to as "the Corporation") Robert Kocharyan (hereinafter referred to as "Mr. Kocharyan") as a member of Sistema's Board of Directors exceeds 7 (seven) years.
3. Take note that the decision to confirm Mr. Kocharyan to be an independent director is based on the following:
  - 3.1. Mr. Kocharyan complies with the independence criteria set out in the Listing Rules of the Moscow Exchange, except for the tenure as a member of the Corporation's Board of Directors.
  - 3.2. Mr. Kocharyan has no contractual obligations with the Corporation, is party to no transactions performed by the Corporation and/or any persons/entities controlling the Corporation or controlled by the Corporation, takes no part in such transactions, and provides no advisory services to the Corporation and/or any persons/entities controlling the Corporation or controlled by the Corporation.
  - 3.3. Mr. Kocharyan receives no monetary or non-monetary rewards from the Corporation and/or any persons/entities controlling the Corporation or controlled by the Corporation, except pursuant to *Policy on Remuneration and Compensations payable to members of the Board of Directors of Sistema JSFC*.
  - 3.4. Mr. Kocharyan neither owns nor disposes of any material equity interest in the Corporation.

- 3.5. Based on Mr. Kocharyan's record with the Corporation's Board of Directors and Board Committees, Mr. Kocharyan's stance on matters discussed at board and committee meetings is based solely on his professional experience and knowledge and is invariably unbiased, unaided, objective and independent from opinions of any other persons. Mr. Kocharyan's work as a member of Sistema's Board of Directors serves interests of the Corporation and its shareholders.

**Voting results**

V. Evtushenkov	- FOR,
S. Boev	- FOR,
A. Dubovskov	- FOR,
F. Evtushenkov	- FOR,
P. Clanwilliam	- FOR,
R. Kocharyan	- FOR,
J. Krecké	- FOR,
P. Mandelson	- FOR,
R. Munnings	- FOR,
M. Shamolin	- FOR,
D. Iakobachvili	- FOR.