



OPEN JOINT-STOCK COMPANY  
**JOINT-STOCK FINANCIAL CORPORATION**  
**SISTEMA**

Annual General Meeting of the Sistema JSFC shareholders, 27 June 2015,  
Moscow, 13.1 Mokhovaya str., Room 101.

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**Explanatory note**  
**to the materials of the Annual General Meeting of Sistema JSFC shareholders**  
**on agenda item 8:**  
**“Approval of the new version of the**  
**Terms of Reference of the Board of Directors of Sistema JSFC”**

It is proposed that the General Meeting of Shareholders approve the new version of the Terms of Reference of the Board of Directors of Sistema JSFC (“the Document”).

The new version takes account of the principles of the Corporate Governance Code recommended by the Bank of Russia and the requirements of the new version of the Listing Rules of Moscow Exchange approved by the Board of Directors of Moscow Stock Exchange. Compliance with the Listing Rules is required of Sistema JSFC due to the inclusion of its common shares in the top quotation list of Moscow Exchange.

Compared to the version in effect, the Document is to be amended as follows:

1. A provision is to be added to Clause 1.4. under which the Board of Directors acts with regard to the recommendations of the Corporate Governance Code.
2. The definition of an Independent Director in Clause 2.5.5. is to be restated in compliance with the requirements of the Moscow Exchange Listing Rules and Russian Corporate Governance Code.
3. Clause 2.5.6. is to be inserted:  
“If independent directors are elected to the Company's BOD, the minutes of the General Meeting of Shareholders shall include information on which members of the BOD have been elected as independent.”
4. Clauses 2.6.8. through 2.6.10. providing for Board candidate review by the Committee for Nominations, Remunerations and Corporate Governance are to be inserted.
5. Clause 2.6.11. (currently 2.6.8.) is to be restated so as to refocus the scope of information to be provided when a candidate to the Board is nominated.
6. Clause 2.6.12. stating that all attachments to the letter of nomination of a candidate to the Board are an integral part of such letter is to be inserted.
7. Clause 2.6.13. providing for recommendations by the Committee for Nominations, Remunerations and Corporate Governance to the General Meeting as to the election of candidates nominated to the Board is to be inserted.

8. Clauses 3.2.2. and 3.2.3. setting forth the functions of a Deputy Chairman of the Board are to be inserted.
9. In Clause 4.1.1., a requirement that Board work plans should be revised at least once in 6 months is to be eliminated.
10. In Annex 1, Sections 5 through 7 on the candidate's relations with the material business partners and competitors of Sistema and the state are to be added to the information required to be provided as to a candidate nominated to the Board of Directors.
11. In Annex 2, the required work experience of a candidate is to be extended to 5 years.
12. Items on the shares of Sistema JSFC or other companies of the Sistema group owned by a member of the Board, on close relatives holding leadership positions in any legal entities and on legal entities affiliated with the respective member of the Board are to be added to Annex 4 (questionnaire).
13. In Annex 5, personal data processing consent is to be extended to the data necessary for candidate vetting.
14. Annex 6 (non-disclosure and regulatory compliance undertaking form) is to be inserted.