

**REGULATIONS FOR BUSINESS ETHICS  
OF JOINT-STOCK OIL AND GAS COMPANY SLAVNEFT**

(approved by the resolution of the Board of Directors  
dated December 17, 2007, minutes No. 6  
as amended and approved by resolution of the Board of Directors  
dated June 25, 2009, minutes No. 10)

**Moscow**

## CONTENTS

<b>INTRODUCTION.....</b>	<b>3</b>
<b>1. CORE VALUES OF THE COMPANY .....</b>	<b>3</b>
<b>2. PRINCIPLES OF BUSINESS ETHICS OF THE COMPANY .....</b>	<b>3</b>
<b>3. KEY STANDARDS OF BUSINESS ETHICS IN RELATIONSHIP BETWEEN THE COMPANY AND INTERESTED PERSONS .....</b>	<b>4</b>
<b>4. CORRUPTION AND FRAUD PREVENTION.....</b>	<b>5</b>
<b>5. CONFLICT OF INTEREST .....</b>	<b>5</b>
<b>6. FINAL PROVISIONS.....</b>	<b>6</b>

## **Introduction**

These Regulations for Business Ethics (hereafter referred to as the Regulations) of Joint-Stock Oil and Gas Company Slavneft (hereafter referred to as OAO NGK Slavneft) are drawn up according to the legislation of the Russian Federation, recommendations of the Code of Corporate Conduct, the Articles of Association of OAO NGK Slavneft and taking into account Russian and international practices of corporate governance.

These Regulations are applied to and covered members of the Board of Directors of the Company, the President of the Company, members of the Management Board, heads of the structural units (for purposes of these Regulations - the officials) and employees of the Company, contain general rules relative to conduct that should be used to be guided when conducting professional activities.

The Regulations are intended to:

- secure adherence of the Company to standards of ethical conduct;
- promote to due corporate conduct from the point of view of ethics and specify the procedure for resolution of the conflict situation;
- enhance the level of business ethics.

In seeking to build confidence in the Company by shareholders, employees, officials of the Company, investors and the public, these Regulations reflect not only the Russian legislation, but also accepted national and international rules and principles of corporate governance and business ethics.

### **1. Core Values of the Company**

1.1. Core business and ethical values of the Company are as follows:

- capacity of employees, their social security and stability;
- trust and responsible business relationships with business partners, colleagues and the public;
- environmental conservation.

### **2. Principles of Business Ethics of the Company**

2.1. The Company endeavors to adhere to the principles of business ethics in all aspects of its activities.

2.2. The Company is guided by the following principles of business ethics:

- honesty;
- bona fides;
- reasonableness;
- fairness;
- transparency and openness.

The Company expects that its partners will also adhere to the same.

2.3. The Company built relationships with employees, business partners, government bodies and the public in accordance with these principles.

These ethical standards are also applied to all fields of activities conducted by the Company.

2.4. When conducting its activities, the Company:

- observes the laws;
- does not connive at corruption;
- observes human rights;
- endeavors to ensure that all its relations with partners and other persons should be mutually advantageous;
- shows respect for the people living on the areas where it conducts its activities and treats the environment carefully when conducting its activities.

### **3. Key Standards of Business Ethics in Relationship between the Company and Interested Persons**

#### 3.1. Employees and officials.

3.1.1. The Company has a gust of its employees, has trust in them and respects them, is interested in building long-term relationships with them on the basis of the Russian labor legislation and incorporative values.

3.1.2. Policy of the Company in the field of labor safety stipulates providing and continuous improvement of healthy and safe working environment for its employees.

3.1.3. The Company shall admit no discrimination on any grounds when hiring. Politics in the field of hiring, promotion and remuneration of employees stipulates evaluation of each employee by actual performance. The Company pursues a clear and transparent policy in this regard.

3.1.4. The Company is interested in permanent and continuous upgrading skills of employees and take measures to improve the skills of all employees.

3.1.5. The Company endeavors to improve the corporate governance.

3.1.6. The Company respects the private (personal) life of employees and officials and avoids any invasion on it.

3.1.7. The Company prohibits to all employees to use any confidential and proprietary information for personal gain.

3.1.8. Employees and officials seeks to prevent a conflict of interest.

#### 3.2. Relations with business partners.

3.2.1. The Company believes that the keystone to its success is the long-term relationships with business partners based on mutual productive collaboration, respect, trust, honesty and fairness.

3.2.2. The Company provides contractual obligations and sets a high value on business relationships, in particular:

- negotiates conclusion of contracts based on principles of mutual respect and mutual benefit;
- assumes that business relationships stipulate a high level of professional work;
- in case of a business dispute, it seeks to develop a mutually acceptable and an equitable solution.

3.2.3. In order to ensure openness and informational transparency the Company provides disclosure of information to be disclosed.

3.2.4. To establish and maintain business relationships and to pay its devoirs to third parties, employees of the Company may present them and obtain representative gifts from them. The term “representative gifts” covers souvenir products (including those ones marked with the Company's logo), flowers, sweets and similar products.

3.2.5. The Company observes the Russian legislation on counter-acting legalization money laundering of proceeds from crime and deals only with reliable suppliers, customers and partners who conduct legitimate activities and receive income only from legitimate sources.

#### 3.3. Public authorities.

3.3.1. The Company pays taxes and fees established by the legislation in proper time and in full. When conducting its activities, the Company observes all federal and regional regulations, the recommendations of the Code of Corporate Conduct as well as the internal normative documents of the Company.

3.3.2. The Company obtains all the licenses to conduct its activities lawfully.

3.3.3. The Company endeavors to build and maintain a strong relationship with the governmental authorities on the basis of independence parties.

#### 3.4. The public.

3.4.1. The Company treats itself as an integral part of the public environment in which it conducts its activities and which endeavors to establish relations based on the principles of respect, trust, honesty and fairness with.

3.4.2. Nature protection is the most important objective for the Company and its subsidiaries which seek to minimize the negative influence of their activities on the environment.

3.4.3. The Company helps the people living on the areas where it conducts its activities through charitable institutions, funds, educational institutions and related organizations.

3.4.4. The Company is involved into solution of specific tasks for development of those inhabited localities where it and its subsidiaries conducts activities through continued open dialogue.

#### **4. Corruption and Fraud prevention**

4.1. "Corruption and fraud" is understood as committing wilful acts contravening legislation, norms of internal regulations and procedures effective in the Company, resulting in loss of financial assets and causing damage to the Company's reputation.

4.2. Corruption and fraud are regarded by the Company as one of the substantial, "high" management risks.

4.3. The Company sticks to the principle of "zero" tolerance to corruption and fraud, encouraging efficient and stable development of the Company.

4.4. The strategy of the Company's fight with manifestations of corruption and fraud is notable for its strictness and consistency, based on logics and control. It is assured by maximal openness (publicity) in discussing problems related to occurrence of the risk.

4.5. The Company performs a complex of actions aimed at prevention of corruption and fraud, namely:

- Ensures implementation of the actions plan for the Corruption and fraud risk management.
- Undertakes reasonable actions to prevent business relationships with the structures that knowingly violate anticorruption legislation and may negatively affect the Company's reputation.
- The stable feedback between all business process constituents is maintained by 24-hour "Hot line". Information about "Hot line" is on the Company's web-site: <http://www.slavneft.ru/press/info.php?id=566&year=2009>
- Encourages personal contribution and example of executives of all position levels, and personal responsibility of the employees, facing these risks in the course of implementation of their responsibilities.
- Regulates actions of the Company's executives and employees when the "conflicts of interests" arise (the concept a "conflict of interests" and actions of the Company's executives and employees are described in Article 5 "Conflict of interests" of the Code).
- Organizes and holds trainings for the Company's employees on the problems of anticorruption and fraud practices.
- Ensures awareness of every Company's counterparty of the Company's policy in terms of corruption and fraud prevention, namely, by including anticorruption saving clauses to the contracts.

4.6. The Company further will undertake all efforts to improve the current anticorruption and fraud practices.

#### **5. Conflict of Interest**

5.1. The term "conflict of interest" covers a situation when the personal interest of an official or an employee of the Company does or may affect the objective judgment and execution of his/her official duties, or when there may be a conflict between personal interests and the interests of the Company which can cause some damage to the Company.

5.2. Conflicts of interest could be harmful to objectivity of the judgment and opinions of employees and officials, therefore, the Company endeavors to avoid any conflicts of interest.

5.3. In case of any conflict of interest, members of the Board of Directors of and the Management Board shall act as specified in the Regulations on the Board of Directors of the Company and the Regulations on Executive bodies of the Company. Other officials and employees of the Company shall notify the head of the unit, members or the Chairman of the Management Board (depending on the reporting line) in writing of the conflict of interest to take measures to resolve the conflict.

## **6. Final Provisions**

- 6.1. These Regulations are binding for all officials and employees of the Company.
- 6.2. Heads of the structural units secure understanding of and compliance with these Regulations.
- 6.3. The member of the Management Board of the Company responsible for general issues effects supervision of compliance with these Regulations.
- 6.4. These Regulations, as well as any amendments and modifications hereto shall be approved by the Board of Directors of the Company.
- 6.5. Issues not covered by these Regulations shall be settled as stipulated by the Russian legislation, the Articles of Association of the Company and internal regulations of the Company.