

Approved  
on April 06, 2015 by  
the resolution of Annual General meeting of shareholders of  
Open Joint Stock Company  
«Cherkizovo Group»  
(Minutes No. 06/045a dated April 09, 2015)

**REGULATIONS FOR  
THE BOARD OF DIRECTORS OF  
Public Joint Stock Company  
«Cherkizovo Group»  
(Revision No. 4)**

City of Moscow  
2015

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## CHAPTER 1. GENERAL PROVISIONS

### Article 1. Regulations for the Board of Directors

1. The present regulations (hereinafter referred to as «the Regulations») have been developed in accordance with Civil Code of the Russian Federation, Federal law «Joint stock companies», other laws and regulations of the Russian Federation, principal recommendations of Corporate Governance Code and the Articles of Association of Public Joint Stock Company «Cherkizovo Group» (hereinafter referred to as «the Company») and regulates operation of the Board of Directors of the Company.

2. The present Regulations prescribe the proceedings of convocation and conduction of meetings of the Board of Directors, rights and obligations of its members, regulates other issues, related to operation of the Board of Directors.

3. Competence of the Board of Directors, formation procedure and decision-making procedure are prescribed by Federal law «Joint stock companies» and the Articles of the Company.

### Article 2. Terms and definitions

1. Terms and definitions, used in the present Regulations, have the same meaning as in the laws of the Russian Federation on joint stock companies and securities, unless otherwise prescribed herein.

2. For the purposes of the present Regulations the following terms and definitions are used.

«**Official**» - a person, duly authorized to manage the affairs and business of the Company.

«**Absentee voting of a member of the Board of Directors**» - a decision-making method, representing a written poll of members of the Board of Directors without joint attendance. Such poll can be electronic with digital signatures or other means, ensuring confidentiality of information.

«**Executive member of the Board of Directors (executive director)**» - a member of the Board of Directors, who is Chief Executive Officer or a member of Executive Board of the Company (the Management Board), other employee of the Company (in employment relationships with the Company), member of executive bodies of a management company of the Company and (or) in employment relationships with a management company of the Company.

«**Quorum of the meeting of the Board of Directors**» - minimum permissible number of members of the Board of Directors, entitled to vote, participating (providing a written opinion) in a meeting of the Board of Directors, which qualifies the meeting as quorate for consideration and making resolutions on issues within competence of the Board of Directors, is prescribed by the Articles of the Company.

«**Key officials**» - members of executive bodies of the Company, employees of the Company, who hold relevant posts in executive management of the Company and have direct influence on the results of finance and economics of the Company. List of positions, referred to the category of key officials, is made up by the Board of Directors of the Company.

«**Confidentiality**» - keeping secret the information of the Company and its business from the third parties.

«**Conflict of interest**» - any collision of interests of the Company and interests of a member of the Board of Directors or a member of executive bodies of the Company. Interest of a member of the body of the Company is understood as direct or indirect personal interest or interest for the benefit of the third party. Interest for the benefit of the third party arise on account of business, friendly, family and other connections and relations or on account of holding a position in another company by a member of the body of the Company or by its affiliated parties, holding shares (participatory interests, stock) in another corporation by a member of the body of the Company or by its affiliated parties, which can give rise to contradictions between its duties to the Company and duties to other parties.

**«Loyalty»** - attitude of a member of the Board of Directors towards the Company, when a member of the Board of Directors refrains from use of its position in the Company in the interests of the third parties.

**«Non-executive member of the Board of Directors (non-executive director)»** - a member of the Board of Directors, meeting the following criteria:

- within the preceding 3 years he/she was not an employee of the Company, an employee of a management company of the Company and an affiliated company of the Company;
- within the preceding 3 years he/she was not a member of bodies of the Company, bodies of a management company of the Company and affiliated companies of the Company;
- his/her spouse, parents, children, full-blood and half-blood brothers and sisters, adoptive parents and adoptees are not members of executive bodies of the Company, not managing directors of the Company and employees of a management company;
- he/she has not been an official of other company, in which any officials of the Company is a member of a committee of the Board of Directors for personnel and remuneration;
- he/she is not an affiliated party of an official (managing director) of the Company (an official of a management company of the Company);
- he/she is not an affiliated party of the Company, excluding such affiliation as membership in the Board of Directors, and an affiliated party of such affiliated parties;
- he/she is not a party of liability of the Company, according to which he/she is able to acquire property (receive funds), amounting to 10 and more percent of his/her total annual income, but for remuneration for participation in operation of the Board of Directors;
- he/she is not a major contractor of the Company (a contractor, whose aggregate annual transaction volume with the Company is 10 and more percent of book value of assets of the Company);
- he/she is not a government agent.

Upon expiration of 7-year office as a member of the Board of Directors a non-executive director cannot be considered a non-executive one.

**«Disinterested member of the Board of Directors (disinterested director)»** - a member of the Board of Directors, not interested in settlement of a transaction by the Company.

**«Employee»** - a person in employment relations with the Company.

**«The Board of Directors»** - a governing board of the Company, formed by general meeting of shareholders out of individuals for general management of the Company within its competence, as prescribed by federal laws and the Articles of the Company, and for control of operation of executive bodies.

**«Significant aspects of business of affiliated corporations of the Company»** - transactions of affiliated corporations of the Company and other aspects of their business, significantly influencing financial results of operation of a group of companies, incorporating the Company and its affiliated corporations.

**«Major transactions of the Company»** - large-scale transactions, interested-party transactions and other transactions, which in accordance with the laws and the Articles of the Company shall be approved by General meeting of shareholders, the Board of Directors or Executive Board.

### **Article 3. Mission and operating principles of the Board of Directors**

1. The Board of Directors performs strategic management of the Company, determines underlying principles and approaches to risk management and internal control in the Company, controls operation of executive bodies of the Company and exercises other functions.

Mission of the Board of Directors is growth of company value, protection of rights and legal interests of shareholders, constant control over executive bodies, provision of completeness, authenticity and fairness of public information about the Company.

2. For fulfillment of its mission the Board of Directors shall be guided by the following principles:

- decision-making on the basis of reliable information on affairs of the Company;
- avoidance of limitation of shareholders' rights for participation in management of affairs of the Company, receipt of dividends and information on the Company;
- achievement of balance of interests of various groups of shareholders and making the fairest decisions in the interests of all shareholders of the Company.

3. Any unavoidable ambiguity of rules, prescribed by laws and regulations, shall be interpreted by the Board of Directors in favour of extension of rights and legal interests of shareholders.

#### **Article 4. Functions of the Board of Directors**

1. For fulfillment of its mission the Board of Directors within its competence exercises the following functions:

- it ensures performance of resolutions of General meeting of shareholders;
- determines development strategy of the Company, defines main focuses of business of the Company in the long-term;
- approves plans and budgets of the Company;
- develops risk management and internal control in the Company;
- assesses political, financial and other risks, influencing business of the Company;
- determines approaches to investment activities, including participation in other companies;
- ensures efficient control of business and financial performance of the Company;
- assesses results of performance of the Company and its bodies;
- sets up the terms of distribution of profits, including declaration of dividends;
- develops systems, methods of motivation and encouragement of personnel;
- provides for disclosure of information on the Company;
- supervises operation of executive bodies of the Company;
- defines policy of the Company on remuneration and (or) reimbursement of expenses (compensations) to the members of the Board of Directors, members of Audit Commission, members of executive bodies and key officials of the Company;
- ensures observation of the applicable laws by the Company;
- ensures observation of principles of corporate governance;
- ensures exercise and protection of shareholders' interests, assists settlement of corporate disputes;
- prevents, discloses and settles conflicts between the bodies of the Company, shareholders and employees of the Company.

2. The Board of Directors is entitled to employ special document management electronic systems (hereinafter referred to as «DMES») for information support and document management.

### **CHAPTER 2. MEMBERS OF THE BOARD OF DIRECTORS**

#### **Article 5. A member of the Board of Directors**

1. A member of the Board of Directors shall be a person with unblemished business and personal reputation, with knowledge, skills and experience, necessary for decision-making on issues, subject to competence of the Board of Directors, and efficient performance of his/her functions.

2. Non-executive directors shall constitute as least one third of elected members of the Board of Directors.

#### **Article 6. Rights of members of the Board of Directors**

1. Members of the Board of Directors of the Company are entitled:

- to receive information on activities of the Company and study its accounting and other documents;

- to demand reimbursement of damages to the Company (art.53.1 of Civil Code of the Russian Federation);
- to challenge transactions of the Company on the grounds, prescribed by art.174 of Civil Code of the Russian Federation or Federal law «Joint stock companies», and demand enforcement of consequences of their invalidity and enforcement of consequences of invalidity of void transactions of the Company, as prescribed in cl.2 art.65.2. of Civil Code of the Russian Federation;
- to demand convocation of a meeting of the Board of Directors;
- to propose issues to the agenda of the meetings of the Board of Directors and decision options thereto;
- to propose nominees to the executive bodies of the Company, if they are formed by the Board of Directors;
- to demand record in the minutes of the meeting of the Board of Directors of its individual opinion on the issues of the agenda, on resolutions;
- to receive remuneration for performance of its duties and (or) reimbursement for expenses, related to performance of functions of a member of the Board of Directors, in cases and in the amount, as determined by the resolution of General meeting of shareholders.

### **Article 7. Obligations of members of the Board of Directors**

1. A member of the Board of Directors shall:

- be loyal to the Company;
- act within the limits of its rights and obligations in accordance with purposes and missions of the Board of Directors;
- act in the interests of the Company reasonably and in good faith, i.e. take care and diligence, to be expected from a good leader, and take all measures for due performance of its duties. A member of the Board of Directors is deemed to be acting reasonably and in good faith, if he/she is not personally interested in making a particular resolution and carefully examined all the information, necessary for decision-making, and other attendant circumstances shall prove that he/she acted in the interests of the Company only;
- act in the interests of the Company as a whole, but not individual shareholders, officials and other parties;
- not disclose confidential information on affairs of the Company, known to him/her;
- initiate meetings of the Board of Directors for solution of pressing issues;
- attend meetings of the Board of Directors;
- take part in decision-making of the Board of Directors by voting on agenda issues of a meeting;
- make informed decisions and for that purpose study all the necessary information (materials), conduct inquiries and inform all members of the Board of Directors on all the information without distinction, relevant for decision-making;
- when making decisions assess risks and adverse consequences;
- timely inform the Company of its affiliation and changes in it;
- in writing inform the Board of Directors of its intention to close transactions with securities of the Company or its subsidiaries and disclose information of closed transactions with such securities;
- take part in appraisals of projects and programs, offered by the Board of Directors;
- prepare proposals for improvement of business and financial performance of the Company by order of the Board of Directors;
- inform other members of the Board of Directors of known facts of violation by employees of the Company, including officials, of regulatory acts, the Articles, regulations, rules and instructions of the Company;
- prepare and submit for consideration of the Board of Directors issues, subject to its competence;

- offer his/her opinion on annual reports, annual accounting and financial statements, including profit and loss statements (profit and loss accounts) of the Company, procedure of profit distribution, including payment (declaration) of dividends, and distribution of losses of the Company by the results of a financial year;

- a new member of the Board of Directors shall be made aware of affairs of the Company (become fully acquainted with affairs of the Company).

2. A member of the Board of Directors shall inform the Board of Directors of the Company of its intention to take up a post in bodies of other companies and immediately after election (appointment) in bodies of other companies shall inform thereof.

3. Members of the Board of Directors must not take gifts from the persons, interested in making decisions, related to performance of their duties, as well as use any other direct or indirect advantages, provided by such parties (excluding typical courtesies in accordance with common rules of courtesy or small gifts at official events).

### **Article 8. Procedure for exercise of rights and obligations of members of the Board of Directors**

1. Occupation of a member of the Board of Directors is constant and is not limited to making decisions by the Board of Directors.

2. A member of the Board of Directors is provided with a document, confirming its official position as a member of the Board of Directors for exercise of its rights and obligations. The form and text of such documents shall be approved by the Board of Directors and are brought to the notice of all officials and employees of the Company.

3. The Board of Directors is entitled to establish a procedure and provide the corresponding funds, which would enable members of the Board of Directors to seek professional advice on the issues, related to competence of the Board of Directors.

4. A member of the Board of Directors cannot take part in making decisions if there is any conflict of interest. He/she abstains from voting on issues, causing conflict of interest for him/her.

For exclusion of conflict of interest executive directors abstains from voting upon approval of terms of contracts with members of executive bodies of the Company.

5. A member of the Board of Directors refrains from actions, which will or can cause conflict of interest.

### **Article 9. Obligations of officials of the Company to fulfill the requirements of members of the Board of Directors**

1. Chief Executive Officer of the Company, members of Executive Board of the Company, officials and other employees of the Company are obliged by demand of a member of the Board of Directors to provide any information on affairs of the Company, known to them.

2. In case of impossibility to provide the information, requested by a member of the Board of Directors, Chief Executive Officer of the Company, members of Executive Board of the Company, officials and other employees of the Company shall immediately give a reasoned refusal and present it to a member of the Board of Directors in writing within one day.

Refusal to provide information is brought to the notice of the Board of Directors by its member and is specified in the section «Corporate actions» of the annual report of the Company.

3. Chief Executive Officer of the Company is obliged by demand of a member of the Board of Directors to provide access to the information and to enable reproduction of documents and materials.

5. The contracts, concluded by the Company with a head of the company, members of Executive Board of the Company and employees of the Company, shall contain the condition of liability for failure to provide information to a member of the Board of Directors.

6. The information, requested by a member of the Board of Directors of the Company, can be provided via Corporate Secretary.



## **Article 10. Amount and payment period of remuneration of members of the Board of Directors**

1. By the resolution of General meeting of shareholders of the Company and in accordance with the Regulations for remuneration and reimbursements, paid to the members of the Board of Directors of the Company, members of the Board of Directors of the Company receive remuneration and (or) reimbursement for expenses, related to performance of duties of members of the Board of Directors, for the period of performance of their duties.

2. Members of the Board of Directors of the Company are not entitled to receive remuneration and (or) reimbursement for expenses for performance of their duties in any way and by any means for making resolutions by the Board of Directors or other bodies of the Company and for exercise of their rights and obligations as members of the Board of Directors, but for remuneration and (or) reimbursement for expenses, received by the resolution of General meeting of shareholders of the Company.

3. The Board of Directors of the Company on the recommendation of Staff and remuneration committee of the Board of Directors of the Company is entitled to reduce the remuneration, paid to the members of the Board of Directors of the Company in Russian rubles at the exchange rate of USD to RUB, fixed by Central Bank of the Russian Federation, in case of significant increase of official rate of USD to RUB, fixed by Central Bank of the Russian Federation.

## **CHAPTER 3. CHAIRMAN OF THE BOARD OF DIRECTORS**

### **Article 11. Election of the Chairman of the Board of Directors**

1. The Chairman of the Board of Directors is elected by the members of the Board of Directors out of all members, as set forth in the Articles of the Company.

2. The person, performing functions of Chief Executive Officer of the Company, is not entitled to be the Chairman of the Board of Directors at the same time.

3. The Board of Directors is entitled to reelect the Chairman of the Board of Directors, as set forth in the Articles of the Company.

4. Members of the Board of Directors are entitled to elect Deputy Chairman of the Board of Directors, who shall serve as the Chairman of the Board of Directors during his/her absence.

5. If the Chairman of the Board of Directors of the previous composition is elected to a new composition of the Board of Directors, he/she continues performance of its duties as the Chairman till election of new Chairman of the Board of Directors.

If the Chairman of the Board of Directors of the previous composition is not elected to a new composition of the Board of Directors, duties of the Chairman of the Board of Directors till its election are exercised by the eldest member of the Board of Directors.

### **Article 12. Functions of the Chairman of the Board of Directors**

1. The Chairman of the Board of Directors:
- arranges work of the Board of Directors, calls its meetings and takes the chair, provides for keeping the minutes at the meetings;
  - manages development of the workplan of the Board of Directors;
  - makes the agenda of meetings of the Board of Directors;
  - determines the manner of decision-making by the Board of Directors on issues, included into the agenda;
  - determines presence or lack of quorum, necessary for the meeting of the Board of Directors and making resolutions on the issues, included into the agenda;
  - organizes meetings of the Board of Directors in such manner that discussions are of open and comprehensive nature, not overlong, bring to light various points of view and at the same time lead to making agreed, explicit decisions;

- ensures making most effective resolutions on the issues, put to the agenda, and, if necessary, free discussion of such issues, well-intentioned and meaningful atmosphere of meetings of the Board of Directors;
- takes all necessary measures for timely provision to members of the Board of Directors of the information, necessary for making resolutions on the issues of the agenda;
- encourages members of the Board of Directors to free expression of their opinion on the specified issues and their open discussion;
- undertakes the initiative in phrasing of draft resolutions on the issues under discussion;
- provides an opportunity to members of the Board of Directors to express their point of view on the issues under discussion, contributes to searching for mutual resolution of members of the Board of Directors in the interests of the Company;
- ensures efficient operation of committees of the Board of Directors, including taking the initiative for nomination of members of the Board of Directors into its committees, on the basis of their professional and personal skills;
- regularly keeps in touch with other bodies and officials of the Company not only for the purpose of timely receipt of the fullest and most reliable information, necessary for decision-making by the Board of Directors, but also for support of effective teamwork of such bodies and officials among themselves and with the third parties.

2. In case of absence of the Chairman of the Board of Directors its functions are exercised by one of members of the Board of Directors by the resolution of the Board of Directors.

The persons, exercising functions of the Chairman of the Board of Directors in its absence, are entitled to exercise any powers, conferred on the Chairman of the Board of Directors.

3. The Chairman of the Board of Directors is not entitled to authorize other person to exercise its functions.

4. The Chairman of the Board of Directors shall be contactable with shareholders of the Company via personal profile of the website of the Company <http://www.cherkizovo.com> in information and telecommunications network Internet, via Corporate Secretary or via other free and easy way for the shareholders.

## **CHAPTER 4. CORPORATE SECRETARY, SECRETARY OF THE BOARD OF DIRECTORS**

### **Article 13. Appointment of Corporate Secretary**

1. For the purposes of observation of procedures for securing rights of shareholders of the Company and proceedings of the Board of Directors of the Company and its document management, the Board of Directors of the Company appoints Corporate Secretary for the term of office of the current Board of Directors. Only an individual can be appointed to the position of Corporate Secretary. Corporate Secretary may not be a shareholder of the Company and/or a member of the Board of Directors of the Company. Corporate Secretary can be appointed any number of times.

2. Corporate Secretary of the Company for the purposes of performance of its functions, assigned on it by the Articles of the Company and the present Regulations, exercises its functions of secretary of the Board of Directors, provides for document management of the Board of Directors, operation of DMES, arranges practical issues of preparation and conduction of meetings of the Board of Directors and General meetings of shareholders of the Company, performs other obligations, entrusted by the resolutions of the Board of Directors.

3. The Company concludes a contract with Corporate Secretary, it stipulates liability for disclosure of confidential information on affairs of the Company, known to it. Terms of the contract are approved by the Board of Directors in advance.

Corporate Secretary performs its duties till appointment of a new Corporate Secretary or prolongation of its contract.

4. The person, performing functions of Chief Executive Officer of the Company, shall not simultaneously be Corporate Secretary.

5. The Board of Directors is entitled to make a resolution on early termination of office of Corporate Secretary and appointment of a new Corporate Secretary from time to time.

#### **Article 14. Obligations of secretary of the Board of Directors**

1. Secretary of the Board of Directors:

- keeps and makes the minutes of meetings of the Board of Directors;
- counts the results of voting on the resolutions, made by poll (absentee voting);
- keeps a record of and stores incoming documentation and copies of outgoing documents of the Board of Directors;
- in advance informs members of the Board of Directors on conduction of meetings of the Board of Directors, sends information (materials), provided to members of the Board of Directors before the meeting;
- sends to members of the Board of Directors voting forms for making resolutions by the Board of Directors, made by poll (absentee voting);
- renders technical and organizational support to members of the Board of Directors in the process of preparation of agenda issues of a meeting of the Board of Directors, including provision of regulatory acts, reference and other materials, necessary for making informed decisions by the Board of Directors;
- informs absent members of the Board of Directors on the results of a meeting and resolutions made;
- stores minutes of meetings of the Board of Directors;
- stores resolutions of the Board of Directors, made by poll (absentee voting);
- stores voting forms, sent to the Board of Directors by the members of the Board of Directors for making resolutions by the Board of Directors, made by poll (absentee voting).

2. For operation of secretary of the Board of Directors the budget (estimate of expenditure) of the Company (the Board of Directors) shall cover expenditure of funds, approved by the Board of Directors.

### **CHAPTER 5. MEETING OF THE BOARD OF DIRECTORS**

#### **Article 15. Convocation of meetings of the Board of Directors**

1. The meeting of the Board of Directors is convened by the Chairman of the Board of Directors by its initiative or on demand of persons, specified in cl.1 art.68 of Federal law «Joint stock companies» and the Articles of the Company.

2. When making the resolution on convocation of a meeting of the Board of Directors the persons, convening it, shall determine:

- date, time and place of the meeting;
- wording of agenda issues of the meeting;
- the list of information (materials), presented by members of the Board of Directors for the meeting;
- the list of present non-members.

#### **Article 16. Place and time of meetings of the Board of Directors**

1. It is not permitted to conduct a meeting in the place and in time, offering considerable difficulties for presence of most members of the Board of Directors or making such presence impossible.

2. It is not permitted to conduct meetings at night time (from 10:00 pm to 08:00 am local time).

3. It is not permitted to conduct meetings in manufacturing area or other premises, where normal work of the Board of Directors is impossible.

### **Article 17. Notification of members of the Board of Directors on convocation and conduction of meetings of the Board of Directors**

1. All members of the Board of Directors shall be notified of convocation of a meeting of the Board of Directors at least 5 (Five) days before the meeting. Notification of a meeting is sent to members of the Board of Directors in writing or otherwise as convenient to them, including by e-mail, to the address of a member of the Board of Directors or to its correspondence address.

2. Notice of a meeting shall contain:

- an initiator of a meeting (name of an initiator or name of a body or company, which demands a meeting);
- agenda issues;
- reasons for inclusion of such issues to the agenda;
- manner of decision-making by the Board of Directors;
- place and time of a meeting.

3. Information (materials) is provided to members of the Board of Directors at least 5 (Five) days before a meeting of the Board of Directors. Such information is sent in writing or otherwise as convenient to them, including by e-mail, to the address of a member of the Board of Directors or to its correspondence address. Besides, such information (materials) is provided to all members of the Board of Directors, present at the meeting.

A member of the Board of Directors is entitled to demand provision of additional information, if such information is necessary for making an informed decision.

### **Article 18. Change of place and time of meetings of the Board of Directors**

1. If there are circumstances, which make it impossible or complicate conduction of a meeting of the Board of Directors in the place and (or) time, of which member of the Board of Directors were notified, the meeting with the planned agenda can be conducted in another place and (or) other time. Such meeting shall take place within 3 days from the date of failed meeting.

2. All members of the Board of Directors shall be notified by the Chairman of the Board of Directors upon change of the place and (or) time of a meeting of the Board of Directors with allowances made for time, reasonably required for arrival of members of the Board of Directors to a meeting. Notice of above changes shall be sent to members of the Board of Directors in any form, which guarantees receipt of a notice by a member of the Board of Directors at the address of location of a member of the Board of Directors or at its correspondence address.

### **Article 19. Demand for a meeting of the Board of Directors**

1. Demand for a meeting of the Board of Directors is submitted to the Chairman of the Board of Directors or sent to the Company in writing and shall contain the following details:

- an initiator of a meeting (name of an initiator or name of a body or company, which demands a meeting);
- agenda issues;
- reasons for inclusion of such issues to the agenda;
- address to send a response to the demand.

2. The demand shall be signed by an initiator of a meeting.

If the demand is made by Executive Board or Audit Commission of the Company, it shall be signed by members of such body, who voted «for» the resolution on the demand.

If the demand is made by a shareholder (shareholders) of the Company, exercising its rights, prescribed by the Articles of the Company, to demand convocation of a meeting of the Board of Directors, the demand shall be signed by a shareholder (shareholders) or its representative. If the demand is sent by a representative, the demand shall be accompanied with a power of attorney or contract in accordance with art.185 of Civil Code of the Russian Federation or certified by a notary.

## **Article 20. Refusal to convene a meeting of the Board of Directors**

1. The Chairman of the Board of Directors is not entitled to refuse to convene a meeting, excluding the following cases:

- the demand for a meeting does not comply with regulatory acts, the Articles, the present Regulations or other internal documents of the Company;
- an initiator of convocation is not entitled to demand a meeting of the Board of Directors, as prescribed by federal law and the Articles of the Company;
- issues, offered for inclusion into the agenda of the Board of Directors, are beyond its competence according to law and the Articles of the Company. If only part of questions, offered for inclusion into the agenda of the Board of Directors, are beyond its competence according to law and the Articles of the Company, the rest of issues shall be included into the agenda of a meeting of the Board of Directors to be convened.

2. The Chairman of the Board of Directors shall consider the submitted demand and make a resolution on convocation of a meeting of the Board of Directors or refusal to convene a meeting within 3 days from the date of the demand.

3. The Chairman of the Board of Directors shall inform initiators of a meeting on its resolution within 3 days from the date of the resolution.

4. A meeting of the Board of Directors, convened by demand of persons, specified in cl.1 art.68 of Federal law «Joint stock companies» and the Articles of the Company, shall be conducted within 10 days from the date of the demand.

## **Article 21. Obligation of the Board of Directors to consider the issues within its competence**

1. The Chairman of the Board of Directors shall convene a meeting of the Board of Directors for making resolutions on the following issues:

- convocation of annual general meeting of shareholders and making resolutions, necessary for its convocation and conduction, prescribed by cl.1 art.54 of Federal law «Joint stock companies»;
- prior approval of the annual report of the Company according to cl.4 art.88 of Federal law «Joint stock companies»;
- consideration of proposals of shareholders for inclusion of issues to the agenda of annual general meeting of shareholders and nomination into bodies of the Company in accordance with cl.1 and 2 art.53 of Federal law «Joint stock companies» and making resolutions on inclusion of issues into the agenda of annual general meeting of shareholders and inclusion of nominees into the list of nominees for voting at election into bodies of the Company, or on refusal of inclusion;
- convocation of general meeting of shareholders for election of new Board of Directors in cases, prescribed by cl.2 art.68 of Federal law «Joint stock companies».

If the Chairman of the Board of Directors does not convene a meeting of the Board of Directors for solution of the above issues, such meeting can be convened by any member of the Board of Directors.

## **Article 22. Meeting of the Board of Directors**

1. Meetings of the Board of Directors are conducted as and when necessary, but at least 5 (Five) times a year, in accordance with the meeting plan, approved by the Board of Directors. The plan shall contain a list of issues to be considered at the meetings. The list of such issues is made with due consideration to the opinion of persons and bodies, entitled to demand convocation of a meeting of the Board of Directors in accordance with law and the Articles of the Company.

Such plan and list can be changed and complemented.

2. Members of the Board of Directors, participating in a meeting, shall be registered in a special book.

3. For making the resolutions by the Board of Directors its members, present at the meeting, express their opinion on agenda issues by open roll-call voting.

4. For making the resolutions at a meeting of the Board of Directors each member of the Board of Directors has one vote.

Transfer of voting right by a member of the Board of Directors to another person, including other member of the Board of Directors, is prohibited.

5. Non-members of the Board of Directors can be invited to a meeting of the Board of Directors: members of executive bodies of the Company, members of Audit Commission of the Company, officials and heads of business units of the Company, representatives of an auditor of the Company, experts and consultants, etc.

6. The Chairman determines presence of quorum at a meeting of the Board of Directors.

If agenda of a meeting of the Board of Directors includes issues, requiring different number of votes for quorum and decision-making, then quorum is counted separately for each issue of the agenda. The Board of Directors considers and makes resolutions only on those issues, for which there is quorum.

If there is no quorum for issues of the agenda, the meeting is failed. The Chairman after consultations with present members of the Board of Directors declares the time of a new meeting in replacement of a failed one with the same agenda.

If a new meeting in replacement of a failed one is conducted on the same date, meeting notification terms of members of the Board of Directors and terms for submission of information (materials) of a meeting, prescribed herein, do not apply.

### **Article 23. Minutes of meetings of the Board of Directors**

1. The minutes of the Board of Directors are kept by secretary of the Board of Directors and in its absence by one of members of the Board of Directors by order of the Chairman.

2. The minutes of a meeting of the Board of Directors shall be made within 3 days from its conduction.

The minutes of a meeting shall indicate:

- date, time and place of a meeting;
- persons, present at a meeting;
- persons, who provided a written opinion on the issues of the agenda;
- agenda of a meeting;
- issues, put to vote, and the result of voting;
- results of voting on each issue of the agenda;
- resolutions made;
- details of persons, who counted the votes;
- details of persons, who voted against the resolutions and demanded a corresponding

record in the minutes.

The minutes of results of absentee voting shall indicate:

- the last date for acceptance of documents with votes of members of the Board of Directors;

- details of persons, who participated in voting;
- results of voting on each issue of the agenda;
- details of persons, who counted the votes;
- details of persons, who signed the minutes.

The minutes of a meeting of the Board of Directors and the minutes of absentee voting shall be signed by the Chairman of the meeting and secretary of the Board of Directors.

3. If written opinion of a member of the Board of Directors, absent at a meeting of the Board of Directors, is counted for quorum and results of voting on the issues of the agenda, such written opinion shall be appended to the minutes.

4. The Company shall store the minutes of meetings of the Board of Directors at the address of its executive bodies pursuant to the procedure and within the time limit, prescribed by federal executive authority for securities. If such terms are not prescribed, the Company shall store minutes of meetings of the Board of Directors permanently.

The Company shall provide access to minutes of meetings of the Board of Directors to shareholders, members of the Board of Directors, members of Audit Commission, members of executive bodies, an auditor of the Company.

5. Minutes of meetings of the Board of Directors shall be presented by the Company for review in the office of executive bodies of the Company within 7 days from the application for inspection of minutes of meetings of the Board of Directors from the above persons. At the request of the above persons the Company shall make copies from minutes of the Board of Directors. Payment, charged by the Company for such copies, shall not exceed production costs.

## **CHAPTER 6. RESOLUTIONS OF THE BOARD OF DIRECTORS**

### **Article 24. Methods of decision-making of the Board of Directors**

1. Resolutions of the Board of Directors of the Company are made as follows:

- at the meeting of the Board of Directors in the form of joint attendance of members of the Board of Directors;
- at the meeting of the Board of Directors in the form of joint attendance of members of the Board of Directors, for determination of quorum and voting results of which written opinions on the issues of the agenda of absent members of the Board of Directors are counted;
- absentee voting without presence of members of the Board of Directors.

Absentee voting and provision of written opinion of a member of the Board of Directors can be made in electronic form with digital signature and other means, ensuring confidentiality of information exchange.

2. Resolutions on the following issues are made only at meetings of the Board of Directors in the form of joint attendance of members of the Board of Directors, and written opinions of members, absent at a meeting of the Board of Directors, are not counted for quorum and results of voting:

- approval of business priorities and budgets of the Company;
- resolutions on convocation and refusal from convocation of an extraordinary general meeting of shareholders;
- election and reelection of the Chairman of the Board of Directors;
- proposal for consideration by general meeting of shareholders of the issue of reorganization and liquidation of the Company;
- formation of executive bodies of the Company;
- approval of major transactions of the Company;
- approval of the registrar of the Company and terms of contract with it and termination of the contract with it;
- proposal for consideration by general meeting of shareholders of the issue of delegation of authorities of Chief Executive Officer of the Company to a management company or a managing director;
- consideration of significant aspects of business of affiliated companies of the Company;
- issues, related to receipt by the Company of mandatory or voluntary offer;
- issues, related to increase of the authorized capital of the Company (including determination of price of the property, offered as payment for additional shares of the Company);
- assessment of business of the Company for an accounting period;
- issues, related to listing and delisting of shares of the Company;
- consideration of results of performance evaluation of the Board of Directors, executive bodies of the Company and key officials;

- resolutions on remuneration of members of executive bodies of the Company and other key officials;

- consideration of risk management policy;
- approval of dividend policy of the Company.

3. The resolution of the Board of Directors, made at a meeting of the Board of Directors, comes into effect from the moment of announcement of voting results on such issue.

4. The resolution of the Board of Directors, made by absentee voting, comes into effect from the date of the minutes, but within 3 days from the last date of acceptance of voting forms.

5. A member of the Board of Directors shall inform the Board of Directors in advance of impossibility of its presence at a meeting of the Board of Directors with reasons given.

6. Consent of the Board of Directors for concurrent service of General Director in management bodies of other companies is given by a special resolution of the Board of Directors on the issue of such consent. The above issue shall be included into the agenda of a meeting of the Board of Directors separately from other issues of the agenda. The corresponding resolution shall contain:

- full name of the company, consent for concurrent service in which is given;
- name of the position, consent for concurrent service in which is given;
- the permitted term of concurrent service;
- other terms of concurrent service, if the Board of Directors thinks fit to prescribe them.

Taking notice of such concurrent service by the Board of Directors is not deemed to be a consent of the Board of Directors for concurrent service of General Director in management bodies of other companies, even if the Board of Directors makes resolutions on other issues within its competence.

### **Article 25. Record of written opinion of a member of the Board of Directors, absent at a meeting**

1. The Board of Directors can make resolutions at a meeting of the Board of Directors, conducted in the form of joint attendance of members of the Board of Directors, in which written opinions of members of the Board of Directors, absent at a meeting of the Board of Directors, are counted for quorum and results of voting.

Written opinion shall be submitted by a member of the Board of Directors to the Chairman of the Board of Directors before a meeting of the Board of Directors.

Written opinion of a member of the Board of Directors can contain its voting on all issues of the agenda or on separate issues. Written opinion of a member of the Board of Directors is counted only for quorum and voting results on those issues of the agenda, which are contained in written opinion of a member of the Board of Directors.

2. If copy of written opinion of a member of the Board of Directors was not included into the information (materials), provided to members of the Board of Directors before the meeting, the Chairman shall announce written opinion of a member of the Board of Directors, absent at a meeting of the Board of Directors, before the start of voting of the issue, regarding which the opinion is expressed.

If a member of the Board of Directors is present at a meeting of the Board of Directors, its written opinion, received before a meeting, is not announced at a meeting and not counted for quorum and voting results.

### **Article 26. Making resolutions by absentee voting of the Board of Directors**

1. The resolution of the Board of Directors can be made by absentee voting without joint attendance of members of the Board of Directors, excluding cases, prescribed in the Articles of the Company.

2. The resolution on conduction of absentee voting is made by the Chairman of the Board of Directors.



3. The resolution on conduction of absentee voting shall approve:

- issues, put to vote;
- text and form of a voting form;
- the list of information (materials), provided to members of the Board of Directors;
- the date of delivery of voting forms and information (materials) to members of the Board of Directors;
- the last date of acceptance of voting forms.

Voting forms and information (materials) on the issues, put to vote, can be sent to members of the Board of Directors by any of the following means:

- by registered mail;
- delivered by hand against signature;
- by e-mail.

### **Article 27. Voting forms**

1. Voting form shall contain the following details:

- full business name of the Company;
- the last date of acceptance of voting forms;
- wording of each issue, put to vote, and voting options, expressed as «for», «against»

and «abstain»;

- a note, that voting form shall be signed by a member of the Board of Directors, including by digital signature.

2. Members of the Board of Directors, whose voting forms are received within the period, prescribed for acceptance of voting forms, are deemed to be participators of absentee voting.

3. The minutes are made by the results of absentee voting within 3 days from the last date of acceptance of voting forms. Such minutes are signed by the Chairman, who is responsible for accuracy of the minutes.

The resolutions, made by absentee voting of the Board of Directors, and results of absentee voting are brought to notice of members of the Board of Directors within 3 days from signature of the minutes on voting results of absentee voting by sending to them a copy of such minutes.

4. The voting form shall be accompanied with detailed written opinion of a member of the Board of Directors, reflecting its opinion on the issue, put to vote.

## **CHAPTER 7. AWARENESS OF A MEMBER OF THE BOARD OF DIRECTORS AS TO AFFAIRS OF THE COMPANY**

### **Article 28. Awareness of a member of the Board of Directors as to affairs of the Company**

Each new member of the Board of Directors shall be aware of affairs of the Company (become fully acquainted with the Company), which implies its knowledge of history of the Company, its corporate structure and staff, the Articles of the Company, internal regulations and provisions, proceedings of the Board, annual reports of the Company, minutes of ordinary and extraordinary general meetings of shareholders, minutes of meetings of the Board, other information.

Corporate Secretary of the Company shall provide to each member of the Board of Directors certified copies of the Articles and internal documents of the Company, regulating operation of its bodies.

If there are unfulfilled resolutions of general meeting of shareholders, certified extracts from minutes of general meeting of shareholders, containing such resolutions, are provided to members of the Board of Directors as well.

Corporate Secretary of the Company informs members of the Board of Directors of affairs of the Company.

### **Article 29. Introduction of a member of the Board of Directors to officials of the Company**

1. Each new member of the Board of Directors shall be introduced to officials of the Company.

2. Chief Executive Officer shall introduce each new member of the Board of Directors to officials of the Company within 10 days from vote counting at elections of the Board of Directors.

In the course of its introduction a member of the Board of Directors shall inform about its personal details, whether he/she is a non-executive or executive director. Besides, he/she shall inform, if membership in the Board of Directors of the Company is his/her primary occupation.

## **CHAPTER 8. CONFLICT OF INTERESTS OF MEMBERS OF THE BOARD OF DIRECTORS WITH INTERESTS OF THE COMPANY**

### **Article 30. Concurrent service of a member of the Board of Directors in other companies**

1. A member of the Board of Directors is not entitled to participate in authorized (share) capitals of corporations, competing with the Company, unless otherwise prescribed by the Articles.

2. Concurrent service of a member of the Board of Directors in management bodies of other companies is permitted only with written consent of the Board of Directors.

### **Article 31. Interested-party transactions**

1. For the purpose of timely recognition and duly approval of interested-party transactions a member of the Board of Directors shall:

- inform the Board of Directors, Audit Commission, an auditor of the Company on the corporations, in which he/she holds individually or jointly with an affiliated party (parties) 20% or more voting shares (participatory interests, stock);

- inform the Board of Directors, Audit Commission, an auditor of the Company on companies, in whose management bodies he/she holds office;

- inform the Board of Directors, Audit Commission, an auditor of the Company on the details of the spouse, parents, children, full-blood and half-blood brothers and sisters, adoptive parents and adoptees;

- inform the Board of Directors, Audit Commission, an auditor of the Company of the corporations, in which his/her spouse, parents, children, full-blood and half-blood brothers and sisters, adoptive parents and adoptees hold individually or jointly with general director 20% or more voting shares (participatory interests, stock);

- inform the Board of Directors, Audit Commission, an auditor of the Company on companies, in whose management bodies his/her spouse, parents, children, full-blood and half-blood brothers and sisters, adoptive parents and adoptees hold office;

- inform the Board of Directors, Audit Commission, an auditor of the Company on transactions, in which he/she can be acknowledged to be interested;

- abstain from making resolutions, in which he/she is interested;

- abstain from voting on issues, in whose resolutions he/she is personally interested;

- immediately inform the Board of Directors via secretary of the Company of its interest and grounds for its origination.

2. Refrain from actions, which can lead to conflict of its interests and interests of the Company, and if there is such conflict, immediately inform the Board of Directors via Corporate Secretary of the Company.

### **Article 32. Non-executive member of the Board of Directors**

1. Each of non-executive members of the Board of Directors, responsible for performance of certain functions of the Board of Directors, shall have professional knowledge in the branch of the corresponding function (industry of the Company, crisis management, corporate governance, financial analysis, audit, etc.).

2. Non-executive director shall refrain from performance of any actions, which can result in cessation of his/her independence. If after election to the Board of Directors there are changes or circumstances, in consequence of which non-executive director ceases to be one, such director submits a detailed statement to the Board of Directors, explaining such changes and circumstances. In such case and in case if the Board of Directors otherwise finds out about such changes or circumstances, the Board of Directors shall inform the shareholders, and, if necessary, shall convene an extraordinary General meeting of shareholders for election of new Board of Directors.

3. Annual report of the Company contains information on non-executive directors.

### **Article 33. Disclosure of information on interested-party transactions of members of the Board of Directors**

1. Annual report of the Company shall contain information on transactions, concluded by the Company with a member of the Board of Directors and with:

- his/her spouse, parents, children, full-blood and half-blood brothers and sisters, adoptive parents and adoptees;
  - affiliated parties of a member of the Board of Directors,
  - corporations, in which the above persons hold 20% or more voting shares (participatory interests, stock);
  - companies, in whose management bodies the above persons hold office,
- if the above persons are a party, beneficiary, intermediary or representative in such transaction with the Company.

Information on the above transactions shall include details of all participants, date of the transaction, its performance, price and approval of the transaction by the Board of Directors or General meeting of shareholders.

Delayed and incomplete provision of information by a member of the Board of Directors on interested parties and interested-party transactions, is taken into account for assessment of his/her performance and determination of his/her remuneration.

### **Article 34. Procedure of notification of intention of a member of the Board of Directors to appeal to court**

1. A member of the Board of Directors, claiming damages to the Company or invalidation of a transaction of the Company or enforcement of consequences of void transactions, shall take reasonable measures for prior notification of shareholders of the Company, members of the Board of Directors and the Company of its intention to appeal to court with such claims and shall provide related information.

2. 30 (Thirty) days before submission of a statement of claim to court a member of the Board of Directors shall send to the Company a copy of such statement of claim or another statement and all attached documents by registered mail with return receipt requested or submit the above documents to the Company. Shareholders of the Company and other members of the Board of Directors are notified via the Company. Additionally a member of the Board of Directors is entitled to send the above documents to other members of the Board of Directors.

3. A member of the Board of Directors, who appealed to court, shall provide to the Company, shareholders of the Company and other members of the Board of Directors any information, related to the case, including information of agreement to hear a statement of claim or other statement and progress of the proceedings and the related court orders, including introduction of new parties to the case, change of grounds and subject of the claim, injunctive relief, waiver of claim, admission of claim, amicable agreement, adoption of a court order, closing the case in

commercial court, and other information, related to the case. The above information is provided to the Company, shareholder of the Company or other member of the Board of Directors within 7 (Seven) days from the moment of receipt by a member of the Board of Directors, who appeals to court, of written request of the Company, shareholder of the Company or a member of the Board of Directors.

### **Article 35. Information on performance of the Board of Directors**

1. Annual report and web-site of the Company in information and telecommunications network Internet discloses information on:

- the number of meetings of the Board of Directors and its committees, conducted in the previous year, specifying the form of meetings, presence of members of the Board of Directors at such meetings;
- activities of the Board of Directors for organization of efficient risk management and internal control system in the Company;
- assessment of performance of the Board of Directors and executive bodies of the Company.