

APPROVED BY

ANNUAL GENERAL MEETING OF  
SHAREHOLDERS

Sistema-Hals JSC

Resolution No.22 dated 28/06/2011

## **Joint Stock Company HALS-Development**

# **ARTICLES OF ASSOCIATION**

Moscow 2011

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## **I. GENERAL PROVISIONS**

### **1. BASIC PROVISIONS**

1.1. Joint Stock Company HALS-Development (previous name: Sistema-Hals JSC), registered by Moscow Registration Chamber on the 21 of January 1994, Registration No. 850.856. It is put in the Unified State Register of Legal Entities of Moscow Inter-district Inspection of Ministry of Taxes and Levies of Russia № 39 on the 16 of July 2002. OGRN 1027739002510, the form is Close corporation. On the base of the Resolution of General Meeting of Shareholders the form was changed on Joint Stock Company, Resolution № 8 dated 17 May 2006. Now it is Joint Stock Company.

1.2. Joint Stock Company HALS-Development (hereinafter referred to as "Company") is established and operates in accordance with the Civil Code, "Joint Stock Companies" Federal Law (hereinafter - the "Act"), other standard acts of the Russian Federation and this Articles.

1.3. The full name of the Company in Russian: **Joint Stock Company HALS-Development.**

1.4. Abbreviated name of the Company in Russian: **HALS-Development JSC.**

1.5. The full name of the Company in English: **Joint Stock Company HALS-Development.**

1.6. Abbreviated name of the Company in English: **HALS-Development JSC.**

1.7. Location of the Company: **p.4. 35, Bol'shaya Tatarskaya st., Moscow, Russian Federation, 115184.**

1.8. The lifetime of the Company is not limited.

### **2. PURPOSE, SUBJECT AND ACTIVITIES OF COMPANY**

2.1. The purpose of the establishment and operation of the Company is a profit earning through business activity.

2.2. To realize its purpose the Company undertakes the following activities:

- Design, construction, reconstruction, restoration of industrial, residential and sociocultural objects, systems and service lines;
- Investment activities, organization of investment competition, selection and implementation of investment projects, attraction of foreign investments in Russian economy;
- Management of companies and investment projects on a contractual basis;
- Provide to companies, organizations and individuals (including foreign) a variety of consulting and management, information analysis, audit, legal advices, intermediary services, marketing and other services;
- Operate on the stock exchange market and OTC goods market;
- Participation in the privatization of enterprises on the procedure determined by law;
- Development and sales of innovative programs and projects;
- Realization (organization) research and development works;
- Realization (organization) of production for industrial and consumer goods;
- Realization of trade, commerce, intermediary and other forms of commercial activity;
- Realization of foreign economic activity in accordance with the laws;
- Purchase, creation, management, use, acceptance and leasing, sale and alienation of movable and immovable property.

2.3. The Company is entitled to perform any other activities that meet its purposes and not prohibited by applicable law.

2.4. Activities which are subject to licensing, can be realized under appropriate licenses.

2.5. During realizing its activities Company can attract independent appraisers in cases stipulated by current legislation, as well as in other cases, the procedure of which is regulated by internal documents of the Company.

### **3. LEGAL STATUS OF COMPANY**

3.1. In accordance with the laws of the Russian Federation the Company is a legal entity, owns separate estate, accounting on its independent balance, may on its own behalf purchase and realize property and personal rights, have obligations, be a plaintiff or defendant in court.

3.2. Company has a round seal, stamps and forms with its full name in English and Russian and an indication of the location of the Company and a trademark registered in the way determined by law. The company may have a logo and other means of visual identification.

3.3. The Company can participate in other organizations, have subsidiaries and affiliates in the Russian Federation and abroad.

3.4. The Company can participate in unions, associations, organizations and others on the terms not contradict to current legislation. The Company can cooperate in any form which is not prohibited by law with international financial organizations.

3.5. The Company may establish branches and open representative offices in Russia and abroad. Separated subdivisions of the Company are not legal entities and operate on the base of Regulations approved by the Directors'

Meeting of the Company. Heads of branches and representative offices shall be appointed by the President and their powers determined by powers of attorney given to them.

3.6. Branches and representative offices are responsible for the obligations of the Company and the Company is responsible for their obligations.

3.7. The Company has civil rights and assumes civil obligations through its bodies, acting in accordance with the law, other legal acts and this Articles.

3.8. The Company is not liable for the obligations of its shareholders, and shareholders are not liable for the obligations of the Company and bear the risk of losses in accordance with the value of their shares. The Company is not responsible for the obligations of the state and its authorities, and the state and its authorities are not responsible for the obligations of the Company.

3.9. The Company is responsible for safety of internal documents (including management, financial and economic, staff and others), provides transfer of the cultural, scientific and historical document for the state storage to the central archives of Moscow.

3.10. The Company realizes public actions on preparedness activity in accordance with current legislation and regulations of the Government of Moscow.

## **II. AUTHORIZED CAPITAL STOCK AND SECURITIES OF COMPANY**

### **4. AUTHORIZED CAPITAL STOCK OF COMPANY. GENERAL PROVISIONS**

4.1. The Authorized capital stock of the Company determines the minimum size of the property of the Company, which is guaranteed the interests of its creditors.

4.2. The Authorized capital stock of the Company is 560,854,700 (Five hundred sixty million eight hundred fifty four thousand and seven hundred) rubles 00 kopecks.

4.3. The Authorized capital stock of the Company consists of 11,217,094 (Eleven million two hundred seventeen thousand and ninety four) issued common shares of the Company each has the nominal value of 50 (fifty) rubles.

4.4. The quantity of declared common nominal shares of the Company is 500,000,000 (Five hundred million), the nominal value of each is 50 (fifty) rubles. Specified in this paragraph declared shares of the Company, if they will be issued, provide to shareholders the same rights as issued shares of the Company provide.

4.5. The Company can make the consolidation of issued common shares of the Company, the result is two or more common shares of the Company are converted into one new common share of the Company. This Articles should be amended with proper changes of the nominal value and the amount of issued and declared common shares.

4.6. The Company can make splitting of issued common shares; the result is one common share of the Company is converted into two or more common shares of the Company. This Articles should be amended with proper changes of the nominal value and the amount of issued and declared common shares.

### **5. SHARES OF THE COMPANY. REGISTER OF SHAREHOLDERS**

5.1. Common share of the Company is book-entry nominal issued security, which gives its owner (shareholder) a certain amount of property rights, including the right to participate in the management of the Company, have a part of the Company's profit as dividends, and the right to receive a part of the property remained after the liquidation of the Company.

5.2. The rights which are given by share of the Company are determined by law and this Articles.

5.3. The rights which are given by share of the Company transfer to the transferee at the moment of the transfer of rights to this security.

5.4. The rights of shareholders on their shares is certified in the register keeping system – by records on personal accounts making by Register Holder – or if use depository – by records of the depot accounts in depositories.

5.5. The right on a share of the Company transferred to the transferee from the date of making by Register Holder a record on the personal account of the transferee in the register system, or if use depository – from the date of making by depository activity person a receipt record on the depot account of transferee.

5.6. Shareholders' Register contains information about each registered person, the quantity and categories (types) of shares this person has and other information determined by current legislation.

5.7. The Company should provide record keeping and safety of the Register of shareholders in accordance with the requirements of current legislation.

### **6. INCREASE IN AUTHORIZED CAPITAL STOCK OF COMPANY**

6.1. The authorized capital stock of the Company can be increased by increase of the nominal value of shares of the Company or by issuing of additional shares, this decision is taken on the General Meeting of Shareholders or the Directors' Meeting, in accordance with paragraphs 13.5.6. and 18.2.5. of this Articles.

- 6.2. Increase in authorized capital stock by increase of the nominal value of shares is carried out only on the base of the Company's property. Increase in authorized capital stock by issuing of additional shares is carried out only on the base of the Company's property.
- 6.3. If increase in authorized capital stock by issuing additional shares, the quantity of additional shares should not exceed the quantity of declared shares determined in this Articles. If the quantity of declared shares is not enough for issuing of the defined quantity of additional shares, according to this Articles and current legislation the decision on increase in authorized capital stock and to issue additional shares can be taken at the same time.
- 6.4. Additional shares of the Company can be issued by subscription or conversion, and also by distribution among all shareholders - in the case of increase in the authorized capital stock of the Company on the base of its property.
- 6.5. The Company can issue additional shares by a public and private subscription.
- 6.6. If shareholders of the Company exercise of preferential rights to take up shares the issuing price of additional shares can be lower than the issuing price for other persons but not more than on 10% (ten percent). At the same time issuing price of such additional shares can not be lower than their nominal value.
- 6.7. In accordance with the Resolution to increase the authorized capital stock of the Company, payment for additional shares issuing by subscription, can be done by cash, securities, other property or property rights or other rights which has a monetary value.
- 6.8. Additional shares of the Company issued by subscription must have full payment.
- 6.9. If the authorized capital stock was increased by issuing of additional shares on the base of the Company's property, these shares are distributed among all shareholders. In this case each shareholder take up shares of the same category (type) as they own in proportion to the quantity of shares they own.
- 6.10. The authorized capital stock increasing amount, which is based on the Company property, should not exceed the difference between the value of net assets of the Company and the value of authorized capital stock and reserve fund of the Company.

## **7. REDUCTION OF AUTHORIZED CAPITAL STOCK OF THE COMPANY**

- 7.1. The Company can in the cases stipulated by law and this Articles reduce its authorized capital stock.
- 7.2. The authorized capital stock of the Company can be reduced by reducing the nominal value of shares or reducing their total quantity by intake of these shares.
- 7.3. The Company has the right to take up a part of issued shares to reduce the authorized capital stock, the procedure and the terms of that determined by law.
- 7.4. If the value of net assets is less than the value of the authorized capital stock, the Company must reduce its authorized capital stock to an amount not exceeding the value of its net assets in the way determined by law.
- 7.5. The Company can not reduce its authorized capital stock, if such reduction will make it less than the minimum authorized capital stock determined by law on the date of submission of the documents for state registration of the amendments to the Articles of the Company. If the Company must reduce its authorized capital stock according to law requirements the minimum authorized capital stock determined on the date of state registration.

## **8. OTHER ISSUING SECURITIES OF COMPANY**

- 8.1. Except the additional shares the Company can issue bonds and other securities issued in accordance with the requirements of current legislation.
- 8.2. The Company is not entitled to issue bonds and other issuing securities convertible into shares of the Company, if the quantity of declared shares of certain categories and types is less than the quantity of shares of these categories and types, which can be taken up under these securities. According to this Articles and current legislation the decision to increase the quantity of issuing securities convertible into shares of the Company and the decision to change the quantity of declared shares determined in this Articles can be taken at the same time.
- 8.3. If entitled persons exercise their preferential rights to take up issuing securities convertible into shares of the Company the issuing price of these securities can be lower than the issuing price for other persons but not more than on 10% (ten percent). At the same time issuing price of such securities can not be lower than nominal value of shares they converted in.
- 8.4. Payment for the issuing securities issued by the Company (except for the additional shares and issuing securities convertible into shares of the Company) can be exercised only in money.
- 8.5. Issuing securities of the Company issued by subscription must have full payment.
- 8.6. Retirement of the bonds of the Company can be in cash or other assets in accordance with the Resolution on their issue.
- 8.7. Features of the issuing procedure depending on the type of securities, the way of their issuing and determined by applicable law.

### **III. SHAREHOLDERS. RIGHTS AND OBLIGATIONS**

#### **9. GENERAL PROVISIONS**

9.1. Shareholder of the Company is a person, who holds shares of the Company in accordance with current legislation and this Articles. The quantity of shareholders is not limited.

9.2. Shareholders are not liable for the obligations of the Company and bear the risk of losses in accordance with the value of their shares.

9.3. Unless otherwise provided by law, if two or more persons have a lawful right of common property on one or more shares all such persons are recognized by the Company as a shareholders and exercise their rights of shareholders, including the right to vote at the General Meeting of shareholders realizing by one of them or by their common representative. The powers of each of these persons must be properly executed. The joint owners of shares are jointly responsible on the obligations of shareholders.

9.4. A person came into possession of fractional share on the base of current legislation and this Articles is recognized by the Company as a shareholder of the Company. Fractional share of the Company gives to the shareholder the same rights as the entire share gives, the volume of these rights is determine by the that part of the entire share he has.

9.5. Legal status of shareholders of the Company determined by the volume of rights and obligations assigned to them. Rights of shareholder (s) of the Company to the Company and other shareholders are determined by the category, type and the quantity of shares they hold.

#### **10. RIGHTS OF SHAREHOLDERS**

10.1. Shareholder (s) having in the aggregate one (1) entire common share of the Company, have 1 (one) voice in the voting at the General Meeting of Shareholders of the Company. Fractional common share of the Company gives to the shareholder the appropriate part of voice.

10.2. Each common nominal share of the Company gives to the shareholder the same volume of rights including:

10.2.1. The right to participate in the managing of the Company, including participation in the General Meeting of Shareholders and voting on all proposal discussing on it use the quantity of voices, determined by the amount of the common shares they hold;

10.2.2. The right to get dividends from the Company's net profit;

10.2.3. The right to get a part of the Company's property in case of its liquidation;

10.2.4. The right to alienate all or part of the shares without the consent of other shareholders or the Company;

10.2.5. The right to claim the redemption of all or part of the shares in cases determined by law;

10.2.6. Preemptive right to take up additional common shares and securities convertible into common shares issued on the base of public subscription, private subscription and other terms determined by law in proportion to the quantity of the shares of this category the shareholder has;

10.2.7. During realization a preemptive right to take up additional common shares and securities convertible into common shares issued by the Company, the shareholder has the right to pay for them by cash, if the Resolution on issuing of such issuing securities provided the payment by non-monetary funds;

10.2.8. The right to claim from the Register Holder of the Company to confirm its rights on the shares of the Company by the excerpt from the Register of Shareholders, if it is not a security;

10.2.9. The right to claim from the Company to provide him an extract from the list of the persons entitled to take part in the General Meeting of Shareholders, which contains the information about the shareholder, or a certificate that he was not put in the list of persons entitled to take part in the General Meeting of Shareholders;

10.2.10. The right to claim from the Company to provide him an extract from the list of persons entitled to demand the redemption of shares owned by them, containing information about the shareholder, or a certificate that he is not put in the list of persons entitled to demand the redemption of their shares by the Company;

10.2.11. The right to claim from the Company to provide him an extract from the list of persons having the preemptive right to take up additional shares and securities convertible into shares issued by the Company, which contains the information about the shareholder, or a certificate that he is not put in a list of such persons;

10.2.12. The right of access to the documents of the Company as defined by the "Joint Stock Companies" Federal Law;

10.2.13. The right of unimpeded access to the information (materials) which can be required to shareholders during realization of his right to attend the General Meeting of Shareholders and preparation for it;

10.2.14. The right to appeal to a court for cancellation of big transaction, and the transaction which can have interests, realized by the Company in violation of procedure determined by law;

10.2.15. The right to appeal against the decision taken by the General Meeting of Shareholders in violation of the law and this Articles, if he did not participate in the General Meeting of Shareholders or voted against the decision and this decision violated his rights and (or) legitimated interests;

10.2.16. Apply to court against a member of the Directors' Meeting, the President of the Company, a member of the Administration of the Company, who violate the procedure of taking up the shares on the Company, determined in

Chapter XI.1 "Joint Stock Companies" Federal Law, for payment of damages caused to the Company by their culpable actions (or inaction);

10.2.17. Other rights stipulated by the legislation.

10.3. Shareholder (s), having not less than 1% (one percent) of the voting shares of the Company, besides the right, noted in paragraph 10.2, has the right to:

10.3.1. Require from the Company to introduce a list of persons eligible to participate in the General Meeting of Shareholders, providing that they are included in this list. The document details and postal addresses of the individuals included in this list with the consent of those persons;

10.3.2. Apply to court against a member of the Directors' Meeting, the President of the Company, a member of the Administration of the Company for payment of damages caused to it by their culpable actions (or inaction);

10.4. Shareholder (s) who is registered in the Register of Shareholders and have more than 1% (one percent) of voting shares have a right to require from the Register Holder to provide them the data from the Register of Shareholders of the Company such as name of Shareholders and the quantity, category and nominal value of their securities.

10.5. Shareholder (s), having not less than 2% (two percent) of voting shares, besides the right, noted in paragraph 10.2 – 10.4, has the right to:

10.5.1. Make suggestion to the agenda of the Annual General Meeting of Shareholders, nominate candidates (including self-nomination) to the Directors' Meeting of the Company and the Audit Committee of the Company;

10.5.2. Nominate candidates (including self-nomination) to the Directors' Meeting of the Company - if the proposed agenda of an extraordinary General Meeting of Shareholders includes the election of members of the Directors' Meeting of the Company;

10.5.3. Apply to court the requirement to force the Company in accordance with the Constitution and laws of Russia to put his proposal in the agenda of the General Meeting of Shareholders or a candidate in the list of nominees for election to the appropriate bodies of the Company if the Directors' Meeting of the Company refused to put the proposal in the agenda of the General Meeting of Shareholders or a candidate in list of nominees for election to the appropriate bodies of the Company or in case of evasion of the Directors' Meeting of the Company from making such decision.

10.6. Shareholder (s), having not less than 10% (ten percent) of voting shares, besides the right, noted in paragraph 10.2 – 10.5, has the right to:

10.6.1. Require an extraordinary General Meeting of Shareholders on any proposal which is in its competence;

10.6.2. Apply to court the requirement to force the Company to hold an extraordinary General Meeting of Shareholders, if the Directors' Meeting on the base of law and this Articles reject the requirement of holding an extraordinary General Meeting of Shareholders or refuse from holding it;

10.6.3. Require an extraordinary inspection of financial and economic activities realizing by Audit Commission of the Company;

10.6.4. Require an extraordinary independent audit of the Company.

10.7. Shareholder (s) having at least 25% (twenty five percent) of voting shares of the Company, besides the right, noted in paragraph 10.2 – 10.6, have the right to unimpeded access to accounting documents of the Company.

## **11. OBLIGATIONS OF SHAREHOLDERS**

11.1. In the realization of rights provided by law and the Articles shareholders of the Company must respect the rights and lawful interests of other shareholders, use principles of trust and business ethics.

11.2. Obligations of the shareholders are determined by law and this Articles. Shareholders of the Company must:

11.2.1. Observe the terms of this Articles, respect the Resolutions of the General Meeting of Shareholders and other internal documents of the Company;

11.2.2. Pay for the shares and other issuing securities issued by the Company in time following the procedure determined by law, this Articles and internal documents of the Company;

11.2.3. Opportunely inform the Directors' Meeting, the Audit Commission and Auditor of the Company about the transactions they are interested in, give the information about legal entities in which they own separately or together with an affiliated person (persons) 20% (twenty percent) or more of the voting shares (shares, units), and about that legal entities in the management bodies of which they hold a post.

11.3. Shareholders of the Company encourage to the Company to achieve its purposes.

## **IV. COMPANY MANAGEMENT**

### **12. MANAGEMENT BODIES SYSTEM**

12.1. Management of the Company realizes through the management bodies of the Company.

12.2. Management bodies of the Company are the General Meeting of Shareholders, the Directors' Meeting, the Administration (collegial executive body) and President (individual executive body of the Company).

## **V. GENERAL MEETING OF SHAREHOLDERS**

### **13. GENERAL PROVISIONS. COMPETENCE OF THE GENERAL MEETING**

13.1. The General Meeting of Shareholders is the supreme management body of the Company.

13.2. The Company must hold the annual (ordinary) General Meeting of Shareholders.

13.3. At the annual General Meeting of Shareholders the Directors' Meeting, Auditing Commission, Auditor of the Company must be elected, the proposals determined under subparagraph 13.5.12 paragraph 13.5. of this Articles, and other proposals which is in the competence of the General Meeting of Shareholders must be discussed.

13.4. Other General Meetings of Shareholders holding except the annual one are extraordinary.

13.5. The competence of the General Meeting of Shareholders includes the following:

**13.5.1. Changes and amendments to this Articles (except the cases determined by "Joint Stock Companies" Federal Law when only the Directors' Meeting has such competence), and the approval of the new edition of the Articles of the Company.**

- *(Decision is made by qualified majority of  $\frac{3}{4}$  (three quarters) voices of the shareholders who are the holders of voting shares and taking part in the General Meeting of Shareholders).*

**13.5.2. Reorganization of the Company**

- *(Decision to transform the Company in a non-profit partnership is accepted only at the suggestion of the Directors' Meeting by unanimous decision of all shareholders of the Company);*
- *Decisions on the reorganization of the Company in other forms are accepted only at the suggestion of the Directors' Meeting by a qualified majority of  $\frac{3}{4}$  (three quarters) voices of the shareholders who are holders of voting shares and taking part in the General Meeting of Shareholders).*

**13.5.3. Liquidation of the Company, appointment of a liquidation commission and the approval of interim and final liquidation balance.**

- *(Decision is made by qualified majority of  $\frac{3}{4}$  (three quarters) voices of the shareholders who are the holders of voting shares and taking part in the General Meeting of Shareholders).*

**13.5.4. Determination of the quantity of members of the Directors' Meeting, their election and the decision on dissolution of all members of the Directors' Meeting, payment of benefits and (or) compensation of losses to the directors of the Company appeared during the realization of their obligations;**

- *(The election of members of the Directors' Meeting realizes by cumulative voting. During the cumulative vote, the quantity of voices held by each shareholder, multiplied by the quantity of persons to be elected to the Director' Meeting of the Company. The shareholder can give all such voices for one person or distribute them among two or more persons. The person who obtained the greatest number of voices is elected in the Directors' Meeting);*
- *Decisions on all other proposes shall be taken by simple majority (more than  $\frac{1}{2}$  (half)) of voices of shareholders who are the owners of voting shares and taking part in the General Meeting of Shareholders).*

**13.5.5. Determination of quantity, nominal value and category (type) of declared shares and rights given by these shares**

- *(Decision is made by qualified majority of  $\frac{3}{4}$  (three quarters) voices of the shareholders who are the holders of voting shares and taking part in the General Meeting of Shareholders).*

**13.5.6. Increase in the authorized capital stock of the Company by:**

**13.5.6.1. Increase the nominal value of shares of the Company**

- *(Decision is made only at the suggestion of the Directors' Meeting by simple majority (more than  $\frac{1}{2}$  (half)) of voices of shareholders who are the owners of voting shares and taking part in the General Meeting of Shareholders).*

**13.5.6.2. Issuing of additional shares only for shareholders of the Company, in the case of increase in authorized capital stock of the Company on the base of its property;**

- *(Decision is made only at the suggestion of the Directors' Meeting by simple majority (more than  $\frac{1}{2}$  (half)) of voices of shareholders who are the owners of voting shares and taking part in the General Meeting of Shareholders).*

**13.5.6.3. Issuing of additional shares on the base of closed subscription;**

- *(Decision is made only at the suggestion of the Directors' Meeting by qualified majority of  $\frac{3}{4}$  (three quarters) voices of the shareholders who are the holders of voting shares and taking part in the General Meeting of Shareholders).*

**13.5.6.4. Issuing of common shares on the base of open subscription, amounting for more than 25% (twenty five percent) of previously issued common shares;**

- *(Decision is made only at the suggestion of the Directors' Meeting by qualified majority of  $\frac{3}{4}$  (three quarters) voices of the shareholders who are the holders of voting shares and taking part in the General Meeting of Shareholders).*

**13.5.7. Reduction of the authorized capital stock of the Company by the decrease of the stocks at par and by the obtention of the part of shares for the purpose of its total amount reduction;**

- *(Decision of reduction of the authorized capital stock of the Company by the decrease of the stocks at par is made by qualified majority of  $\frac{3}{4}$  (three quarters) voices of the shareholders who are the holders of voting shares and taking part in the General Meeting of Shareholders)*

- *(Decision of reduction of the authorized capital stock of the Company by the obtention of the part of shares for the purpose of its total amount reduction is made by simple majority (more than ½ (half)) of voices of shareholders who are the owners of voting shares and taking part in the General Meeting of Shareholders).*

**13.5.8. Issuing of issuing securities convertible into common shares of the Company:**

**13.5.8.1. Private subscription**

- *(Decision is made only at the suggestion of the Directors' Meeting by qualified majority of ¾ (three quarters) voices of the shareholders who are the holders of voting shares and taking part in the General Meeting of Shareholders).*

**13.5.8.2. Public subscription, in the case of issuing of issuing securities convertible into common shares of the Company amounting for more than 25% (twenty five percent) of the previously issued common shares of the Company;**

- *(Decision is made only at the suggestion of the Directors' Meeting by qualified majority of ¾ (three quarters) voices of the shareholders who are the holders of voting shares and taking part in the General Meeting of Shareholders).*

**13.5.9. The election of the Company Audit Committee and the resolution on their powers early termination, as well as the resolution on the remuneration and (or) the expenses compensation to the Company Audit Committee members during their duties performance period;**

- *(The resolution on the Company Audit Committee members election is taken by the simple majority (more than ½ (half)) of the shareholders votes - the Company voting shares holders that are not members of the Board or the persons holding positions in the Company governing departments and taking part in the Company shareholders general meeting;*
- *The resolution on all other matters shall be taken by the simple majority (more than ½ (half)) of the shareholders votes - the Company voting shares owners and taking part in the Company stockholders meeting).*

**13.5.10. The Company Auditor assignment;**

- *(The resolution is taken by the simple majority (more than ½ (half)) of the shareholders votes – the Company voting shares owners and taking part in the Company stockholders meeting).*

**13.5.11. The payment (declaration) of the Company dividends according to the first quarter results, half year period results, nine months of the fiscal year results;**

- *(The resolution is taken by the simple majority (more than ½ (half)) of the shareholders votes – the Company voting shares owners and taking part in the Company stockholders meeting).*

**13.5.12. The Company annual reports approval, annual financial statements approval, including the Company profit and loss statements (profit and loss accounts), as well as distribution of profits ((including the dividends payment (declaration)), except for the profits distributed as dividends on the first quarter results, half year period results, nine months of the fiscal year results) and the Company losses for the financial year results;**

- *(The resolution is taken by the simple majority (more than ½ (half)) of the shareholders votes – the Company voting shares owners and taking part in the Company stockholders meeting).*

**13.5.13. The Company shareholders general meeting procedure approval;**

- *(The resolution is taken by the simple majority (more than ½ (half)) of the shareholders votes – the Company voting shares owners and taking part in the Company stockholders meeting).*

**13.5.14. The Company shares consolidation and splitting;**

- *(The resolution is taken only on the Company Board of Directors proposal by the simple majority (more than ½ (half)) of the shareholders votes – the Company voting shares owners and taking part in the Company stockholders meeting).*

**13.5.15. The Company transactions order approval, in which there is an expressed interest, in accordance with the applicable law and the present Charter:**

- *(The resolution is taken only on the Company Board of Directors proposal by the simple majority (more than ½ (half)) of the shareholders votes – the Company voting shares owners and taking part in the Company stockholders meeting).*

**13.5.16. The Company major transactions order approval in accordance with the applicable law and the present Charter in the following cases:**

**13.5.16.1.if such transaction subject is the property the value of which exceeds 50% (fifty percent) of the Company assets net book value, calculated in accordance with the Company accounting order for the last reporting date;**

- *(The resolution is taken only on the Company Board of Directors proposal by the simple majority (more than ½ (half)) of the shareholders votes – the Company voting shares owners and taking part in the Company stockholders meeting).*

**13.5.16.2.if unanimity of the Company Board of Directors members on the Company major transactions approval, specified by the subparagraph 18.2.16., the Section 18.2. of the present Company Charter, is not achieved, and in accordance with the applicable law the matter is submitted by the Company Board of Directors to the Company Shareholders General Meeting resolution;**

- *(The resolution is taken only on the Company Board of Directors proposal by the simple majority (more than ½ (half)) of the shareholders votes – the Company voting shares owners and taking part in the Company stockholders meeting).*

**13.5.17. The resolution on the Company participation in financial and industrial groups, associations and other unions of commercial organizations;**

- *(The resolution is taken only on the Company Board of Directors proposal by the simple majority (more than ½ (half)) of the shareholders votes – the Company voting shares owners and taking part in the Company stockholders meeting).*

**13.5.18. The Company internal documents regulating the Company activities approval;**

- *(The resolution is taken only on the Company Board of Directors proposal by the simple majority (more than ½ (half)) of the shareholders votes – the Company voting shares owners and taking part in the Company stockholders meeting).*

**13.5.19. The Company sole executive body authorities transfer under the contract means to the commercial organization (the management company) or individual entrepreneur (the manager), as well as the resolution on such management organization or manager powers termination;**

- *(The resolution is taken only on the Company Board of Directors proposal by the simple majority (more than ½ (half)) of the shareholders votes – the Company voting shares owners and taking part in the Company stockholders meeting).*

**13.5.20. The resolution on the Company's request to FFMS to excuse a duty of disclosure of information in accordance with requirements of securities legislation;**

- *(Decision is made by qualified majority of ¾ (three quarters) voices of the shareholders who are the holders of voting shares and taking part in the General Meeting of Shareholders).*

**13.5.21. The resolution taking on other matters stipulated by the Federal Law "About the Joint Stock Companies".**

- 13.6. The questions within the competence of the Company shareholders general meeting can not be delegated to the Company Board of Directors and other Company executive bodies.
- 13.7. The Company shareholders general meeting is not entitled to consider and take decisions on matters, which are not attributed to its competence by the Federal Law "About the Joint Stock Companies".
- 13.8. The Company shareholders general meeting is not entitled to take decisions on matters, which are not included into the meeting agenda, as well as change the Company meeting agenda.

**14. THE COMPANY SHAREHOLDERS GENERAL MEETING ARRANGEMENT AND CONVENING**

- 14.1. The Company Shareholders Annual General Meeting shall be held not earlier than 2 (two) months and not later than 6 (six) months after the fiscal year end.
- 14.2. The proposals for the issues inclusion onto the Company Shareholders Annual General Meeting agenda and the suggestions for the nominations to the Company executive bodies elected by the Company shareholders general meeting shall be made by the Company shareholders, holding not less than 2 percent of the Company voting shares not later than in 100 days after the fiscal year end.
- 14.3. The Company Shareholders Extraordinary General Meeting is held by the Company Board of Directors on its own initiative, the Company Audit Committee and the Company auditor request, as well as the shareholder (s) having in the aggregate not less than 10% (ten percent) of the voting shares at the date of the request. The Company shareholders extraordinary general meeting convening is done by the Company Board of Directors.
- 14.4. The Company Board of Directors resolution to convene the Company shareholders extraordinary general meeting or the reasoned resolution not to convene it shall be sent to the persons requesting such meeting convening, not later than 3 (three) days from the date of such resolution.
- 14.5. The list of persons eligible to participate in the Company shareholders 'general meeting shall be issued on the basis of the Company shareholders' register at a specified date set by the Company Board of Directors in accordance with the current legislation and the present Company Charter requirements.
- 14.6. The Company Board of Directors is not entitled to make changes to the issues wording, proposed for the inclusion onto the Company shareholders General Meeting agenda, and the resolutions formulation on such issues and matters.
- 14.7. The voting at the Company shareholders general meeting is executed by the voting ballots. The Company shall send the voting ballots or to present such ballots upon the signature to each person specified in the list of persons entitled to attend the Company Shareholders General Meeting in the manner prescribed by the applicable law.
- 14.8. The persons included into the list of persons entitled to attend the Company shareholders General Meeting (their representatives) may participate in the indicated meeting or send completed ballots to the Company.
- 14.9. The notice on the Company shareholders' general meeting conveying shall be sent to the Company shareholders not less than 30 days before the meeting date, unless the legislation provides the longer period. The additional requirements for the Company shareholders general meeting arrangement, convening and holding order are set by the current legislation and the Company internal documents.

## **15. THE COMPANY GENERAL SHAREHOLDERS GENERAL MEETING HOLDING**

- 15.1. The Company shareholders general meeting is held in the form of the full-time shareholders joint presence to discuss the meeting agenda and to take resolutions on the issues and matters put forward for the voting. The Company Board of Directors Chairman is presiding at the shareholders meeting. The minutes are kept by the Company Shareholders General Meeting secretary. The Company Shareholders General Meeting functions executes the Company Corporate Secretary, and in case of his absence any other person authorized by the Company Board of Directors. If the Company Chairman is unable to attend the Company shareholders general meeting the Board of Directors Chairman functions at the Company Shareholders General Meeting executes one of the Board of Directors members on the basis of the Company Board of Directors resolution.
- 15.2. The Company Shareholders General Meeting resolution may also be taken without the holding the meeting, by means of the absentee ballot.
- 15.3. The Company shareholders general meeting, the agenda of which includes questions about the Company Board of Directors election, the Audit Committee election, the Company auditor approval, as well as the issues under the subparagraph 13.5.12., section 13.5. of the present Company Charter may not be held in the form of the absentee voting.
- 15.4. At the Company shareholders general meeting can be attended by the persons included into the list of persons entitled to attend the Company Shareholders General Meeting, the person to whom the rights of the above indicated persons for the shares transferred by the inheritance rights or reorganization, or their representatives, acting under the power of attorney for the voting or the applicable law.
- 15.5. The registration of persons involved in the shareholders meeting held in the form of meeting, is fulfilled by the Company Audit Committee.  
The Company Audit Committee functions are executed by the Company's registrar.
- 15.6. The Company shareholders general meeting held in the form of meeting is regarded open if at the time of its opening the quorum of at least one of the issues included into the General Meeting agenda is present. The persons registration entitled to attend the Company shareholders General Meeting, not registered for the participation in the General Meeting prior to its opening, terminates not earlier than the discussions of the Company shareholders General Meeting last agenda item completion, on which there was a quorum.
- 15.7. If the Company shareholders general shareholders meeting agenda includes the issues voted on by the different types of voters, the quorum for the resolution on these issues is carried out separately. Thus the quorum absence for taking decisions on the matters to be voted on by one type of voters, does not preclude the resolution on the issues voted on by the different type of voters for which there is a quorum.
- 15.8. The Company shareholders general meeting quorum is determined depending on the voting persons structure on relevant issues in the Company shareholders General Meeting agenda.
- 15.9. All the Company shareholders – the Company ordinary shares holders are included into the voting on any matters in the Company shareholders General Meeting agenda, except for the following questions:
  - On the Company transaction approving question, in which there is an interest expressed (subparagraph № 13.5.16., Section 13.5. of the present Company Charter), into the voting persons the Company shareholders, recognized in accordance with the applicable law as interested in such Company transaction execution are not included;
  - On the Company Audit Committee members' election into the voting persons the Company shareholders, the Company Board of Directors members and the persons holding positions in the Company administrative and executive bodies are not included.
- 15.10. The Company shareholders General Meeting quorum on any other items and issues on the Company Shareholders General Meeting agenda, is defined as a simple majority (more than ½ (half)) of the shareholders votes - the Company voting shares holders on the corresponding issues.
- 15.11. In case at the time of the Company shareholders general meeting beginning the quorum is not present on any of the items in the Company shareholders general meeting agenda, the shareholders General Meeting opening can be postponed to a later date, but no more than 2 (two) hours.
- 15.12. In case of the quorum absence for the Company shareholders Annual General Meeting the second shareholders general meeting with the same agenda shall be held. In case of the quorum absence for the Company shareholders Extraordinary General Meeting the repeated Company shareholders General Meeting with the same agenda shall be held.
- 15.13. The voting at the Company shareholders General Meeting is executed on the principle of "one Company's voting share - one vote", except for the cumulative voting in cases provided for by the applicable law and the present Company Charter.
- 15.14. The additional requirements for the Company Shareholders General Meeting procedure are set by the current legislation and the Company internal documents.

## **16. THE COMPANY SHAREHOLDERS GENERAL MEETING DOCUMENTATION**

- 16.1. On the voting results the Company vote counting committee issues the Protocol on the voting outcome, signed by the Company Audit Committee members or the person performing its functions. The voting Protocol on the voting results shall be issued not later than 3 (three) working days after the Company Shareholders General Meeting termination or the deadline for accepting ballots during the Company Shareholders General Meeting by means of absentee ballot.
- 16.2. The resolutions taken by the Company shareholders General Meeting and the voting results are announced at the shareholders meeting at which the vote was held, or brought within 10 (ten) days after the Protocol on the voting results issue as a report on the voting results presented to the attention of the persons included into the list of persons entitled to attend the Company Shareholders General Meeting in the manner provided for the Company Shareholders General Meeting reports arrangement. The voting results report is signed and approved by the Company Chairman and the General Meeting Secretary at the Company shareholders General Meeting.
- 16.3. The voting results protocol shall be attached to the Company Shareholders General Meeting Minutes.
- 16.4. The Company Shareholders General Meeting Minutes shall be completed not later than 3 (three) working days after the Company Shareholders General Meeting termination in duplicate. Both copies shall be signed by the Company Shareholders General Meeting Chairman and the Secretary.
- 16.5. Following the voting results protocol issue and the Company Shareholders General Meeting Minutes signing the voting ballots are sealed by the Company Audit Committee and filed to the Company for storage.
- 16.6. The additional requirements for the Company Shareholders General Meeting documentation arrangement and procedure are set by the current legislation and the Company internal documents.

## **VI. THE COMPANY BOARD OF DIRECTORS**

### **17. GENERAL PROVISIONS**

- 17.1. The Company Board of Directors has overall management of the Company, except for the matters referred by the Federal Law "About the Joint Stock Companies", the present Company Charter to the Company Shareholders General Meeting competence.
- 17.2. The Company Board of Directors member can be only a natural person. The persons elected to the Company Board of Directors may be reelected an unlimited number of times.
- 17.3. The Company Board of Directors member can not be the Company shareholder.
- 17.4. The person performing the Company President functions, can not at the same time be the Company Board of Directors Chairman.
- 17.5. The Company Board of Directors members are elected by the Company shareholders General Meeting in the manner prescribed by the applicable law and the present Company Charter, for the term period until the next Company shareholders annual general meeting. If the Company shareholders annual general meeting was not held on time, the powers of the Company Board of Directors shall terminate, except for the powers to prepare, convene and hold Company shareholders annual General Meeting.
- 17.6. The Company Board of Directors members' number is determined by the Company Shareholders General Meeting. The quorum for the Company Board of Directors meetings makes ½ (half) of the Company Board of Directors elected members. In case when the Company Board of Directors members number is less than the number that shall constitute the quorum, the Board of Directors shall decide on holding the Company shareholders extraordinary general meeting to elect a new Board of Directors. In this case the Company Board of Directors powers shall terminate, except for the powers to prepare, convene and hold Company shareholders extraordinary general meeting.
- 17.7. The Company Board of Directors working process organization and leadership is executed by the Company Board of Directors Chairman. The Board of Directors Chairman shall preside at the Company Board of Directors meetings, organizes the meetings minutes, and presides at the Company Shareholders General Meeting.
- 17.8. The Company Board of Directors Chairman is elected by the Company Board of Directors members from among them by the Company Board of Directors members' majority. The Board of Directors may at any time to re-elect the Board of Directors Chairman by the Company Board of Directors members' majority vote.
- 17.9. The Company Board of Directors members shall be loyal to the Company and execute the functions entrusted to them honestly and reasonably with the greatest benefit to the Company.
- 17.10. The Company Board of Directors makes the annual report on its activities at the Company shareholders general meeting.
- 17.11. The Company Board of Directors duties and responsibilities are determined by the applicable law, the present Company Charter and the Company internal documents. The Board of Directors members, in particular, are obliged:

- 17.11.1. to comply with the present Company Charter requirements and to fulfilled the Company Shareholders General Meeting resolutions;
  - 17.11.2. to provide timely the Company information about themselves and their affiliated persons, and to report any changes to such data in the manner determined by the applicable law;
  - 17.11.3. promptly to bring to the Company Board of Directors, the Company Audit Committee and the Company Auditor known to them information on the committed and (or) intended by the Company transactions in which they can be recognized as interested party, providing information on legal entities in which they own separately or together with an affiliated person (persons) 20% (twenty percent) and more of the voting shares (shares, interests), as well as legal persons in the management and executive bodies of which they hold positions.
- 17.12. According to the Company Shareholders General Meeting the Company Board of directors members during the performance of their duties shall be paid remuneration and to be entitled to the expenses reimbursement associated with their duties performance as the Company Board of Directors members. The amount of such remuneration and reimbursement shall be determined by the Company Shareholders General Meeting.

## **18. THE COMPANY BOARD OF DIRECTORS COMPETENCE**

- 18.1. In order to maintain the Company sustainable fiscal position and the competitiveness the Board of Directors ensures the Company effective organizational structure and management formation, developing key strategic and tactical challenges and targets and promotes their implementation by the Company.
- 18.2. The Company Board of Directors competence includes the following issues:
  - 18.2.1. identifying the Company priority activities:**
    - **business plans approval for the major investment projects, introduction of amendments and additions, and also the reports on their fulfillment;**
    - **financial and business plans approval, introduction of amendments and additions, and also the reports on their fulfillment;**
    - **annual budgets approval, introduction of amendments and additions, and also the reports on their fulfillment quarterly;**
    - **investment and production programs approval, introduction of amendments and additions, and also the reports on their fulfillment;**
    - **the Company development strategy approval, introduction of amendments and additions, and also the reports on their realization;**
    - **identifying other Company priority activities.**
      - *(The resolution is taken by the simple majority (more than ½ (half)) of the Board of Directors members votes participating in the meeting).*
  - 18.2.2. convening the Company shareholders annual and extraordinary general meetings;**
    - *(The resolution is taken by the simple majority (more than ½ (half)) of the Board of Directors members votes participating in the meeting).*
  - 18.2.3. adoption of the Company Shareholders General Meeting agenda;**
    - *(The resolution is taken by the simple majority (more than ½ (half)) of the Board of Directors members votes participating in the meeting).*
  - 18.2.4. determination of the date for the list of persons eligible to participate in the Company shareholders' general meeting and other issues related to the Company Shareholders General Meeting and the Board of Directors meetings arrangement and holding and assigned by the applicable law and the present Charter to the Company Board of Directors competence;**
    - *(The resolution is taken by the simple majority (more than ½ (half)) of the Board of Directors members votes participating in the meeting).*
  - 18.2.5. the Company authorized share capital increase by means of:**
    - 18.2.5.1. the Company placement of additional shares by means of public subscription, except for the cases as contemplated in subparagraph 13.5.6.4., section 13.5. of the present Company Charter;**
      - *(The resolution is taken by all Board of Directors members' unanimous decision, excluding the Company Board of Directors retired members).*
  - 18.2.6. the Company placement of bonds and other emission market securities (including equity securities, convertible into the Company shares), except for the cases where the appropriate solutions adoption is within the Company Shareholders General Meeting competence;**
    - *(The resolution on the Company bonds and other securities placement shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members votes, participating in the meeting, the resolution to place the Company convertible into shares bonds and other securities convertible into shares, is adopted unanimously by all the Company Board of Directors members, excluding the Board of Directors retired members).*

- 18.2.7. the price (monetary value) determination, in cases stipulated by the applicable law, of the property leased by the Company for the committed transactions and the offering price and the Company securities redemption price;**  
*(The resolution on the Company bonds and other securities placement shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members votes, participating in the meeting. If the person interested in one or more transactions execution, in which the price (monetary value) of the property is determined by the Company Board of Directors, is a member of the Company Board of Directors (the Supervisory Board), the price (monetary value) of the property is determined by the Company Board of Directors members, who are not interested in the transaction. In a Company with a number of shareholders equal to 1000 or more the price (monetary value) of the property is determined by the independent directors who are not interested in the transaction).*
- 18.2.8. the Company placed shares, bonds and other securities acquisition in the cases and manner prescribed by the applicable law;**  
*- (The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members votes, participating in the meeting).*
- 18.2.9. the Company President appointment, the Company President contract terms and conditions approval, including his remuneration sum fixing, as well as the Company President duties and responsibilities early termination;**  
*- (The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members votes, participating in the meeting).*
- 18.2.10. determination of the numerical composition of the Company collegiate executive body - the Board, election to the Board members, their duties and responsibilities early termination, the establishment of the contracts basic conditions concluded with the Board members.**  
*- (The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members votes, participating in the meeting).*
- 18.2.11. recommendations to the Company Shareholders General Meeting regarding the paid compensation size and (or) the compensation payment order for the Company Audit Committee members, as well as the amount of the Company auditor services payment determine;**  
*- (The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members votes, participating in the meeting).*
- 18.2.12. recommendations to the Company Shareholders General Meeting regarding the Company profits (including the amount of dividends on shares and the payment order) and losses distribution for the financial year;**  
*- (The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members votes, participating in the meeting).*
- 18.2.13. the Company contingency fund and other funds usage;**  
*- (The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members votes, participating in the meeting).*
- 18.2.14. the Company's internal documents approval, including documents, regulating stimulate payments for the Company's staff (fringe benefits, bonus and other stimulate payments);**  
*- (The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members votes, participating in the meeting).*
- 18.2.15. the Company branches and representative offices establishment, as well as the resolutions on their liquidation and activities termination, the Company branches and representative offices regulations approval, as well as the resolution to implement changes to the present Company Charter amendments relating to the Company branches and representative offices opening and establishment and also their liquidation and activities termination;**  
*- (The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members votes, participating in the meeting).*
- 18.2.16. the Company major transactions approval, the subject of which is the property, the value of which ranges from 25% (twenty five percent) to 50% (fifty percent) of the Company assets net book value calculated in accordance with its accounting for the last reporting date, and the Company transactions approval involving alienation or possible alienation of the immovable property, the value of which value exceeds 10% (ten percent) of the Company assets net book value;**  
*- (The resolution on the Company transactions approval involving the alienation or possible alienation of the immovable property the value of which exceeds 10% (ten percent) of the Company assets carrying value is adopted by the simple majority (more than ½ (half)) of the Board of Directors members votes, participating in the meeting ;*  
*- the Company major transactions approval referred to in the present subparagraph shall be adopted by the unanimous resolution of all the Company Board of Directors members, excluding the Board of Directors retired members).*
- 18.2.17. the Company transactions approval in accordance with the applicable law where there is an interest, except in cases where the appropriate resolution is within the Company Shareholders**

**General Meeting competence in accordance with subparagraph 13.5.15. of the present Company Charter;**

- *(The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members votes, participating in the meeting. If the person interested in one or more transactions execution, in which the price (monetary value) of the property is determined by the Company Board of Directors, is a member of the Company Board of Directors (the Supervisory Board ), the price (monetary value) of the property is determined by the Company Board of Directors members, who are not interested in the transaction. In the Company the number of shareholders – the Company voting shares holders is more than 1000 the resolution on the transaction approval is determined by the Company Board of Directors by the majority of independent directors who are not interested in the transaction execution).*

**18.2.18. the Company's registrar approval and the terms and conditions of the agreement with him, as well as the contract termination terms with him;**

- *(The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members votes, participating in the meeting).*

**18.2.19. the Company managing organization (the manager) approval and conditions of the contract with it, for putting into the Company shareholders general meeting agenda the issue on the Company sole executive body authority transfer to such managing organization (the manager);**

- *(The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members votes, participating in the meeting).*

**18.2.20. suspension of the managing organization (the manager) powers, along with the resolution taking on the Company temporary sole executive body establishment and holding the Company shareholders extraordinary general meeting to decide the issue on the managing organization (the manager) preliminary authorities termination and the Company sole executive body authorities delegation to the managing organization (the manager);**

- *(The resolution shall be taken by the qualified majority of ¾ (three quarters) vote of all the Company the Board of Directors members vote, excluding the Board of Directors retired members).*

**18.2.21. the Company treasury and the acquired shares sale, transferred to the Company disposal in accordance with the applicable law and the present Company Charter requirements;**

- *(The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members vote, participating in the meeting).*

**18.2.22. the Company brochures release, reports on the release results and reports on the Company securities results approval;**

- *(The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members vote, participating in the meeting).*

**18.2.23. introduction to the Company shareholders General meeting investigation the issues referred to in subparagraphs 13.5.2., 13.5.6., 13.5.8. and 13.5.15. – 13.5.21., Section 13.5. of the present Company Charter;**

- *(The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members vote, participating in the meeting).*

**18.2.24. the Company Corporate Secretary appointment and his powers termination, approval of the Regulation on Corporate Secretary;**

- *(The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members vote, participating in the meeting).*

**18.2.25. the Company's Corporate Code of Ethics approval, as well as the corporate conduct key standards regarding the privacy and information sources management including the definition of the structure, the volume and protection of information constituting the Company commercial secret, and the provisions on the Company risk management system adoption;**

- *(The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members vote, participating in the meeting).*

**18.2.26. the Company annual reports and the Company annual financial statements preliminary approval;**

- *(The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members vote, participating in the meeting).*

**18.2.27. the Company trademark form approval;**

- *(The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members vote, participating in the meeting).*

**18.2.28. the Company committees, commissions and other entities establishment at the Company Board of Directors, their powers definition, the personnel staff approval, their activities regulations approval, and also the reports on the results of their activities review;**

- *(The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members vote, participating in the meeting).*

**18.2.29. the Company risk management system effectiveness evaluation, internal control systems, as well as the Company Chief candidates approval and the Company Department of internal controls and audit personnel remuneration policy;**

- *(The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members vote, participating in the meeting).*

**18.2.30. the Company organizational structure approval<sup>1</sup>;**

- *(The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members vote, participating in the meeting).*

**18.2.31. the obtaining of outstanding shares of the Company in the instances, provided by the paragraph 2 article 72 of the Federal Law "About the Joint Stock Companies";**

- *(The resolution shall be made by the simple majority (more than ½ (half)) of the Company Board of Directors members vote, participating in the meeting).*

**18.2.32. the other matters resolutions within the Company Board of Directors competence determined by the Federal Law "About the Joint Stock Companies" and the present Company Charter.**

18.3. The issues included by the applicable law and the present Company Charter to the Company Board of Directors competence may not be delegated to the Company executive bodies.

18.4. The resolutions adopted by the Company Board of Directors, within its competence, are obligatory for the Company executive bodies and the Company employees.

## **19. THE COMPANY BOARD OF DIRECTORS MEETING**

19.1. The Company Board of Directors organizes its work in the form of the meetings held by the joint presence of all Board of Directors full-time members, and based on the Company agenda free collective discussion, to make decisions on matters within its competence. If necessary, the Company Board of Directors resolution may be taken by means of absentee ballot. The resolution to hold the Company Board of Directors meetings in the form of the absentee voting is adopted by the Company Board of Directors Chairman.

19.2. The Company Board of Directors meetings shall be held as necessary and shall be convened by the Company Board of Directors Chairman on its own initiative, at the request of the Company Board of Directors member, the Audit Committee or the Company auditor, as well as on the Company executive bodies demand.

19.3. Not later than 30 (thirty) days before the Company shareholders annual general meeting the Company Board of Directors meeting is held for the purpose of preliminary annual report, annual accounts, including accounts of income (profit and loss accounts) approval submitted for the Company Shareholders General Meeting approval.

19.4. The Company Board of Directors meetings are held at the Company location place or in any other place determined by the Board of Directors.

19.5. The Company Board of Directors members must be notified in advance (no later than 1 day before the date of the Board of Directors meeting) about the forthcoming Board of Directors meeting. The notification should contain the agenda of the upcoming meeting.

19.6. In issues resolutions at the Company Board of Directors meeting, each Board of Directors member shall have 1 (one) voting voice.

19.7. Unless otherwise established by the applicable law and the present Company Charter, the Board of Directors resolution shall be considered adopted if it receives more than half of the Board of Directors members participating in the Company Board of Directors meeting. In case of the Board of Directors members votes equality the Board of Directors Chairman vote at the meeting is considered decisive.

19.8. In determining the quorum presence and the voting results on the Board of Directors agenda the written opinion of the Board of Directors absent member is taken into account. The Board of Directors absent member written opinion is attached to the Protocol.

19.9. The Company Board of Directors minutes is kept by the Board of Directors secretary. The Board of Directors Secretary functions are administered by the Company's Corporate Secretary. The Company Board of Directors minutes shall be completed not later than 3 (three) days after the voting. The Board of Directors minutes are signed by the meeting chairperson, which is responsible for the meeting protocol correctness.

19.10. The additional requirements for the Company Board of Directors meetings convening and holding procedure are set by the applicable law, the Company Board of Directors Regulations and other Company internal documents.

## **VII. THE COMPANY EXECUTIVE BODIES**

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<sup>1</sup> Organizational structure means the Company's separation into divisions, reporting to the Company's President, in order to ranking of management, establishing of divisions cooperation, fixation of subordination and intersubordination, establishing of responsibility.

## **20. GENERAL PROVISIONS**

- 20.1. The Company executive body is the collective executive body - the Company Board and the sole executive chief - the Company President.
- 20.2. The Company executive bodies shall manage the Company daily operations and report directly to the Company Board of Directors and the Company Shareholders General Meeting.
- 20.3. The resolutions adopted by the Company Shareholders General Meeting and the Shareholders Board of Directors are obligatory for the Company executive bodies execution.
- 20.4. The Company executive bodies' competence includes all matters that are not in the other Company exclusive authorities' competence in accordance with the applicable law and the present Company Charter.
- 20.5. The Company executive bodies' establishment is done by the Company Board of Directors.
- 20.6. The Company executive bodies rights, duties and obligations are governed by the applicable law, the Company Charter, and other Company internal documents. The Company sole executive body organizes the Company activities, ensures the compliance with the Company Shareholders General Meeting and the Board of Directors resolutions. The Company executive bodies are responsible for the effective economic, financial, scientific, technical and social policies of the Company. The executive bodies are not entitled to make binding resolutions for the Company shareholders.
- 20.7. The Company Board of Directors is entitled at any time to determine the Company President powers termination, as well as to terminate the Company Board separate member powers or all the Board members powers and to establish the new Company executive bodies.
- 20.8. The relationship between the Company and the Company President, the Company and the Company Board members are governed by the Russian Federation Labour laws to the extent not inconsistent with the Federal Law "About the Joint Stock Companies" provisions.

## **21. THE COMPANY PRESIDENT AND THE COMPANY BOARD**

- 21.1. The Company President, being the Company sole executive body, manages the Company daily operations and is headed by the collegial executive body - the Company Board.  
Election of the Company President and early termination of his powers are made by the Board of Directors decision.  
Term of powers is determined by the Company Board of Directors and mustn't exceed 3 years period.
- 21.2. The Company President vested in accordance with the Russian Federation applicable laws with all the necessary powers to implement the Company current activities operational management.  
The Company President acts on behalf of the Company without authorization and any powers of attorney within its competence established by the present Company Charter and the applicable law.
- 21.3. The Company President authorities include all the matters concerning the Company current activities except for the matters within the Company shareholders General Meeting, the Board of Directors and the Board exclusive jurisdiction. The Company President authorities' competence includes:
  - 21.3.1. The Company operational management implementation;
  - 21.3.2. The signing of the Company financial documents with the first right signature;
  - 21.3.3. The Company property disposal to ensure its ongoing activities within the limits prescribed by the present Company Charter;
  - 21.3.4. Representing the Company interests, both in the territory of Russian Federation and abroad;
  - 21.3.5. The Company structure approval, the Company staffing and the Company structural units provisions, employment contracts conclusion with the Company employees, the employee incentives and imposing penalties on them;
  - 21.3.6. Acting as the Company Board Chairman and the Company Board work and activities organization;
  - 21.3.7. Representation to the Company Board of Directors the Board personnel structure for approval;
  - 21.3.8. The transactions execution on behalf of the Company, the warrants issuance on behalf of the Company, opening the Company bank accounts;
  - 21.3.9. Organization of the Company accounting, reporting and documentation circulation systems;
  - 21.3.10. The Company orders and instructions issue, obligatory for execution;
  - 21.3.11. Representation on behalf of the Company demands and claims to legal entities and individuals, both on the Russian Federation territory and abroad;
  - 21.3.12. The Company representation at the Company subsidiaries shareholders (participants) general meetings, as well as other organizations with the Company participation and vote on all issues on the general meetings agenda;
  - 21.3.13. The Company's internal documents approval governing the Company's current operations, with the exception of those internal documents, approval of which is within the present Company Charter applied to the Company other executive bodies' competence.
- 21.4. The labor contract with the Company President on behalf of the Company is signed by the Company Board of Directors Chairman or the person authorized by the Company Board of Directors. The employment labor contract terms and conditions will be determined by the Board of Directors.

If the Company President Employment contract is terminated, the Company President shall within the period stipulated in the employment contract, submit to the Company Board of Directors the detailed report on his work.

The relationships between the Company and the Company President are governed by the Russian labor legislation to the extent not inconsistent with the Federal Law "About the Joint Stock Companies" provisions.

21.5. The Company collective executive body – is the Company Board, including the Company President, is formed by the Board of Directors in the quantity, determined by the Board of Directors.

Term of powers is determined by the Company Board of Directors and musn't exceed 3 years period.

Term of powers of the members of the Company Board, appointed in case of substitution of vacancy of leaving member or in case of increase of the Company Board's numerical composition, musn't exceed the term of President powers.

The Company Board members can be reelected to the Board unlimited number of times.

21.6. In the course of election to the Company Board the member of the Board of Directors votes for each candidate individually.

21.7. The powers of any Company Board member may at any time be terminated by the Company Board of Directors.

The Company Board member has the right to resign from the Board member position in advance by giving written notice thereof to the Company President.

The dates, the meetings calling and holding procedure, as well as the Company Board resolutions-making procedures are defined in the Company Board Management Regulations.

21.8. The Company Board competence includes the following issues:

21.8.1 The Company's business plans, major investment projects, financial and business plans, budgets, investment and production programs preparation for submission to the Board of Directors according to the p.18.2.1 of the Company's Charter, as well as the Company development strategy, and their implementation reports preparation, previous approval of these documents;

21.8.2. The development and implementation of the Company overall development strategy, legal entities, in which the Company has direct participation, including the organization of the unified industrial and technical, financial, pricing, social and human resources policies.

21.8.3. The rules approval to ensure the Company accounting proper organization and reliability and the timely submission of annual report and other financial reporting to the appropriate authorities, as well as information about the Company activities, provided to the Company shareholders, creditors and to the mass media in accordance with the legislation and other legal acts requirements.

21.8.4. The Company's internal documents approval on the matters and issues within the Company Board competence and the approval of which is not within the other Company executive bodies competence.

21.8.5. The control and activities coordination of the legal entities, in which the Company has direct participation:

21.8.5.1. The resolution taking on the Company (the Company's representatives) position in respect of the following matters for the legal entities, in which the Company has direct participation, shareholders general meetings (participants, members) and Board of Directors consideration:

- identifying the priority activities:

business plans approval for the major investment projects, introduction of amendments and additions, and also the reports on their fulfillment;

financial and business plans approval, introduction of amendments and additions, and also the reports on their fulfillment;

annual budgets approval, introduction of amendments and additions, and also the reports on their fulfillment quarterly;

investment and production programs approval, introduction of amendments and additions, and also the reports on their fulfillment;

the Company development strategy approval, introduction of amendments and additions, and also the reports on their realization;

identifying other priority activities;

- introduction of amendments and (or) additions to the articles of association;

- re-sizing of authorised capital, including its increase by paying up of additional contribution;

- paying up of contribution into the property;

- the major transactions order approval if such transaction subject is the property the value of which exceeds 50% (fifty percent) of the assets net book value;

- the transactions approval in accordance with the applicable law where there is an interest;

- determination of the numerical composition and election of the members of the Boards of Directors, the Revision commissions;

- election of the individual executive body and (or) collective executive body, their duties and responsibilities early termination;

- the sole executive body authorities transfer under the contract means to the commercial organization (the management company) or individual entrepreneur (the manager);

- reorganization and liquidation;

- the internal documents regulating the activities approval, introduction of amendments and additions;

- the transactions approval in a case of value of the transaction amounts to 10 mln. roubles.

- 21.8.5.2. The resolution taking on participation and participation cessation in other organizations, including its establishment.
- 21.8.5.3 The candidates approval to be the nominated for the legal entities, in which the Company has direct participation, governing bodies and the Audit Committees and approval of the questions wording to be included into such companies governing bodies agenda, and on draft decisions on such matters.
- 21.8.6. The qualification requirements approval, the Company employees' performance evaluation and motivation principles.
- 21.8.7. The transactions approval involving the alienation or possible alienation of the Company immovable property, the value of which does not exceed 10% (ten percent) of the Company assets net book value.
- 21.8.8. The Company Board may consider also the other ongoing activities matters and issues, intended for the Company Board President consideration.

## **VIII.THE COMPANY PROPERTY. THE COMPANY DIVIDENDS. THE COMPANY FUNDS**

### **22. THE COMPANY PROPERTY**

- 22.1. The Company is the owner of the property belonging to it, including the property transferred to it by the Company shareholders. The Company shareholders are not entitled to the property included into the Company authorized capital.
- 22.2. The Company property formation sources, income, balance sheet and the Company net profit are formed in the manner provided by the applicable law.
- 22.3. The Company net assets value is estimated on the basis of the accounting data in the manner prescribed by the applicable law.
- 22.4. The Company profits remaining after the taxes payment and other mandatory payments to the budget go to the Company full disposal.
- 22.5. The profit left at the Company disposal, is sent to replenish the Company funds, the dividends payment, the Company development and for other purposes prescribed by the applicable law, the present Company Charter and the Company internal documents in accordance with the Company Shareholders General Meeting resolution. The Company losses are covered by its property in accordance with the applicable law.

### **23. THE COMPANY DIVIDENDS**

- 23.1. The Company is entitled on the first quarter results, half year results, nine months results of the fiscal year and (or) for the financial year to take decisions (to declare payment) dividends payment on the allotted Company shares.
- 23.2. The resolution to pay (to declare payment) the dividends on the results of the first quarter, six and nine months of the fiscal year may be taken by the Company shareholders Extraordinary General Meeting within three months after the end of the period. The resolution to pay the dividends for the financial year is adopted by the Company Shareholders annual General Meeting.
- 23.3. The resolution to pay the dividends, the dividend amount and the payment order is accepted on the Company Board of Directors proposal. The dividend amount size can not be higher than that recommended by the Company Board of Directors.
- 23.4. The dividends payment time period is determined by the Company shareholders General Meeting devoted to the dividends payment and should not exceed 60 days since the resolution on the dividends payment took place.
- 23.5. The Company shall pay dividends on each category (type) of the declared shares.
- 23.6. The dividend amount is declared as a percentage of par value shares or in rubles per share.
- 23.7. The dividends may be paid in cash, as well as in accordance with the Company shareholders general meeting resolution in any other form - stocks, bonds, commodity or other property.
- 23.8. The list of persons entitled to receive the dividends shall be made on the same date as the list of persons eligible to participate in the Company shareholders general meeting, into the agenda of which the dividends payment issue is included.
- 23.9. The restrictions on the resolutions regarding the dividends payment (payment declaration) are determined by the applicable law.

### **24. THE COMPANY FUNDS**

- 24.2. The Company establishes its reserve fund equal to 5% (five percent) of the Company authorized share capital. The Company reserve fund is formed by the annual contributions in an amount of not less than 5% (five percent) of the Company's net profit, up to 5% (five percent) of the Company share capital. The Company reserve fund is intended to cover its losses, as well as to repay the Company bonds and redeeming shares in the absence of other payment means.
- 24.3. The Company reserve fund can not be used for any other purposes.

- 24.4. The Company may form the other funds. The regulations on the Company funds establishment and use are taken by the Company Board of Directors.

## **IX. THE COMPANY REPORTING SYSTEM. THE INTERNAL AUDITS. THE COMPANY INFORMATION**

### **25. THE COMPANY ACCOUNTING AND REPORTING**

- 25.1. The Company organizes accounting and taking steps to ensure the Company records to be conducted in the manner and order reliable and gives complete disclosures of all committed transactions and other facts of the Company economic activity.
- 25.2. The Company shall keep and store the documents under the applicable law.
- 25.3. The Company discloses its financial statements in accordance with the procedure established by the current legislation and the Company internal documents.
- 25.4. The responsibility for the organization, status and credibility of the Company accounting system, for the timely submission of the annual reports and other financial reporting to regulatory agencies, as well as the responsibility for the accuracy of information on the Company activities, submitted to the Company shareholders, its creditors and other persons, shall be prescribed by the applicable law to the Company President.
- 25.5. The Company annual report are subject to prior approval by the Company Board of Directors not later than 30 (thirty) days before the Company shareholders general meeting.
- 25.6. The reliability of the data contained in the Company's annual reports, the Company annual financial statements, must be confirmed and approved by the Company Audit Committee.

### **26. THE COMPANY INSPECTIONS AND AUDIT**

- 26.1. To verify and validate the Company financial statements (to maintain the external audit) the Company signs a contract with the specialized organization (the Auditor). The way and order of the Company financial and economic activities audit organizing and conducting by the Company's auditor is determined by the contract terms and conditions concluded with him.
- 26.2. The control over the Company financial and economic activities (the internal audit) is carried out by the Company Audit Committee (hereinafter referred to as the - Committee), consisting of 3 (three) persons.
- 26.3. The Company Audit Committee activities are governed by the applicable law, the present Company Charter and the approved Audit Committee Regulations in accordance with it.
- 26.4. The Company Audit Committee is elected by the Company shareholders general meeting from among the Company shareholders or the candidates nominated by the Board of Directors non-members and not occupying positions in the Company executive bodies and not performing the Company Chief Accountant functions for the period of 1 (one) year. The Company Audit Committee members may be re-elected for another term, and if there are any grounds can be preliminarily withdrawn from the Audit Committee following the Company shareholders General Meeting resolution by the simple majority votes.
- 26.5. The Company Audit Committee management activities are undertaken by the Committee Chairman, elected at the first Committee meeting. The Audit Committee Chairman can be reelected for another term, and if there are any grounds can be preliminarily withdrawn from the Audit Committee post following the resolution taken by the simple majority votes of the Audit Committee remaining members. The Audit Committee Chairman shall organize the Committee working process and activities, sign the records, reports and acts compiled to it. The Audit Committee shall appoint the Committee Secretary from among its members, which shall keep such Committee records and reports.
- 26.6. The Company financial-economic activities audit is carried out by the Audit Committee on the Company year results and at any time on the Audit Committee own initiative, on the Company Shareholders General Meeting request, the Board of Directors request or at the Company shareholder (shareholders) request holding in aggregate not less than 10 % (ten percent) of the Company voting shares. During the inspection the Audit Committee has the right to demand from the Company officers to submit all necessary documents and explanations. The Audit Committee presents the Company audits results to the Company shareholders General Meeting and the Board of Directors.
- 26.7. The Company annual report and annual financial statements are submitted to the Company Shareholders General Meeting only with the Audit Committee conclusion report.
- 26.8. The Company Audit Committee shall independently establish its working schedule. The schedule provides the monitoring and control over the Company activities and the proposals from the previous audits implementation.
- 26.9. The Company documentary audits and inspections results carried out by the Company Audit Committee are drawn up by acts signed by the Audit Committee Chairman and the Audit Committee members, conducted the

Company audit, and then further discussed at the Committee meetings. The Company audits and inspections records, as well as the Audit Committee conclusion report on the Company annual reports and annual financial statements are submitted to the Company Board.

- 26.10. In case of necessity the Audit Committee can involve the experts' services and the independent auditing companies on the contractual basis. The additional costs and expenses in this case should be approved by the Company Board of Directors. The Audit Committee cost estimates shall be agreed with the Board of Directors.
- 26.11. The Audit Committee members shall be entitled to receive compensation for their functions performance. These payments are established by the Company shareholders General Meeting on the Board of Directors recommendations. The Audit Committee technical and logistical support is vested onto the Company President.
- 26.12. On the Company financial and economic activities audit results the Company Audit Committee prepares the conclusion report, which shall include:
- the Company data contained in the reports and other financial documents confirmation;
  - information about the Russian Federation established regulations violations, accounting procedures and financial reporting order violations as well as the Russian Federation legal regulations during the Company financial and economic activities implementation.
- 26.13. The Audit Committee members have the right to participate in the Company Board of Directors meetings with the advisory capacity right.
- 26.14. The Audit Committee members are responsible for their duties malpractice in the manner prescribed by the applicable law and the present Company Charter.
- 26.15. The additional requirements concerning the working process and activities organization, as well as the Audit Committee rights and responsibilities are established by the Audit Committee Regulations provisions.

## **27. CONFIDENTIALITY**

- 27.1. The information about the Company is provided in accordance with the applicable laws requirements and other Russian Federation legal acts.
- 27.2. The Company financial nature information, as well as other commercial nature information, relating to the Company activities, is regarded and considered as confidential.
- The Company shareholders and the Company itself shall make reasonable efforts to prevent unauthorized disclosure or leakage of such information. The company Board of Directors members, having access to the Company confidential information, shall not communicate and disclose it to the third parties, that do not have access to such information, as well as use it for their benefit or the benefit of others.
- 27.3. As prescribed by the present Company Charter and the Company internal documents the procedure on the Company President resolution the corporate conduct standards on the Company information privacy and management are developed and submitted for the Board of Directors approval, which are mandatory for all the Company employees.

## **X. FINAL PROVISIONS**

### **28. THE COMPANY REORGANIZATION AND LIQUIDATION**

- 28.1. The Company can be voluntarily reorganized in the manner provided by the applicable law.
- 28.2. The Company reorganization can be implemented in the form of merger, accession, division, separation and transformation.
- 28.3. The Company is regarded as reorganized, with the exception of the reorganization cases in the form of merger, from the moment of the newly established legal entity state registration.
- 28.4. During the Company reorganization in the form of another company joining to it, the Company is considered reorganized after the corresponding record entry into the Unified State Register of legal entities concerning the affiliated company activities termination.
- 28.5. The Company can be liquidated voluntarily in the manner prescribed by the applicable law or by the court order on the grounds provided by the applicable law.
- 28.6. The Company liquidation entails its termination without the rights and duties transfer in succession to other persons.
- 28.7. Since the liquidation committee appointment it acquires all the powers to manage the Company affairs and activities. The liquidation committee acts in court on behalf of the Company being liquidated.
- 28.8. The liquidation committee shall place in the press, which publishes data on the legal entities registration, the information about the Company liquidation, the manner and timing for the company creditors' claims submission. The creditors' claims submission deadline can not be less than two months from the date of the Company liquidation information was published.

- 28.9. After the creditors claims submission deadline the liquidation committee shall compile the interim liquidation balance sheet, which contains information on the liquidating Company assets structure, demands and claims presented by the Company creditors, and their investigation results. The interim liquidation balance sheet shall be approved by the Company Shareholders General Meeting.
- 28.10. After the creditors payments completion the liquidation committee shall compile the liquidation balance sheet, which is approved by the Company Shareholders General Meeting.
- 28.11. The remaining after the payments with creditors the liquidated Company assets are distributed by the liquidation committee among the Company shareholders in the following order:
- First of all, the payments on shares to be repurchased by the Company from the shareholders in accordance with the applicable law requirements are executed;
  - Secondly, the accrued but unpaid dividends payments on the preferred shares and the determined by the present Company Charter the preferred shares liquidation value payments are executed;
  - In the third, the liquidated Company assets distribution is fulfilled between the Company shareholders - the Company ordinary shares and all types of preferred shares owners.
- 28.12. Each stage of the Company property distribution is carried out after the previous stage turn assets full distribution.
- 28.13. The Company liquidation is completed, and the Company - have ceased to exist from the moment of the corresponding record entering into the Unified State Register of Legal Entities by the state registration body.
- 28.14. During the Company reorganization and liquidation, as well as after the works termination, containing the information constituting the Russian Federation state secrets, the Company shall provide protection to such information and its media through the information security procedures development and implementation, data protection, foreign technical intelligence prevention, security and fire safety actions.

## **29. THE PRESENT COMPANY CHARTER AND ITS AMENDMENTS ENTERING INTO FORCE ORDER**

- 29.1. The present Company Charter shall enter into its legal force upon its registration in the manner prescribed by the applicable law.
- 29.2. The resolution on the present Company Charter amendments and additions shall be approved in the manner determined by the applicable law and the present Company Charter.
- 29.3. The present Company Charter provisions shall apply to the extent not inconsistent with the applicable law. If as a result of changes and amendments to the applicable law the separate articles and provisions of the present Charter will come into conflict with the applicable laws, they lose their legal force until the relevant amendments to the present Company Charter shall apply.