

APPROVED BY:  
Resolution of the Board of Directors  
of Sistema-Hals JSC  
Minutes No. 4  
April 12, 2011

**REGULATIONS ON CORPORATE SECRETARY  
of Joint Stock Company Sistema-Hals**

Moscow, 2011

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## **1. GENERAL**

1.1. These Regulations shall be developed in accordance with the current laws of the Russian Federation, Articles of Association and internal documents of Sistema-Hals JSC.

1.2. The Regulations shall define the status of the Corporate Secretary, procedure for his/her appointment, functions, rights and responsibilities, and liability.

1.3. The Corporate Secretary shall be an official of the Company.

1.4. The Corporate Secretary shall provide for adherence of the Company's bodies and officials to the rules and procedures of corporate conduct specified by the requirements of the current laws, internal documents of the Company that guarantee exercise of rights and interests of the Company's Shareholders.

1.5. In its work, the Corporate Secretary shall be directly subordinate to the Chairman of the Company's Board of Directors.

1.6. In discharging his/her responsibilities, the Corporate Secretary shall interact with all units of the Company. The Company's bodies and officials should assist to the Corporate Secretary in performing his/her functions.

## **2. CORPORATE SECRETARY APPOINTMENT PROCEDURE**

2.1. The Corporate Secretary shall be appointed to and released from this office by the Company's Board of Directors. The Corporate Secretary shall be accountable to the Board of Directors.

2.2. A labor agreement shall be entered into with a person appointed as the Corporate Secretary.

2.3. A person complying with the following qualifications may be appointed as the Corporate Secretary:

- higher professional education (in law or economics), at least 5 years of service in a specialty on positions occupied by specialists with higher professional education, including executive positions;
- work experience in the field of corporate law;
- special training in corporate governance;

2.4. Making a decision to appoint the Corporate Secretary of the Company shall involve account of his/her clean record of economic crimes or crimes against the State, interests of public service and service in local authorities, as well as clean record of administrative offences in the area of entrepreneurial activity, in the area of finance, revenues, securities market.

2.5. The Corporate Secretary should discharge the incumbent functions in good faith and reasonably, and also to be guided with the following principles:

- to observe the current laws of the Russian Federation;
- to respect and protect Shareholders' rights.

## **3. FUNCTIONS OF THE CORPORATE SECRETARY**

3.1. In the area of corporate governance s/he should:

- provide for adherence of the Company's bodies and officials to the requirements of the rules contained in the current laws of the Russian Federation, Articles of Association of the Company, and other documents of the Company that guarantee exercise of rights and interests of the Company's Shareholders;
- prepare resolutions of the Board of Directors and other management bodies of the Company regarding the development of corporate governance practice, oversee their implementation, participate in drawing up and subsequent updating the Code of Corporate Conduct, Articles of Association of the Company;

- submit explanations to shareholders of the Company, and also to members of the Board of Directors, Management Board, President of the Company and other officials of the Company regarding issues of corporate law and management.

3.2. In the area of preparing, calling, holding and summarizing the General Meeting of the Company's Shareholders s/he should:

- review Shareholders' proposals on issues to be included into an agenda of the General Meeting of Shareholders and on nominees for election to elective bodies of the Company, requests of Shareholders and other authorized persons to hold an extraordinary General Meeting of Shareholders, keep records of received proposals and requests, carry out their legal review, furnish the Shareholders with resolutions passed by the Board of Directors in regard to the received requests and proposals;
- ensure preparation of the Company's Annual Report, other documents (information) to be submitted to the Shareholders in connection with the General Meeting of Shareholders;
- arrange for preparation and distribution among the Company's Shareholders of notices of the forthcoming General Meeting of Shareholders, voting bulletins, and also access of the Company's Shareholders to documents that shall be provided to persons eligible for participation in the General Meeting of Shareholders, keep record of completed voting bulletins received by the Company;
- oversee the work of the Company's Counting Board, receipt of a voting return protocol, voting bulletins and proxies from the Counting Board, prepare a Voting Return Report and bring the same to notice of the Company's Shareholders, if necessary;
- attend the General Meeting of Shareholders held in the form of a meeting;
- execute minutes of the General Meetings of Shareholders, extracts from minutes of the General Meetings of Shareholders, certify their authenticity with his/her signature, keep archived minutes of the General Meetings of Shareholders;
- reply to questions posed by participants of the General Meeting of Shareholders on its proceedings;
- effect control over implementation of resolutions passed by the General Meeting of the Company's Shareholders;
- solve other problems connected with preparing, holding and summarizing the General Meeting of Shareholders.

3.3. In the area of supporting operation of the Company's Board of Directors s/he should:

- provide for adherence to the specified rules and procedure for preparing and holding meetings of the Company's Board of Directors, *inter alia*, preparing action plans and agendas of meetings of the Company's Board of Directors, familiarizing newly elected members of the Company's Board of Directors with the Company's activity and its internal documents, notifying members of the Company's Board of Directors and persons invited to a meeting of the Company's Board of Directors of forthcoming meetings, providing them with materials to issues included in the agenda, registering and processing the received census papers for voting (in case of absentee form of the meeting), written opinions regarding items of the agenda;
- participate in meetings of the Company's Board of Directors;
- execute minutes of meetings of the Company's Board of Directors, extracts from minutes of meetings of the Board of Directors, certify their authenticity with his/her signature, keep archived minutes of the Board of Directors;
- support operation of committees of the Company's Board of Directors;
- keep questionnaires of members of the Company's Board of Directors;
- effect control over implementation of resolutions passed by the Company's Board of Directors;
- solve other problems connected with supporting operations of the Company's Board of Directors (prepare draft resolutions, materials to meetings, etc.).

3.4. In the area of document custody and information disclosure s/he should:

- provide for custody of documents specified in Article 89 of the Federal Law “On Joint Stock Companies” and relating to corporate governance;
- arrange for copying documents on request of the Shareholders in cases stipulated by the laws of the Russian Federation;
- oversee timely and proper disclosure of information by the Company under the procedure specified by the laws of the Russian Federation, and also by the Articles of Association and other documents of the Company;
- see to topicality of the Company’s information placed in the Company’s official Internet website.

**3.5. In the area of the Company’s interaction with its Shareholders s/he should:**

- keep record and review of applications and enquiries from Shareholders relating to matters of corporate governance and exercise of Shareholders’ rights, provide consultations to the Shareholders on issues connected with their rights, review applications and enquiries concerning details of the Company’s Shareholders and shares owned by them;
- follow up on the buy-in procedure for shares in the Company in cases and under the procedure specified by the current laws of the Russian Federation;
- arrange for and follow up on the procedures, specified by the laws of the Russian Federation, for exercising the pre-emptive right of the Company’s Shareholders to purchase shares in successive issues, notification of creditors in case of deciding to reorganize the Company or to reduce its authorized capital, other corporate procedures stipulated by the laws of the Russian Federation.

**3.6. Other issues:**

- ensure performance of the procedure for maintaining a register of registered securities holders, ensure interaction of the Company and its specialized Registrar;
- ensure performance of the procedure for approving major transactions and related party transactions, other transactions requiring approval by the Company’s management bodies;
- ensure performance of the procedure for the Company’s share issue, exercise of the Shareholders’ right for their placement, other procedures aimed at protection of rights and property interests of the Shareholders, participate in preparing and implementing resolutions on issue of securities, in preparing and implementing resolutions on the Company’s reorganization;
- coordinate and render procedural support to secretaries of boards of directors of subsidiary and dependent companies;
- request and receive documents and information from business entities with the Company’s participation interest in their authorized capitals, including: articles of associations, documents on registration of share issues, internal documents, minutes of management bodies, details of members of the Board of Directors, affiliates, extracts from shareholder registers, etc.;
- interact with professional securities market makers and governmental authorities on issues concerning regulation of corporate legal relations and securities market, prepare responses to enquiries of the Federal Service for Financial Markets, antimonopoly authorities, participate in claim administration with regard to application of corporate law rules.

## **4. RIGHTS AND RESPONSIBILITIES OF THE CORPORATE SECRETARY**

**4.1. The Corporate Secretary shall be entitled to:**

- request and receive information and documents, required for discharge of its incumbent functions, from officials of the Company, CEOs of its structural units;
- follow up on resolutions passed by the General Meeting of Shareholders and the Board of Directors.

**4.2. The Corporate Secretary shall:**

- strictly adhere to rules and requirements of the laws of the Russian Federation in his/her work;
- observe interests of the Shareholders when resolving any problems emerged;

- fulfill commissions of the Chairman of the Company's Board of Directors;
- report to the Company's Board of Directors on his/her work on a regular basis, at least twice a year;
- notify the Board of Directors of all facts of non-compliance with the requirements of the current laws of the Russian Federation and internal documents of the Company in management of the Company, occurrence of situations endangering with breach of the laws of the Russian Federation, rights of the Company's Shareholders, and also occurrence of a corporate conflict.

## **5. LIABILITY**

5.1. The Corporate Secretary of the Company should, while exercising his/her rights and discharging his/her responsibilities, act in the interests of the Company, exercise his/her rights and discharge his/her responsibilities towards the Company in good faith and reasonably.

5.2. The Corporate Secretary shall have no right to disclose any information, being, according to the laws of the Russian Federation and the Company's internal documents in force, a commercial secret, and any other confidential information.

5.3. The Corporate Secretary shall have no right to use accessible to him/her insider information (restricted information) about the Company for personal advantage.