

APPROVED  
By the General Shareholders Meeting  
of the Open Joint Stock Company  
Oil Company Rosneft  
on June 19, 2009  
Minutes without No.

Joint Stock Company Oil Company Rosneft

# CHARTER

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## **1. GENERAL PROVISIONS**

- 1.1 Open joint stock company Oil Company Rosneft (the "Company") was established under the Decree of the President of the Russian Federation № 327 dated April 1, 1995 "On the primary measures on development of the oil companies' operations" and on the basis of Resolution of the Government of the Russian Federation № 971 dated September 29, 1995 "On reorganization of the state enterprise Rosneft into an open joint stock company Oil Company Rosneft".
- 1.2 The Company is established without limitation of the period of its existence.
- 1.3 The Company is the legal successor of the reorganized state enterprise Rosneft in accordance with transfer act.
- 1.4 The Company is the legal successor of OJSC Oil Company Rosneft – Krasnodarneftegas, OJSC Oil Company Rosneft – Purneftegas, OJSC Oil Company Rosneft – Sakhalinmorneftegas, OJSC Oil Company Rosneft – Stavropolneftegas, OJSC Yuganskneftegas, OJSC Severnaya Neft, OJSC Selkupneftegas, OJSC Oil Company Rosneft – Komsomolsky refinery, OJSC Oil Company Rosneft – Tuapsinsky refinery, OJSC Oil Company Rosneft – Arkhangelsknefteproduct, OJSC Oil Company Rosneft – Nakhodkanefteproduct, OJSC Oil Company Rosneft – Tuapsenefteproduct, which merged into the Company pursuant to the resolutions of the General Shareholders Meetings of OJSC Oil Company Rosneft, OJSC Oil Company Rosneft – Krasnodarneftegas, OJSC Oil Company Rosneft – Purneftegas, OJSC Oil Company Rosneft – Sakhalinmorneftegas, OJSC Oil Company Rosneft – Stavropolneftegas, OJSC Yuganskneftegas, OJSC Severnaya Neft, OJSC Selkupneftegas, OJSC Oil Company Rosneft – Komsomolsky refinery, OJSC Oil Company Rosneft – Tuapsinsky refinery, OJSC Oil Company Rosneft – Arkhangelsknefteproduct, OJSC Oil Company Rosneft – Nakhodkanefteproduct, OJSC Oil Company Rosneft – Tuapsenefteproduct dated June 2, 2006 on the reorganization by way of merger of OJSC Oil Company Rosneft – Krasnodarneftegas, OJSC Oil Company Rosneft – Purneftegas, OJSC Oil Company Rosneft – Sakhalinmorneftegas, OJSC Oil Company Rosneft – Stavropolneftegas, OJSC Yuganskneftegas, OJSC Severnaya Neft, OJSC Selkupneftegas, OJSC Oil Company Rosneft – Komsomolsky refinery, OJSC Oil Company Rosneft – Tuapsinsky refinery, OJSC Oil Company Rosneft – Arkhangelsknefteproduct, OJSC Oil Company Rosneft – Nakhodkanefteproduct, OJSC Oil Company Rosneft – Tuapsenefteproduct, respectively, into OJSC Oil Company Rosneft, and the Deeds of Merger of OJSC Oil Company Rosneft – Krasnodarneftegas, OJSC Oil Company Rosneft – Purneftegas, OJSC Oil Company Rosneft – Sakhalinmorneftegas, OJSC Oil Company Rosneft – Stavropolneftegas, OJSC Yuganskneftegas, OJSC Severnaya Neft, OJSC Selkupneftegas, OJSC Oil Company Rosneft – Komsomolsky refinery, OJSC Oil Company Rosneft – Tuapsinsky refinery, OJSC Oil Company Rosneft – Arkhangelsknefteproduct, OJSC Oil Company Rosneft – Nakhodkanefteproduct, OJSC Oil Company Rosneft – Tuapsenefteproduct into OJSC Oil Company Rosneft, respectively, dated June 2, 2006.

## **2. OFFICIAL NAME AND REGISTERED OFFICE OF THE COMPANY**

- 2.1 The official name of the Company
- 2.1.1 The full name shall be:
- (i) in Russian: Открытое акционерное общество «Нефтяная компания «Роснефть»;
  - (ii) in English: Oil Company Rosneft;
- 2.1.2 The abbreviated name shall be:
- (i) in Russian: ОАО «НК «Роснефть»;
  - (ii) in English: Rosneft.

- 2.2 The registered office of the Company shall be: Russian Federation 115035 Moscow, 26/1 Sofiyskaya embankment.

### **3. PURPOSE AND OBJECTIVES OF THE COMPANY OPERATIONS**

- 3.1 The purpose of the Company operation shall be to earn profit.
- 3.2 The Company shall have the civil rights and obligations necessary to engage in any type of activity not prohibited under federal laws.
- 3.3 The Company may engage in certain types of operations, as listed by federal laws, on the basis of a special authorization/license only.
- 3.4 The objectives of the Company's operations shall be to ensure the search, exploration, extraction, and processing of oil, gas, and gas condensate and the sale of oil, gas, gas condensate and their derivatives to consumers in and outside the Russian Federation, to conduct any associated types of activity, as well as to carry out works with precious metals and precious stones. The Company shall carry out, inter alia, the following main types of activity:
- (1) geological prospecting and geological exploration work aimed at oil, gas, coal and other minerals search; extraction, transportation and processing of oil, gas, coal and other minerals and timber; production of oil products, petrochemicals and other products, including electric power, woodworking products, fast moving consumer goods and provision of services to the public; storage and sale (including sale in the domestic market and export sale) of oil, gas, oil products, coal, electric power, woodworking products, and other hydrocarbon and other derivatives.
  - (2) investment activities, including transactions with securities;
  - (3) arrangement fulfilling of orders for federal state requirements and regional consumers of goods produced by the Company or its subsidiary and dependent companies, including supplies of oil, gas and oil products to the regions where they operate;
  - (4) investment management, construction, engineering, technical and maintenance support of upstream and downstream projects, scientific and technical support, procurement and sale, economic, foreign economic and legal support of the activity of both the Company and its subsidiary and dependent companies, and third party customers. Study of commodity and services markets and securities markets, research, and sociological and other studies. Regulation and coordination of the operations of subsidiary and dependent companies;
  - (5) leasing out of immovable and other property and use of leased property;
  - (6) provision of assistance in securing the interests of the Russian Federation in the preparation and execution of production sharing agreements in respect of subsoil areas and hydrocarbon deposits;
  - (7) organization of advertising and publishing activities and holding of exhibitions, selling exhibitions, auctions, etc.;
  - (8) agency, consultancy, marketing and other types of activities, including foreign trade (including export and import transactions), performance of work and services on a contractual basis;
  - (9) organization of protection of the Company employees and its property;
  - (10) use of precious metals and precious stones in technological processes as parts of equipment and materials;

- (11) organization and implementation of measures with regard to mobilization preparation, civil defense and protection of information constituting state secrets.

#### **4. BRANCHES AND REPRESENTATIVE OFFICES**

- 4.1 The Company may establish branches and open representative offices both in and outside the Russian Federation.
- 4.2 For implementation of the purpose and objectives of its operations the Company has the following representative offices:
- 4.2.1 in Northern Caucasus, at 350610 Krasnodar, 54 Krasnaya street;
  - 4.2.2 in Yamalo-Nenetsk Autonomous region, at 629830 Gubkinsky, district 10, house 3;
  - 4.2.3 in the Far East, at 693010 Sakhalin region, Yuzhno-Sakhalinsk, 17 Khabarovskaya street;
  - 4.2.4 in Stavropol region, at 356880 Neftekumsk, 5 Street of 50<sup>th</sup> anniversary of Pioneriya;
  - 4.2.5 in Khanty-Mansiysky Autonomous region - Yugra, at 628309 Nefteyugansk, 26 Lenina street;
  - 4.2.6 in Komi Republic, at 169710 Usinsk, 1 Pripolyarnaya street;
  - 4.2.7 in Khabarovsk region, at 680007 Komsomolsk-na-Amure, 107 Leningradskaya street;
  - 4.2.8 in Arkhangelsk region, at 163530, Primorsky district, Talagi settlement, 30;
  - 4.2.9 in Primorsky region, at 692929 Nakhodka, 19 Makarova street;
  - 4.2.10 in Europe, in Austria, at 1040 Vienna, 7/4 Favoritenstrasse;
  - 4.2.11 in Asia-Pacific region, in China, at 100022 Beijing, Chaoan, 6A Tsyangomenway, Central World Trade Center, tower D.
- 4.3 Branches and representative offices shall carry out their activities on behalf of the Company, which shall bear responsibility for their activities.
- 4.3.1 Branches and representative offices are not legal entities and are provided with property by the Company and shall operate in accordance with the regulations on such branches and representative offices.
  - 4.3.2 The property of branches and representative offices shall be recorded on their separate balance sheets and on the balance sheet of the Company.
  - 4.3.3 The heads of branches and representative offices shall act under a power of attorney.

#### **5. CHARTER CAPITAL. SHARES. RIGHTS OF SHAREHOLDERS**

- 5.1 Amount of charter capital
- 5.1.1 The charter capital of the Company shall amount to 105,981,778.17 rubles (one hundred five million nine hundred eighty one thousand seven hundred seventy eight rubles and seventeen kopeks).
  - 5.1.2 The charter capital of the Company shall be comprised of the par value of the Company shares acquired and paid for by the shareholders.
- 5.2 Types of shares placed by the Company
- 5.2.1 The Company shall have the right to place common shares.

- (1) Each common share in the Company shall have the same par value and shall provide to the shareholder holding it the same scope of rights.
- (2) Each common share shall be a voting share, with the exception of shares recorded on the balance sheet of the Company.

5.2.2 All the shares in the Company are registered shares.

5.2.3 All the shares in the Company shall be issued by the Company in the non-documentary form.

### 5.3 Outstanding and authorized shares

5.3.1 The charter capital of the Company shall be divided into 10,598,177,817 (ten billion five hundred ninety eight million one hundred seventy seven thousand eight hundred seventeen) pieces of common registered non-documentary shares with the par value of 1 (one) kopeck each.

5.3.2 The Company shall have the right to place, in addition to the outstanding shares, registered common non-documentary shares in the number of 6,332,510,632 (six billion three hundred thirty two million five hundred ten thousand six hundred thirty two) pieces, with the par value of 1 (one) kopeck each and with the aggregate par value of 63,325,106.32 rubles (sixty three million three hundred twenty five thousand one hundred six rubles thirty two kopeks) (authorized shares), which shall carry the same rights as outstanding common shares in the Company as provided for by this Charter.

### 5.4 Increase of charter capital

5.4.1 The charter capital of the Company may be increased by increasing the par value of its shares or by placing additional shares.

5.4.2 A resolution to increase the charter capital of the Company by increasing the par value of its shares shall be approved by the General Shareholders Meeting.

5.4.3 A resolution to increase the charter capital of the Company by placing additional shares shall be approved by the General Shareholders Meeting, and in case specified in Clause 10.1.5(1) of the Charter - by the Board of Directors.

### 5.5 Reduction of charter capital

5.5.1 The charter capital of the Company may be reduced by decreasing the par value of shares or reducing their total number, including by acquisition of a portion of shares.

5.5.2 The charter capital of the Company may be reduced by acquisition of a portion of the Company's shares under a resolution of the General Shareholders Meeting on the reduction of the charter capital of the Company by way of acquisition of a portion of outstanding shares in the Company with the purpose of reducing their total number.

5.5.3 The charter capital of the Company shall be reduced under a resolution of the General Shareholders Meeting on the reduction of the charter capital by redemption of shares, which are recorded on the balance sheet of the Company, if these shares have not been sold within one year from the date of their acquisition.

5.5.4 Within 30 days following the resolution to reduce its charter capital, the Company shall notify its creditors in writing about the reduction of the charter capital of the Company and its adjusted amount and publish an announcement of the approved resolution in a print edition designated for publication of information about the state registration of legal entities.

### 5.6 Acquisition by the Company of outstanding shares

5.6.1 The Company shall acquire its outstanding shares:

- (1) under a resolution of the General Shareholders Meeting to reduce the charter capital of the Company. The shares acquired by the Company thereunder shall be redeemed;
  - (2) at the request of shareholders in cases provided for under the Federal Law "On Joint Stock Companies";
  - (3) under a resolution of the Board of Directors of the Company in number not to exceed 10 percent of the total number of all outstanding shares in the Company, provided that that the remaining number of outstanding shares in the Company shall be no less than 90 percent of the total number of outstanding shares in the Company.
- 5.6.2 The shares acquired by the Company, as well as those recorded on the balance sheet of the Company on other grounds shall not vote and shall not be taken into consideration when counting votes and no dividends shall accrue thereon. Such shares shall be sold at the price not less than the market price within one year from the date of their acquisition. Otherwise, the General Shareholders Meeting shall resolve to reduce the charter capital of the Company by way of redemption of such shares.
- 5.6.3 The outstanding shares acquired by the Company shall be paid for in cash, securities, other property, or property or other rights that have monetary value.
- 5.7 Net assets of the Company
- 5.7.1 The value of the Company net assets shall be appraised based on accounting data in the manner established by the Ministry of Finance of the Russian Federation and the federal executive authority for the securities market.
- 5.7.2 If at the end of the second and each subsequent fiscal year the value of the Company's net assets, according to its annual balance sheet submitted to the Company's shareholders for approval or according to the results of an audit, proves to be less than its charter capital, the Company shall declare a reduction of its charter capital to an amount not exceeding the value of its net assets. In such a case the charter capital of the Company shall be reduced by reducing the par value of its shares.
- 5.8 Rights of shareholders
- 5.8.1 The holders of common shares in the Company shall have the following rights:
- (1) to dispose of their shares without consent of other shareholders and the Company;
  - (2) to receive a portion of the net profit (dividends) to be distributed among shareholders in the manner prescribed by the law and this Charter;
  - (3) to receive a portion of the property and other assets of the Company (liquidation quota) which remain upon the liquidation of the Company, in proportion to the number of shares held by them;
  - (4) to obtain information about the Company's operations and have access to the Company's documents in the manner and to the extent provided for under the law and the Charter and to obtain copies of such documents for a fee;
  - (5) to obtain an extract from the register of holders of registered securities, evidencing their rights to shares;
  - (6) to participate in voting (including in absentee voting) at the General Shareholders Meeting on all matters falling within its competence;

- (7) to demand the repurchase of all or any portion of its shares by the Company in the cases provided for by the law;
  - (8) to exercise other rights provided for by the laws of the Russian Federation, the Charter of the Company and resolutions of the General Shareholders Meeting adopted within its competence.
- 5.8.2 The shareholders of the Company shall have the preemptive right to acquire additional shares and issuable securities convertible into shares, which are placed by open subscription, in a number proportionate to the number of shares they hold.
- 5.8.3 The shareholders of the Company that voted against or did not participate in the voting on the matter of placing shares and issuable securities convertible into shares by closed subscription shall have the preemptive right to acquire additional shares and issuable securities convertible into shares to be placed by closed subscription, in a number proportionate to the number of shares which they hold. Such a right shall not apply to a placement of shares and other issuable securities convertible into shares by means of closed subscription among the shareholders only if the shareholders have an option to acquire a whole number of shares and other issuable securities convertible into shares scheduled for placement, in proportion to the number of shares they hold.

## **6. FUNDS OF THE COMPANY**

- 6.1 The Company shall create a reserve fund equal to five (5) percent of its charter capital.
- 6.1.1 The annual deductions for the Company reserve fund shall be equal to 5 percent of its net profits. Such deductions shall be made until the reserve fund reaches the amount determined under the Charter.
  - 6.1.2 The reserve fund of the Company shall be used to cover its losses, for the redemption of the Company's bonds and for the buyout of the Company's shares in the absence of other resources.
  - 6.1.3 The reserve fund shall not be used for other purposes.
- 6.2 A special employee share ownership fund shall be formed out of the net profit of the Company.
- 6.2.1 A special employee share ownership fund shall only be used to acquire the Company's shares put up for sale by its shareholders, for their subsequent distribution between the Company's employees.
  - 6.2.2 The proceeds from sale of the Company's shares to the employees purchased at the expense of the employee share ownership fund of the Company shall be used to form such a fund.
- 6.3 The Company may create other funds under a resolution of the Board of Directors of the Company. The composition, the purpose, the sources and the use of such funds shall be determined by the Board of Directors of the Company.

## **7. DIVIDENDS**

- 7.1 Dividends shall be paid out of the Company profit after tax (net profit of the Company). Net profit of the Company shall be determined on the basis of the Company's financial statements.
- 7.2 The Company shall have a right to resolve on (declare) the payment of dividends on outstanding shares based on the results for the first quarter, the first six months, and the first nine months of a fiscal year and/or the results for a fiscal year, unless otherwise stipulated by law. A resolution to pay (declare) dividends based on the results for the first quarter, the first six months, and the first

nine months of a fiscal year may be adopted within three months after the end of the respective period.

- 7.3 Resolutions to pay (declare) dividends, including resolutions on the amount of a dividend on the shares and the form of its payment shall be adopted by the General Shareholders Meeting. The amount of dividends shall not be more than that recommended by the Board of Directors of the Company.
- 7.4 Dividends shall be paid in the monetary form. By a resolution of the General Shareholders Meeting of the Company dividends may be paid in a non-monetary form that shall be determined by a resolution of the General Shareholders Meeting of the Company based on the suggestion of the Board of Directors of the Company.
- 7.5 Dividends for the first quarter, the first six months, and the first nine months of a fiscal year shall be paid within 60 days following the date of adoption of the resolution to pay (declare) such dividends.
- 7.6 Dividends for a fiscal year shall be paid before December 31 of the year in which the resolution to pay such dividends was adopted.
- 7.7 For the purpose of dividend payment, a list of persons entitled to receive dividends shall be compiled at the Company. The list of persons entitled to receive dividends shall be compiled as of the date for the compilation of a list of persons entitled to participate in the General Shareholders Meeting that will be taking the decision on payment of the relevant dividends.
- 7.8 When adopting a resolution on (declaring) the payment of dividends the Company shall follow the restrictions established by the federal laws.

## **8. STRUCTURE OF THE COMPANY GOVERNING BODIES**

- 8.1 The governing bodies of the Company are as follows:
  - 8.1.1 General Shareholders Meeting;
  - 8.1.2 Board of Directors;
  - 8.1.3 Management Board - collective executive body;
  - 8.1.4 President - sole executive body.
- 8.2 In the event of appointment of a liquidation commission it shall assume all the duties related to the management of the Company.

## **9. GENERAL SHAREHOLDERS MEETING**

- 9.1 Supreme governing body
  - 9.1.1 The General Shareholders Meeting shall be the supreme governing body of the Company.
  - 9.1.2 The General Shareholders Meeting (in the form of joint presence of shareholders) shall be conducted in the city of the Company's location – Moscow, or in Krasnodar, Krasnoyarsk, St. Petersburg and Khabarovsk.
  - 9.1.3 The address, at which the General Shareholders Meeting is conducted in the form of joint presence of shareholders, shall be determined by the Board of Directors of the Company.
  - 9.1.4 The annual General Shareholders Meeting shall be convened not earlier than 2 months and not later than 6 months upon the end of the fiscal year.

9.1.5 The General Shareholders Meeting shall be presided over by the Chairman of the Board of Directors of the Company or, if he/she is not present - by one of the members of the Board of Directors at the option of the members of the Board of Directors.

## 9.2 Competence of the General Shareholders Meeting

9.2.1 The General Shareholders Meeting shall adopt resolutions on the following matters by the majority of three fourths of votes of shareholders – owners of voting shares who participate in the meeting:

- (1) amendments and addenda to and restatement of the Charter of the Company, except for the cases provided for by the Federal Law “On Joint Stock Companies” and the Charter;
- (2) reorganization of the Company;
- (3) liquidation of the Company, appointment of the liquidation commission and approval of interim and final liquidation balance sheets;
- (4) determination of the number, par value, category (type) of authorized shares and the rights attached to such shares;
- (5) increase of the charter capital of the Company by way of placement of additional shares, if such a placement is performed
  - (i) by closed subscription to the issued shares;
  - (ii) by open subscription to additional shares in the amount that exceeds 25 percent of common shares earlier placed;
- (6) reduction of the charter capital of the Company by way of reduction of the par value of shares;
- (7) approval of major transactions in the cases provided for by paragraph 3 of Article 79 of the Federal Law “On Joint Stock Companies”.

9.2.2 The General Shareholders Meeting shall adopt resolutions on the following matters by the simple majority of votes of shareholders – owners of voting shares who participate in the meeting:

- (1) election of the members of the Board of Directors of the Company;
- (2) early termination of the powers of the members of the Board of Directors of the Company;
- (3) election of the members of the Audit Commission of the Company;
- (4) early termination of the powers of the members of the Audit Commission of the Company;
- (5) approval of the auditor of the Company ;
- (6) approval of the annual report(s) of the Company;
- (7) approval of the annual financial statements, including the profit and loss statements (profit and loss accounts) of the Company;
- (8) distribution of profits and losses of the Company based on the results of a fiscal year;
- (9) payment (declaration) of dividends for the first quarter, the first six months, the first nine months and a fiscal year;
- (10) establishment of the procedure for conduct of the General Shareholders Meeting;

- (11) split and consolidation of shares;
- (12) increase of the charter capital of the Company by way of increase of the par value of shares;
- (13) reduction of the charter capital of the Company by way of acquisition by the Company of a portion of shares with the purpose to reduce their total number, and by way of redemption of shares acquired or repurchased by the Company (shares that are at the disposal of the Company);
- (14) approval of major transactions in the cases provided for by paragraph 2 of Article 79 of the Federal Law "On Joint Stock Companies";
- (15) approval of transactions in the cases provided for by Article 83 of the Federal Law "On Joint Stock Companies";
- (16) participation in financial and industrial groups, associations and other alliances of commercial organizations;
- (17) audit of the financial and business operations of the Company by the Audit Commission;
- (18) approval of internal documents regulating the activities of the Company's bodies, including:
  - (i) Regulations on the General Shareholders Meeting of the Company;
  - (ii) Regulations on the Board of Directors of the Company;
  - (iii) Regulations on the Collective Executive Body (Management Board) of the Company;
  - (iv) Regulations on the Sole Executive Body (President) of the Company;
  - (v) Regulations on the Audit Commission of the Company.
- (19) setting remuneration payable to and/or reimbursement of expenses incurred by, the members of the Board of Directors of the Company in connection with the performance of their duties as members of the Board of Directors during the term of their office; determination of the amounts of such remuneration and reimbursement;
- (20) setting remuneration payable to and/or reimbursement of expenses incurred by, the members of the Audit Commission in connection with the performance of their duties during the term of their office; determination of the amounts of such remuneration and reimbursement;
- (21) setting reimbursement of the individuals and bodies initiating the conduct of an extraordinary General Shareholders Meeting for the expenses related to the preparation and conduct of such a meeting, at the Company's expense;
- (22) other matters referred to the competence of the General Shareholders Meeting by the Federal Law "On Joint Stock Companies".

### 9.3 Adoption of resolutions by the General Shareholders Meeting

- 9.3.1 The General Shareholders Meeting shall consider and adopt resolutions on matters falling within its competence in accordance with Clause 9.2 of the Charter of the Company.
- 9.3.2 The General Shareholders Meeting shall have the right to adopt resolutions only on items included in the agenda. The General Shareholders Meeting shall not amend the agenda.

9.3.3 The resolutions on the following matters shall be adopted by the General Shareholders Meeting only on the suggestion of the Board of Directors:

- (1) reorganization of the Company;
- (2) increase of the charter capital of the Company by way of increase of the par value of shares;
- (3) increase of the charter capital of the Company by way of placement of additional shares;
- (4) reduction of the charter capital of the Company by way of reduction of the par value of shares;
- (5) split and consolidation of shares;
- (6) approval of related-party transactions in the cases provided for by the Federal Law "On Joint Stock Companies";
- (7) approval of major transactions in the cases provided for by the Federal Law "On Joint Stock Companies";
- (8) participation in financial and industrial groups, associations and other alliances of commercial organizations;
- (9) approval of internal documents regulating the operation of the Company's bodies;
- (10) in other cases provided for by the laws of the Russian Federation and this Charter.

9.3.4 If the following items are included in the agenda of the General Shareholders Meeting:

- (1) early termination of the powers of the members of the Board of Directors and members of the Audit Commission of the Company; and
- (2) election of the members of the Board of Directors and the members of the Audit Commission of the Company;
- (3) then if the resolution on early termination of the powers is not adopted, the results of voting on the new composition of the body shall not be determined.

9.3.5 The resolutions adopted by the General Shareholders Meeting and the voting results shall be declared at the General Shareholders Meeting at which the voting took place, or shall be communicated to the persons included in the list of those entitled to participate in the General Shareholders Meeting within 10 days from the date the protocol of the voting results is drawn up in the form of a report on the voting results in the manner stipulated for the announcement of the General Shareholders Meeting.

9.3.6 No resolution of the General Shareholders Meeting on an item on the agenda of the meeting shall be deemed to have been adopted and may be declared, before the results of the voting on all items on the agenda are summarized.

#### 9.4 Announcement of General Shareholders Meeting

9.4.1 The announcement of the General Shareholders Meeting shall be published in the following print editions: Rossiyskaya Gazeta and Izvestiya. An announcement of the General Shareholders Meeting shall be also placed on the web site of the Company on the Internet at least 30 days prior to the date of the meeting. Requirements to the announcement of the General Shareholders Meeting shall be set forth in the Regulations on the General Shareholders Meeting of the Company.

- 9.4.2 If the proposed agenda of an extraordinary General Shareholders Meeting includes (i) the issue of election of the members of the Board of Directors of the Company, or (ii) the issue of reorganization of the Company in the form of merger, de-merger or spin-off and the issue of election of the members of the board of directors (supervisory board) of the new company, created as a result of the reorganization, the announcement of such extraordinary General Shareholders Meeting shall be made at least 70 days prior to the date of such meeting.
- 9.4.3 The Company may additionally notify its shareholders of the General Shareholders Meeting via the mass media (television, radio), including electronic media, by electronic mail and by other permitted means.

9.5 Information (materials) for the General Shareholders Meeting

- 9.5.1 The information (materials) to be provided to shareholders and other persons entitled to participate in the General Shareholders Meeting in course of preparation for the General Shareholders Meeting in accordance with the procedure established by the Regulation on the General Shareholders Meeting, shall include the following documents (to the extent that the relevant matters are included in the agenda of the General Shareholders Meeting):
- (1) annual report;
  - (2) annual financial statements;
  - (3) auditor's opinion;
  - (4) assessment of the auditor's opinion by the audit committee;
  - (5) opinion of the Company Audit Commission based on the results of the audit of the annual financial statements;
  - (6) opinion of the Audit Commission on the accuracy of information in the annual report;
  - (7) information on candidates to the Board of Directors and the Audit Commission;
  - (8) information on a candidate(s) proposed as the auditor of the Company;
  - (9) draft addenda and amendments to or a draft restated version of, the Charter of the Company;
  - (10) draft addenda and amendments to or drafts of new versions of, internal documents of the Company;
  - (11) draft resolutions of the General Shareholders Meeting;
  - (12) recommendations of the Board of Directors of the Company on matters specified in Clause 10.1.11 of the Charter of the Company;
  - (13) other documents and materials provided for by the laws of the Russian Federation and the Charter of the Company.
- 9.5.2 The accuracy of data contained in the Company annual report, annual accounting statements and financial statements shall be confirmed by the Audit Commission of the Company.
- (1) Before publishing the documents specified in Clause 9.5.1 of the Charter, the Company shall engage an auditor that is not a related party of the Company or its shareholders for the performance of the annual audit and confirmation of the annual financial statements.

- (2) The annual report of the Company shall be subject to prior approval by the Board of Directors of the Company no later than 30 days prior to the date of an annual General Shareholders Meeting.
- 9.5.3 If the agenda of the General Shareholders Meeting includes the item on the election of the members of the Board of Directors and the members of the Audit Commission, then additional information about whether the nominees to the respective body of the Company have given their written consent or not thereto, must also be provided.
- 9.5.4 If the agenda of the General Shareholders Meeting contains items, voting on which may trigger the right to demand the repurchase of shares by the Company, then the following additional information (materials) shall be provided:
  - (1) an independent appraiser's report on the market value of the Company's shares the repurchase of which may be demanded from the Company;
  - (2) a calculation of the Company's net assets value based on the financial statements of the Company for the last completed reporting period;
  - (3) minutes (extract from the minutes) of the meeting of the Company's Board of Directors, that took the decision to determine the price for the repurchase of the Company shares, specifying the price for the shares to be repurchased.
- 9.5.5 If the agenda of the General Shareholders Meeting includes the item on reorganization of the Company, then shareholders shall be provided with the following additional information (materials):
  - (1) substantiation of the terms of and procedures for the Company's reorganization, which are set out in the resolution on the demerger, spin-off or transformation or in the agreement on the merger or accession as approved (adopted) by the Company's authorized body;
  - (2) annual reports and annual financial statements of all companies that take part in the reorganization for the three completed fiscal years preceding the date of the general meeting or for each completed fiscal year from the date of the company establishment, if such a company has been operating less than three years;
  - (3) quarterly financial statements of all companies that take part in the reorganization for the last completed quarter preceding the date of the general meeting.
- 9.5.6 In addition to the statutory means of provision to persons entitled to participate in the General Shareholders Meeting, of information (materials) listed in this Clause 9.5, such materials may be placed on the Company's web-site.
- 9.6 Proposal of items for agenda of the General Shareholders Meeting
  - 9.6.1 Shareholders (shareholder) that hold at least 2 percent of the voting shares of the Company shall have the right to propose items to the agenda of an annual General Shareholders Meeting and to propose nominees to the Board of Directors of the Company and the Audit Commission of the Company, provided that the number of such nominees shall not exceed the total number of members of the relevant body.
    - (1) Proposals to the agenda of the annual General Shareholders Meeting and proposals on nominees to the Board of Directors and/or the Audit Commission shall be received by the Company within 60 days from the end of a fiscal year.
    - (2) If the proposed agenda of an extraordinary General Shareholders Meeting includes the item on election of the members of the Board of Directors and/or the Audit Commission of the Company, proposals on nominees shall be received by

the Company at least 30 days prior to the date of the extraordinary General Shareholders Meeting.

- 9.6.2 Requirements to proposals to the agenda of the General Shareholders Meeting, proposals on nominees to the Board of Directors and to the Management Board of the Company shall be set forth in the Regulations on the General Shareholders Meeting of the Company.
- 9.6.3 A proposal on the inclusion of items to the agenda of the General Shareholders Meeting shall contain the wording of each proposed item and may also contain the wording of the resolution on each proposed item.
- 9.6.4 A proposal on the candidates to be elected at the General Shareholders Meeting shall contain the name of the body, to which a candidate is proposed for election and the following information on each of the candidates:
- (1) full name;
  - (2) date of birth;
  - (3) details of the identity document (series and (or) number, date and place of issue, issuing authority);
  - (4) information on education;
  - (5) places of employment and positions for the last five years in the chronological order, including part-time jobs;
  - (6) positions held in the governing bodies of other legal entities at the time of nomination;
  - (7) contact address of the candidate.

If a candidate is proposed for election to the Board of Directors as an independent member of the Board of Directors (the "independent director"), the proposal shall indicate such fact.

- 9.6.5 Proposals on the inclusion of items to the agenda of the General Shareholders Meeting and on the nomination of candidates shall be submitted in writing, specifying the names (company names) of the proposing shareholders (shareholder) and the number and the category (type) of shares owned by them and shall be signed by the shareholders (shareholder).
- 9.6.6 The Board of Directors of the Company shall consider the submitted proposals and resolve to include or not to include them to the agenda of the General Shareholders Meeting within 5 days from the expiration of terms set in Clause 9.6.1 of the Charter.
- 9.6.7 An item proposed by shareholders (shareholder) shall be included to agenda of the General Shareholders Meeting, and nominee shall be included in the list of candidates for election to the relevant body of the Company, unless:
- (1) shareholders (shareholder) failed to meet the terms set in Clause 9.6.1 of the Charter;
  - (2) shareholders (shareholder) who signed the proposal do not/does not have the right to make proposals to the agenda of the General Shareholders Meeting and/or to propose nominees to governing bodies of the Company in accordance with the Federal Law "On Joint Stock Companies" and this Charter;
  - (3) the proposal fails to meet the requirements provided for by the Federal Law "On Joint Stock Companies";

- (4) the proposal on candidates to be elected at the General Shareholders Meeting fails to meet the requirements provided for by the Charter and by the Regulations on the General Shareholders Meeting of the Company;
    - (5) the item proposed for inclusion to the agenda of the General Shareholders Meeting does not fall within the competence of the General Shareholders Meeting by the law and the Charter of the Company and/or fails to meet the requirements of the Federal Law "On Joint Stock Companies" or other normative legal acts of the Russian Federation.
  - 9.6.8 The motivated decision of the Board of Directors of the Company on refusal to include the proposed item to the agenda of the General Shareholders Meeting, or the proposed nominee to the list of candidates to the relevant body of the Company, shall be sent to the proposing or nominating shareholders (shareholder) within 3 days from the date of such decision.
  - 9.6.9 The decision of the Board of Directors of the Company on refusal to include the proposed item to the agenda of the General Shareholders Meeting or the proposed nominee to the list of candidates for election to the relevant body of the Company as well as evasion of the Board of Directors of the Company from making such decision may be appealed against in the court.
  - 9.6.10 The Board of Directors of the Company shall not change the wording of items proposed for inclusion to the agenda of the General Shareholders Meeting or the wording of the resolutions on such items.
  - 9.6.11 In addition to items proposed by shareholders for inclusion to agenda of the General Shareholders Meeting or in the absence of such proposed items or absence or insufficient number of nominees proposed by shareholders for the formation of the relevant body, the Board of Directors of the Company has the right to include items to the agenda of the General Shareholders Meeting or nominees to the list of candidates at its own discretion.
- 9.7 Extraordinary General Shareholders Meeting
- 9.7.1 An extraordinary General Shareholders Meeting shall be conducted under the resolution of the Board of Directors of the Company adopted at its initiative or at the request of the Audit Commission of the Company, the auditor of the Company or shareholders (shareholder) that hold at least 10 percent of the voting shares of the Company as of the date of such a request.
  - 9.7.2 The request for convocation of an extraordinary General Shareholders Meeting shall be submitted in writing, specifying the names (company names) of submitting shareholders (shareholder) and the number and the category (type) of the shares owned by them. The request for convocation of an extraordinary General Shareholders Meeting shall be signed by persons (person) requesting such convocation.
  - 9.7.3 The Board of Directors of the Company shall resolve to convene or refuse to convene an extraordinary General Shareholders Meeting within 5 days from the date of submission of the request.
    - (1) The resolution of the Board of Directors of the Company to convene an extraordinary General Shareholders Meeting or the motivated resolution on refusal to convene such meeting shall be sent to the persons requesting its convocation no later than 3 days from the date of adoption of such a resolution.
    - (2) The resolution on refusal to convene an extraordinary General Shareholders Meeting shall only be adopted on the grounds set forth in the Federal Law "On Joint Stock Companies".

- (3) The resolution of the Board of Directors of the Company on refusal to convene an extraordinary General Shareholders Meeting may be appealed against in the court.
- 9.7.4 An extraordinary General Shareholders Meeting shall be conducted within 40 days from the date of submission of the request to convene the extraordinary General Shareholders Meeting.
  - (1) If the proposed agenda of an extraordinary General Shareholders Meeting includes the election of the members of the Board of Directors of the Company, such General Shareholders Meeting shall be convened within 70 days from the date of submission of the request to convene the extraordinary General Shareholders Meeting.
  - (2) The provision of Clause 9.7.4(1) applies to the cases when the proposed agenda of an extraordinary General Shareholders Meeting contains only items on early termination of the powers of all the members of the Board of Directors of the Company and election of members of the Board of Directors of the Company and also to the cases when other items are included in the proposed agenda, in addition to the aforesaid items.
  - (3) For the purposes of this Clause the date of submission of the request to convene an extraordinary General Shareholders Meeting shall be deemed to be the date of receipt by the Company of such a request.
- 9.7.5 In the cases when pursuant to the Federal Law “On Joint Stock Companies” the Board of Directors of the Company shall resolve to convene an extraordinary General Shareholders Meeting for the election of the members of the Board of Directors, such General Shareholders Meeting shall be conducted within 90 days from the date of the resolution of the Company Board of Directors to convene the General Shareholders Meeting.
- 9.7.6 If, within the period set by Clause 9.7.3 of this Charter, the Board of Directors of the Company fails to resolve to convene an extraordinary General Shareholders Meeting or resolves to refuse its convocation, such extraordinary General Shareholders Meeting may be convened by bodies and persons requesting such convocation, in accordance with the procedure established under the Regulation on the General Shareholders Meeting of the Company. In this case:
  - (1) bodies or persons, convening the extraordinary General Shareholders Meeting, shall have powers provided for by the Federal Law “On Joint Stock Companies”, which are required for convocation and conduct of the General Shareholders Meeting;
  - (2) expenses for preparation and conduct of the General Shareholders Meeting may be reimbursed by a resolution of the General Shareholders Meeting at the expense of the Company.
- 9.8 Quorum at the General Shareholders Meeting
  - 9.8.1 The General Shareholders Meeting conducted in the form of joint presence shall be legitimate (shall have a quorum) if it is attended by the shareholders holding, in aggregate, more than half of the votes attached to the Company’s outstanding voting shares. Shareholders registered for participation in the General Shareholders Meeting conducted in the form of joint presence and shareholders whose ballots were received at least 2 days prior to the date of the General Shareholders Meeting shall be deemed to have participated in the General Shareholders Meeting.

- 9.8.2 The procedure for registration of participants of the General Shareholders Meeting conducted in the form of joint presence shall be established by the Regulations on the General Shareholders Meeting of the Company.
- 9.8.3 In case the agenda of the General Shareholders Meeting conducted in the form of joint presence contains items to be voted on by different contingent of voters, the quorum for resolutions on such items shall be determined separately.
- (1) The General Shareholders Meeting shall be deemed legitimate (shall have a quorum) for adopting resolutions on items put to voting, if it is attended by the shareholders holding, in aggregate, more than half of the votes attached to the Company's outstanding voting shares that entitle the shareholders holding such shares to vote on a resolution with respect to such item.
  - (2) The voting ballots recognized as invalid under provisions set forth in Clause 9.10.5 of this Charter shall not be counted when the quorum is determined for voting on an item.
  - (3) The absence of a quorum for resolutions on items to be voted on by a certain contingent of voters shall not prevent the adoption of resolutions on items to be voted on by a different contingent of voters, the quorum for which is reached.
  - (4) The General Shareholders Meeting conducted in the form of joint presence shall be opened if by the time of its commencement there is a quorum for at least one of the items included in the agenda of such a General Shareholders Meeting.
- 9.8.4 In case the General Shareholders Meeting is conducted in the form of absentee voting, the Shareholders whose ballots were received prior to the last date established for the acceptance of ballots as indicated in the announcement of convocation of the General Shareholders Meeting, shall be deemed to have participated in such meeting. The General Shareholders Meeting conducted in the form of absentee voting shall be deemed legitimated (shall have a quorum), if there is a quorum for adoption of a resolution on at least one item on the agenda of such a meeting.
- 9.8.5 A quorum for resolutions on items on the agenda of the General Shareholders Meeting conducted in the form of absentee voting shall be determined separately for each item on the agenda.
- (1) The General Shareholders Meeting conducted in the form of absentee voting shall have a quorum, i.e. shall have the right to adopt a resolution on an item on the agenda, if it is attended by the shareholders holding, in aggregate, more than half of the Company shares voting on such item on the agenda.
  - (2) The absence of a quorum for resolutions on items to be voted on by a certain contingent of voters shall not prevent the adoption of resolutions on matters to be voted on by a different contingent of voters, the quorum for which is reached.
- 9.9 Adjourned General Shareholders Meeting
- 9.9.1 In the absence of a quorum for conduct of an annual General Shareholders Meeting the Board of Directors shall adopt the resolution to conduct an adjourned General Shareholders Meeting with the same agenda.
- 9.9.2 In the absence of a quorum for conduct of an extraordinary General Shareholders Meeting, an adjourned General Shareholders Meeting with the same agenda may be conducted in accordance with a resolution of the Board of Directors.
- 9.9.3 The adjourned General Shareholders Meeting shall be conducted at the same venue where the original General Shareholders Meeting was conducted.

- 9.9.4 The aspects related to the preparation and conduct of an adjourned General Shareholders Meeting, including its date and time, publication of an announcement of an adjourned General Shareholders Meeting, service, sending and publication of voting ballots shall be determined by the Board of Directors of the Company in accordance with the Federal Law "On Joint Stock Companies" and this Charter. Voting at an adjourned General Shareholders Meeting shall be conducted by new voting ballots.
- 9.9.5 An adjourned General Shareholders Meeting shall be legitimate (shall have a quorum) if it is attended by the shareholders holding, in aggregate, at least 30 percent of the votes attached to the outstanding voting shares in the Company.
- (1) If the agenda of an adjourned General Shareholders Meeting contains items to be voted on by different contingent of voters, the quorum for resolutions on such items shall be ascertained separately.
  - (2) An adjourned General Shareholders Meeting shall be deemed legitimate (shall have a quorum) for resolution on item put to a vote, if it is attended by the shareholders holding, in aggregate, at least 30 percent of the votes attached to the outstanding voting shares in the Company entitling their holders to vote on such an item.
  - (3) The absence of a quorum for resolutions on items to be voted on by a certain contingent of voters shall not prevent the adoption of resolutions on matters to be voted on by different contingent of voters the quorum for which is present.
- 9.9.6 In the event an adjourned General Shareholders Meeting is conducted within 40 days from the date of original General Shareholders Meeting, persons entitled to participate in the General Shareholders Meeting shall be determined in accordance with the list of persons entitled to participate in the original General Shareholders Meeting.
- 9.10 Voting ballots
- 9.10.1 Voting on items on the agenda of the General Shareholders Meeting shall be performed by casting the voting ballots.
- (1) A voting ballot shall be sent or delivered against signature to each of the persons specified in the list of persons entitled to participate in the General Shareholders Meeting no later than 20 days prior to the date of the General Shareholders Meeting.
  - (2) Voting ballots shall be sent by registered mail.
- 9.10.2 Requirements to voting ballots shall be established in the Regulations on the General Shareholders Meeting of the Company.
- 9.10.3 If the General Shareholders Meeting is conducted in the form of joint presence of shareholders, persons included in the list of persons entitled to participate in the General Shareholders Meeting may participate in such a meeting personally or may send completed ballots to the Company.
- (1) In case of personal participation in the General Shareholders Meeting a voting ballot shall be delivered against signature to each person included into the list of persons entitled to participate in the General Shareholders Meeting (his/her authorized representative) duly registered for participation in the General Shareholders Meeting, at the request of such a person.
  - (2) When determining the presence of a quorum and the results of voting the votes to be counted shall be the votes represented by voting ballots received by the Company no later than 2 days prior to the date of the General Shareholders Meeting as well as the votes cast during the General Shareholders Meeting.

- 9.10.4 Voting ballots shall contain the information specified in the Federal Law “On Joint Stock Companies” and other normative legal acts. Voting ballots may contain additional information determined by the Board of Directors when approving the form and the text of a voting ballot.
- 9.10.5 When voting by ballot, votes on only those matters shall be counted for which the voting person left only one of the possible voting options. Voting ballots shall be recognized as invalid, if
- (1) an item put to a vote contains more than one wording of resolution and the voting option “FOR” is marked against more than one proposed wording;
  - (2) when voting on a resolution on approval of the auditor of the Company, the voting option “FOR” is marked against more than one candidate;
  - (3) when electing the Audit Commission of the Company, the voting option “FOR” is marked against a larger number of candidates than there are vacancies;
  - (4) when electing the Board of Directors of the Company by a cumulative vote, a shareholder distributes a larger number of votes between the candidates than there are at such a shareholder’s disposal;
- 9.10.6 If a voting ballot contains several items put to a vote, failure to comply with the aforesaid requirements in respect to one or more items shall not result in the invalidation of the voting ballot as a whole.
- 9.10.7 If the voting ballots are received by the Company after the last date for the acceptance of voting ballots, the shareholders that submitted such ballots shall be considered as not participated in the voting and the votes on the items contained therein shall not be counted.
- 9.11 Counting commission
- 9.11.1 The functions of the counting commission of the Company shall be performed by the registrar of the Company.
- 9.11.2 The registrar of the Company performing functions of the counting commission shall:
- (1) verify the powers of and register the persons participating in the General Shareholders Meeting, prepare the report on results of the registration,
  - (2) ascertain the quorum of the General Shareholders Meeting and the quorum for resolutions on each item on the agenda,
  - (3) give explanations on questions arising in connection with the exercise by shareholders of the voting rights at the General Shareholders Meetings,
  - (4) explain the procedure for the voting on items put to a vote,
  - (5) ensure that the established procedures for the voting and shareholders’ rights to participate in the voting are kept with,
  - (6) count votes and summarized the voting results,
  - (7) prepare and sign the protocol on the voting results,
  - (8) submit the voting ballots to the archives.
- 9.11.3 Minutes of the counting commission shall be signed by at least 3 authorized persons of the registrar.

## **10. BOARD OF DIRECTORS**

### **10.1 Competence of the Board of Directors**

10.1.1 The Board of Directors of the Company shall be responsible for overall management of the Company operations on behalf and in the interests of all shareholders of the Company.

10.1.2 In the exercise of its management functions the Board of Directors of the Company shall:

- (1) determine the priority directions of the Company's activities;
- (2) approve a long-term strategy of development;
- (3) approve plans of financial and business operations;
- (4) determine a business organization model;
- (5) determine principles and model of corporate management;
- (6) determine main guidelines of the regional policy;
- (7) approve the risks management concept and control over its implementation;
- (8) approve the list of key management and business processes;
- (9) approve the Company organizational structure as well as the procedure of amendment of such structure;
- (10) determine the system of the Company committees, the goals and functions of such committees;
- (11) make decisions on participation and termination of participation of the Company in commercial organizations;
- (12) preliminary approve the Company's annual report;
- (13) determine the amount of remuneration payable to the Company's auditor;
- (14) determine the list and amounts of funds formed in the Company;
- (15) make decisions on use of the reserve fund and other funds of the Company;
- (16) make decisions on establishment and liquidation of branches and opening and liquidation of representative offices of the Company;
- (17) make decisions on amending the Charter of the Company in connection with establishment of branches, opening of representative offices of the Company and their liquidation;
- (18) approve criteria for determination of the amount of remuneration payable to the members of the Board of Directors of the Company;
- (19) determine performance indices and approve amounts of annual bonuses (premiums) for top managers of the Company;
- (20) make decisions on audit by the Audit Commission of financial and business operations of the Company;
- (21) determine the list of documents to be stored in the Company;
- (22) approve social programs of the Company;
- (23) determine the price (monetary value) of the property in cases, provided for by the Federal Law "On Joint Stock Companies";

- (24) approve the registrar of the Company and terms and conditions of the contract to be concluded with the registrar for keeping the register of holders of registered securities as well as termination of the contract with the registrar.
- 10.1.3 The Board of Directors of the Company **shall form executive bodies of the Company**, including:
- (1) appointment of the President of the Company, making a decision on early termination of powers of the President of the Company;
  - (2) determination of the total number of members of the Management Board, appointment of members of the Management Board, making decision on early termination of powers of certain or all members of the Management Board;
  - (3) approval of terms and conditions of contracts with the President of the Company and members of the Management Board, approval of amendments to such contracts;
  - (4) appointment of persons authorized to sign contracts on behalf of the Company with the President and the members of the Management Board of the Company;
  - (5) determination of the procedure for substitution of the President in case of his/her temporary absence at the place of location of the sole executive body of the Company (temporary disablement, leave, business trip) for performance of his/her administrative functions;
  - (6) determination of an officer of the Company, performing duties of the sole executive body of the Company in case the President is not capable of performing his/her duties within an indefinite period, in case of a voluntary resignation of the President, as well as in case of early termination of the presidential powers on other grounds;
  - (7) giving consent for holding by the President and the members of the Management Board of the Company of positions in governing bodies of other entities.
- 10.1.4 The Board of Directors shall make decisions connected with the preparation and convocation of the General Shareholders Meetings and shall:
- (1) convene the General Shareholders Meeting;
  - (2) approve the agenda of the General Shareholders Meeting;
  - (3) determine the date for compilation of the list of persons entitled to participate in the General Shareholders Meeting;
  - (4) make decisions on any other matters falling within the competence of the Board of Directors of the Company in accordance with provisions of the Federal Law "On Joint Stock Companies" and related to preparation and conduct of the General Shareholders Meeting.
- 10.1.5 The Board of Directors of the Company shall exercise powers with regard to placement and repurchase of shares and other issuable securities in the Company, including decisions on the following matters:
- (1) increase of the charter capital by means of placement by open subscription of additional shares in the Company from among authorized shares, the number of which does not exceed 25 percent of the total number of outstanding shares in Company;
  - (2) placement of bonds and other issuable securities to the extent permitted by applicable law;

- (3) approval of resolutions of the issuance of securities, prospectuses and amendments thereto;
  - (4) determination of the offering price and the buyout price of issuable securities in the cases provided for under the Federal Law "On Joint Stock Companies";
  - (5) acquisition of shares placed by the Company in the number not exceeding 10 percent of the total number of all outstanding shares in the Company, so that the number of outstanding shares in the Company in circulation shall be no less than 90 percent of the total number of outstanding shares in the Company;
  - (6) acquisition of bonds and other securities placed by the Company, in cases provided for by the Federal Law "On Joint Stock Companies";
  - (7) approval of a report on the results of acquisition of the shares for the purpose of their redemption and of the report on the results of redemption of shares.
- 10.1.6 The Board of Directors shall approve the following transactions:
- (1) major transactions in the cases provided for by the Federal Law "On Joint Stock Companies";
  - (2) related-party transactions in the cases provided for by the Federal Law "On Joint Stock Companies".
- 10.1.7 The Board of Directors of the Company shall **make a decision on implementation of business-projects** (including, those related to establishment of new enterprises (businesses), joint ventures, attracting investments, new construction, reconstruction, production capacities upgrade), as well as any other investment projects that are of priority for activities carried out by the Company (including those related to foreign investments), which involve or may involve expenses or other liabilities of the Company in the amount, equal to or exceeding the equivalent of 500,000,000 (five hundred million) US dollars;
- 10.1.8 The Board of Directors of the Company shall make a decision on conclusion, alteration, early termination of the following transactions (or several inter-related transactions):
- (1) non-standard operations (operations that are not provided for under the financial and business plan) of the Company, or transactions, which result or may result in the adjustment of a plan on financial and business activity of the Company;
  - (2) transactions related to disposal by the Company of outstanding shares in the Company recorded on the balance sheet of the Company;
  - (3) transactions with shares and participating interests (rights to shares and participating interests) of business companies;
  - (4) any transactions, which involve or may involve liabilities of the Company in the amount, equal to or exceeding the equivalent of 500,000,000 (five hundred million) US dollars;
  - (5) contracts, memoranda and other agreements on cooperation with strategic partners, including on joint participation in any projects and transactions;
  - (6) agreements with territorial units and municipalities of the Russian Federation, which involve or may involve liabilities of the Company or other obligations of the Company in the amount, equal to or exceeding the equivalent of 25,000,000 (twenty five million) US dollars;
  - (7) gratuitous transactions of the Company (including charity, donation, grants), membership fees (other expenses) connected with the participation of the

Company in non-commercial organizations in the amount, equal to or exceeding the equivalent of 25,000,000 (twenty five million) US dollars.

10.1.9 The Board of Directors of the Company **shall determine the general policy in relation to the group companies** - subsidiary and dependent companies, as well as other companies, in which the Company participates directly or indirectly (hereinafter, the "Group Companies"). In particular, the following matters fall within the competence of the Board of Directors of the Company:

- (1) determination of the list of Group Companies that have or may have material effect on the financial, economic or other results of the Company or on its development strategy (hereinafter, "Key Group Company");
- (2) determination of the position of the Company with regard to conclusion, amendment and early termination by Group Companies of the following transactions (or several inter-related transactions):
  - (i) transactions, which involve or may involve expenses or other obligations of such company in the amount equal to or exceeding the equivalent of 500,000,000 (five hundred million) US dollars;
  - (ii) gratuitous transactions of such company (including charity, donation, grants), membership fees (other expenses) connected with the participation of the Company in non-commercial organizations in the amount, equal to or exceeding the equivalent of 25,000,000 (twenty five million) US dollars;
  - (iii) transactions with shares (rights to shares) issued by the Key Group Company and with the participating interests (rights to participating interests) in the Key Group Companies;
  - (iv) transactions with shares (rights to shares) issued by the Company;
- (3) determination of the position of the Company with regard to implementation by Group Companies of business-projects (including, those related to establishment of new enterprises (businesses), joint ventures, attracting investments, new construction, reconstruction, production capacities upgrade), as well as any other investment projects that are of priority for activities carried out by the Company (including those related to foreign investments), which involve or may involve expenses or other liabilities of the Company in the amount, equal to or exceeding the equivalent of 500,000,000 (five hundred million) US dollars;
- (4) determination of the position of the Company with regard to the following matters:
  - (i) actions that may result in any changes in the charter capital of the Key Group Companies;
  - (ii) liquidation or reorganization of Key Group Companies;
  - (iii) election (appointment) and early termination of powers of the sole executive body of Key Group Companies;
  - (iv) delegation to a management company (a manager) of powers of the sole executive body of Key Group Companies;
  - (v) determination of performance indices and approval of amounts of annual bonuses (premiums) for general directors of Key Group Companies.

10.1.10 The Board of Directors of the Company shall approve the following internal documents of the Company including any amendments thereto:

- (1) internal documents of the Company of the level "Policy" (internal regulatory documents specifying objectives determined under the Company's development strategy, establishing tasks, options and principals of their solution as well as major risks), including the policy in the sphere of risk management, corporate management, credit policy;
- (2) internal documents of the Company, regulating key business and management processes, as well as other internal documents of the Company on matters falling within the competence of the Board of Directors of the Company;
- (3) Corporate Governance Code of the Company;
- (4) Regulations on the committees of the Board of Directors;
- (5) Regulations on the Corporate Secretary;
- (6) Regulations on the funds of the Company;
- (7) Regulations on the annual premiums (bonuses) and options;
- (8) Regulations on internal control procedures with respect to the Company's financial and business operations, including regulations on the internal control, documentary reviews and inspections;

10.1.11 The Board of Directors of the Company shall provide recommendations to the General Shareholders Meeting on the following matters:

- (1) distribution of profits and losses of the Company based on results of a fiscal year;
- (2) amount of a dividend on the Company shares and procedure of payment of dividends;
- (3) amount of remuneration and compensation payable to the members of the Company's Audit Commission.

10.1.12 The Board of Directors of the Company shall appoint the Corporate Secretary of the Company.

10.1.13 The Board of Directors of the Company shall appoint the Secretary of the Board of Directors.

10.1.14 The Board of Directors of the Company shall make decisions on other matters falling within its competence in accordance with the Federal Law "On Joint Stock Companies" or this Charter.

10.1.15 The matters falling within the competence of the Board of Directors may not be referred to the executive body of the Company.

10.1.16 The Board of Directors of the Company shall have the right to accept for consideration any matter relating to activities of the Company, with the exception of matters, falling within the competence of the General Shareholders Meeting in accordance with the Federal Law "On Joint Stock Companies" or this Charter.

10.1.17 Any matters related to the development and implementation of defense measures regarding mobilization preparation, civil defense, emergency situations and information protection issues, which constitute state secret, shall not be considered at a meeting of the Board of Directors of the Company.

## 10.2 Election of the Board of Directors

10.2.1 Members of the Board of Directors of the Company shall be elected by the General Shareholders Meeting for the period until the next annual General Shareholders Meeting.

- 10.2.2 If an annual General Shareholders Meeting is not conducted within the term specified in the Charter, powers of the Board of Directors shall terminate, except for the powers to prepare for, convene, and conduct an annual General Shareholders Meeting.
  - 10.2.3 A member of the Board of Directors of the Company may not be a shareholder of the Company. Only individuals may be members of the Board of Directors of the Company.
  - 10.2.4 The Board of Directors shall be elected by a cumulative vote at the General Shareholders Meeting and shall be composed of nine (9) members.
  - 10.2.5 The General Shareholders Meeting may resolve to early terminate the powers of the Board of Directors in respect of all the members of the Board of Directors only.
  - 10.2.6 If the number of the members of the Board of Directors of the Company becomes less than the number that constitutes a quorum for conduct of a meeting of the Board of Directors as determined in this Charter, the Board of Directors of the Company shall resolve to conduct an extraordinary General Shareholders Meeting aimed at election of the new members of the Board of Directors of the Company. The remaining members of the Board of Directors of the Company shall only take decisions on the convocation of such an extraordinary General Shareholders Meeting.
- 10.3 Chairman of the Board of Directors and his/her Deputies
- 10.3.1 The Chairman of the Board of Directors and his/her Deputies of the Company shall be elected by the members of the Board of Directors of the Company from among themselves by the majority of votes of all the members of the Board of Directors of the Company, without consideration of the votes of the withdrawn members of the Board of Directors.
  - 10.3.2 The Board of Directors of the Company shall have the right to re-elect its Chairman at any time by the majority of votes of all the members of the Board of Directors without consideration of the votes of the withdrawn members of the Board of Directors.
  - 10.3.3 The Chairman of the Board of Directors of the Company shall organize its work, convene and preside over the meetings of the Board of Directors, arrange for the keeping of minutes at its meetings, preside at the General Shareholders Meeting and exercise other powers provided for by the internal documents of the Company.
  - 10.3.4 In case of absence of the Chairman of the Board of Directors, his/her duties shall be performed by one of his/her Deputies, and in case of their absence – by one of the members of the Board of Directors by a resolution of the Board of Directors of the Company.
- 10.4 Meeting of the Board of Directors
- 10.4.1 The meeting of the Board of Directors of the Company shall be convened by the Chairman at his/her own initiative or at the request of a member of the Board of Directors, the Management Board, the President, the Audit Commission of the Company or the auditor of the Company.
  - 10.4.2 The presence and/or the availability of a written opinion, of more than one-half of the elected members of the Board of Directors shall constitute a quorum for the conduct of a meeting of the Board of Directors.
  - 10.4.3 When determining the presence of a quorum and the results of voting on the items on the agenda in the manner provided for by the Regulations on the Board of Directors of the Company, a written opinion of the members of the Board of Directors, who are not present at the meeting of the Board of Directors, shall be taken into account except for the matters the decisions-making on which shall comply with other requirements provided for by the Federal Law “On Joint Stock Companies” or the Charter of the Company.

- 10.4.4 The resolutions of the Board of Directors may be adopted by absentee voting. The procedures for the convocation and conduct of meetings of the Board of Directors of the Company and the procedures for the approval of resolutions by absentee voting shall be determined by the Regulations on the Board of Directors of the Company.
- (1) The Board of Directors shall not adopt resolutions by absentee voting on matters specified in subclauses 1 - 3 of Clause 10.1.2 and in subclauses 1 - 3 of Clause 10.1.4 of this Charter.
  - (2) A decision of the Board of Directors adopted by absentee voting shall be deemed valid, if more than half of the number of members of the Board of Directors provided by the Company's Charter participated in the absentee voting, except for the matters the decisions-making on which shall comply with other requirements provided for by the Federal Law "On Joint Stock Companies" or the Company's Charter.
- 10.4.5 The resolutions at the meetings of the Board of Directors shall be adopted by the majority of votes of the members of the Board of Directors of the Company present at the meeting and/or expressed their opinion in writing, unless otherwise provided for by the Federal Law "On Joint Stock Companies" or the Company's Charter.
- (1) In case of absentee voting, a resolution of the Board of Directors shall be deemed to have been approved, if more than one-half of the members of the Board of Directors, who participate in the absentee voting, voted in favor of such resolution, unless otherwise provided for by the Federal Law "On Joint Stock Companies" or the Company's Charter.
  - (2) The resolution on the approval of a related-party transaction shall be approved by the Board of Directors of the Company, by the majority of votes of independent directors who are not interested in consummation of such a transaction. If all members of the Board of Directors of the Company are recognized as interested persons and (or) are not independent directors, the matter on approval of the transaction shall be submitted to the General Shareholders Meeting.
  - (3) The resolutions on the approval of major transaction involving the property valued at from 25 to 50 percent of the book value of the Company's assets shall be adopted unanimously by all the members of the Board of Directors without consideration of votes of the withdrawn members of the Board of Directors.
- 10.4.6 When deciding on matters at a meeting of the Board of Directors of the Company, each member of the Board of Directors of the Company shall have one vote.
- (1) No member of the Board of Directors shall be allowed to delegate his/her voting right to another person, including another member of the Board of Directors.
  - (2) In case of equality of votes of the members of the Board of Directors of the Company on a resolution, the Chairman of the Board of Directors shall have a casting vote.
- 10.5 Committees of the Board of Directors
- 10.5.1 The committees shall be formed within the Board of Directors. The formation and operation of such committees shall be governed by the Regulations on the Board of Directors of the Company and documents approved by the Board of Directors.
- 10.5.2 As a rule, the Board of Directors of the Company shall form within its structure the following committees: strategic planning committee, audit committee and human resources and remuneration committee. The chairman of each of the above committees shall be elected by the Board of Directors from among independent directors.

10.5.3 The Board of Directors shall have the right to establish other committees of the Board of Directors.

## **11. PRESIDENT OF THE COMPANY**

- 11.1 The President of the Company shall exercise powers of the sole executive body, and shall act on the basis of this Charter as well as on the basis of the Regulations on the sole executive body (President) of the Company approved by the General Shareholders Meeting.
- 11.2 The President shall report to the Board of Directors and the General Shareholders Meeting of the Company.
- 11.3 The President of the Company shall be appointed by the Board of Directors for a term of 3 (three) years.
- 11.3.1 The President of the Company shall perform his/her duties during the term for which he/she was elected, until a new President of the Company is appointed or an acting President is appointed in accordance with the procedure established under subclause 6 of Clause 10.1.3. of this Charter.
- 11.3.2 The powers of the President of the Company may be early terminated by the resolution of the Board of Directors of the Company.
- 11.4 The President shall be authorized to act on behalf of the Company without power of attorney, inter alia, to represent interests of the Company, to conclude transactions on behalf of the Company to the extent provided by the Federal Law "On Joint Stock Companies" and the Charter of the Company, to issue orders and to give instructions mandatory for all employees of the Company, to issue powers of attorney for representation of interests of the Company.
- 11.5 The President shall procure the fulfillment of resolutions adopted by the General Shareholders Meeting, the Board and the Board of Directors of the Company.
- 11.6 The following matters shall fall within the competence of the President of the Company:
- (1) current management of the Company operations in accordance with resolutions of the General Shareholders Meeting and the Board of Directors of the Company;
  - (2) proposals to the Board of Directors on nominees to the Management Board of the Company and on early termination of powers of the members of the Management Board;
  - (3) management of preparation for submission to the Board of Directors of the annual report(s), annual financial statements, including profit and loss statements (profit and loss accounts) of the Company, as well as profit distribution statements, including payment (declaration) of dividends, and losses of the Company based on results of a fiscal year;
  - (4) decisions on conclusion, alteration and early termination of a transaction (or several inter-related transactions) including those in the course of ordinary business activity, if such a transaction (transactions) involves or may involve liabilities of the Company in the amount, less than the equivalent of 50,000,000 (fifty million) US dollars, with the exception of transactions falling within the competence of the Board of Directors and the Management Board of the Company;
  - (5) decision on conclusion by the Company of the conversion transactions;
  - (6) determination of the position of the Company with regard to conclusion, amendment and early termination of the transactions (or several inter-related transactions) including those in the course of ordinary business activity, which

involve or may involve obligations in the amount: from the amount, equivalent to 25,000,000 (twenty five million) US dollars, to the amount, equivalent to 50,000,000 (fifty million) US dollars except for transactions, determination of the position with regard to which falls within the competence of the Board of Directors and the Management Board of the Company;

- (7) determination of position of the Company with regard to activity of Group Companies on the matters, which do not fall within the competence of the Board of Directors and the Management Board of the Company;
  - (8) determination of the list of information containing trade secrets or constituting confidential information of the Company;
  - (9) implementation of internal control procedures;
  - (10) conduct of meetings of the Management Board;
  - (11) signing of all documents on behalf of the Company and minutes of meetings of the Management Board;
  - (12) approval of internal documents of the Company, adoption of which does not fall within the competence of the General Shareholders Meeting, the Board of Directors and the Management Board of the Company;
  - (13) other matters not falling within the competence of the General Shareholders Meeting, the Board of Directors and the Management Board of the Company in accordance with the Federal Law "On Joint Stock Companies" and this Charter.
- 11.7 The rights and the duties of the President and the terms and remuneration of the President of the Company shall be determined by the contract between the President and the Company. The contract shall be signed on behalf of the Company by the Chairman of the Board of Directors or by a person so authorized by the Board of Directors.
- 11.8 The President of the Company shall inform the Board of Directors of the Company of any events, which resulted or may result in
- (1) change in the approved development strategy of the Company ;
  - (2) change in the business-plan or the budget of the Company;
  - (3) significant changes in performance indicators of the Company;
  - (4) significant organizational changes;
  - (5) significant deviation from resolutions of the General Shareholders Meeting or the Board of Directors of the Company.
- 11.9 In case of the occurrence of the above circumstances the President of the Company shall request the Chairman of the Board of Directors to convene an extraordinary meeting of the Board of Directors, to provide the Chairman of the Board of Directors with detailed description of the situation, measures taken by the Company as well as to submit his/her proposals for consideration of the Board of Directors.
- 11.10 The President shall participate in meetings of the Board of Directors and at the request of members of the Board of Directors shall provide the latter with information on all aspects of activities carried out by the Company. During the periods between the meetings of the Board of Directors the President of the Company shall regularly inform the Chairman of the Board of Directors, and at the request of the latter – other members of the Board of Directors, on main areas of the Company's activity.

## **12. MANAGEMENT BOARD OF THE COMPANY**

- 12.1 The Management Board of the Company shall be the collective executive body of the Company, which shall act on the basis of this Charter as well as on the basis of the Regulations on the Collective Executive Body (Management Board) of the Company approved by the General Shareholders Meeting.
- 12.2 The functions of the Chairman of the Management Board of the Company shall be performed by the President of the Company.
- 12.3 The members of the Management Board of the Company shall be appointed by the Board of Directors for the term of three years. The procedure for formation of the Management Board shall be established by the Regulations on the Collective Executive Body (Management Board) of the Company.
- 12.4 The powers of certain or all members of the Management Board Company may be early terminated by decision of the Board of Directors of the Company.
- 12.5 The presence of more than half of the number of the members of the Management Board of the Company shall constitute a quorum for conduct of a meeting of the Management Board of the Company. If the number of the members of the Management Board of the Company becomes less than the number constituting the quorum, the Board of Directors of the Company shall form a new Management Board or elect additional members to the Management Board of the Company.
- 12.6 The President of the Company shall organize the meetings of the Management Board of the Company. At the meetings of the Management Board minutes shall be kept, which shall be signed by the President and secretary of the management Board thereafter. Minutes of meetings of the Management Board shall be made available to the members of the Board of Directors, the Audit Commission, and the auditor of the Company upon their request.
- 12.7 When deciding on matters at meetings of the Management Board of the Company each member of the Management Board of the Company shall have one vote. The procedure of convocation of meetings of the Management Board, conduct of meetings and making of decisions by the Management Board shall be established by the Regulations on the Collective Executive Body (Management Board) of the Company. No member of the Management Board shall be allowed to delegate his/her voting right to another person, including another member of the Management Board.
- 12.8 The following matters shall fall within the competence of the Management Board:
  - 12.8.1 preliminary determination of the priority areas of the activities;
  - 12.8.2 development of plans of the financial and business operations to be submitted for approval to the Board of Directors;
  - 12.8.3 preliminary (before submission for consideration to the Board of Directors) consideration and approval of the expenses, not provided for under the plan on financial and business activity;
  - 12.8.4 organization of work on the implementation of priority areas of activities of the Company and optimization of the Company financial and business activity;
  - 12.8.5 approval of personnel structure of the Company;
  - 12.8.6 formation of the Company's committees;
  - 12.8.7 approval of the nominees for the heads of branches and representative offices of the Company and termination of their powers;
  - 12.8.8 decisions on participation and on termination of participation in non-commercial organizations;

- 12.8.9 approval of performance indices and approval of amounts of annual premiums (bonuses) for managers of separate departments of the Company;
- 12.8.10 decision on conclusion, alteration and early termination by the Company of the following transactions (or several inter-related transactions):
- (1) any transaction with immovable property, the aggregate balance sheet value of which, or transaction price, shall be less than the equivalent of 500,000,000 (five hundred million) US dollars, with the exception of agreements for lease of immovable property, concluded in the course of ordinary business activities and falling within the competence of the President in accordance with Clause 11.6 of this Charter;
  - (2) any transaction related to acquisition, disposal or possible disposal of assets, which are not used in direct activities of the Company (non-core assets), if such a transaction (transactions) involves or may involve liability of the Company in the amount less than the equivalent of 500,000,000 (five hundred million) US dollars;
  - (3) any transaction related to acquisition, disposal or possible disposal of core business assets (tangible and intangible assets serving for activities in the sphere of production and refining of oil, gas, gas condensate, objects of sales, storage, refining, means of hydrocarbon transportation, which disposal will materially affect such activities of the Company), if such a transaction (transactions) involves or may involve liabilities of the Company in the amount less than the equivalent of 500,000,000 (five hundred million) US dollars;
  - (4) any gratuitous transaction (including charitable works, donation, gift), membership fees (and other expenses) connected with participation of the Company in non-commercial organizations) in the amount less than the equivalent of 25,000,000 (twenty five million) US dollars;
  - (5) agreements with territorial units and municipalities of the Russian Federation, which involve or may involve liabilities of the Company in the amount less than the equivalent of 25,000,000 (twenty five million) US dollars;
  - (6) any other transaction, including in the course of ordinary business activities (with the exception of conversion transactions), which involves or may involve liabilities of the Company in the amount: from the amount, equivalent to 50,000,000 (fifty million) US dollars, to the amount, equivalent to 500,000,000 (five hundred million) US dollars, with the exception of transactions falling within the competence of the Board of Directors of the Company.
- 12.8.11 decision on implementation of business-projects (including, those related to establishment of new enterprises (businesses), joint ventures, attracting investments, new construction, reconstruction, production capacities upgrade, including those related to foreign investments), as well as any other investment priority projects for activities carried out by the Company, which involve or may involve expenses or other liability of the Company in the amount, less than the equivalent of 500,000,000 (five hundred million) US dollars;
- 12.8.12 approval of lists of candidates to governing bodies of the Group Companies;
- 12.8.13 determination of position of the Company with regard to the following matters:
- (1) approval of the organizational structure and the total number of employees of Key Group Companies;
  - (2) approval of distribution of net profit of Key Group Companies;

- (3) establishment and liquidation of branches and representative offices, approval of the regulations on the branches and representative offices, appointment of heads of branches and representative offices of Key Group Companies;
  - (4) approval of constituent documents of Group Companies as well as amendments and addenda to such documents;
  - (5) performance of actions that may result in any changes in the charter capital of the Group Companies excluding the Key Group Companies;
  - (6) appointment of governing bodies of Group Companies, early termination of their powers, with the exception of the sole executive body of Key Group Companies;
  - (7) delegation to a management company (a manager) of powers of the sole executive body of the Group Companies excluding Key Group Companies;
  - (8) approval of plans on financial and business activity of Group Companies to such plans;
  - (9) reorganization and liquidation of Group Companies, with the exception of Key Group Companies;
  - (10) implementation by Group Companies of any business-projects (including, those related to new construction, reconstruction, production capacities upgrade, as well as any other investment priority projects for activities carried out by such companies, which involve or may involve expenses or other liability in the amount less than the equivalent of 500,000,000 (five hundred million) US dollars;
- 12.8.14 determination of position of the Company with regard to conclusion, alteration and early termination by Group Companies of the following transactions (or several inter-related transactions):
- (1) any transactions with shares and participating interests (rights to shares and participatory interests) of Group Companies (with the exception of shares (rights to shares) issued by the Company or Key Group Company and participating interests (rights to participating interests) in Key Group Companies), which involve or may involve obligations of the subsidiary and dependent companies in the amount, less than the equivalent of 500,000,000 (five hundred million) US dollars;
  - (2) any transactions or several inter-related transactions with immovable property, where the aggregate balance sheet value or the amount of transaction are less than the equivalent of 500,000,000 (five hundred million) US dollars, with the exception of agreements for lease of immovable property for the amount less than the equivalent of 50,000,000 (fifty million) US dollars;
  - (3) any transaction related to acquisition, disposal or possible disposal of core business assets (tangible and intangible assets serving for activities in the sphere of production and refining of oil, gas, gas condensate, objects of sales, storage, refining, means of hydrocarbon transportation, which alienation will materially affect such company activities), if such a transaction (transactions) involves or may involve liabilities of the Group Company in the amount less than the equivalent of 500,000,000 (five hundred million) US dollars;
  - (4) gratuitous transactions (including charity, donations, grants), membership fees (and other expenses) connected with the participation in non-commercial organizations, which involve or may involve expenses of the Group Companies in the amount less than the equivalent of 25,000,000 (twenty five million) US dollars;

- (5) major transactions, with the exception of transactions, determination of the Company position on which is effected by the Board of Directors of the Company;
- (6) related-party transactions, with the exception of transactions, determination of the Company position on which is effected by the Board of Directors of the Company;
- (7) any other transaction, including in the course of ordinary business activities, which involves or may involve liability in the following amount: from the amount, equivalent to 50,000,000 (fifty million) US dollars, to the amount, equivalent to 500,000,000 (five hundred million) US dollars, with the exception of transactions, determination of the position on which is effected by the Board of Directors of the Company;

12.8.15 Approval of the following internal documents of the Company:

- (1) regulations on the committees of the Company;
- (2) regulations on the organization of work of the Company representatives in other legal entities;
- (3) regulations on the branches and representative offices of the Company;
- (4) standard forms of corporate documents, including constituent documents, regulations on governing bodies of Group Companies;
- (5) regulations on the remuneration and social security of the Company employees;
- (6) rules of the internal labor policy;
- (7) internal documents of the Company, governing management and business processes of the Company, with the exception of those falling within the scope of authority of the Board of Directors;
- (8) other internal documents on matters falling within the competence of the Management Board;

12.8.16 Appointment of the Secretary of the Management Board of the Company.

### **13. LIABILITY OF MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE BODIES OF THE COMPANY**

- 13.1 When exercising their rights and performing their duties, the members of the Board of Directors of the Company, the President of the Company and the members of the Management Board of the Company shall act in the interests of the Company and exercise their rights and perform their duties in good faith and in a reasonable manner.
- 13.2 The members of the Board of Directors of the Company, the President of the Company and the members of the Management Board of the Company shall be liable to the Company for damages caused to the Company by their wrongful actions (inactions), unless other grounds for or amount of, the liability are provided for by the federal laws.
  - 13.2.1 The members of the Board of Directors of the Company and the members of the Management Board of the Company who voted against the decision that caused damages to the Company or who did not participate in the vote shall not be liable.
  - 13.2.2 The Company or shareholders (shareholder) holding, in aggregate, at least 1 percent of outstanding common shares in the Company shall have the right to file a court claim against a member of the Board of Directors of the Company, the President of the Company, and a member of the Management Board of the Company for damages

caused to the Company in the instance provided for by the Federal Law “On Joint Stock Companies”.

- 13.3 The Company may at its cost and expense insure the liability of the members of the Board of Directors, the President of the Company and the members of the Management Board of the Company provided for by this section.

#### **14. AUDIT COMMISSION**

- 14.1 The financial and business operations of the Company shall be supervised by the Audit Commission. The operating procedures of the Audit Commission shall be determined by the Regulations on the Audit Commission of the Company approved by the General Shareholders Meeting.
- 14.2 The Audit Commission of the Company shall consist of five (5) members to be elected by the General Shareholders Meeting for a period until the next annual General Shareholders Meeting.
- 14.3 If the number of the members of the Audit Commission becomes less than three (3), the Board of Directors shall convene an extraordinary General Shareholders Meeting to elect the Audit Commission. The remaining members of the Audit Commission shall perform their duties until the new Audit Commission is elected.
- 14.4 The powers of certain or all of the members of the Audit Commission may be early terminated by a resolution of the General Shareholders Meeting.
- 14.5 Both a shareholder of the Company and any person proposed by a shareholder of the Company may be a member of the Audit Commission. No member of the Audit Commission of the Company may concurrently serve as a member of the Board of Directors of the Company or hold position on the Company's governing bodies.
- 14.6 A candidate to the members of the Audit Commission shall satisfy the following requirements:
- 14.6.1 he/she shall have a university degree in economics, finance, law or business;
- 14.6.2 he/she shall not have had any labor relations with the Company for the last three years; and
- 14.6.3 he/she shall not hold any position with any competitor of the Company.
- 14.7 The Audit Commission shall be competent to:
- (1) review financial documents of the Company, its financial statements, and report of the property inventory commission and compare such documents with primary accounting data;
  - (2) analyze the correctness and completeness of the book-keeping, tax, managerial and statistical accounting;
  - (3) verify the correctness of implementation of plans of the Company's financial and business operations approved by the Board of Directors of the Company;
  - (4) verify the compliance with the procedures of the distribution of the Company profits for a reporting fiscal year approved by the General Shareholders Meeting;
  - (5) analyze the Company financial situation, solvency, asset liquidity, debt to equity ratio, net assets and charter capital, identify potential for the improvement of the Company's economic situation, and develop recommendations for the Company's governing bodies;

- (6) verify the timeliness and correctness of payments to suppliers of goods and services, payments to the budget and non-budgetary funds, accrual and payment of dividends and interest on bonds, and settlement of other obligations;
  - (7) confirm the accuracy of data included in the Company annual report, annual financial statements, reports for tax and statistical authorities and government authorities;
  - (8) verify the authority of the President to enter into agreements on behalf of the Company;
  - (9) review the legitimacy of decisions made by the Board of Directors, the President, the Management Board, the liquidation commission, and their compliance with the Company's Charter and resolutions of the General Shareholders Meeting;
  - (10) analyze the resolutions of the General Shareholders Meeting to establish whether such resolutions comply with the law and the Company Charter.
- 14.8 The examination (audit) of the financial and business operations of the Company shall be performed based on the annual performance of the Company as well as at any time on the initiative of the Company's Audit Commission, a resolution of the General Shareholders Meeting or the Board of Directors of the Company or upon request of shareholders (shareholder) holding, in aggregate, at least 10 percent of the voting shares in the Company.
- 14.9 Upon request of the Audit Commission of the Company, the officers of the Company's governing bodies shall provide documents on the Company's financial and business operations. Such documents shall be provided within five days from submission of a written request.
- 14.10 The Audit Commission of the Company shall have the right to request the convocation of an extraordinary General Shareholders Meeting, the convocation of a meeting of the Board of Directors or a meeting of the Management Board of the Company.
- 14.11 The presence of at least half of the members of the Audit Commission as determined by the Charter shall constitute a quorum for the meeting of the Audit Commission.
- 14.11.1 Meetings of the Audit Commission shall be conducted in the form of joint presence of the members of the Audit Commission to discuss items on the agenda and adopt decisions on matters put to a vote.
  - 14.11.2 When deciding on matters, each member of the Audit Commission shall have one vote. No member of the Audit Commission shall be allowed to delegate his/her voting right to another person, including another member of the Audit Commission.
  - 14.11.3 Resolutions of the Audit Commission shall be adopted and its reports shall be approved by the majority of votes of the members of the Audit Commission who are present at the meeting, by a roll call vote. In case of equality of votes, the Chairman of the Audit Commission shall have a casting vote.
- 14.12 The members of the Audit Commission may be paid remuneration and/or reimbursed for costs related to the performance of their duties for the term of their office. The amounts of such remuneration and/or reimbursement shall be determined by a resolution of the General Shareholders Meeting based on a recommendation of the Board of Directors of the Company.

## **15. CORPORATE SECRETARY**

- 15.1 The Corporate Secretary shall be approved by the Board of Directors.
- 15.2 The Corporate Secretary shall ensure preparation for and conduct of the General Shareholders Meeting, activity of the Board of Directors and committees of the Board of Directors, provide for the storage and disclosure of information in the Company and organize operational cooperation

between the Company and its shareholders, other governing bodies and officers of the Company, and shall perform other functions in accordance with the Regulations on the Corporate Secretary.

**16. PROVISION OF INFORMATION BY THE COMPANY TO THE SHAREHOLDERS**

- 16.1 The Company shall provide the shareholders with access to the documents stipulated by the Federal Law "On Joint Stock Companies". Accounting documents and minutes of meetings of the Management Board shall be available to the shareholders (shareholder) holding, in aggregate, at least 25 percent of the voting shares in the Company.
- 16.2 The documents provided for by the Federal Law "On Joint Stock Companies" shall be made available for review on the premises of the Company's Management Board within five (5) days from the date of respective request. Upon request of the persons that are entitled to access the documents specified in the Federal Law "On Joint Stock Companies", the Company shall provide them with copies of such documents. The fee charged by the Company for the provision of such copies shall not exceed the cost of making copies.