

**APPROVED**

by the General Shareholders Meeting of JSC  
“INK-Capital” (Minutes No. 44 dated  
June 28, 2019)

**REGULATIONS  
ON THE BOARD OF  
DIRECTORS JOINT STOCK  
COMPANY  
“INK-Capital”  
(NEW EDITION)**

Irkutsk  
2019

## **1. GENERAL PROVISIONS**

1.1. This Regulations (hereinafter referred to as the “Regulations”) is drafted in accordance with the Civil Code of the Russian Federation, the Federal Law On Joint Stock Companies (hereinafter, the “Law”), other statutory legal acts of the Russian Federation, the charter of Joint Stock Company INK-Capital (hereinafter, the “Company”) and shall govern the activities of the Board of Directors of the Company.

1.2. The Regulations shall stipulate functions of the Board of Directors, procedure of its formation, procedure for convocation and holding of the Board Meetings, decision-making rules of the Board of Directors of the Company, rights and obligations of the Board members and shall govern other issues related to the activities of the Board of Directors of the Company.

1.3. The following terms and abbreviations shall be used in the Regulations:

“*General Shareholders Meeting*” - the General Meeting of the Company’s Shareholders (Supreme governing body of the Company);

“*Board of Directors*” - the Company’s Board of Directors

“*meeting of the Board of Directors*” - meeting of the Company’s Board of Directors;

“*member of the Board of Directors*”, “*member of the Board of Directors*”, “*Board member*” - a member of the Board of Directors of the Company;

“*Chairman of the Board of Directors*” - the Chairman of the Company’s Board of Directors;

“*Deputy Chairman of the Board of Directors*” - Deputy Chairman of the Company’s Board of Directors

“*General Director*” - the sole executive body of the Company;

“*Corporate Secretary*” - the Corporate Secretary of the Company;

“*Former member of the Board of Directors*” - a deceased member of the Board of Directors or limited in capacity, recognized as incapable or disqualified by the court decision, as well as a member of the Board of Directors, who notified the Company of the refusal of his/her powers;

“*Substantial shareholder of the Company*” - a person directly or indirectly (through controlled persons) entitled to manage five and more percent of votes assigned to voting shares forming the charter capital of the Company, independently or jointly with other persons under a trust management agreement and (or) simple partnership agreement, and (or) agency agreement, and (or) shareholder agreement, and (or) any other agreement which subject matter is execution of rights certified by the issuer’s shares (participatory interest).

“*IFRS*” - International Financial Reporting Standards;

“*RAS*” - Russian Accounting Statements;

“*Committee*” - a special advisory and consultative body established by the Board of Directors to resolve the most important issues falling into the competence of the Board of Directors which shall consist of the active Board members;

“*Substantial counterparty of the Company*” - a person being a party under contracts with the Company where under liabilities are 2 (Two) or more percent of the book value of consolidated assets of the Company or 2 (Two) or more percent of the consolidated revenue (profit) of the Company (including group of organizations controlled by the Company) or a substantial counterparty of the Company (group of organizations where a substantial counterparty of the Company belongs to).

## **2. GENERAL ISSUES RELATED TO ACTIVITIES OF THE BOARD OF DIRECTORS**

2.1. The Board of Directors shall be responsible for the overall administration of the Company’s activities except for those issues assigned to the competence of the General Shareholders Meeting and the General Director by the Company’s charter.

The resolutions of the Board of Directors are binding upon executive bodies and employees of the Company and the controlled entities.

The Board of Directors shall operate on a continuous basis. Between the Meetings, the members of the Board of Directors shall participate in current work of the Company to pass full and correct resolutions on issues falling into the competence of the Board of Directors.

2.2. The basic purposes of establishing the Board of Directors are listed below:

- to ensure strategic business-planning of the Company's activities;
- to approve mid-term and long-term development plans of the Company;
- to assist in achieving the Company's goals of conducting business activities and generating profit;
- to protect the rights and legitimate interests of the Company's shareholders.

2.3. The expenses associated with ensuring the activities of the Board of Directors, its Committees, and the Board members are incurred by the Company pursuant to the procedure approved by the General Shareholders Meeting.

2.4. The main functions of the Board of Directors shall be:

- to carry out strategic management of the Company;
- to monitor the activities of the General Director;
- to determine the basic principles and approaches to establishment of the risk management and internal control systems of the Company;
  - to determine long-term guidelines for the Company's activities, to assess and approve key performance indicators and primary business goals of the Company, to assess and approve strategies and business plans for the main activities of the Company;
  - to prevent, identify and resolve internal (corporate) conflicts, including the conflicts between the bodies, shareholders and employees of the Company;
  - to create a system of effective control over financial and business activity of the Company, including by setting and ensuring compliance with the effective internal control procedures during the audit of financial statements prepared under IFRS and (or) RAS;
  - to ensure reliability of financial information to be used or disclosed by the Company;
  - to regularly review the report (s) of the General Director (i) on implementation of the Company's strategy and business plans, (ii) on establishment and functioning of the effective risk management and internal control systems;
  - to review if the (structure) of the Committees is in conformity with the objectives of the Board of Directors and the goals of the Company;
  - to carry out trend analysis of key operational and financial indicators of the Company's activities;
  - to ensure, within the powers of the Board of Directors, the Company's compliance with applicable laws of the Russian Federation;
  - to ensure transparency of the Company, timeliness, completeness of information disclosure by the Company, and easy access to the Company's documents by the shareholders;
  - to control corporate governance practices in the Company.

2.5. The Board of Directors shall be entitled:

- to demand internal audit to be conducted in the Company;
- for execution of its tasks, to establish Committees and commissions, participate in their work and engage the Company's employees as well as external experts for such work;
- to nominate candidates for election to the Board of Directors in case if the Company's shareholders failed to nominate the minimum required number of candidates;

- to perform other actions within its competence.

2.6. The competence of the Board of Directors shall be set forth in the Company's charter.

2.7. The Board member shall be entitled:

- to have access to the documents and information of the Company and the controlled entities required to perform his/her functions as the Board member, including the accounting documents, to the same extent as the Company has access to such information and documents and receive the copies of corresponding documents;
  - to listen to the reports of the officials and other employees of the Company and its controlled entities, demand their oral and written explanations;
  - to demand convocation of the Board Meetings;
  - to propose the issues to be included into the agenda of the Board Meeting;
  - to discuss the issues related to the Company's activities during the Board Meetings, to make suggestions regarding the agenda issues of the Board Meeting and vote on such issues (save for the cases stipulated by the laws of the Russian Federation and (or) the Company's charter);
  - to review the Minutes of the Board Meetings and the Committees, receive copies of such Minutes;
  - to regularly obtain information about current financial and business operation of the Company to the extent which allows revealing the downward tendencies beforehand and demand their review at the Board Meetings;
  - to be remunerated for fulfillment of the duties and (or) be compensated for the expenses associated with fulfillment of the duties of the member of Board of Directors in cases and in the amount stipulated by the resolution of the General Shareholders Meeting;
  - to receive compensation for living expenses, as well as transportation and other expenses on the basis of documents confirming actually incurred expenses in connection with participation in the meetings of the Board of Directors if the meeting of the Board of Directors is held outside the place of permanent residence of a member of the Board of Directors;
  - to demand introduction into the Minutes of the Board Meeting of individual dissenting opinion regarding the agenda issues and the resolutions passed;
  - to submit individual dissenting opinion regarding the agenda issues of the Board Meeting which he/she is not be able to attend;
  - to execute other rights provided for by the laws of the Russian Federation, the Company's charter, Regulations, and other internal documents of the Company.

2.8. The Board member is obliged:

- to act reasonably and in good faith for the benefit of the Company and its shareholders based on sufficient awareness, and with due care and diligence;
- to take into account the interests of all stakeholders, including employees, creditors and counterparties of the Company;
  - to immediately inform the Board of Directors in writing (through the Corporate Secretary) on (i) the fact of being included into the list of candidates for election (appointment) to management bodies of other companies (apart from the controlled or associated entities of the Company) as well as the fact of being elected (appointed) thereto, (ii) the intention to conclude transactions with respect to the Company's shares or shares of the controlled business entities of the Company and upon conclusion of such transaction, immediately afterwards, and (iii) concluded or potential transactions of the Company he/she is aware of and which may involve his/her interest;
  - to abstain from actions which will result or may result in a conflict of his/her interest and the interest of the Company;
  - in case of occurrence of any potential conflict of interest with regard to any agenda issue of

the Board Meeting, including presence of the Company's interest to conclude a transaction, to notify the Board of Directors thereof prior to the beginning of discussion regarding such agenda issue (by sending corresponding notification containing information both about the conflict of interest itself and its origin to the e-mail address of the Corporate Secretary), and to prioritize the interests of the Company over his/her own interests in any case. Information about the conflict of interests, including interest in transaction, are to be included in the materials provided at the meeting of the Board of Directors;

- to abstain from voting on any agenda issue of the Board Meeting involving a conflict of interest or where it may arise;
- to have enough time to fulfill his/her duties as the Board member;
- to take an active part in the Board Meetings, including participation in discussion of the agenda issues and voting on such issues;
- to carefully study materials and information about the agenda issues of the Board Meetings, to ask for additional information if required, to deliberately assess risks and consequences which the Company may experience as a result of such resolutions;
- to maintain confidentiality of the provided information, not to use it in own personal interest or in the interest of the third parties, not to disclose to the third parties the information regarded as commercial secret of the Company (the controlled entities) in accordance with the laws of the Russian Federation and internal documents of the Company;
- to notify the Board of Directors on the fact of not being able to attend the Board Meeting with provision of written opinion on the agenda issues of the Meeting prior to such Meeting;
- at the request of the Company and (or) the Chairman of the Board Meeting submit relevant information about himself/herself and his/her affiliates, as well as any other information and documents reasonably required by the Company in order to comply with the applicable laws and achieve the Company's goals;
- to notify the Company on the amendments introduced into the information (documents) provided in accordance with Clause 3.14 of the Regulations within reasonable time;
- to analyze, assess and take measures for improvement of risk management and internal control system on regular basis;
- to ensure compliance of the Company's activities with the laws and provisions of the Company's charter;
- to carry out all necessary actions which are needed for participation in the Board meetings, including all necessary permissions to enter Russian Federation.
- to bring to the attention of the Board of Directors information about expected transactions which may involve his/her interest; to disclose information about the titles to the Company's shares and the sale and (or) purchase of securities of the Company or the controlled and associated entities; to notify the Chairman of the Board of Directors on the proper intention to conclude a transaction with respect to the Company's shares, and disclose information about the executed transactions involving such securities.

The Board members shall not receive gifts or remuneration in any other form from the persons interested in the Board of Directors passing the resolution granting such persons direct or indirect benefits.

The Board members shall not purchase shares of the Company or its dependent companies, except for the cases when such purchase is made as part of the programs for motivation and remuneration adopted by the Company and approved by the resolution of the Company's General Shareholders Meeting in a prescribed order.

2.9. Members of the Board of Directors shall be liable to the Company for losses incurred by the Company as a result of their actions (omissions) unless other grounds for liability are set forth in the federal laws.

The Board members shall be liable to the Company for losses incurred by the Company if it is proved that at exercising their rights and (or) fulfilling their duties they acted unreasonably, or in bad faith, and their actions (omissions) did not conform to the ordinary conditions of the civil turnover or ordinary

business risk.

In the meantime, those members of the Board of Directors who voted against resolution, which entailed losses incurred by the Company or abstained from voting, shall not be held liable.

The Company may provide the Board members with insurance of financial liability arising out of legal claims and complaints against the Board members filed by the third persons or the Company's shareholders in connection with decisions or any other actions of the Directors accomplished by them during their office term as the Board members or the controlled entities.

2.10. At determining the grounds and scope of liability of the members of the Board of Directors, ordinary course of business and other circumstances shall be taken into account.

2.11. In the event that in accordance with the provisions of Clause 2.9. hereof several persons are held liable, their liability to the Company shall be joint and several.

### **3. ELECTION OF THE BOARD OF DIRECTORS**

3.1. The members of the Board of Directors shall be elected via transparent procedure, which provides the shareholders of the Company with sufficient information on the candidates to understand their personal qualities, professional skills, reputation and expertise.

3.2. Personal qualities, professional skills and reputation of the Board members shall evidence that they will act reasonably and in good faith and for the benefit of the Company and its shareholders. In this regard, the candidates nominated for election to the Board of Directors shall be the persons having impeccable business and personal reputation, as well as knowledge, skills and experience required to pass resolutions within the competence of the Board of Directors and be effective Board members.

3.3. The structure of the Board of Directors shall be balanced, particularly in regard to the professional skills, experience, knowledge and business skills of its members, and enjoy the confidence of the shareholders.

3.4. The Board of Directors may, and in cases provided by the laws of the Russian Federation shall, include independent directors.

3.5. An independent director shall be a person who has sufficient professional skills, experience and independence to build his/her own opinion and is able to make objective and fair judgments, which would not be influenced by the executive body of the Company, certain groups of shareholders or other stakeholders. In this regard, a candidate (elected Board member) shall not be deemed to be independent, in case he/she is connected to the Company, its Substantial shareholder, Substantial counterparty or competitor of the Company or is connected to the government.

3.6. Based on the information submitted by the Company's shareholder (a candidate to the Board of Directors), the Board of Directors shall assess compliance of the candidates to the Board of Directors with the independence criteria, furnish corresponding resolution to the General Shareholders Meeting, carry out regular analysis of compliance of the independent members of the Board with the independence criteria and ensure immediate disclosure to the Company's shareholders of the information about identified circumstances as a result of which the Directors ceased to be independent.

In certain specific cases, in the course of assessment, the Board of Directors may recognize a Board member (a candidate to the Board of Directors) to be an independent member even if he/she lacks formal evidence of relation to the Company, Substantial shareholder of the Company, Substantial counterparty of the Company, Substantial competitor of the Company, the state or municipality, if such relation does not influence the capacity of the corresponding person to make independent, objective and

bona-fide conclusions.

The Board of Directors additionally assesses candidates to the Board of Directors from the point of the required experience, knowledge, business reputation, absence of the conflict of interest etc.

In the documents accompanying the resolution on election of non-executive director, the Board of Directors shall communicate to the Company's shareholders the reasons why such person shall be elected as a non-executive director.

3.7. The member of the Board of Directors shall be recognized as an independent director subject to the conditions stipulated by the corporate governance Code recommended for use by the Bank of Russia.

The Board member may be recognized to be independent on other grounds set forth in the Corporate Governance Code of the Company.

An independent director shall abstain from commencing actions as a result of which he/she may cease to be independent. In case if following the election to the Board of Directors, there arose circumstances as a result of which an independent director ceased to be independent, such director shall immediately inform the Board of Directors on such circumstances in writing (by sending corresponding notification to the e-mail address of the Corporate Secretary of the Company). Not later than 40 (Forty) days following the receipt of the abovementioned written notification, the Board of Directors may consider the need to convene the General Shareholders Meeting in order to elect a new Board of Directors.

3.8. The Board members shall be elected by the General Shareholders Meeting for the period until the next Annual General Shareholders Meeting. If the Annual General Shareholders Meeting was not held within the period specified in the Federal Law "On Joint Stock Companies", the powers of the Board of Directors shall be terminated except for the powers to prepare, convene and hold the General Shareholders Meeting.

3.9. Persons elected to the Board of Directors may be re-elected an unlimited number of times. Member of the Internal Auditing Committee (Internal Auditor) of the Company or member of the Ballot Committee of the Company may not be the Board member at the same time.

3.10. The Corporate Secretary shall send to the person elected as the Board member for the first time, notification containing formalized program of introductory events for the newly-elected members of the Board of Directors stipulating that the newly-elected members of the Board of Directors in the shortest possible term shall be provided with sufficient amount of information about the Company and the activities of the Board of Directors, in particular about the Company's strategy, the system of corporate governance adopted by the Company, risk management and internal control systems, distribution of the liabilities among the executive bodies of the Company.

Notification sent to the person who was elected as the Board member for the first time shall also contain the following information:

- main rights and responsibilities of a member of the Board of Directors;
- liability of a member of the Board of Directors;
- list of documents submitted to the person who was elected as a member of the Board of Directors for the first time.

3.11. The General Shareholders Meeting shall be entitled to pass a resolution on early termination of powers of the Board members at any time. The resolution of the General Shareholders Meeting on early termination of powers of the Board of Directors shall be passed only with respect to all Board members unless otherwise stipulated by the Law or the Company's charter.

In the event that the number of Board members becomes less than the number constituting a quorum for holding the Board Meeting, the Board of Directors of the Company shall pass resolution on holding the Extraordinary General Shareholders Meeting of the Company to elect the new Board of Directors

of the Company. Remained Board members shall be entitled to pass resolution only on convocation of the Extraordinary General Shareholders Meeting of the Company.

3.12. In the event that a resignation letter from the member of the Board of Directors addressed to the Chairman of the Board of Directors is received, the Board of Directors shall within reasonable time convene the Extraordinary General Shareholders Meeting with the agenda including issues on early termination of powers of the Board of Directors and election of the new Board of Directors unless otherwise stipulated by the Law or the Company's charter.

3.13. Amount and procedure for payment of remuneration and compensation to the Board members shall be determined by the Regulations on Remuneration and Compensation approved by the General Shareholders Meeting. Amount of remuneration shall depend, among other things, upon the number of meetings at which the respective Board member directly participated.

3.14. Within 5 (Five) business days following election of the Board of Directors, each Board member shall provide the Company with the copies of the following documents:

- passport or other identification document;
- INN (Taxpayer Identification Number) certificate (if any);
- State pension insurance certificate (if any);
- Other documents certifying the individual's right to apply for a special tax rate in accordance with laws of the Russian Federation (if any).

#### **4. CHAIRMAN OF THE BOARD OF DIRECTORS AND DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS**

4.1. The Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors shall be elected by the Board members within 1 (One) month following the forming of the Board of Directors from among their number by the majority of votes of all members of the Board of Directors; the votes of the Former Board members shall not be taken into account.

4.2. A person acting as the General Director may not be elected to be the Chairman of the Board of Directors and/or the Deputy Chairman of the Board of Directors.

4.3. The Board of Directors shall be entitled to re-elect its Chairman and/or the Deputy Chairman of the Board of Directors at any time by the majority of votes of all Board members; the votes of Former Board members shall not be taken into account.

4.4. The Chairman of the Board of Directors shall ensure efficient organization of activities of the Board of Directors and its interaction with other bodies of the Company, as well as a positive atmosphere at holding the Board Meetings.

The Chairman of the Board of Directors shall:

- 4.4.1. convene the Board Meetings and preside over such Meetings;
- 4.4.2. ensure and be responsible for timely provision of accurate and clear information in format and quality that ensures the Board of Directors can fulfill their duties properly, as well as provide materials required to the Board members to resolve on the agenda issues;
- 4.4.3. organize drafting of the work schedule of the Board of Directors, control over implementation of resolutions passed by the Board of Directors, drafting of the agenda of the Board Meetings, and development of most efficient resolutions on the agenda issues;
- 4.4.4. organize work of the Board of Directors (in particular, ensure that the Minutes at the



Board Meetings are kept);

4.4.5. ensure open discussion of issues considered at the Board Meetings, review opinions of all Board members at passing resolutions; summarize the results of discussions and formulate resolutions to be passed;

4.4.6. represent the Company without a letter of attorney and appear in all state and municipal authorities, for-profit and non-profit organizations, as well as at relations with foreign partners and international (intergovernmental) organizations;

4.4.7. propose candidates to the position of the General Director to be approved by the Board of Directors and conclude an employment agreement with the General Director on behalf of the Company;

4.4.8. propose candidates to the Board of Directors for election to the Committees based on their professional skills and personal qualities and with reference to proposals of the Board members of the Company with regard to the formation of the Committees;

4.4.9. preside over Annual and Extraordinary General Shareholders Meetings;

4.4.10. certify copies and extracts from Minutes of the meetings of the Board of Directors and General Shareholders Meeting;

4.4.11. cooperate with the Company's shareholders, including, provision at their request information about the issues falling into the competence of the Board of Directors.

Effectiveness of the performance of the Chairman of the Board of Directors is assessed annually as a part of the procedure for evaluating the performance of the Board of Directors.

4.5. In the event of absence of the Chairman of the Board of Directors, his duties specified in Clauses 4.4.1. - 4.4.11. above, except for Clauses 4.4.6., 4.4.7., shall be exercised by the Deputy Chairman of the Board of Directors, and in the event of absence of the Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors by one of the Board members instructed by the Chairman of the Board of Directors or at the resolution of the Board of Directors. At the same time, the obligation to convene meetings of the Board of Directors and to preside over them, specified in paragraph 4.4.1. may be carried out by the Deputy Chairman of the Board of Directors only with the prior written approval of the Chairman of the Board of Directors, and in the event of absence of the Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors by one of the members of the Board of Directors also with the prior written approval of the Chairman of the Board of Directors.

## **5. HOLDING THE BOARD MEETINGS**

5.1. Board Meetings shall be convened by the Chairman of the Board of Directors upon his/her own initiative, at the request of a Board member, Internal Auditing Committee (Internal Auditor) of the Company, the Company's auditor, General Director or shareholders (shareholder) holding in aggregate not less than 2 (Two) percent of voting shares of the Company.

During the period from election of the Board of Directors to election of the Chairman of the Board of Directors, the Board Meetings may be convened by the General Director or the Corporate Secretary at their own initiative.

Should Board Meeting be held at the request of a Board member of the Company, Internal Auditing Committee (Internal Auditor) of the Company, the Company's auditor, General Director or shareholders (shareholder) holding in aggregate not less than 2 (Two) percent of voting shares of the Company, a person requesting the meeting to be held shall address such written request to the Chairman of the Board of Directors and include the following details therein:

- wording of the agenda issue and draft resolution thereon;
- rationale for reviewing such agenda issue;
- reference to the attached cover documents.

The request shall be signed by the person requesting the convocation of the Board Meeting. In case the request is made by the Company's auditor, a copy of the contract concluded between the Company and the auditor shall be attached to the request;

Request on convocation of the Meeting shall be transferred to the Chairman of the Board of Directors in accordance with the procedure for notifying the Board members on the Meeting set forth herein.

The Chairman of the Board of Directors shall pass a resolution as to convene the Board Meeting or deny convocation within 7 (Seven) business days from the date of receipt of the request.

The resolution to deny convocation of the Board Meeting shall be passed only in the following cases:

- the request is submitted by an unauthorized person;
- the issue doesn't fall within the competence of the Board of Directors.

The Board Meeting convened at the request of the persons mentioned in this Clause shall be held within 30 (Thirty) days following the date of receipt of the request by the Chairman of the Board of Directors, unless the request indicates a later date for holding the Board Meeting.

5.2. In the event of absence of the Chairman of the Board of Directors, the Board Meeting may be convened by the Deputy Chairman of the Board of Directors only with the prior written approval of the Chairman of the Board of Directors, and in the event of absence of the Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors by one of the members of the Board of Directors also with the prior written approval of the Chairman of the Board of Directors.

5.3. The Chairman of the Board of Directors shall inform the Board members on the Board Meeting not later than 14 (Fourteen) days prior to the date of the Meeting, unless otherwise provided by the charter of the Company. In the event that the time indicated in this paragraph is not met, the Board Meeting may be held provided, however, that all Board members are present at that Meeting.

The Chairman of the Board of Directors shall notify the Board members on the Board Meeting by one of the following ways or a combination thereof:

- by handing over such notification against signature;
- by sending a registered mail with delivery confirmation or fax;
- by sending an e-mail from the address of the Corporate Secretary to the address

of the Board member as specified in the application form ( Appendix #4 to the Regulations) which is attached to the proposal on nomination of the candidates to the Board of Directors to be elected at the General Shareholders Meeting or to any other address specified by the Board member in writing;

by sending a text message describing the procedure for reviewing notification on the Board Meeting to the phone number or e-mail address specified in the application form, which is attached to the proposal on nomination of the candidates to the Board of Directors to be elected at the General Shareholders Meeting or to any other phone number or e-mail address specified by the Board member in writing.

Notification on the Board Meeting shall include the following details: place, date, time, form and agenda of the Meeting; in case of absentee voting, the notification shall also include the deadline and address of voting ballots receipt. Cover documents on the agenda of the Board Meeting as well as draft resolutions and draft documents suggested for approval by the Board, may be attached to the notification. In the event that the Board Meeting is held in absentee form, voting ballots shall also be attached to the notification.

In the course of physical Board Meeting, at the decision of the Chairman or person performing his/her functions, and provided that there are no objections from the Board members attending the Meeting, additional issues may be included into the agenda.

Terms and procedure for convocation of the Board Meeting set forth in this Clause shall not be applied to convocation of the first meeting of the Board of Directors newly elected by the Company's shareholders.

5.4. The signature of the Board member (including scanned or fax copy) on the notification or a read-receipt of the e-mail or a text message sent to the phone number shall be considered an acknowledgment of receipt of the notification on the Board Meeting.

The Board member shall be also deemed duly notified on the Board Meeting in case if he/she participated in the Meeting.

5.5. The Board Meeting shall be held at the Company's address, unless otherwise agreed at the moment of convocation. The Board Meeting may be postponed for not more than 2 (Two) hours or deferred for not more than 2 (Two) days subject to the consent of all Board members. In the event of physical Meeting, it shall be allowed to discuss agenda issues by teleconference or videoconference.

In case of circumstances preventing or making it difficult to hold the Board Meeting in place and (or) in time which the Board members were notified of, the Meeting on the scheduled agenda issues may be held in other place and (or) time. Such Meeting shall be held not later than 10 (Ten) days following the date of the failed meeting.

The Chairman of the Board of Directors shall inform all Board members on the change of place and (or) time with an account to the time period required for Board members to come to the meeting. The notification of the changes shall be sent to the Board members by one of the ways specified in Clause 5.2 hereof.

5.6. The Board Meetings shall be held on regular basis at least 4 (Four) times per calendar year and not less than once in 6 (Six) months including absentee Board Meetings. The Board of Directors may approve the schedule of the Board Meetings. Such schedule shall be made with due account for the requirements of applicable laws, suggestions from the Board members, General Director and the Corporate Secretary of the Company.

5.7. Upon resolution of the Chairman of the Board Meeting or the person performing his/her functions, and provided that there are no objections from the Board members, the Board Meeting may have breaks for not more than 2 (Two) hours each. Breaks shall be announced not more than once in 1 (One) hour.

5.8. With due regard for the need to ensure security of confidential and other information protected by the laws and internal documents of the Company, it is at the discretion of the Chairman of the Board of Directors to allow presence and (or) invite to the Board Meetings (without the right to vote) the persons who are not the Board members: members of the Internal Auditing Committee of the Company, other officers and heads of subdivisions of the Company (the Company's subsidiaries), representatives of the Company's auditor, experts, consultants and other persons. Should there be no resolution of the Chairman of the Board of Directors on this matter, persons who are not employees of the Company shall not be allowed to participate in the Board Meeting. Participation of invitees shall be recorded in the Minutes of the Board Meeting.

5.9. Working language of the Board Meetings shall be the Russian language. The Board Meeting may be audio- or video-recorded. The audio- or video-record shall be confidential.

The Company shall ensure keeping and storage of records of the Board Meetings and utilize other ways of recording which allow to reflect individual opinions of each Board member on the agenda issues. Oral dissenting opinions of the Board members are recorded in the Minutes of corresponding Meeting. Dissenting opinion of the Board members submitted in writing shall be attached to the Minutes of the Board Meetings and constitute an integral part thereof.

5.10. The voting at the Board Meeting may be carried out by voting ballots. The voting on the agenda issues of the Board Meeting held in the form of absentee voting shall be carried out by voting ballots only.

The voting ballots shall be sent (handed over) to the Board members pursuant to the procedure and within the term stipulated for sending (handing over) notification on the Board Meeting.

The voting ballots may be prepared in Russian and (or) English languages, however, the Russian version shall prevail.

The voting ballots shall contain full company name, issues put to vote with the voting options worded as “for”, “against”, or “abstained”, date, time, and procedure for submitting the filled-in voting ballots to the Company as well as any other information as required in compliance with the applicable laws or internal documents of the Company.

The ballots shall be sent to the Chairman of the Board of Directors or the Corporate Secretary.

The ballot shall be declared invalid and shall not be taken into account at summarizing the results of the voting on the agenda issue in any of the following cases:

- all voting options or only one voting option is crossed out in the ballot;
- no option is crossed out in the ballot;
- the ballot does not contain the full name of the Board member;
- the ballot is not signed by the Board member.

The invalidation of a voting ballot in respect of voting on one, several or all issues in such voting ballot does not constitute grounds to exclude votes under such voting ballot when determining the presence of the quorum.

5.11. The resolution of the Board of Directors may be passed by absentee voting. The procedure for convocation and holding of the Board Meeting as well as the procedure for passing resolutions by the absentee voting shall be determined in compliance with the laws of the Russian Federation, the Company’s charter, and this Regulations.

In case of the absentee voting, the Board of Directors passes resolutions based on the filled-in voting ballots which were submitted to the Company in person or sent via DHL, UPS or any other first class international mail service. The filled-in ballots may be sent by e-mail to the address of the Corporate Secretary. The Board of Directors may accompany the filled-in voting with the explanation note regarding the reasons for selecting a certain option and other additional comments to the agenda. Such explanation note shall be filed to the Minutes of the Board Meeting.

5.12. The quorum for holding the Board Meeting shall be presence of at least one-half of the elected Board members and (or) availability of written opinion of, or voting ballots from more than a half of a total number of Board members, except for the Former Board members.

5.13. At determining about presence of the quorum and summarizing voting results on the agenda, written opinion of an absent Board member shall be taken into account provided that the Company received such written opinion prior to the beginning of the Board Meeting. It shall be allowed to submit such written opinion by e-mail addressed to the Corporate Secretary. Written opinion shall be submitted to the Corporate Secretary. The written opinion of the Board member shall be announced at summarizing the results of voting on the agenda issue and shall be filed to the Minutes of the Board Meeting. Written opinion of the Board member may be drafted with regard to all agenda issues of the Meeting or separate issues of the agenda.

Should Board member be present at the Board Meeting, his/her written opinion received prior to the Board Meeting shall not be announced and taken into account at determination about the quorum and voting results.

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

6.1. Resolutions of the Board of Directors shall be passed by the majority of votes participating in the Meeting except for those issues to make resolutions on which pursuant to laws of the Russian Federation and Company’s charter a more votes are required.

6.2. Resolutions of the Board of Directors shall be binding upon all Company's employees.

To the extent possible, highly important issues related to the Company's activities shall be reviewed at physical Board Meetings.

6.3. The resolution of the Board of Directors passed at the Board Meeting shall come into effect upon the date of the Board Meeting. The resolution of the Board of Directors may specify the date when the resolution shall come into effect or its effective period. Upon the expiry of the indicated period, such resolution of the Board of Directors shall become invalid (in full or in part).

6.4. Alterations and amendments to the resolution of the Board of Directors shall be made upon the resolution of the Board of Directors passed in accordance with the same procedure (except for the form of the Board Meeting) which was applied to the resolution being altered, amended.

6.5. The resolution of the Board of Directors shall be declared invalid in accordance with the procedure set forth by applicable laws of the Russian Federation.

6.6. The resolution of the Board of Directors on consent to execution or further approval of an interested-party transaction shall be passed by the majority of votes of those Board members who are not interested in such transaction. Should the number of non-interested Board members be less than the quorum determined by the charter of the Company for holding the Board Meeting, the resolution thereon shall be passed by the General Shareholders Meeting of the Company.

6.7. The resolution of the Board of Directors consent to execution or further approval of a major transaction which subject is property with the cost amounting from 25 (Twenty-five) to 50 (Fifty) percent of the book value of the Company's assets, shall be passed unanimously by all Board members (votes of Former Board members shall not be taken into account). In the event that the unanimity of the Board of Directors on the issue of major transaction is not reached, upon the decision of the Board of Directors, approval of major transaction may be submitted to the General Shareholders Meeting.

6.8. Unless otherwise stipulated by the laws of the Russian Federation, members of the Board of Directors shall be deemed interested in a transaction in case if they, their spouses, children, parents, siblings/half-siblings, stepchildren, stepparents, and (or) their controlled persons (controlled organizations):

- are a party, beneficiary, intermediate party or representative under a transaction;
- are controlled persons of a legal entity being a party, beneficiary, intermediate or representative in the transaction;
- occupy positions in management bodies of a legal entity being a party, beneficiary party, intermediate party or representative in the transaction as well as positions in management bodies of managing company of such legal entity.

6.9. The Board members interested in a transaction shall inform the Company and the Board of Directors within 2 (Two) months from the day they got to know or had to know about circumstances as a result of which they may be considered interested in transaction and no later than at least 1 (One) day prior to the date of resolution, and they are to pass information on:

- legal entities where they, their spouses, children, parents, siblings/half-siblings, stepchildren, stepparents, and (or) their controlled persons (controlled organizations) occupy positions;
- legal entities where they, their spouses, children, parents, siblings/half-siblings, stepchildren, stepparents, and (or) their controlled persons (controlled organizations) occupy positions in management bodies;
- transactions being entered into or expected ones where they may be recognized as interested parties which they are aware of.

6.10. Upon passing resolutions at the Board Meeting, each Board member shall have one vote.

It shall not be allowed to assign the voting right from one Board member to another person, including another Board member.

In the event of tied vote of Board members, at passing resolutions the Chairman of the Board shall have the casting vote.

The Deputy Chairman of the Board of Directors or other member of the Board of Directors who performs the obligations of the Chairman of the Board of Directors in his absence shall not have the casting vote at the meetings of the Board of Directors.

6.11. The Minutes of the Board Meeting shall be kept by the Corporate Secretary. The Minutes shall be prepared in 2 (Two) copies, one copy in Russian and the other copy in English. In case of discrepancies between the English and Russian versions of the Minutes of the Board Meeting, the Russian version of the Minutes shall prevail.

Additional copies of the Minutes of the Board Meeting shall be made upon the decision of the Chairman of the Board of Directors.

6.12. The Minutes of the Board of Directors shall be signed by the Chairman of the Board Meeting or person performing his/her functions. Documents or drafts of documents approved by the Board of Directors as well as dissenting or written opinions of the Board members, voting ballots and order of the Chairman of the Board authorizing other Board member to act as the Chairman of the Board in his/her absence (if any), shall be attached to the Minutes. The Minutes of the Board Meeting on election of the Chairman of the Board of Directors shall be signed by all Board members.

6.13. The Minutes of the Board Meeting shall include the following details:

- full name of the Company;
- form of the Meeting;
- place and time of the Meeting (summarizing the results of voting at the absentee Meeting);
- attendees (Board members and invitees);
- presence of the quorum;
- agenda (including additional issues, if any);
- brief content of addresses of the participants (except for absentee form);
- issues put to vote and voting results;
- passed resolutions, time of their implementation, persons in charge of implementation;
- information about the Board Meeting being postponed and (or) rescheduled;
- dissenting opinions of the Board members requesting to include their dissenting opinions to the Minutes of the Board Meeting, on the agenda issues and resolutions to be passed;
- other information provided by the laws and the charter of the Company.

6.14. Copies of the Minutes of Board Meetings and extracts from the Minutes of Board Meetings shall be provided to stakeholders and may be certified by the Corporate Secretary.

## **7. CORPORATE SECRETARY**

7.1. The Corporate Secretary shall be accountable to and report to the Board of Directors of the Company. The Corporate Secretary shall have knowledge necessary for execution of his/her duties, enjoy confidence of the shareholders and the Board members and have impeccable reputation. The Corporate Secretary of the Company shall have higher legal education and his/her overall service experience in the field of corporate governance or leadership shall be at least 3 (Three) years.

7.2. In interaction with the Board of Directors, the Corporate Secretary shall perform the following duties:

- ensure preparation and holding of the Board Meeting in accordance with the requirements of the laws, the Company's charter, these Regulations and other internal documents of the Company, including translation of the documents into foreign languages;
- maintain all documentation related to the activities of the Board of Directors;
- to receive requests on convocation of the Board Meetings and documents required to draft the agenda of the Board Meetings, and prepare for such Meetings;
- draft the agenda of the Board Meeting and submit it for approval of the Chairman of the Board of Directors;
- inform the Board members on the Board Meetings by sending notification on the Meeting, the approved agenda of the Meeting, documents and materials for the Meeting, and the voting ballots in case the Meeting is held in the form of absentee voting;
- receive the voting ballots filled-in by the Board members and summarize the results of voting on the issues resolved on by absentee voting;
- keep Minutes of physical Board Meetings, prepare the Minutes of the Meetings held in the form of absentee voting and arrange its signing by the Chairman of the Board of Directors or any other person presiding over the Meeting;
- to assist the Board members at execution of their duties;
- ensure the disclosure of information about resolutions passed by the Board of Directors including via Internet (in cases set forth by applicable laws or resolutions of the Board of Directors), and inform persons in charge on the instructions and resolutions of the Board of Directors;
- ensure control over implementation of resolutions passed by the Board of Directors, to follow up implementation of resolutions, to inform the Board members on implementation status of the resolutions passed;
- file all materials of the Board Meetings including Minutes, extracts from the Minutes, ballots etc.;
- convene the Board Meeting within the period from the date of election of the Board of Directors to the date of election of the Chairman of the Board of Directors (if necessary);
- immediately inform the Board of Directors about all revealed violations of the laws and internal documents of the Company where the compliance therewith shall be within the duties of the Corporate Secretary;
- perform other duties as stipulated by the Company's charter and internal documents of the Company.

## **8. PROVISION OF INFORMATION TO THE BOARD MEMBERS**

8.1. Within 10 (Ten) days following the date on which voting results on election of the Board members are summarized, the General Director of the Company shall ensure the access of each newly elected Board member to the Company's charter, internal documents regarding governing and supervisory bodies of the Company, information about the strategy of the Company, the corporate governance system, and other significant information specified in Clause 3.11 of the Regulations via the Corporate Secretary.

8.2. Duties of officials of the Company to provide the information as requested by the Board of Directors and any of its members:

8.2.1. The General Director, officials and heads of subdivisions of the Company, upon request, shall provide the Board of Directors and (or) any of its members with any information about activities of the Company, its affiliated or associated companies within 5 (Five) business days and within the limits established by the laws of the Russian Federation and with an exception to information that constitutes a state or other legally protected secret;

8.2.2. In case the information requested by the Board of Directors or a Board member cannot be provided, the General Director shall provide a respective written motivated refusal within 5 (Five) business days following the day when the Corporate Secretary received such request;

8.2.3. The requested information shall be submitted to the Board of Directors or a Board member by the persons indicated in Clause 8.2.1. hereof through the Corporate Secretary.

8.3. Confidential content of the documents requested by the Board member, including commercial secret, may not create obstacles for such Board member to be provided with such documents. The Board member provided with the abovementioned information shall maintain its confidential status. In confirmation of acceptance of the obligation to maintain confidentiality of information, the member of the Board of Directors shall provide the Corporate Secretary of the Company with a document within 3 (Three) working days after his election, in which he confirms that he has been notified of the obligation to maintain confidentiality of the information provided as a member of the Board of Directors of the Company, not to disclose to third parties information classified as a trade secret of the Company in accordance with the legislation of the Russian Federation and internal documents of the Company and responsibility for failure to perform such obligation.

## **9. COMMITTEES UNDER THE BOARD OF DIRECTORS**

9.1. The Board of Directors shall be entitled to establish standing Committees in order to perform its duties. The Committees perform preliminary review of the most important issues falling into the competence of the Board of Directors and provide recommendations to the Board of Directors for passing resolutions on such issues.

9.2. The Committees are not regarded as management bodies of the Company and shall not be entitled to act on behalf of the Board of Directors.

9.3. The Board of Directors shall elect the members and the chairpersons of the Committees.

9.4. The Board of Directors shall approve the Regulations stipulating the goals and objectives of Committees' activities, functions of the Committees, rights and duties of members of the Committees, procedure for establishment of the Committees, requirements for making resolutions and procedure for reporting to the Board of Directors by the Committees.

9.5. The work of each Committee may be subject to annual assessment by the Board of Directors pursuant to the procedure set forth in the Regulations on assessment of the effectiveness of the Board of Directors.

9.6. If the Board of Directors passed a resolution which contradicts with the recommendations of the Committee under the Board of Directors, the Board of Directors shall provide the reasons why such recommendations were not taken into account. Corresponding grounds shall be included into the Minutes of the Board Meeting.

9.7. The chairpersons of the Committees shall regularly inform the Board of Directors and its Chairman on the work of their Committees.

## **10. ASSESSMENT OF THE EFFICIENCY OF THE BOARD OF DIRECTORS**

10.1. The Corporate Secretary shall conduct the assessment of the efficiency of the performance of the Board of Directors of the Company and its Committees pursuant to the procedure set forth in the Regulations on the Assessment of the Board of Directors.



Assessment of the efficiency of the performance of the Board of Directors, Committees, and the Board members may be conducted by the Board of Directors by itself (self-assessment) or by inviting an independent external organization (consultant) possessing the required qualification to carry out such assessment.

10.2. The procedure adopted by the Company to assess the efficiency of the performance of the Board of Directors shall include, without limitation to:

- assessment of the professional qualification of the Board members;
- review of qualification, expertise, and business skills of the Board members;
- review of conformity of the number of the Board members with the needs of the Company and interest of the Company's shareholders;
- assessment of individual records of attendance of the Board Meetings and the meetings of the Committee (if applicable) and time dedicated to preparation for such meetings.

10.3. Assessment of the efficiency (self-assessment or external assessment) of the performance of the Board of Directors may include assessment of the performance of the Committees, individual assessment of the Board members and the overall assessment of the Board of Directors.

## **11. MISCELLANEOUS**

11.1. These Regulations shall become effective from the date of its approval by the General Shareholders Meeting.

11.2. Amendments and additions to these Regulations shall be approved by the General Shareholders Meeting.

11.3. If some clauses of the Regulations contradict with the applicable laws of the Russian Federation or the Company's charter, such clauses shall cease to be in force.

Unless the relevant amendments are introduced into the Regulations, the Company, its shareholders and the Board of Directors shall act in accordance with applicable laws of the Russian Federation and the Company's charter.