



**NOVOLIPETSK STEEL**

**APPROVED**

by the General Shareholders' Meeting  
of Novolipetsk Steel

Minutes of Meeting No. 63  
of 11 June 2021

**CHARTER**

of Novolipetsk Steel  
(revised)

Lipetsk  
2021

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## **CHAPTER 1. General**

Public Joint Stock Company “Novolipetsk Steel” (hereinafter referred to as “the Company”) is a legal entity registered by Decree No. 50 dd. January 28, 1993, by the Head of Municipal Administration of the Levoberezhny District of Lipetsk (State Registration Certificate No.5 Г dd. January 28, 1993).

### **ARTICLE 1. Name and domicile of the Company**

- 1.1. Full name of the Company in Russian: Public Joint Stock Company “Novolipetsk Steel”.  
Abbreviated name of the Company in Russian: PJSC NLMK.

Full name of the Company in English: Novolipetsk Steel.

Abbreviated name of the Company in English: NLMK.

The Company is entitled to use the trademarks STINOL, НЛМК and NLMK duly registered under the laws of the Russian Federation.

- 1.2. Domicile of the Company: 2, Metallurgov sq., Lipetsk, Russia.

### **ARTICLE 2. Legal status**

- 2.1. The Company is a commercial organization with charter capital divided between a certain number of shares certifying the shareholders’ liability rights in respect of the Company and the Company’s rights in respect of its shareholders.

Shareholders shall not be held liable for the Company’s obligations and shall bear the risk of losses related to its operation to the extent of the value of their owned shares.

The Company is a legal entity, which owns solitary property accounted for in its individual balance sheet; it can acquire and exercise property and personal non-property rights on its own account, incur obligations, and sue and be sued in the court of law.

The Company holds a round seal bearing its full corporate name in the Russian language and its domicile; stamps and letterheads bearing its name; duly registered trademarks and uses other means of visual identification.

The Company has settlement and other accounts in the Russian and foreign currencies opened with Russian credit institutions. Pursuant to the applicable law, the Company has the right to open bank accounts with credit institutions in the Russian Federation and abroad.

- 2.2. The Company is held liable for its obligations with all of its property.
- 2.3. The Company shall not be held liable for its shareholders’ obligations.
- 2.4. Neither the government, nor its agencies shall be liable for the Company’s obligations; equally, the Company shall not be liable for the government’s or its agencies’ obligations.
- 2.5. The Company was set up for an unlimited period of time. The Company may be liquidated in accordance with the provisions of this Charter or requirements of the applicable law.

### **ARTICLE 3. The Company’s objectives and scope of activities**

- 3.1. The main objective of the Company is to make profit.
- 3.2. The Company may engage in any economic activities in accordance with its objectives as long as they are not in conflict with the laws of the Russian Federation. The Company may engage in any kind of licensed activities provided it has acquired the license.
- 3.3. Main activities of the Company are:
- Production and sale of iron and steel products.
  - Production and sale of mechanical engineering products (equipment, accessories, tools

and spare parts).

- Industrial construction, construction and amenity services.
- Production of construction materials, structures, and manufactured articles.
- Foreign and domestic trade.
- Generation, transmission and distribution of electrical and heat power.
- Manufacture, installation, setting-up, maintenance and repair of power facilities, electrical equipment and power units for consumers.
- Railway and automotive transportation of cargoes; automotive passenger transportation.
- Maintenance and operation of railway infrastructure, locomotives, and other railway machinery.
- Recovery, storage, handling, disposal, land filling, destruction of industrial and other wastes (materials and substances).
- Blasting.
- Environmental protection activities.
- Activities related to ionizing radiation sources (generating sources).
- Encryption-based secure communication.
- Operations involving the use of information classified as state secret.
- Educational activities.

## **CHAPTER 2. Charter capital, stocks, bonds, and other securities. Company's funds.**

### **Register of the Company's shareholders**

#### **ARTICLE 4. Charter Capital of the Company**

- 4.1. The charter capital of the Company is RUB 5,993,227,240 (five billion nine hundred ninety three million two hundred twenty seven thousand two hundred and forty) divided into 5,993,227,240 (five billion nine hundred ninety three million two hundred twenty seven thousand two hundred and forty) outstanding common shares with a par value of RUB 1 (one) per share.
- 4.2. The Company's shares are uncertificated registered ordinary shares.

#### **ARTICLE 5. Authorized shares**

- 5.1. The Company may distribute common registered shares (authorized shares) in addition to outstanding shares specified in Article 4 of this Charter.
- 5.2. The number of such additional shares shall not exceed the number of authorized shares.

#### **ARTICLE 6. Bonds and other issue-grade securities of the Company**

- 6.1. The Company is entitled to distribute bonds and other issue-grade securities in accordance with the applicable legislation of the Russian Federation.
- 6.2. The distribution of the Company's bonds convertible into shares, and other issue-grade securities convertible into shares, shall be on the basis of the corresponding resolution by the Company's Board of Directors.

#### **ARTICLE 7. Payment for shares and other issue-grade securities**

- 7.1. Additional shares and other issue-grade securities of the Company placed through subscription shall be distributed subject to full payment.

- 7.2. Additional shares of the Company placed through subscription may be paid for in cash, securities, other items or proprietary rights, or other rights having monetary value. Payment for additional shares by means of set-off of cash claims to the Company is allowed in case of share distribution by means of private placement. The form of payment for additional shares and other securities shall be stipulated in the resolution on distribution of such securities. Payment for other issue-grade securities shall be in cash only.
- 7.3. The payment for additional Company shares placed through subscription shall be effected at a price established by the Company's Board of Directors, or at a price set in line with the procedure determined by the Company's Board of Directors in accordance with the Federal Law "On Joint-Stock Companies", but not lower than their par value.

#### **ARTICLE 8. Increase of Charter Capital**

- 8.1. The charter capital of the Company may be increased by increasing the par value of shares or by placement of additional shares.
- 8.2. Resolution on the increase of the Company's charter capital by increasing the par value of shares shall be passed by the General Meeting of Shareholders.
- 8.3. The resolution to increase the Company's charter capital by distributing additional shares shall be adopted by the General Meeting of Shareholders or by the Board of Directors of the Company in accordance with this Charter and the Federal Law "On Joint-Stock Companies".

The resolution of the Company's Board of Directors on the increase of the charter capital of the Company through distribution of additional shares shall be adopted by unanimous vote of the Board of Directors of the Company, provided that the votes of Directors with discontinued membership are disregarded. If no unanimous resolution is reached, the matter of charter capital increase shall be considered by the General Meeting of Shareholders.

- 8.4. The number of additional shares, the method and price of their distribution, the form of payment for additional shares and other conditions of distribution shall be determined by the resolution on the increase of the Company's charter capital by placement of additional shares.
- 8.5. The increase of the Company's charter capital by distributing additional shares may be accomplished at the expense of the Company's property. The increase of the Company's charter capital by increasing the par value of shares shall be accomplished only at the expense of the Company's property.

#### **ARTICLE 9. Reduction of Charter Capital**

- 9.1. The charter capital of the Company may be reduced by reduction of the par value of shares or by reduction of their total number, including partial purchase and redemption of shares in cases stipulated by the Federal Law "On Joint-Stock Companies".
- 9.2. Any decision to reduce the Company's charter capital by the reduction of the par value of shares or by partial purchase and redemption of shares in order to reduce their total number requires a resolution adopted by the General Meeting of Shareholders.
- 9.3. Within 3 working days after adopting the decision to reduce the Company's charter capital, the Company is obliged to inform the authority responsible for state registration of legal entities of this decision, and shall publish a notification of its charter capital reduction, twice with a month's interval, in mass media which cover information on state registration of legal entities (the notification of the Company's charter capital reduction shall contain information set forth in Item 2 Article 30 of the Federal Law "On Joint-Stock Companies").

A creditor of the Company, if they accrued rights of demand before the Company published a notification of its charter capital reduction, shall have the right to request, within 30 days from the latest publication of such notification, to the early discharge of the respective liability, and if

such early discharge is not possible, to terminate these obligations and reimburse the losses related thereto.

#### **ARTICLE 10. Acquisition of outstanding shares by the Company**

- 10.1. The Company may acquire its outstanding shares upon the resolution of the Board of Directors of the Company, taking into account the limitations specified in the Federal Law "On Joint-Stock Companies".

The shares acquired by the Company do not give any voting rights; they are disregarded in the calculation of votes and do not provide any dividend rights. Such shares shall be sold at a price equal to or above their market value not later than one year from the date of their acquisition. Upon expiration of this period the General Meeting of Shareholders shall adopt the resolution on the reduction of the Company's charter capital by way of redeeming such shares.

- 10.2. The resolution on share purchase shall set out the categories (classes) of shares to be acquired, the number of shares of each category (class) to be acquired by the Company, acquisition price, form and period of payment and the period during which shareholders shall file or recall their notices of sale of their shares to the Company.

Acquisition of shares shall be paid in cash.

- 10.3. The Company shall acquire the shares regarding which a resolution to acquire has been adopted, upon shareholders' notices of sale of their shares to the Company. If the total number of shares covered by the notices of sale to the Company received exceeds the number of shares which the Company can acquire taking into account the limitations set by the Federal Law "On Joint-Stock Companies", the shares shall be acquired from the shareholders pro rata their notices of sale.

The Company shall notify shareholders of the acquisition of their shares not later than 20 days before the beginning of the period during which shareholders shall file or recall their notices of sale of their shares.

#### **ARTICLE 11. Funds and net assets of the Company**

- 11.1. The Company shall set up a reserve fund amounting to no less than 5 percent of its charter capital. The amount of the reserve fund is determined by the Board of Directors' resolution. The Company's reserve fund is generated by mandatory annual payments. Annual allocations shall be no less than 5 (five) per cent of net profit until the reserve fund reaches the size determined by the Board of Directors according to the Company's Charter. The reserve fund of the Company is used to cover its damages, as well as to repay the Company's bonds and acquire its shares if no other funds are available. The reserve fund may not be used for any other purposes.

- 11.2. The value of the Company's net assets shall be estimated on the basis of accounting data according to the procedure stipulated by the federal executive body authorized by the Government of the Russian Federation, and by the Central Bank of the Russian Federation in cases provided for by the Federal Law.

#### **ARTICLE 12. Dividend payment procedure**

- 12.1. The Company may decide to pay (declare) dividends on outstanding shares based on the results of the first quarter, six months, nine months of the reporting year and (or) the results of the reporting year, unless otherwise stipulated by the applicable legislation of the Russian Federation. The resolution on payment (declaration) of dividends based on the results of the first quarter, six months, nine months of the reporting year may be passed within three months from the end of the corresponding period.

The Company shall pay dividends declared on each category (class) of shares, unless otherwise provided for by the Federal Law "On Joint-Stock Companies". Dividends shall be paid either in cash or in other property.

Dividends shall be sourced from the Company's income after tax (the Company's net income).

12.2. Resolution on payment (declaration) of dividends shall be adopted by the General Meeting of Shareholders. This decision shall determine the amount of dividends on shares of each category (class), form of payment, dividend payment procedure in a non-cash form, date of determining the list of persons entitled to dividends. The decision on setting the date as of which persons entitled to dividends shall be determined shall only be taken if prompted by the Company's Board of Directors. The amount of dividends shall not exceed the amount recommended by the Company's Board of Directors.

12.3. The date of determining the list of persons entitled to dividends according to the resolution on payment (declaration) of dividends cannot be set earlier than 10 days from the date of passing a resolution on payment (declaration) of dividends and later than 20 days from the date of such resolution.

The period of dividend payment to a nominal holder and a trustee, who is a professional securities trader, registered in the shareholders' register, shall not exceed 10 working days; as for other persons registered in the shareholders' register, it shall not exceed 25 working days from the date as of which the list of persons entitled to dividends is determined.

Dividends shall be paid to persons, who owned shares of a respective category (class) or persons exercising their rights with respect to such shares as per federal laws at the end of the trading day on the date as of which the list of persons entitled to dividends is determined in line with the resolution on dividend pay out.

12.4. Those who have not received the dividends declared due to the fact that the Company or the registrar did not have accurate and necessary address or bank details, or due to other delays of the creditor, shall be entitled to demand the payment of such dividends (unclaimed dividends) within three years from the date of taking the decision on payment thereof.

### **ARTICLE 13. Register of the Company's shareholders**

13.1. The Register of the Company's shareholders shall be kept by a Registrar, a securities market professional, whose duty shall be the keeping of the register of registered security owners in accordance with the contract concluded between the Company and the Registrar on the basis of the appropriate resolution by the Company's Board of Directors.

13.2. The Registrar shall, upon the request of a shareholder or a nominal holder of shares, confirm their share right by providing an extract from the register of the Company's shareholders, such extract not having the status of a security.

13.3. Persons registered in the register of the Company's shareholders must duly inform the Company's Registrar of any changes in their details, and shall respect the requirements of the register-keeping rules pertaining to the submission of information and documents. In case the registered persons fail to provide such information on the change of their details or provide incomplete or incorrect information on the change of such details, neither the Company nor the Registrar shall be held liable for any resulting damages.

## **CHAPTER 3. Rights of shareholders**

### **ARTICLE 14. Rights of shareholders – owners of common shares**

14.1. Each common share of the Company grants a shareholder, its owner, equal measure of property and non-property rights, particularly, the right to:

- a) Participate in the management of the Company, including in the General Meeting of Shareholders with the right to vote on items within their competence, both personally and by proxy.



- b) Receive dividends, and to receive a part of the Company's property in case of its liquidation.
- c) Sell or otherwise dispose of all and any shares in full or in part to other persons in compliance with the procedure stipulated in the applicable legislation.
- d) Receive information on economic and commercial activities of the Company in compliance with the procedure stipulated in the applicable legislation of the Russian Federation and the Charter of the Company.

#### **CHAPTER 4. General Meeting of Shareholders**

##### **ARTICLE 15. Supreme governing body of the Company**

15.1. The supreme governing body of the Company is the General Meeting of Shareholders (hereinafter referred to as "General Meeting" or "GM").

##### **ARTICLE 16. Competence of the General Meeting of Shareholders**

16.1. Competence of the General Meeting of Shareholders includes:

- 1) Amendment and supplement of the Charter of the Company or approval of the revised Charter of the Company.
- 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 of the Company's Board of Directors, election of its members and early termination of their powers.
- 5) Determination of the number, par value, category (class) of authorized shares and rights pertaining thereto.
- 6) Increase of the Company's charter capital through an increase of the par value of shares; through the placement of additional shares by public offering, if the number of additionally distributed shares exceeds 25% of common shares already distributed by the Company; through distributing shares by means of private placement.
- 7) Reduction of the Company's charter capital by reducing the par value of shares; by acquiring a part of shares by the Company in order to reduce their total amount; as well as redemption of shares acquired or repurchased by the Company.
- 8) Election of the President (Chairman of the Management Board) and early termination of the President's powers.
- 9) Adoption of a resolution on filing a request to delist the Company's shares and (or) the Company's issue-grade securities convertible into its shares.
- 10) Appointment of the Company's Auditor.
- 10.1) Payment (declaration) of dividends for the first quarter, six months, nine months of the reporting year.
- 11) Approval of annual reports, annual accounting (financial) statements of the Company, as well as the distribution of profit (including payment (declaration) of dividends, excluding payment (declaration) of dividends for the first quarter, six months, nine months of a reporting year) and losses of the Company based on results of the reporting year.
- 12) Determination of the procedure for the General Meeting of Shareholders.
- 13) Election of members of the Counting Commission and early termination of their powers in case the powers of the Counting Commission are not exercised by the Registrar of the

Company in accordance with the requirements of the Federal Law "On Joint-Stock Companies".

- 14) Splitting up and consolidation of shares.
  - 15) Adopting resolutions on consent to or on subsequent approval of transactions in cases stipulated by Article 83 of the Federal Law "On Joint-Stock Companies".
  - 16) Adopting resolutions on consent to or on subsequent approval of major transactions in cases stipulated by Article 79 of the Federal Law "On Joint-Stock Companies".
  - 17) Acquisition of outstanding shares by the Company in cases stipulated by the Federal Law "On Joint-Stock Companies".
  - 18) Decision-making on participation in financial and industrial groups, associations and other unions of commercial organizations.
  - 19) Approval of internal documents regulating activities of the Company's bodies.
  - 20) Decision-making on other issues provided for by the Federal Law "On Joint-Stock Companies" and/or this Charter.
- 16.2. Issues that fall within the remit of the GM may not be transferred to the competence of the Company's executive body, unless otherwise stipulated by the Federal Law "On Joint-Stock Companies".

Issues within the remit of the GM may not be transferred to the competence of the Company's Board of Directors, except the issues stipulated by the Federal Law "On Joint-Stock Companies".

#### **ARTICLE 17. Resolution of the General Meeting of Shareholders**

- 17.1. Shareholders – owners of common shares of the Company – have the right to vote at the GM upon issues put to vote.
- 17.2. Resolution of the GM upon an issue put to vote shall take effect if passed by the majority of owners of the Company's voting shares participating in the Meeting, unless otherwise stipulated in the Federal Law "On Joint-Stock Companies" and the Charter of the Company.
- 17.3. Resolutions on issues set forward in Sub-clauses 2, 6, 14-19 Clause 16.1 Article 16 Chapter 4 of this Charter may be put on the agenda of the GM only following a corresponding proposal of the Board of Directors.
- 17.4. The procedure of the General Meeting of Shareholders shall be determined by the Charter and the Regulations on the General Meeting of Shareholders approved by the resolution of the GM.
- 17.5. The General Shareholders Meeting shall not be entitled to adopt resolutions on issues not included into the agenda, or change the agenda.

#### **ARTICLE 18. Resolution of the General Meeting of Shareholders adopted by absentee voting (by poll)**

- 18.1. Resolution of the GM may be adopted without holding an actual meeting (joint presence of shareholders) - by means of absentee voting (by poll).

Resolution of the General Meeting of Shareholders on such issues as election of the Board of Directors, approval of the Auditor of the Company and upon other matters stipulated by the Federal Law "On Joint-Stock Companies" may not be adopted by absentee voting (by poll).

- 18.2. Absentee voting shall be held by means of voting ballots that comply with the requirements of the Charter and the applicable legislation of the Russian Federation.

Following the resolution of the Board of Directors and provided it is technically feasible, electronic means can be used for absentee voting enabling the shareholders to complete an electronic ballot on the website specified in the notice of the General Meeting of Shareholders.

## **ARTICLE 19. Holding of the General Shareholders' Meeting**

19.1. The Annual General Meeting of Shareholders is held not earlier than two months and not later than six months after the end of the reporting year. Alongside annual meetings, Extraordinary General Meetings of Shareholders can be held (hereinafter referred to as "Extraordinary Meetings").

19.2. Date, time and venue of the General Meeting of Shareholders, the procedure of its preparation and holding shall be determined by the Board of Directors in line with the provisions of the Company's Charter and the Regulations on the General Meeting of Shareholders.

The general meeting venue can be determined by the Board of Directors in any residential area of the Russian Federation.

19.3. Following the resolution of the Board of Directors and provided it is technically feasible, IT means can be made use of during the General Meeting of Shareholders that ensure remote access to the General Meeting of Shareholders and enable shareholders to participate in discussing and voting on the agenda items remotely without being physically present at the venue of the General Meeting of Shareholders.

## **ARTICLE 20. Notice of the General Shareholders' Meeting**

20.1. Shareholders shall be notified of the General Meeting of Shareholders in accordance with the resolution of the Board of Directors of the Company by posting information on NLMK's Internet website ([www.nlmk.com](http://www.nlmk.com)). The notice on the General Meeting of Shareholders shall be posted not later than 30 days prior to the date of the Meeting, unless a longer term is stipulated by law.

20.2. Notice of the General Meeting of Shareholders shall contain the following information:

- Full corporate name of the Company and its domicile.
- Format of the General Meeting of Shareholders (in person or absentee voting).
- Date, place and time of the General Meeting of Shareholders, or the deadline for accepting the voting ballots if the General Meeting of Shareholders is to be held in the form of absentee voting, the mailing address where filled-in ballots shall be mailed.
- The date upon which the persons entitled to participate in the General Meeting of Shareholders are determined.
- The agenda of the General Meeting of Shareholders.
- The procedure of submitting information (materials) for consideration during the preparation period, and the address (addresses) at which such information is available.
- Website address where electronic ballots can be completed, provided that a respective decision is made by the Company's Board of Directors.
- Information on how to access the General Meeting of Shareholders remotely, provided that a respective decision is made by the Company's Board of Directors.

## **ARTICLE 21. Agenda of the General Shareholders' Meeting**

21.1. The Board of Directors of the Company shall determine the agenda of the GM during the preparation period.

Shareholders (a shareholder) holding not less than 2 per cent of the Company's voting shares in aggregate are entitled to suggest issues to be included in the agenda of the Annual General Meeting of Shareholders and nominate candidates to the Company's Board of Directors and Counting Commission the number of whom cannot exceed the number of members of the respective body, as well as a candidate for the position of the President (Chairman of the

Management Board). Such suggestions are to be received by the Company no later than 60 days after the end of the reporting year.

21.2. In case the agenda of the Extraordinary Shareholders' Meeting contains an issue of electing members of the Company's Board of Directors or President (Chairman of the Management Board), the Company's shareholders (shareholder) owning not less than 2 per cent of the Company's voting shares in aggregate are entitled to nominate candidates, the number of whom cannot exceed the number of members of the Company's Board of Directors, as well as a candidate for the position of the President (Chairman of the Management Board). Such suggestions are to be received by the Company no later than 30 days prior to the date of the Extraordinary General Meeting of Shareholders.

21.3. A proposal on inclusion of items into the agenda of the General Meeting of Shareholders and a suggestion on candidates are to be made in writing indicating the name of the shareholders (shareholder) submitting them, the quantity and category (class) of owned shares, and shall be signed by the shareholders (shareholder) or their representatives.

If the proposal is signed by the shareholders (shareholder) whose share rights are accounted by custody accounts in the depository, such proposal shall be accompanied with a custody account statement in the depository that accounts rights for the said shares.

21.4. A proposal on inclusion of items into the agenda of the General Meeting of Shareholders shall contain the wording of each proposed item, while a proposal on candidates shall contain the name and the details of the identification document (series and (or) number of the document, the date and place of its issue, the issuing authority) of each nominee, name of the body to which that candidate is nominated, other data on him/her provided for by internal corporate documents, as well as the candidate's written consent to take the position. A proposal on inclusion of items into the agenda of the General Meeting of Shareholders may include the wording of a resolution on each proposed item.

21.5. The Board of Directors of the Company shall consider the received proposals and decide on including them in the agenda of the General Meeting of Shareholders or on rejecting them within five days from the expiration of times stipulated in Clauses 21.1 and 21.2 of this Article. An item proposed by shareholders (a shareholder) is subject to inclusion into the agenda of the General Meeting of Shareholders as well as nominated candidates are subject to inclusion into the voting list for election to the Company's respective body, except if:

- Shareholder(s) fail to comply with the terms stipulated in Clauses 21.1 and 21.2 of this Article.
- Shareholder(s) do not hold the voting shares of the Company in the quantity stipulated in Clauses 21.1 and 21.2 of this Article.
- The proposal does not comply with the requirements stipulated in Clauses 21.3 and 21.4 of this Article.
- The item proposed for inclusion into the agenda of the General Meeting of Shareholders is beyond its remit and/or does not comply with the requirements of the Federal Law "On Joint-Stock Companies" and other legislation of the Russian Federation.

21.6. A justified refusal of the Company's Board of Directors to include the proposed item into the agenda of the General Meeting of Shareholders or to include the candidate into the voting list for election to the Company's respective body shall be sent to the shareholders (shareholder) who put forward the item or nominated the candidate not later than 3 days from the date of its adoption. When the proposals come from persons not registered in the Company's shareholder register, who had instructed the person keeping records of their share rights, the aforementioned refusal of the Company's Board of Directors shall be sent to such persons not later than 3 days

from its adoption in accordance with the rules of Russian laws on securities regarding the submission of information and materials to persons exercising their rights to securities.

- 21.7. The Board of Directors shall not be entitled to change the wording of items proposed for inclusion into the agenda of the General Meeting of Shareholders and the wording of resolutions of such items.

Besides the items proposed for inclusion into the agenda of the General Meeting of Shareholders and candidates nominated to the Company's Board of Directors, Counting Commission and the position of President (Chairman of the Management Board), put forward by shareholders, the Board of Directors shall be entitled to include items into the agenda of the General Meeting of Shareholders and/or candidates in the voting list at the Company's General Meeting of Shareholders at its discretion. The number of candidates nominated by the Company's Board of Directors cannot exceed the number of members of the respective body.

## **ARTICLE 22. List of persons entitled to participate in the General Shareholders' Meeting**

- 22.1. The list of persons entitled to participate in the General Meeting of Shareholders shall be compiled in accordance with the rules of the Russian laws on securities for the compilation of the list of persons exercising their rights to securities, as at the date determined by the Board of Directors.

The date upon which the persons entitled to participate in the Company's General Meeting of Shareholders are determined may not be set earlier than 10 days from the date of decision to hold the General Meeting of Shareholders, and earlier than 25 days before the date of the General Meeting of Shareholders, and in cases provided for by Clauses 2 and 8 of Article 53 of the Federal Law "On JSC", earlier than 55 days before the date of the General Meeting of Shareholders.

If the agenda of the General Meeting of Shareholders contains an item related to the reorganization of the Company, the date as at which the persons entitled to participate in such a meeting are determined may not be set earlier than 35 days before the date of the General Meeting of Shareholders.

The information on the date of compiling the list of persons entitled to participate in the shareholders' meeting, is to be disclosed according to the procedure provided for by the current Russian legislation, not less than 7 days before such a date.

In case of transfer of a share after the date set for determining (registering) the persons entitled to participate in the General Meeting of Shareholders, but prior to the date of the General Meeting of Shareholders, the person entitled to participate in the General Meeting of Shareholders shall issue to the acquirer a power of attorney for voting or vote at the General Meeting in accordance with instructions of the acquirer, if the share transfer contract permits so.

- 22.2. The list of persons entitled to participate in the General Meeting of Shareholders, excluding information on the declaration of will of such persons, will be made available by the Company for review upon requests of the persons included in that list and holding not less than 1 percent of the votes. Information that would enable the identification of individuals included in the list with the exception of their full name is only disclosed based on prior consent of those persons.

Upon request of any interested person, not later than the following working day from the receipt of a request to make the list of persons entitled to participate in the General Meeting of Shareholders, the register holder must provide a letter certifying that this person is included in the list of persons entitled to participate in the General Meeting of Shareholders, otherwise a letter certifying that such a person is not included in the said list.

- 22.3. The list of persons entitled to participate in the General Meeting of Shareholders may be amended only to recover infringed rights of the persons not included in the list of persons entitled

to participate in the General Meeting of Shareholders as at the date of its compilation or to correct the errors made during its compilation.

## **ARTICLE 23. Information to be submitted to shareholders**

23.1. Information (materials) subject to distribution to the persons entitled to participate in the General Meeting of Shareholders in the course of preparation for the General Meeting of Shareholders shall include: annual report of the Company, annual accounting (financial) statements, the Auditor's opinion on these statements, opinion from an internal audit carried out in accordance with Article 87.1 of the Federal Law "On Joint-Stock Companies", information on the candidate (candidates) for election to the executive bodies of the Company, the Board of Directors of the Company, the Counting Commission of the Company, draft amendments and additions to the Charter of the Company or the revised draft Charter of the Company, draft internal documents of the Company subject to approval by the General Meeting of Shareholders, draft resolutions of the General Meeting of Shareholders and information envisaged by Article 32.1 of the Federal Law "On Joint-Stock Companies" on shareholder agreements, entered into within the year prior to the date of the General Meeting of Shareholders, opinion of the Board of Directors of the Company on a major transaction, report on interested-party transactions concluded in the reporting year, as well as information (materials) provided for by the Charter of the Company.

Persons entitled to participate in the General Meeting of Shareholders can obtain the said information (materials) for review at the premises of the executive bodies of the Company and other places at the addresses specified in the notice of the General Meeting of Shareholders within 30 days prior to the General Meeting of Shareholders.

Information (materials), subject to provision to the persons entitled to participate in the General Meeting of Shareholders, shall be posted within the timeframe outlined above at NLMK's website ([www.nlmk.com](http://www.nlmk.com)).

Persons entitled to participate in the Company's General Meeting of Shareholders can receive copies of the stated documents upon request sent in writing to the Company's executive body and for a special fee.

## **ARTICLE 24. Voting ballot**

24.1. Voting ballot shall be handed over against written acknowledgement to each of the persons (their proxies) entitled to participate in the General Meeting of Shareholders, registered for participation in the General Meeting of Shareholders, unless otherwise required by the Federal Law "On Joint- Stock Companies".

The voting ballots shall be mailed or hand-delivered against written acknowledgement to each person registered in the Company's Shareholder Register and entitled to participate in the General Meeting of Shareholders no later than 20 days before the General Meeting of Shareholders.

Voting ballots shall be sent by registered mail to the addresses entered in the Company's Shareholder Register, or as an e-mail message to the e-mail address of a shareholder entered in the Company's Shareholder Register.

Following the resolution of the Company's Board of Directors, in the process of preparing for the General Meeting of Shareholders, the person entitled to participate in it, can be given the option to complete an electronic ballot on the website determined by the Company's Board of Directors and specified in the notice of the General Meeting of Shareholders.

24.2. The voting ballot shall contain the following information:

- Full corporate name of the Company and its domicile.

- Format of the General Meeting of Shareholders (joint-presence meeting or absentee voting).
- Date, place and time of the General Meeting of Shareholders, or when the General Meeting of Shareholders is held in the form of absentee voting, the final date of accepting voting ballots.
- Wordings of resolutions on each item (name of each candidate) voted by this ballot.
- Voting alternatives on each item on the agenda expressed as “yes”, “no” or “abstained”.
- Statement that the voting ballot must be signed by a person entitled to participate in the General Meeting of Shareholders or by their proxy.

In case of cumulative voting the voting ballot shall contain the appropriate information and the explanation of the nature of cumulative voting.

- 24.3. When holding the General Meeting of Shareholders, except for absentee voting, the persons on the list of persons entitled to participate in the General Meeting of Shareholders or their proxies can register for participation in such a meeting or submit their filled-in voting ballots to the Company.

## **ARTICLE 25. Quorum of the General Shareholders’ Meeting**

- 25.1. The General Meeting of Shareholders is considered valid (has a quorum) in case the shareholders present possess more than half of the votes provided by outstanding voting shares of the Company.

Shareholders are considered present at the General Meeting of Shareholders if they register for participation in that meeting, including on the website specified in the notice of the General Meeting of Shareholders, or if they complete an electronic ballot on the website specified in such notice no later than 2 days before the date of the General Meeting of Shareholders. In case of absentee voting, the shareholders are considered present at the General Meeting of Shareholders if their ballots are received or their electronic ballots are completed on the website specified in the notice on the General Meeting of Shareholders before the deadline for the receipt of the ballots.

Shareholders are considered to have participated in the General Meeting of Shareholders if, according to the rules of Russian laws on securities, they had issued voting orders (instructions) to persons keeping records of their share rights, on the condition that the information on their declaration of intent is received at least 2 days before the General Meeting of Shareholders or before the deadline for receiving of voting ballots in case the General Meeting of Shareholders is held in the form of absentee voting.

In case the agenda of the General Meeting of Shareholders includes the items, which shall be voted on by a different composition of voters, the quorum shall be determined separately in respect of such items.

- 25.2. In case there is no quorum for the Annual General Meeting of Shareholders, the second General Meeting of Shareholders with the same agenda shall be held. In case there is no quorum for the Extraordinary General Meeting of Shareholders, the second General Meeting of Shareholders with the same agenda may be held.

The second General Meeting of Shareholders is considered valid (has a quorum) in case the shareholders present possess not less than 30% of votes provided by outstanding voting shares of the Company.

The notice of the second General Meeting of Shareholders shall be provided in accordance with the requirements of the Federal Law “On Joint-Stock Companies”.

- 25.3. In case the second General Meeting of Shareholders is held less than 40 days after the failed General Meeting of Shareholders of the Company, the list persons entitled to participate in such a General Meeting of Shareholders shall be determined (set) as at the date upon which persons entitled to participate in the failed General Meeting of Shareholders were determined.

#### **ARTICLE 26. Voting at the General Shareholders' Meeting**

- 26.1. Voting at the General Meeting of Shareholders shall be carried out in line with the "one voting share – one vote" principle, unless the voting is cumulative.
- 26.2. In case of voting by ballots, the votes shall only be taken into account if only one voting alternative upon the item is selected by the voter. The voting ballots filled in with a violation of this requirement shall be considered invalid, and the votes upon the agenda items shall not be accounted.

In case the voting ballot contains several items put to a vote, failure to comply with the said requirement in respect of one or several agenda items does not cause invalidity of the whole voting ballot.

Voting by ballots is equivalent to the Company's Registrar receiving opinions of the persons entitled to participate in the General Meeting of Shareholders, who are not registered in the Company's Shareholder Register and who had issued orders (instructions) on voting to persons keeping records of their share rights, in line with the requirements of Russian laws on securities.

The persons entitled to participate in the General Meeting of Shareholders can complete electronic ballots on the website specified in the notice of the General Meeting of Shareholders. If shareholders have not otherwise exercised their right to participate in the General Meeting of Shareholders, they can complete electronic ballots on the specified website during the General Meeting of Shareholders.

- 26.3. The functions of the Company's Counting Commission shall be performed by the Company's Registrar.

The Counting Commission shall check the powers of and register persons participating in the General Meeting of Shareholders; determine the quorum of the General Meeting of Shareholders; clarify issues arising in connection with exercising the voting rights by shareholders (their proxies) at the General Meeting; clarify the voting procedure on the items put to vote; ensure compliance with the prescribed voting procedure and the observance of shareholders' voting rights; count the votes and calculate the results of the voting; compile the protocol of the voting, which shall be signed by the members of the Counting Commission, and after that shall transfer the voting ballots to the Company archive.

- 26.4. The voting results shall be attached to the minutes of the General Meeting of Shareholders.
- 26.5. The decisions taken by the General Meeting of Shareholders and voting results may be announced at the General Meeting of Shareholders, where the voting took place, and brought to the notice of persons listed as entitled to participate in the General Meeting of Shareholders, in the form of a voting results report posted on NLMK's Internet website ([www.nlmk.com](http://www.nlmk.com)) within the time frames provided for by the Federal Law "On Joint-Stock Companies".

If on the date of determining the persons entitled to participate in the General Meeting of Shareholders a person registered in the Company's shareholder register is a nominee shareholder, then the information from the voting results report shall be presented to the nominee shareholder in line with the rules of Russian laws on securities regarding the submission of information and materials to persons exercising security rights.



## **ARTICLE 27. Minutes of the General Shareholders' Meeting**

27.1. The minutes of the General Meeting of Shareholders shall be compiled within three working days from the date of closing the General Meeting of Shareholders at least in two copies. All copies of the minutes shall be signed by the Chairman of the General Meeting of Shareholders and the Secretary of the General Meeting of Shareholders.

27.2. The minutes of the General Meeting of Shareholders shall contain the following information:

- Place and date of the General Meeting of Shareholders.
- The total number of votes held by shareholders - owners of voting shares of the Company.
- The number of votes held by the shareholders present at the meeting.
- The Chairman (Presidium) and the Secretary (Secretariat) of the meeting, the agenda of the meeting.

The minutes of the General Meeting of Shareholders of the Company shall reflect the executive summaries of speeches, items put to vote and the results of voting upon such items, resolutions adopted by the Meeting.

## **ARTICLE 28. Extraordinary General Shareholders' Meeting**

28.1. The Extraordinary General Meeting of Shareholders shall be held according to the resolution of the Board of Directors of the Company passed at its own discretion, upon the request of the Auditor of the Company as well as shareholders (a shareholder) owning no less than 10 per cent of voting shares of the Company at the date of the request. The Extraordinary General Meeting of Shareholders is to be convened by the Company's Board of Directors and to be held within 40 days from the date of submission of the a/m request on the convocation of the Extraordinary General Meeting of Shareholders by the Company's Auditor or shareholders. In case the proposed agenda of the Extraordinary General Meeting of Shareholders contains the issue of election of members of the Company's Board of Directors and in case the Company's Board of Directors is bound to make a decision on holding the Extraordinary General Meeting of Shareholders in order to elect members of the Company's Board of Directors in accordance with the Federal Law "On Joint-Stock Companies", such General Meeting of Shareholders shall be held within the terms set by the effective legislation of the Russian Federation.

28.2. The request for the Extraordinary Shareholders' Meeting shall contain items to be included into the Meeting agenda. The request for the Extraordinary General Meeting of Shareholders can contain wordings of resolutions on each of these items, as well as suggestions on the form of the General Meeting of Shareholders.

The Company's Board of Directors is not entitled to change the wording of the agenda items, the wording of the resolutions on such items and to change the suggested form of Extraordinary Shareholders' Meeting, convened upon the request of the Company's Auditor or shareholders (a shareholder) owing not less than 10 percent of the Company's voting shares.

28.3. If the Extraordinary General Meeting of Shareholders is initiated by shareholders (a shareholder), their request must contain the names of such shareholders (shareholder) requesting the convocation, and quantity and category (class) of shares owned by them (him/her).

If the request to convene the Extraordinary General Meeting of Shareholders is initiated by shareholders (a shareholder) whose share rights are accounted by custody accounts in the depositary, such request shall be accompanied with a custody account statement in the depositary that accounts rights for the subject shares.

The request to convene the Extraordinary General Meeting of Shareholders shall be signed by

the persons (person) requesting the Extraordinary General Meeting of Shareholders convocation.

28.4. The Board of Directors shall make a decision on the Extraordinary General Meeting of Shareholders convocation or on refusal to call it within 5 days from the date of the request submission by the Company's Auditor or shareholders (a shareholder) owning not less than 10 percent of the Company's voting shares.

Decision on refusal to convene the Extraordinary General Meeting of Shareholders upon the request of the Company's Auditor or shareholders (a shareholder) owning not less than 10 percent of the Company's voting shares can be made in case:

- The procedure of the request submission for convocation of the General Meeting of Shareholders has been violated.
- The shareholders (a shareholder) requesting the Extraordinary Shareholders' Meeting convocation do not possess the required quantity of the Company's voting shares.
- None of the items proposed to be included into the agenda of the Extraordinary General Meeting of Shareholders is referred to its competence and (or) complies with the requirements of the Federal Law "On Joint-Stock Companies" and other legal acts of the Russian Federation.

28.5. Resolution of the Company's Board of Directors on the Extraordinary General Meeting of Shareholders convocation or its justified refusal to call it shall be sent to the persons who requested its convocation by registered mail with return receipt not later than 3 days from the day of adopting such refusal. If a request to call an Extraordinary General Meeting of Shareholders is received by the Company from persons not registered in the Company's shareholder register, who had instructed the person keeping records of their share rights, the said resolution of the Company's Board of Directors shall be sent to such persons not later than three days from its adoption in accordance with the rules of Russian laws on securities regarding the submission of information and materials to persons exercising their rights on securities.

28.6. Should the resolution on the Extraordinary General Meeting of Shareholders convocation not be adopted or should the resolution to refuse to call the Extraordinary General Meeting of Shareholders be adopted within the stated period by the Company's Board of Directors, the Company's body or the persons requesting its convocation are entitled to go to court with a demand to compel the Company to hold the Extraordinary General Meeting of Shareholders.

## **CHAPTER 5. Board of Directors**

### **ARTICLE 29. General**

29.1. The Board of Directors of the Company shall exercise general management of the Company's activities with the exception of the issues referred by this Charter to the competence of the General Meeting of Shareholders.

29.2. The Board of Directors consists of 9 members.

29.3. The Board of Directors is entitled to set up the Committees for the purpose of carrying out a preliminary consideration of issues that fall within the remit of the Board of Directors. The Committees' remit and rules of procedure are set out in corresponding regulations subject to approval by the Company's Board of Directors.

The Board of Directors sets up the Audit Committee for the purpose of carrying out a preliminary consideration of issues related to control over the financial and economic activities of the Company, including the assessment of the Auditor's independence and ensuring there is no conflict of interest, as well as the assessment of the quality of audit of the Company's accounting (financial) statements.

- 29.4. During their tenure on the Board, members of the Board of Directors may be paid remuneration and reimbursement of expenses related to the performance of their functions. Amounts of such remunerations and reimbursement shall be determined by the Regulations on Remuneration of Members of NLMK's Board of Directors, approved by the resolution of the General Meeting of Shareholders of the Company.

### **ARTICLE 30. Competence of the Board of Directors**

- 30.1. The Board of Directors of the Company operates in accordance with the Federal law "On Joint-Stock Companies", the Charter, and the Regulations on the Board of Directors, approved by the General Meeting of Shareholders of the Company.
- 30.2. The competence of the Board of Directors of the Company includes general management of the Company with the exception of the issues referred by this Charter and the Federal Law "On Joint-Stock Companies" to the competence of the General Meeting of Shareholders.

The following issues fall within the remit of the Board of Directors of the Company:

- 1) Definition of priorities of the Company's business.
- 2) Convocation of the Annual and Extraordinary General Meeting of Shareholders, except for the cases, stipulated by Clause 8 Article 55 of the Federal Law "On Joint-Stock Companies".
- 3) Approval of the agenda of the General Meeting of Shareholders.
- 4) Setting the date upon which the persons entitled to participate in the General Meeting of Shareholders shall be determined (registered) and other issues referred to the competence of the Board of Directors of the Company in accordance with the Federal Law "On Joint-Stock Companies" and related to preparation and holding of the General Meeting of Shareholders.
- 5) Approval of long-term plans and the Company's major programmes, approval of the Company's budget.
- 6) Preliminary approval of the Company's annual reports.
- 7) Increase of the Company's charter capital through distribution of additional shares by the Company at the expense of the Company's property limited to the amount of authorized shares.
- 8) Increase of the Company's charter capital through distribution of additional shares by the Company by means of public subscription if the number of shares additionally distributed does not exceed 25 percent of outstanding common shares of the Company.
- 9) Acquisition of shares placed by the Company in accordance with Clause 2 Article 72 of the Federal Law "On joint-stock companies".
- 10) Approval of the decision on the emission of the Company's shares and the Company's issue-grade securities that are convertible into its shares; approval of the prospectus of Company securities.
- 11) Distribution of additional shares by the Company, into which privileged shares of a certain type, convertible into common shares or privileged shares of other types, distributed by the Company, are convertible, as well as distribution of bonds or other issuable securities by the Company except shares.
- 12) Determining the price (monetary estimation) of property, the price of distribution and repayment of issue-grade securities in cases provided for by the Federal Law "On Joint-Stock Companies".
- 13) Acquisition of bonds and other securities distributed by the Company in cases provided for

by the Federal Law “On Joint-Stock Companies” or other federal laws.

- 14) Forming the Company's Management Board; defining the number of members and the structure thereof; approving the personal composition of the Management Board; early termination of their powers; defining terms and conditions of the contract and establishing the amount of remunerations and compensation paid to the Company's President (Chairman of the Management Board) and to members of the Management Board; coordinating their concurrent service in the controlling bodies in other companies; holding Management Board members responsible for a default of their obligations in material, disciplinary and other terms.
- 15) Determination of the amount of the Auditor's remuneration.
- 16) Issuing recommendations to the General Meeting of Shareholders concerning the amount of dividends on shares and procedure for their payment.
- 17) Issuing recommendations to the General Meeting of Shareholders on the procedure for the distribution of profits and losses based on the results of the reporting year.
- 18) Application of the Reserve Fund resources and the resources of other funds of the Company.
- 19) Approval of internal corporate documents, with the exception of internal documents which are subject to approval by the General Meeting of Shareholders in accordance with this Charter and the Federal Law “On Joint-Stock Companies” and other internal documents of the Company which are subject to approval by the President (Chairman of the Management Board) in accordance with this Charter.
- 20) Filing an application on the listing of the Company's shares and (or) issue-grade securities convertible into the Company's shares.
- 21) Consent to the conclusion of or subsequent approval of transactions in cases provided for by the Federal Law “On Joint-Stock Companies”.
- 22) Consent to the conclusion of or subsequent approval of transactions in cases provided for by Chapter XI of the Federal Law “On Joint-Stock Companies”.
- 23) Approval of the Registrar of the Company and terms and conditions of the contract therewith, termination of contract with the Registrar of the Company.
- 24) Suspension of powers of the President (Chairman of the Management Board).
- 25) Appointment of the interim President (Chairman of the Management Board).
- 26) Adopting resolutions on the Company's participation or on the cessation of the Company's participation in other entities (including resolutions on transactions or other resolutions that alter the Company's participation share in commercial organizations and/or the total nominal value of the Company's shares (participating interest) in commercial organizations), if the value of the acquired (alienated) property in monetary terms equals or exceeds 2 per cent of the consolidated value of the Company's assets determined by its consolidated financial statements as of the last reporting date (excluding participation or cessation of participation in the entities specified in Sub-item 18 of Item 16.1 Article 16 of this Charter, as well as resolutions on transactions or other resolutions (including reorganization resolutions) that do not alter the Company's direct and/or indirect participation share in the charter capital of commercial organizations and/or the total nominal value of the Company's shares (participating interest) in commercial organizations).

- 26.1) Determining the Company's position on the participation or cessation of participation of legal entities whose shares (participating interest) the Company manages directly or indirectly, in other organizations, (including on changing the participation share of such entities in commercial organizations and/or the total nominal value of shares (participating interest) belonging to such legal entities in commercial organizations), if the value of the acquired (alienated) property in monetary terms equals or exceeds 2 per cent of the consolidated value of the Company's assets determined by its consolidated financial statements as of the last reporting date (excluding determining the Company's position on legal entities whose shares (participating interest) the Company manages directly or indirectly making transactions or decisions (including reorganization decisions) that will not result in any changes in the share of the Company's direct or indirect participation in other commercial organizations and/or the total nominal value of the shares (participating interest) in commercial organizations, whose shares (participating interest) the Company manages directly or indirectly.
- 27) Setting up the Committees of the Company's Board of Directors, approval of internal corporate documents which set out the Committees' remit and rules of procedure, determination of their composition, appointment of the chairman and members of the Committees and termination of their powers.
- 27.1) Laying down the principles behind, and approaches to, risk management, internal control and internal audit within the Company.
- 28) Appointment and dismissal of the officer responsible for arranging and carrying out internal audits (head of the business unit responsible for arranging and carrying out internal audits) and approval of the terms and conditions of their contracts of employment.
- 28.1) Selecting an entity and determining the terms and conditions of their contract, including the amount of their remuneration, in the event that internal audits are carried out by any other legal entity.
- 29) Approval of a candidate to the position of Corporate Secretary and termination of their powers.
- 30) Other issues in compliance with the Federal Law "On Joint-Stock Companies" and this Charter.

30.3. The matters that fall within the competence of the Company's Board of Directors cannot be remitted to the discretion of the Company's executive body.

#### **ARTICLE 31. Election of members of the Board of Directors**

- 31.1. Members of the Board of Directors are elected by cumulative voting for the period until the next annual meeting. The candidates who have polled the majority of votes are considered elected to the Board of Directors of the Company.
- 31.2. In case the Annual General Meeting of Shareholders was not held within the periods stipulated in this Charter or the Federal Law "On Joint-Stock Companies", the powers of the Board of Directors of the Company shall terminate, except the powers on arrangement, convocation and conduct of the Annual General Meeting of Shareholders.
- 31.3. Powers of the Board of Directors may be early terminated in respect of all members of the Board by resolution of the General Meeting of Shareholders.
- 31.4. Members of the Company's Management Board may not comprise more than one fourth of the Board of Directors of the Company.

## **ARTICLE 32. Chairman of the Board of Directors**

32.1. The Chairman of the Company's Board of Directors shall be elected by members of the Company's Board of Directors from among them by a majority vote.

The President (Chairman of the Management Board) may not simultaneously be the Chairman of the Board of Directors of the Company.

The Board of Directors may at any time re-elect its Chairman by a majority vote if the item on re-election is included in the agenda of a meeting of the Board of Directors.

32.2. The Chairman of the Board of Directors arranges its work, convenes meetings of the Board of Directors and presides at such meetings, arranges for keeping minutes at the meetings, presides at the General Meeting of Shareholders or delegates the powers of presiding at the General Meeting of Shareholders to another member of the Board of Directors.

32.3. In the absence of the Chairman of the Board of Directors, his duties shall be performed by the Deputy Chairman or by a member of the Board of Directors in accordance with the resolution of the Board of Directors.

## **ARTICLE 33. Meeting of the Board of Directors**

33.1. The Board of Directors operates in the form of meetings held in accordance with the Schedule approved by the Company's Board of Directors. Meetings of the Board of Directors shall be held on a regular basis no less than 6 times a year.

The most important issues falling within the remit of the Board of Directors should be decided at meetings held in person.

33.2. Meetings of the Board of Directors may be held by absentee voting (by ballot) at the discretion of the Chairman of the Board of Directors. The resolution of the Chairman of the Board of Directors on holding a meeting by poll shall contain the wording of items included in the agenda, the voting ballot, the list of information (materials) provided to members of the Board of Directors, the date of sending ballots and information (materials) to members of the Board of Directors, the date and address to which ballots shall be sent for voting by poll.

In case of holding the meeting of the Board of Directors of the Company in the form of absentee vote (by poll), resolution of the Board of Directors is considered to be passed if it polled a majority of votes given by the elected members of the Board of Directors.

Information on the voting results shall be provided to members of the Board of Directors in writing within five days.

33.3. Extraordinary meetings of the Board of Directors may be summoned by the Chairman of the Board of Directors at their own discretion, upon request of a member of the Board of Directors, the officer responsible for arranging and carrying out internal audits (head of the business unit responsible for arranging and carrying out internal audits), Auditor, the President (Chairman of the Management Board) and shareholder(s) possessing not less than 2 percent of voting shares in the Company. The form of meeting shall be determined by the person requesting to convene the Board of Directors meeting. The procedure of convocation and conduct of meetings shall be determined by the Board of Directors.

33.4. A member of the Board of Director not present at the meeting of the Board of Directors shall notify the Chairman of the Board of Directors of their absence in good time.

33.5. A member of the Board of Directors not present at the meeting of the Board of Directors may submit to the Chairman of the Board of Directors in advance a written opinion on the items included in the agenda of the meeting of the Company's Board of Directors.

- 33.6. Quorum for the meeting of the Company's Board of Directors shall not be less than 5 elected members of the Company's Board of Directors. In case the number of members of the Company's Board of Directors is less than 5, the Company's Board of Directors is obliged to make a decision on holding an Extraordinary General Meeting of Shareholders for election of a new Board of Directors. The remaining members of the Board of Directors may only adopt resolutions on convocation of such Extraordinary General Meeting of Shareholders.
- 33.7. Resolutions at meetings of the Board of Directors shall be adopted by open voting by simple majority of members of the Board of Directors present at the meeting, unless otherwise provided for by this Charter and the Federal Law "On Joint-Stock Companies". Each member of the Board of Directors shall have one vote at meetings of the Board of Directors. Transfer of the voting right by a member of the Board of Directors to another person, including another member of the Board of Directors, is not allowed.
- 33.8. The minutes shall be kept at meetings of the Board of Directors. The minutes of meetings of the Board of Directors shall be compiled not later than three days following the respective meeting.
- The minutes of the Board of Directors meeting shall specify the place and date of the meeting, persons present at the meeting, the agenda of the meeting, items put to vote, the results of voting upon such items and the resolutions adopted.
- The minutes of the meeting of the Board of Director shall be signed by the Board member presiding at the meeting, who is responsible for the accuracy of the minutes and by the Corporate Secretary, and shall be affixed by the seal of the Company's Corporate Secretary. The opinions of Board members in attendance at the respective meeting, expressed in writing and personally endorsed thereby, shall be attached to the minutes of meeting.
- 33.9. The agenda of the meeting of the Board of Directors shall be drafted by the Chairman of the Board of Directors in accordance with proposals of persons entitled to request the convocation of a meeting of the Board of Directors.
- 33.10. Written notice of meetings of the Board of Directors shall be sent to each member of the Board of Directors personally to the email address specified in the form filled in by members of the Board of Directors or by registered mail or by wire with return receipt not later than 7 calendar days prior to the date of the meeting. The notice shall include information on the date and place of the meeting and the list of items included into the agenda, which may not be changed afterwards. Information (materials) concerning the items included into the agenda of the meeting shall be sent to members of the Board of Directors simultaneously with the notice of the meeting of the Board of Directors. In case a meeting of the Board of Directors is convened in order to consider the issue on the convocation of the Extraordinary Shareholders' Meeting, notices of the meeting of the Board of Directors shall be sent to the email address specified in the form filled in by members of the Board of Directors or by facsimile not later than 2 days prior to the date of the meeting.

#### **ARTICLE 34. Corporate Secretary of the company**

- 34.1. The Board of Directors of the Company shall approve the candidate for the Corporate Secretary of the Company proposed by the Chairman of the Board of Directors.
- 34.2. The Corporate Secretary assists the Chairman of the Board of Directors in convocation and conduct of meetings of the Board of Directors and provides arrangement and holding of the General Meeting of Shareholders in accordance with the requirements of the applicable legislation, the Charter and internal documents of the Company on the basis of the resolution on the General Meeting of Shareholders.

The Secretary authorizes copies of incorporation (internal) documents of the Company, (extracts from) minutes of meetings of the Board of Directors, Management Board, and the Company's

General Shareholders' Meeting, and other documents with their signature and stamp (and, to the extent allowed by current legislation, with their e-signature).

- 34.3. Activities of the Corporate Secretary of the Company shall be governed by the provisions of the Company's internal documents.

## **CHAPTER 6. Executive bodies**

### **ARTICLE 35. Structure of executive bodies**

- 35.1. Management of the day-to-day operations of the Company shall be carried out by the sole executive body of the Company – the President (Chairman of the Management Board) and the collegial executive body of the Company – the Management Board.

- 35.2. The competence of the President (Chairman of the Management Board) and the Management Board includes all issues related to the management of day-to-day operations of the Company, as well as exercising of powers in relation to the operations of legal entities whose stock or interest is directly or indirectly controlled by the Company, or where the Company is involved as a stockholder, member or a founder in accordance with the provisions of this Charter.

The President (Chairman of the Management Board) and the Management Board make arrangements for implementation of the decisions of the Company's General Meeting of Shareholders and the Board of Directors.

### **ARTICLE 36. Management Board**

- 36.1. The Management Board is the collegial executive body of the Company, which acts in accordance with the Federal Law "On Joint-Stock Companies", the Charter of the Company and the Regulations on the Management Board of the Company approved by the General Meeting of Shareholders.

- 36.2. The structure and number of members of the Management Board are approved by the Company's Board of Directors taking into account the opinion of the President (Chairman of the Management Board). The personal composition of the Management Board is to be approved by the Board of Directors upon presentation by the President (Chairman of the Management Board) according to the procedure provided for by the Regulations on the Management Board. A contract with each member of the Management Board is to be concluded on behalf of the Company by the Chairman of the Board of Directors or a person authorized by the Board of Directors subject to applicable laws, and can be terminated at any time by resolution of the Board of Directors.

- 36.3. The exclusive competence of the Company's Management Board includes:

- 1) Elaboration of the development concept, long-term plans and major action plans of the Company (including the legal entities whose stock or interest is directly or indirectly controlled by the Company) and submitting them for review by the Board of Directors of the Company.
- 2) Determination of the procedure of interaction between the Company and legal entities whose stock or interest is directly or indirectly controlled by the Company or where the Company is a stockholder, member or a founder.
- 3) Approval of motions on the agenda items of the general shareholders'/participants' meetings and the list of nominees to the management and control authorities of legal entities whose stock or interest is directly or indirectly controlled by the Company, or where the Company is a stockholder, member or a founder.
- 4) Determination of the Company's representatives for the participation in the general shareholders'/participants' meetings of legal entities whose stock or interest is directly or



indirectly controlled by the Company, or where the Company is a stockholder, member or a founder, as well as voting instructions on the agenda items for such representatives.

- 5) Preparation of recommendations and opinions on the issues considered by the managing bodies of legal entities whose stock or interest is directly or indirectly controlled by the Company, or where the Company is a stockholder, a member, or a founder, related to approval of their budgets, principal lines of development, management structure and other issues material for the Company.
- 6) Giving recommendations to the Company's Board of Directors regarding consent to or subsequent approval of major transactions and/or interested-party transactions submitted for review by the Board of Directors in accordance with its competence.
- 7) Approval of the Company's transactions with assets when the transaction amount or subject property value in monetary terms equals or exceeds 10 per cent of the consolidated value of the Company's assets determined by its consolidated financial statements as of the latest reporting date (with the exception of the Company's regular business transactions).
- 8) Determining the Company's position on legal entities whose shares (participating interest) the Company manages directly or indirectly making transactions with Company assets, if the transaction amount or subject property value in monetary terms equals or exceeds 10 per cent of the consolidated value of the Company's assets determined by its consolidated financial statements as of the last reporting date (excluding transactions made by legal entities whose shares (participating interest) the Company manages directly or indirectly as part of their regular business transactions).
- 9) Decision-making on participation or termination of participation of the Company in other organizations (including decisions on transactions or other decisions that will change the Company's participation share in commercial organizations and/or the total nominal value of the Company's shares (participating interest) in commercial organizations), if the value of the acquired (disposed of) property in monetary terms is under 2 per cent of the consolidated value of the Company's assets determined by its consolidated financial statements as of the last reporting date, or decisions on transactions and/or other decisions (including reorganization decisions) that do not alter the Company's direct and/or indirect participation share in the charter capital of commercial organizations and/or the total nominal value of the Company's shares (participating interest) in commercial organizations (except organizations stipulated in Sub-item 18 Clause 16.1 Article 16 of the Charter and except cases where the Charter places such decisions within the remit of the Company's Board of Directors).
- 10) Determining the Company's position on the participation or cessation of participation of legal entities whose shares (participating interest) the Company manages directly or indirectly, in other organizations, (including on changing the participation share of such entities in commercial organizations and/or the total nominal value of shares (participating interest) belonging to such companies in commercial organizations), if the value of the acquired (alienated) property in monetary terms is less than 2 per cent of the consolidated value of the Company's assets determined by its consolidated financial statements as of the last reporting date and if the transactions and/or other actions (including reorganization) do not alter the Company's direct and/or indirect participation share in other commercial organizations and/or the total nominal value of the Company's shares (participating interest) in commercial organizations except cases where the Charter places such decisions within the remit of the Company's Board of Directors).

- 11) Decision-making on the Company contributing to the property of other commercial organizations or retrieving earlier contributions to the property of other commercial organizations.
- 12) Determining the Company's position on legal entities where the Company directly or indirectly participates contributing to the property of other organizations or retrieving earlier contributions made by such legal entities to the property of other commercial organizations.
- 13) Providing recommendations to the Company's Board of Directors about resolutions on the Company's participation or on the cessation of the Company's participation in other entities (including resolutions on transactions or other resolutions that alter the Company's participation share in commercial organizations and/or the total nominal value of the Company's shares (participating interest) in commercial organizations), if the value of the acquired (alienated) property in monetary terms equals or exceeds 2 per cent of the consolidated value of the Company's assets determined by its consolidated financial statements as of the last reporting date (excluding participation or cessation of participation in the entities specified in Sub-item 18 of Item 16.1 Article 16 of this Charter, as well as resolutions on transactions or other resolutions (including reorganization resolutions) that do not alter the Company's direct and/or indirect participation share in the charter capital of other commercial organizations and/or the total nominal value of the Company's shares (participating interest) in commercial organizations).
- 14) Providing recommendations to the Company's Board of Directors about determining the Company's position on the participation or cessation of participation of legal entities whose shares (participating interest) the Company manages directly or indirectly, in other organizations, (including on changing the participation share of such entities in commercial organizations and/or the total nominal value of shares (participating interest) belonging to such legal entities in commercial organizations), if the value of the acquired (alienated) property in monetary terms equals or exceeds 2 per cent of the consolidated value of the Company's assets determined by its consolidated financial statements as of the last reporting date (excluding determining the Company's position on legal entities whose shares (participating interest) the Company manages directly or indirectly making transactions or decisions (including reorganization decisions) that will not result in any changes in the share of the Company's direct or indirect participation in other commercial organizations and/or the total nominal value of the shares (participating interest) in commercial organizations, whose shares (participating interest) the Company manages directly or indirectly.
- 15) Establishment and liquidation of the Company's branches and representative offices, approval of regulations on branches and representative offices, revision and amendment of these regulations.
- 16) Other issues regarded as those within the competence of the Company's Management Board under the effective legislation of the RF, this Charter, and Regulations on Management Board.

The powers specified in Clauses 1-5 above are exercised by the Management Board with respect to material legal entities whose stock or interest is directly or indirectly controlled by the Company, or where the Company is a stockholder, a member, or a founder.

- 36.4. The quorum for meetings of the Management Board shall be determined by the Regulations on the Management Board of the Company and may not be less than a half of the Management Board members. In case the number of members of the Management Board becomes less than the said quorum, the Board of Directors of the Company shall pass a resolution on forming a new

Management Board. The minutes shall be kept at meetings of the Management Board. Minutes of the Management Board's meeting shall be circulated to members of the Company's Board of Directors, the officer responsible for arranging and carrying out internal audits (head of the business unit responsible for arranging and carrying out internal audits), and the Company's Auditor upon their request.

Meetings of the Management Board shall be arranged by the Chairman of the Management Board or other person performing his duties.

Transfer of vote by a member of the Management Board to another person, including a member of the Management Board, is not allowed.

- 36.5. Special labour provisions stipulated in Chapter 43 of the Labour Code of the Russian Federation for a head of an organization extend to members of the Company's Management Board.
- 36.6. Upon a motion from the Chairman of the Management Board or a Board member, Members of the Management Board can be held responsible in material, disciplinary and other terms for actions or negligence that caused damage to the Company through their default of obligations.

#### **ARTICLE 37. President (Chairman of the Management Board)**

- 37.1. The President (Chairman of the Management Board) shall manage the day-to-day operations of the Company, arrange for the execution of resolutions adopted by the General Meeting of Shareholders and the Board of Directors.
- 37.2. Rights and obligations of the President (Chairman of the Management Board) shall be determined by the applicable legislation of the Russian Federation and the contract concluded with the Company in accordance with this Charter. The contract shall be signed by the Chairman of the Board of Directors on behalf of the Company and may be terminated at any time by resolution of the General Meeting of Shareholders in accordance with the applicable legislation. The relations between the Company and the President (Chairman of the Management Board) and members of the Management Board of the Company shall be governed by the labour legislation of the Russian Federation to the extent it complies with the provisions of the Federal Law "On Joint-Stock Companies".
- 37.3. The President (Chairman of the Management Board) shall be elected by the General Meeting of Shareholders for a term until the next Annual Shareholders' Meeting, unless otherwise resolved by the General Meeting of Shareholders.
- 37.4. The Board of Directors of the Company may by its resolution suspend the powers of the President (Chairman of the Management Board). The Board of Directors of the Company shall simultaneously with the said resolution pass a resolution on the appointment of an Interim President (Chairman of the Management Board) and on convocation of the Extraordinary General Meeting of Shareholders in order to decide on early termination of powers of the President (Chairman of the Management Board) and election of the new President (Chairman of the Management Board) or transfer of powers of the Company's sole executive body to a managing organization or an executive manager.

The said resolutions shall be passed by the majority of three fourths of members of the Board of Directors, provided that the votes of the retired members of the Board of Directors are disregarded.

The Interim President (Chairman of the Management Board) of the Company exercises the management of day-to-day operations of the Company within the competence of the President (Chairman of the Management Board) provided for by this Charter and bears responsibility stipulated in this Charter for the President (Chairman of the Management Board).

## **ARTICLE 38. Competence of the President (Chairman of the Management Board)**

- 38.1. Competence of the President (Chairman of the Management Board) includes all the issues pertaining to the management of the Company's day-to-day operations, excluding issues referred to the exclusive competence of the General Meeting of Shareholders, the Board of Directors and the Management Board.
- 38.2. The President (Chairman of the Management Board) acts without any Power of Attorney on behalf of the Company, in particular:
- Performs operative management of the Company activities.
  - Has the right of the first signature in financial documents.
  - Represents the Company both in the Russian Federation and abroad.
  - Represents without any power of attorney the Company's interests in legal entities whose stock or interest is directly or indirectly controlled by the Company or where the Company is a stockholder, member or a founder.
  - Approves organograms, concludes labour agreements with employees of the Company, dismisses, awards and fines employees.
  - Governs the activities of the Management Board and presides at its meetings.
  - Presents list of members of the Management Board for the Board of Directors' approval.
  - Makes suggestions on bringing Management Board members to responsibility.
  - Concludes transactions on behalf of the Company with the exception of cases stipulated by the Federal Law "On joint-stock companies" and this Charter.
  - Issues powers of attorney on behalf of the Company.
  - Opens the Company's accounts with banks.
  - Makes provisions for the Company's accounting and book-keeping procedures.
  - Issues orders and gives instructions which are binding for all employees of the Company.
  - Determines the scope of information which constitutes the trade secret of the Company and remedies for such information in accordance with the applicable legislation.
  - Approves internal documents of the Company governing the Company's day-to-day operations, except those that fall within the competence of the Management Board.
- 38.3. The President (Chairman of the Management Board) is entitled to appoint an acting President (Chairman of the Management Board) for the period of his absence subject to the approval of the Board of Directors' Chairman.

## **CHAPTER 7. Responsibility of members of the Company's management bodies**

### **ARTICLE 39. Responsibility of members of the Company's Board of Directors, members of the Management Board and the President (Chairman of the Management Board)**

- 39.1. Members of the Company's Board of Directors, the President (Chairman of the Management Board) and members of the Management Board shall exercise their rights and perform their duties fairly, reasonably, for the benefit of the Company and in accordance with the applicable legislation of the Russian Federation and the Charter of the Company.
- 39.2. Members of the Company's Board of Directors, the President (Chairman of the Management Board) and members of the Management Board are responsible to the Company for damages incurred by the Company through their fault (failure to perform or improper performance of their

duties, breach of the legislation, the Charter of the Company and resolutions of General Meetings) or omissions in accordance with the applicable legislation, unless other grounds and measure of responsibility are provided for by federal laws.

Members of the Company's Board of Directors and the Management Board, the President (Chairman of the Management Board) are responsible to the Company or its shareholders for losses incurred through their guilty actions (negligence), in breach of the Company's stock purchase procedure provided for by Chapter XI.1 of the Federal Law "On Joint-Stock Companies".

At the same time those members of the Company's Board of Directors and Management Board, who voted against the decision resulting in losses for the Company or its shareholder or did not participate in the voting shall not be held liable.

39.3. In case several members of the Board of Directors or the Management Board of the Company are responsible to the Company, and in case, stipulated in Paragraph 2 Clause 39.2 of this Charter, to the shareholder, they shall bear joint responsibility.

39.4. The person performing duties of the President (Chairman of the Management Board) or a member of the Management Board may only participate in management bodies of other organizations (combine offices) with the consent of the Board of Directors.

## **CHAPTER 8. Major transactions. Interest in a transaction made by the Company**

### **ARTICLE 40. Major transaction**

40.1. A major transaction is a transaction (several related transactions) outside the normal course of business, and:

- 1) Relates to the acquisition, disposal of or a possibility to dispose of property by the Company directly or indirectly (including loan, credit, pledge, suretyship, acquisition of such a number of shares or other equity securities convertible into the Company's shares, which will result in the Company's liability to send a mandatory proposal in accordance with Chapter XI.1 of the Federal Law "On Joint-Stock Companies"), whereof the price or book value is 25 or more per cent of the book value of the Company's assets as determined based on its accounting (financial) statements as of the latest reporting date.
- 2) Provides for the Company's liability to hand over the property for temporary ownership and (or) use or entitle a third person to use the result of intellectual activity or means of customization on licensing conditions, if their book value is equal to 25 or more per cent of the book value of the Company's assets as determined based on its accounting (financial) statements as of the latest reporting date.

In case of disposal of or a possibility to dispose of property, the largest of the two values – the book value of such property or its selling price, shall be compared against the book value of the Company's assets. In case of acquisition of property, the acquisition price of such property shall be compared against the book value of the Company's assets.

In case of transfer of the Company's property to temporary ownership and (or) use, the book value of the property handed over for temporary ownership or use shall be compared against the book value of the Company's assets.

If a Company concludes a transaction or several related transactions for the acquisition of shares or other equity securities convertible into the Company's shares, which will result in the Company's liability to purchase shares or other equity securities convertible into the Company's shares in accordance with Chapter XI.1 of the Federal Law "On Joint-Stock Companies", the price of all shares or other equity securities convertible into shares, which may be purchased by the Company in such transactions in accordance with Chapter XI.1 of the Federal Law "On Joint-Stock Companies" shall be compared against the book value of the Company's assets.

- 40.2. For the purpose of decision-making by the Company's general shareholders' meeting on consent to a major transaction, the value of property or rights to the results of intellectual activity, which are the subject of a major transaction, shall be determined by the Company's Board of Directors in accordance with Article 77 of the Federal Law "On Joint-Stock Companies".

The Company's Board of Directors approves an opinion on major transactions, which shall include information on assumed consequences of the major transaction for the Company's operations and a feasibility assessment of the major transactions. The opinion on major transactions shall be included into the information (materials) distributed among the shareholders before the Company's General Meeting of Shareholders, where the matter of consent to or subsequent approval of a major transaction is to be reviewed.

**ARTICLE 41. Procedure for receiving consent to or subsequent approval of a major transaction**

- 41.1. A major transaction has to be approved by the Company's Board of Directors or its general shareholders' meeting.
- 41.2. Resolution on consent to or subsequent approval of a major transaction made in respect of the property with the value of 25 to 50 percent of the book value of the Company's assets shall be adopted by unanimous resolution of the Board of Directors of the Company, provided that the votes of retired members of the Board of Directors are disregarded.

In case there is no unanimous opinion in the Board of Directors of the Company on consent to or subsequent approval of a major transaction, the matter of consent to or subsequent approval of a major transaction shall be transferred to the General Meeting of Shareholders by resolution of the Board of Directors of the Company. In this case a resolution on consent to or subsequent approval of a major transaction shall be passed by the General Meeting of Shareholders of the Company by a majority of votes of shareholders possessing voting shares and present at the General Meeting of Shareholders.

- 41.3. Resolution on consent to or subsequent approval of a major transaction in respect of the property with the value of more than 50 percent of the book value of the Company's assets shall be passed by the General Meeting of Shareholders by a majority of three fourths of votes given by shareholders possessing voting shares and present at the General Meeting of Shareholders.
- 41.4. The resolution on consent to or subsequent approval of a major transaction shall specify the person(s), which is (are) a party (parties) to such a transaction, beneficiary (beneficiaries), price, subject of a major transaction and other essential conditions or the procedure for their determination.

The resolution on consent to a major transaction can dispense with a party to the transaction and beneficiary, if the transaction is concluded in the course of a trading session and in other cases, if a party to such a transaction and beneficiary cannot be determined by the time of getting consent to such a transaction.

The resolution on consent to a major transaction can also contain maximum and minimum parameters of terms for such a transaction (cap value for property acquisition or minimum property selling value) or the procedure for their determination, consent to similar transactions, alternative terms for such a transaction that requires consent, consent to a major transaction provided that several transactions are concluded simultaneously.

The resolution on consent to a major transaction can also contain the validity period of such a resolution. If such a period is not specified in the resolution, the consent shall be considered valid for 1 year from the date of its granting, except when another period arises out of the essence and terms of a major transaction for which the consent was received, or from the circumstances of such a consent.

A major transaction can be concluded conditional to approval under the procedure established

by the Federal Law “On Joint-Stock Companies”.

- 41.5. If a major transaction involving property valued at over 50 percent of the book value of the Company’s assets determined based on its accounting (financial) statements as of the latest reporting date is at the same time an interested-party transaction, and in line with the Federal Law “On Joint-Stock Companies”, consent to a major transaction is submitted for review to the Company’s General Meeting of Shareholders, a resolution on consent to a major transaction shall be considered approved if it receives three quarters of votes of shareholders - owners of voting shares taking part in the Company’s General Meeting of Shareholders, and the majority of votes of all the shareholders - owners of voting shares taking part in the Company’s General Meeting of Shareholders who are not interested parties to such a transaction. If a major transaction involving property valued at 25 - 50 percent of the book value of the Company’s assets determined based on its accounting (financial) statements as of the latest reporting date is at the same time an interested-party transaction, and in line with the Federal Law “On Joint-Stock Companies”, consent to a major transaction is submitted for review to the Company’s General Meeting of Shareholders, a resolution on consent to a major transaction shall be approved by the majority of votes of all the shareholders - owners of voting shares, taking part in the Company’s General Meeting of Shareholders, who are not an interested party to such a transaction.

#### **ARTICLE 42. Interested-party transactions**

- 42.1. An interested-party transaction is a transaction involving in accordance with the Federal Law “On Joint-Stock Companies” an interest of a member of the Board of Directors, the President (Chairman of the Management Board), the Interim or Acting President (Chairman of the Management Board), a member of the Management Board of the Company or a controlling entity of the Company, or an entity entitled to give binding instructions to the Company.

The Company must notify members of the Board of Directors, members of the Management Board of an interested-party transaction, and in case this is an interested-party transaction for all members of the Company's Board of Directors, the Company’s shareholders according to the procedure of notifying the General Meeting of Shareholders.

Such notice shall be sent not later than 15 days prior to the date of an interested-party transaction and it shall specify the person(s), which are its party (-ies) and beneficiary (-ies), the price, subject-matter of the transaction and other material conditions or procedure for their determination, as well as the person(s) interested in the transaction and the grounds why the person (each of the persons) interested in the transaction is considered to be an interested party.

In the course of preparation for the General Meeting of Shareholders, the persons entitled to participate in the General Meeting of Shareholders shall be provided with a report on interested-party transactions concluded by the Company in the reporting year. The said report shall be signed by the President (Chairman of the Management Board) of the Company and approved by the Company's Board of Directors.

- 42.2. Resolution on consent to or subsequent approval of an interested-party transaction shall be passed by the Board of Directors of the Company, unless otherwise stipulated in the Federal Law “On Joint-Stock Companies”. Resolution on consent to or subsequent approval of such a transaction shall be passed by the Company’s Board of Directors by the majority of votes of the Directors who are not interested in its conclusion, who are not, and have not been, within 1 year prior to such a resolution:

- The President (Chairman of the Management Board), the Interim President (Chairman of the Management Board) or Acting President (Chairman of the Management Board), the executive manager of the Company, a member of the Management Board, a person holding offices in management bodies of the managing entity.

- A person whose spouse, parents, children, full-blood and half-blood brothers and sisters, adoptive parents and adoptees are persons holding offices in the said management bodies of the Company, managing entity of the Company or holding the office of a manager of the Company.
- Controlling entity of the Company or the Company's managing organization (manager) entrusted with the functionality of the Company's sole executive body or entitled to give mandatory instructions to the Company.

42.3. If the number of directors with no interest in the transaction and meeting the conditions of Cl. 42.2. of this Charter is less than two, such a transaction shall be subject to approval by the Company's General Meeting of Shareholders according to the procedure described in Cl. 42.4. of this Charter.

42.4. Resolution on consent to an interested-party transaction shall be passed by the General Meeting of Shareholders by the majority of votes of all the shareholders - owners of the Company's voting shares participating in the voting, who are not interested in the transaction and are not controlled entities interested in the transaction in the following cases:

- If the value of a transaction or several related transactions or the price or book value of property, the acquisition, alienation or possibility of alienation of which is the subject matter of such transactions, amounts to 10 or more percent of the book value of the Company's assets according to its accounting (financial) statements as at the last reporting date.
- If a transaction or several related transactions involve the sale of common shares keeping records of over 2 percent of the common shares earlier distributed by the Company, and common shares, which earlier distributed securities convertible into shares can be converted into, unless the Charter provides for a lower number of shares.

42.5. Resolution on consent to an interested-party transaction shall be governed by the rules provided for by Clause 4 Article 79 of the Federal Law "On Joint-Stock Companies". Besides, the resolution on consent to a transaction shall specify the person(s) interested in the transaction, the grounds for considering the person (each of the persons) interested in the transaction to be an interested party.

42.6. For the purpose of passing a resolution by the Board of Directors of the Company and the General Meeting of Shareholders as to the authorization or subsequent approval of an interested-party transaction the price of alienated or acquired property (services) shall be determined by the Board of Directors in accordance with Article 77 of the Federal Law "On Joint-Stock Companies".

## **CHAPTER 9. Risk Management, Internal Control and Internal Audit in the Company**

### **ARTICLE 43. Risk management and internal control**

43.1. The Board of Directors approves internal corporate documents that define the Company's Policy on Risk Management and Internal Control.

### **ARTICLE 44. Internal Audit of the Company**

44.1. The Company carries out internal audits for the purpose of assessing the reliability and efficiency of risk management and internal control.

44.2. The Board of Directors approves internal corporate documents of the Company that define the Company's Policy on arranging and carrying out internal audits.

44.3. Appointment and dismissal of the officer responsible for arranging and carrying out internal audits (head of the business unit responsible for arranging and carrying out internal audits) is subject to a resolution passed by the Board of Directors.



- 44.4. Terms and conditions of employment contracts with said persons shall be approved by the Board of Directors. In the event that internal audits are carried out by any other legal entity, the decision on such an entity and terms and conditions of a contract with them, including the amount of its remuneration, shall be taken by the Board of Directors.

## **CHAPTER 10. Accounting and reporting. Auditor of the Company**

### **ARTICLE 45. Accounting and accounting (financial) statements of the Company**

- 45.1. The Company shall keep its books and records and submit its accounting (financial) statements in line with the procedure provided for by the applicable legislation of the Russian Federation and this Charter.
- 45.2. The President (Chairman of the Management Board) is responsible for arrangement, condition and reliability of the Company's accounting.
- 45.3. The Company shall engage an external auditor not related with the Company or its shareholders by any material interests for the purpose of carrying out an annual audit of its annual accounting (financial) statements.
- 45.4. The annual report is subject to prior approval by the Board of Directors of the Company not less than 30 days prior to the date of the Annual General Meeting of Shareholders.

### **ARTICLE 46. Safekeeping of documents**

- 46.1. The Company shall archive the documents stipulated by the Federal Law "On Joint-Stock Companies" at the location of its executive body in the manner and within the timeframes set by the Bank of Russia.

### **ARTICLE 47. Information on activities of the Company**

- 47.1. The Company shall disclose:
- Annual report of the Company and annual accounting (financial) statements.
  - Securities prospectus of the Company in cases provided for by the legislation of the Russian Federation.
  - Notice of the General Meeting of Shareholders within the procedure provided for by the Federal Law "On Joint-Stock Companies".
  - Other data determined by the Bank of Russia.
- 47.2. The Company shall provide its shareholders, upon their written request, for a prepaid fee, copies of documents according to the procedure provided for by the current legislation and internal documents of the Company.

Where provided for by the Federal Law "On Joint-Stock Companies", the request from shareholder(-s) owning less than 25 percent of the voting shares of the Company to provide documents and information must contain a business purpose with which the documents are requested.

The prerequisite for granting access to documents (or their copies) that contain confidential information is to have a non-disclosure agreement (confidentiality agreement) signed between the Company and the shareholder who submits the request.

The due date for an obligation to provide documents that contain confidential information is calculated from no sooner than the date of signature of the non-disclosure agreement (confidentiality agreement) between the Company and the shareholder who submits the request to be granted access to the said documents.

Copies of documents shall be certified by the Corporate Secretary of the Company or by another person clearly authorized to certify copies of corporate documents, as apparent from their working environment, following the established procedure and stamping such copies of documents with the Company's stamp.

Presentation of uncertified copies of documents is considered proper discharge of the Company's obligation to provide information to shareholders, unless the shareholder explicitly requested otherwise.

#### **ARTICLE 48. Auditor of the Company**

48.1. The General Meeting shall approve the Auditor of the Company as advised by the Board of Directors to perform the audit of financial and economic activities of the Company in accordance with the contract between the Auditor and the Company.

48.2. The amount of the Auditor's remuneration and other material terms of the agreement shall be determined by the Board of Directors of the Company.

### **CHAPTER 11. Branches and representative offices**

#### **ARTICLE 49. Legal status of branches and representative offices**

49.1. The Company may establish branches and open representative offices by resolution of the Management Board in the territory of the Russian Federation and abroad in compliance with the requirements of the Russian and foreign laws.

49.2. Branches and representative offices do not have a status of legal entities, and act in accordance with the Regulations, approved by the Management Board of the Company, performing the functions of the Company, representing and protecting its interests.

#### **ARTICLE 50. Information on branches and representative offices**

50.1. Information on branches and representative offices of the Company shall be specified in the Unified State Register of Legal Entities.

### **CHAPTER 12. Liquidation and reorganization of the Company**

#### **ARTICLE 51. Liquidation of the Company**

51.1. The Company may be liquidated in following cases:

- By resolution of the General Meeting of Shareholders.
- By court decision in accordance with the applicable legislation of the Russian Federation.

51.2. In case of liquidation of the Company the General Meeting of Shareholders of the Company shall pass a resolution on liquidation of the Company and appoint the liquidation commission as advised by the Board of Directors.

51.3. The liquidation commission exercises all powers on management of the Company's activities from the moment of its appointment. The liquidation commission appears before the court on behalf of the Company.

51.4. The liquidation commission performs the following:

- Publishes a notice of the Company's liquidation and of the procedure and terms for claims filing by creditors in printed media which publish information on state registration of legal entities. The term established for creditors to file claims shall be at least 2 months from the date of publishing the notice of the Company's liquidation.
- Takes actions to identify creditors and draw receivables; notifies creditors of the Company's liquidation in written form.

- 51.5. Upon expiration of the term for creditors' claims, the liquidation commission shall draft the interim liquidation balance sheet containing information on composition of the Company's property, claims of creditors and results of their consideration. The interim liquidation balance sheet shall be approved by the General Meeting of Shareholders.
- 51.6. In case the Company's monetary funds are not enough to satisfy the creditors, the liquidation commission shall arrange for the public sale of other property of the Company within the procedure established for execution of court decisions.
- 51.7. Upon completion of settlements with the creditors, the liquidation commission shall draft the liquidation balance sheet subject to approval by the General Meeting of Shareholders.
- 51.8. The liquidation commission shall distribute the Company's property remaining upon settlements with creditors between shareholders in the order prescribed by the Federal Law "On Joint-Stock Companies".
- 51.9. The Company's liquidation shall be deemed complete and the Company fully wound-up from the moment of state registration authority making a respective entry in the Unified State Register of Legal Entities.
- 51.10. Simultaneously with making the entry on liquidation in the Uniform State Register of Legal Entities, the Company shall transfer its documents to the State Archive of the Lipetsk Region. The list of such documents shall be defined in compliance with the applicable legislation of the Russian Federation.

#### **ARTICLE 52. Reorganization of the Company**

- 52.1. The Company may be reorganized by merger, split-off and transformation in compliance with the procedure stipulated in the applicable legislation of the Russian Federation.

#### **ARTICLE 53. Other provisions**

- 53.1. Any other activities of the Company not covered by this Charter shall be governed by the applicable legislation of the Russian Federation.