

**APPROVED as amended**

**by the Annual General Meeting of JSC Acron on 26 May 2016 (Minutes No. 49 dated 26 May 2016)**

## **REGULATION ON PJSC ACRON BOARD OF DIRECTORS**

**2016**

## **1 General**

- 1.1 This Regulation on the Board of Directors of the Public Joint Stock Company Acron (hereinafter the “Regulation”) is elaborated in accordance with current Russian law and the Charter and bylaws of the Public Joint Stock Company Acron (hereinafter the “Company”), as well as in compliance with the Listing Rules of the MICEX Stock Exchange, trade organizer at the Moscow Exchange, and with the recommendations of the Corporate Governance Code recommended for use at joint stock companies by the Bank of Russia (hereinafter the “Corporate Governance Code”).
- 1.2 This Regulation defines the legal status of the Board of Directors (hereinafter “BOD”), the procedure for electing and terminating board members, the BOD’s terms of reference, the rights and obligations of BOD members and the procedure for convening and holding BOD meetings.
- 1.3 The BOD is a standing collegial governing body of the Company that controls the activity of the Company’s executive bodies and performs strategic management of the Company’s business, excluding matters reserved for the Company’s general meeting by the Federal Law *On Joint Stock Companies*; it also exercises other functions imposed on it by law and the Company’s Charter.
- 1.4 The activities of the BOD shall be carried out in accordance with the Company’s Charter, this Regulation and other bylaws of the Company.

In its activity the BOD shall be governed by the requirements of current Russian Federation law, the Company’s Charter and bylaws, resolutions of the general meetings, and the listing rules of the trade organiser that admitted the Company’s securities to organised trading, and shall follow the recommendations of the Corporate Governance Code and best international and Russian practices for corporate governance at joint stock companies.

The BOD shall report to the general meeting of the Company.

- 1.5 Information on the membership and activity of the Board of Directors and its committees shall be disclosed and submitted to the Company’s shareholders in accordance with the procedure stipulated by current Russian Federation law and the Company’s Charter and bylaws, including disclosure through publication of such information in the annual report and on the Company’s website, based on the recommendations of the Corporate Governance Code.

This Regulation shall be disclosed by the Company through publication on the Company’s website.

## **2 Membership and Election of the BOD**

- 2.1 The BOD shall consist of seven (7) members elected by the general meeting in accordance with the procedure established by the Federal Law *On Joint Stock Companies* for a term until the next annual general meeting.

If no shareholders meeting is held within the term stipulated by the Federal Law *On Joint Stock Companies* and the Charter, the powers of the BOD shall be terminated, excluding their powers to prepare, convene and hold the annual general meeting.

- 2.2 Only those individuals may be BOD members who are not members of the Company’s Internal Audit Team and not subject to administrative penalty in the form of disqualification for which the term has not expired under the Russian Federation Administrative Violations Code.

The individual exercising the powers of the Company’s sole executive body and members of the Company’s collegial executive body may not account for more than ¼ of the total number of BOD members and may not be elected to chair the BOD.

Individuals elected to the BOD may be re-elected for an unlimited number of terms.

- 2.3 BOD members shall be elected from nominees proposed by the Company's shareholders in accordance with the procedure stipulated by the Federal Law *On Joint Stock Companies*, the Company's Charter and the Regulation on the General Meeting.

The BOD must consider the submitted proposals and adopt a resolution to include nominees on the list of candidates to be put to a vote for election to the BOD or to refuse to include nominees on this list, using the procedure stipulated by the Federal Law *On Joint Stock Companies*, the Company's Charter and the Regulation on the General Meeting.

If there are no proposals to nominate candidates, or if shareholders propose an insufficient number of candidates for election to the BOD, the BOD may include candidates on the list at its discretion.

The BOD (its Nomination and Remuneration Committee) shall determine the criteria for selecting and evaluating a nominee to the BOD. The list of information (materials) made available during preparation for a general meeting with election to the BOD on its agenda shall include the results of an evaluation of the nominees to the BOD (including an evaluation of nominee compliance with the independence criterion) prepared by the BOD (its Nomination and Remuneration Committee).

- 2.4. The BOD shall be elected by cumulative voting. At cumulative vote, the number of votes held by each shareholder is multiplied by the number of persons to be elected to the BOD, and the shareholder may cast the resulting number of votes for one candidate or distribute the votes between two or more candidates.

The candidates receiving the highest number of votes shall be deemed elected to the BOD.

Individuals elected to the BOD shall have the powers of BOD members upon passage of a resolution by the general meeting electing them to the BOD.

2.5. The powers of BOD members may be terminated early by resolution of a general meeting. A resolution on early termination of powers may be adopted only for all BOD members at once.

In the event of early termination, BOD members' powers shall be deemed terminated upon passage of a resolution by the general meeting terminating the BOD members' powers early.

### **3 Independent Directors**

- 3.1 In order to comply with the listing rules of the trade organiser admitting the Company's securities to organised trading and the recommendations of the Corporate Governance Code, the BOD shall include at least three (3) independent BOD members, each of whom is independent enough to develop his or her own position and able to give a non-biased and bona fide opinion independent of the influence of the Company's executive bodies, certain groups of shareholders or other interested persons, and has sufficient professional expertise and experience (hereinafter "independent director" or "independent BOD member").

A BOD member usually may not be an independent director if the member is

- a) Related to the Company
- b) Related to a material shareholder of the Company
- c) Related to a counterparty to material actions with the Company
- d) Related to the Company's competitor
- e) Related to the state (the Russian Federation, a constituent entity of the Russian Federation) or a municipal entity.

Whether or not a director is independent shall be determined using the criteria for independence of BOD members established by the listing rules of the trade organiser admitting the Company's securities to organised trading and with due consideration for the recommendations of the Corporate Governance Code.

The Nomination and Remuneration Committee of the BOD shall perform a preliminary evaluation of whether or not nominees to the BOD (elected BOD members) meet the independence criteria and submit its findings based on the results of such evaluation.

The BOD shall determine whether or not an elected BOD member is independent (adopt a resolution to recognise the director as independent) with due consideration for the relevant findings of the Nomination and Remuneration Committee.

In certain extraordinary cases, the BOD may recognise a BOD member as independent, taking into account listing rules of the trade organiser admitting the Company's securities to organised trading and/or the recommendations of the Corporate Governance Code, and based on the results of an evaluation, despite the fact that such director is formally related to the Company, the Company's material shareholder, the Company's material counterparty or the Company's competitor, if such relatedness does not affect the member's ability to provide independent, non-biased and bona fide opinions.

The Nomination and Remuneration Committee of the BOD shall re-evaluate whether or not independent directors meet independence criteria six months after their election, taking into account questionnaires completed by BOD members valid as of the date of the re-evaluation and other information known to the Committee. The Company shall ensure prompt disclosure of relevant information in cases when circumstances are discovered that cause a BOD member to cease to be independent.

For the purposes of compliance with the procedures stipulated by the Federal Law *On Joint Stock Companies*, the Company also determines the independence of elected BOD members in accordance with criteria established by this law.

- 3.2 An independent director must refrain from actions that may cause such director to cease to be independent (cease to meet the independence criteria specified in Clause 3.1 hereof). If such circumstances arise after an independent director is elected to the BOD, such BOD member must immediately inform the BOD and its Nomination and Remuneration Committee in writing about such circumstances through the BOD secretary.

If the Nomination and Remuneration Committee of the BOD confirms that a BOD member has lost his or her status as an independent director, the BOD Chairperson shall ensure disclosure of information about the member's loss of independent status on the Company's website.

If the Nomination and Remuneration Committee of the BOD confirms that a BOD member has lost his or her independent status, the Strategic Planning and Corporate Governance Committee shall discuss the necessity and/or feasibility of the BOD resolving to hold an extraordinary general meeting in order to elect a new BOD and shall provide a relevant recommendation to the BOD.

A resolution to hold an extraordinary general meeting to elect a new BOD shall be passed by the BOD with consideration for the recommendations of the Strategic Planning and Corporate Governance Committee, the requirements of the listing rules of the trade organiser listing the Company's securities, and the time left until the next Company's annual general meeting.

- 3.3 When the Company takes significant corporate actions and other actions specified in sub-clause 37, Clause 5.2 of this Regulation, independent directors (who are not related parties to relevant matters) shall preliminarily (before the resolution or recommendation for relevant actions is passed by the BOD) review the drafts of the BOD resolutions, the fairness of the conditions and the consequences of the actions under review for shareholders and the Company and the

possibility of corporate conflicts arising within the Company as a result of the actions under review.

The results of this review and information about the opinion (position) of independent directors on significant corporate actions and other actions, specified in sub-clause 37, Clause 5.2 of this Regulation shall be included in the information (materials) provided to the BOD meeting held to review the relevant matter.

- 3.4 Based on a proposal by the BOD Chairperson and (or) independent BOD members, the Senior Independent Director shall be appointed among elected independent directors by a majority of votes of the total number of BOD members.

In order to exercise the functions assigned to the BOD in a most effective manner, the Senior Independent Director shall coordinate the work of independent directors and cooperate with the BOD Chairperson, including:

- Acting as an advisor to the BOD Chairperson on matters of organising effective performance of the BOD
- Coordinating cooperation between independent directors as well as cooperation of independent directors with the BOD Chairperson and the Company's executive bodies
- When necessary, convening meetings of independent directors on questions requiring the expression of a separate opinion (position) by each independent director and chairing such meetings
- Participating in assessing the effectiveness of the BOD and the BOD Chairperson's performance
- Resolving conflicts by cooperating with the BOD Chairperson, other BOD members and Company's shareholders if a conflict or significant disagreement arises within the BOD or if the BOD Chairperson does not focus on matters for which a review requires multiple BOD members or other persons entitled to address the BOD

The Senior Independent Director must cooperate with the BOD Chairperson to:

- Ensure that independent BOD members receive the information they need in a timely fashion in order to pass resolutions on BOD agenda items
- Communicate with the Company's shareholders on general meetings, review the shareholders' requests delivered in writing or via email and communicate with the Company's shareholders in other ways as provided for in the Company's bylaws
- Inform the BOD Chairperson and/or other BOD members about the position (opinion) of independent directors on BOD agenda items

## **4 Rights, Obligations and Responsibilities of BOD Members**

- 4.1 The rights, obligations and responsibilities of BOD members shall be defined by current Russian law and the Company's Charter and bylaws.

- 4.2 BOD members shall act reasonably and in good faith in the interests of the Company and its shareholders based on sufficient information awareness, with reasonable and due care compliant with civil-law transactions conditions and risks related to business and other economic activity.

The BOD member shall be liable if it is proved that while executing his or her rights and fulfilling his or her obligations he or she did not act in good faith or acted unreasonably, including that his or her actions (omissions) did not comply with the ordinary conditions of civil-law transactions or ordinary business risk.

- 4.3 The BOD member must personally participate in work of the BOD and its committees. This includes avoiding unreasonable absences at any BOD meetings (committee) held by personal attendance, participating in discussions and voting on agenda items of the BOD (committee) meetings, as well as submitting questionnaires for resolutions to be passed on agenda items of a BOD meeting (committee) held in the form of absentee voting.

The BOD member must notify the BOD secretary in advance if he or she is unable to attend a BOD (committee) meeting and provide a reason for the absence. If the member will be absent from a BOD meeting held in person, the member's opinion on agenda items shall be provided in writing.

BOD members must participate in the assessment of the BOD performance and the performance of its committees, Chair and BOD members.

- 4.4 BOD members must refrain from actions leading or possibly leading to a conflict between his or her interests and the interests of the Company.

A BOD member must immediately inform the BOD and its Audit Committee through its Chair or the BOD secretary or the Company's corporate secretary about a conflict of interests (or the possibility of such conflict) as well as about the grounds for the conflict to arise if the BOD member has a conflict of interests, including a potential conflict of interests, regarding any item on the agenda for a meeting of the BOD or its committee (any contradiction between Company's interests and the personal interests of the BOD member), including any interest in the making of a transaction by the Company.

A BOD member must refrain from voting on matters for which resolutions lead to (or may lead to) a conflict of interests. Additionally, upon the recommendation of the BOD Chairperson, any BOD member who has a conflict of interests must refrain from attending the discussion of such matters at the BOD meeting when this is necessary due to the specific nature of the matter under discussion or the conflict of interests.

In order to avoid any potential conflicts of interests, BOD members and persons related to them shall not accept any gifts from parties with an interest in resolutions to be passed by the BOD, nor they shall use any direct or indirect benefits provided by such persons (except for token gift received under general rules of courtesy and souvenirs from official events).

- 4.5 Immediately after election to the BOD and immediately after changes in relevant circumstances, BOD members must inform the BOD and its Audit Committee, Internal Audit Team and Company's auditor through the BOD secretary or the Company's corporate secretary of the following:

- Legal entities in which they directly or indirectly, independently or jointly with an affiliate(s), hold 20% or more of voting shares (stakes, interests)
- His or her intention to enter the governing board of other legal entities (apart from entities controlled by the Company) and legal entities in whose management bodies they hold positions
- Past or prospective transactions by the Company and controlled legal entities which are known to them and to which they or their related persons (spouses, parents, children, whole and half siblings, adoptive parents and adoptees, and (or) other affiliates) may be recognised as a related party

- 4.6 BOD members must inform the Audit Committee and the Company's Securities Circulation Division through the BOD secretary or the Company's corporate secretary of the following in writing:

- Shares and other securities of the Company and its controlled legal entities that they hold directly or indirectly and any executed derivative contracts whose price is dependent on such shares and securities: no more than ten (10) calendar days after their election
- Their transactions with shares and other securities of the Company and its controlled legal entities: no more than five (5) calendar days after the date of such transactions. It is understood that the term “transactions” means any transactions with shares and other securities of the Company and its controlled legal entities under which the relevant BOD member is a beneficiary, intermediary or representative.

4.7 BOD members must use information that is considered a commercial secret of the Company, as well as other confidential information about the Company’s activity and the activity of the Company’s controlled legal entities, exclusively in the Company’s interests and must prevent the disclosure of such information.

BOD members must observe the limitations on the use of insider information envisaged by current Russian law and the Company’s Regulation on the Use of Insider Information.

BOD members must, by the deadline set in the regulation of the Bank of Russia, inform the Company and the Bank of Russia about transactions they make with the Company’s securities and the execution of derivative contracts whose price is dependent on such securities.

4.8 BOD members may participate in BOD meetings if they have no conflict of interests, including participation in discussion of agenda items and voting on such matters, and may sit on BOD committees of which they are members.

In order to ensure the efficient participation of BOD members in meetings and proper fulfilment of their obligations, BOD members may:

- Call for a meeting and make proposals for the creation of a BOD meeting agenda, express a specific opinion on agenda items and demand their inclusion in the minutes or the appendices to the minutes
- Review in advance the BOD work plan and the BOD meeting schedule, as well as opinions and recommendations on agenda items of the BOD and its committees and/or independent directors
- Receive all necessary information (materials) from the Company and its controlled entities in a timely fashion for the adoption of resolutions on agenda items, and request through the BOD Chairperson, BOD secretary or the Company’s corporate secretary additional information necessary for BOD members to perform their other obligations in accordance with this Regulation and the recommendations of the Corporate Governance Code

The BOD secretary, the Company’s corporate secretary, executive bodies and other Company officers must cooperate with BOD members in obtaining the information (materials) stated herein.

The Company shall make it possible for BOD members to receive, at the Company’s cost, internal and external professional advisory services on matters related to the BOD’s scope of authority. In order to receive such advisory services, a BOD member may apply to the BOD Chairperson indicating the matter on which advice is sought and providing the reason for such advice. After reviewing the BOD member’s application, the BOD Chairperson shall submit a request to the CEO and other Company officers for the provision to the BOD (BOD members) of internal and external professional advisory services at the Company’s cost on matters related to its scope of authority.

## **5 The BOD’s Scope of Authority**

- 5.1 The BOD shall perform general management of the Company's business, except for making decisions on matters referred by the Federal Law *On Joint Stock Companies* to the general shareholder meeting.
- 5.2 The following issues shall be included in the BOD's scope of authority:
- 1) Determining priority segments for the Company's business, in particular approving the Company's financial and economic plan (budget), development strategy and business plans for core activities, determining criteria for evaluating the Company's key financial and economic performance indicators envisaged by its strategy and business plans, as well as monitoring implementation by executive bodies of the Company's financial and economic plan (budget), development strategy and business plans, including the review of reports by executive bodies
  - 2) Convening annual and extraordinary general meetings of the Company, except for cases stipulated by the Federal Law *On Joint Stock Companies*
  - 3) Approving the agendas of general shareholder meetings
  - 4) Determining the record date for persons entitled to participate in a general shareholder meeting and other issues referred to the authority of the Company's BOD by the Federal Law *On Joint Stock Companies* and related to the convening and holding of a general shareholder meeting, as well as appointing a secretary for a general shareholder meeting
  - 5) Increasing the Company's charter capital by offering additional shares, within the limits of the authorised capital in terms of quantity and categories (types) of shares
  - 6) Offering the Company's additional shares into which preferred shares of certain type placed by the Company are converted, convertible into ordinary shares or preferred shares of another type, provided such offering does not increase the Company's authorised capital, as well as offering the Company's bonds and equity securities other than shares
  - 7) Determining the price (monetary value) of property and the offering price or the procedure for determining it and the redemption price of equity securities in cases stipulated by the Federal Law *On Joint Stock Companies*
  - 8) Acquiring the Company's outstanding shares (except when the Company acquires a portion of outstanding shares to reduce their total number and reduce the authorised capital) and acquiring the Company's outstanding bonds and other securities in cases stipulated by the Federal Law *On Joint Stock Companies* or other federal laws
  - 9) Forming executive bodies of the Company and terminating their powers ahead of schedule; approving the terms and conditions of employment contracts with person acting as sole executive body and with members of the collegial executive body, including the terms of remuneration and other payments; establishing the requirements for qualification and the amount of remuneration for these persons; and representing the Company's interests, exercising its rights and performing its duties as employer in relations with the person acting as a sole executive body
  - 10) Providing recommendations on the amount of remuneration and compensation paid to members of the Company's Internal Audit Team and determining the amount of the auditor's fee
  - 11) Providing recommendations on the amount of dividends and the procedure for their payment
  - 12) Allocating the Company's reserve fund and other funds
  - 13) Approving the Company's bylaws, except for bylaws reserved for the general shareholders meeting by the Federal Law *On Joint Stock Companies*, as well as other bylaws of the



Company, the approval of which is reserved for the Company's executive bodies by the Company Charter

- 14) Establishing affiliates and opening representative offices of the Company
- 15) Approving major transactions in cases stipulated by the Federal Law *On Joint Stock Companies*
- 16) Approving related-party transactions in cases stipulated by the Federal Law *On Joint Stock Companies*
- 17) Approving the Company's Registrar and the terms and conditions of the agreement therewith, as well as termination of the agreement
- 18) Resolving on the Company's investing in and divesting of stakes in other organisations (excluding organisations listed in sub-clause 18, Clause 10.4 of the Company's Charter)
- 19) Addressing with a statement about the listing of the Company's shares and/or equity securities convertible into the Company's shares
- 20) Delegating the issues stipulated by sub-clauses 2, 6, 14-20, Clause 7.10 of the Company's Charter to the general shareholders meeting
- 21) Approving risk management and internal control provisions (policy), in particular determining key principles and approaches for creating the Company's risk management and internal control system, as well as monitoring compliance with this policy, including reviewing compliance reports and application practice, and evaluating effectiveness
- 22) Approving the internal audit policy (provisions), as well as monitoring compliance with this policy, including reviewing compliance reports and application practice, approving a nominee for the post of head of the team performing internal audit functions and terminating its powers, approving a work plan and budget for the internal audit team, reviewing its reports and evaluating its effectiveness, and setting the amount, terms and procedure for remuneration paid to the team's head
- 23) Electing the BOD Chairperson and Deputy Chairperson
- 24) Appointing the BOD secretary
- 25) Evaluating BOD nominees' (members') compliance with independence criteria, passing resolutions on recognising them as independent BOD nominees (members), and choosing a senior independent director from among independent directors
- 26) Approving resolutions on the issue (additional issue) of equity securities, issue prospectus and reports on the results of an issue (additional issue) of equity securities of the Company, as well as amendments thereto
- 27) Passing resolutions to establish or dismiss BOD committees, to approve and amend the regulations for BOD committees, and on the election and early termination of the powers of members and heads of BOD committees
- 28) Approving a list of the Company's inside information, approving the procedure for accessing the Company's inside information, ensuring information confidentiality and monitoring compliance with the requirements of current Russian law on the protection and use of inside information, and appointing the Company department (officer) responsible for monitoring compliance with the requirements of current Russian law on the protection and use of inside information
- 29) Approving the regulation on dividends payments based on the Company's performance (dividends policy)

- 30) Approving the regulation on disclosure of information about the Company and its activity (information policy) and monitoring compliance with the Company's information policy, including reviewing reports on compliance with the Company's information policy and its implementation
- 31) Approving the regulation on anti-corruption measures (anti-corruption policy) and monitoring compliance with the Company's anti-corruption policy, including reviewing reports on compliance with the Company's anti-corruption policy and its implementation
- 32) Approving the regulation (policy) on managing conflicts of interests and/or the Company's ethics code, as well as assessing the effectiveness of the policy on managing conflicts of interests and the Company's ethics code, monitoring compliance with this policy and the Company's ethics code, including reviewing reports on compliance and implementation
- 33) Assessing the effectiveness of the corporate management system (operations) and making decisions on modernisation of the corporate management system (operation) at the Company and its subsidiaries, reviewing reports on the Company's compliance with the principles and recommendations of the Corporate Governance Code approved by the Bank of Russia and assessing the reasonability of implementation of the Code's specific recommendations, approving the Company's corporate governance code and monitoring compliance with it, including reviewing reports on compliance and implementation
- 34) Approving the remuneration and/or reimbursement (compensation) policy for BOD members, executive bodies and other key managerial employees and monitoring implementation and compliance with this policy; approving short and long-term incentive programs for members of executive bodies and other key managerial employees, as well as assessing the performance (achievement of goals) of the Company's executive bodies and other key managerial employees based on annual results
- 35) Determining the recruitment criteria and assessing compliance with such criteria for candidates to the Company's managing and control bodies (Internal Audit Team), determining the criteria and conducting self-assessment and external assessment of the BOD and the Company's BOD committees
- 36) Approving the regulation on the Company's corporate secretary, approving the candidate for corporate secretary and terminating his or her powers, assessing the corporate secretary's performance, reviewing reports on his or her performance and determining the corporate secretary's remuneration amount, terms and payment procedure
- 37) Determining the BOD's position, including the position of independent directors, and providing the Company's general meeting and/or other persons, as necessary, with recommendations related to the following significant corporate actions: corporate restructuring, an increase or decrease in the Company's authorised capital, listing or delisting of the Company's shares, acquisition of thirty (30) or more percent of the Company's voting shares (merger), major transactions (i.e. major transactions involving property valued more than fifty (50) percent of the book value of the Company's assets), as well as upon the recommendation of independent directors related to other actions possibly leading to a significant change in shareholders' rights or an infringement of their interests
- 38) Matters requiring BOD resolutions according to the requirements of the rules of exchange trade conducted in accordance with Russian laws or the laws of a foreign country (including in accordance with the listing rules of the trade organiser that lists the Company's securities)
- 39) Other matters stipulated by the Company's Charter and current Russian law

5.3 Issues within the BOD's scope of authority cannot be transferred for resolution by the Company's executive bodies.

## **6 BOD Proceedings**

- 6.1 The BOD Chairperson shall be elected from among BOD members who are not serving as the Company's sole executive body or as members of the Company's collegial executive body.

The BOD Chairperson shall be elected by BOD members by a majority vote of all BOD members. The BOD may re-elect its Chairperson at any time by a majority vote of all BOD members.

- 6.2 The BOD Chairperson shall organise the BOD's work, ensure the most efficient performance of the functions vested in the BOD and its committees and interact on behalf of the BOD with other Company bodies and shareholders.

To ensure efficient operation, the BOD Chairperson shall perform the following functions:

- Convene and preside over BOD meetings, identify persons to be invited to BOD meetings, identify the list of materials (information) to be provided to BOD members and persons invited to BOD meetings, order the recording of minutes of BOD meetings and sign them, be responsible for accurate and prompt recording of minutes
- Order drafting of BOD work plans and approve them, order agendas to be compiled for BOD meetings, work out the most efficient resolutions for items on the BOD meeting agenda
- Distribute duties among BOD members according to the approved BOD work plan
- Ensure the efficient operation of BOD committees and independent members; in particular, propose nominees for BOD committees and for the position of Senior Independent Director from among BOD members and propose the approval of a nominee for the position of the Company's corporate secretary
- Take part in drafting work plans for BOD committees and review reports and other memoranda concerning the BOD's performance
- Hold meetings with the Senior Independent Director and/or other independent directors to discuss the independent directors' positions (opinions) on the material corporate actions specified in sub-clause 37, Clause 5.2 hereof until they are approved, as well as other matters requiring independent directors' individual opinions (positions)
- Ensure cooperation of and maintain ongoing contacts with other bodies and officers of the Company in order to promptly receive the fullest and most reliable information required for the BOD to approve resolutions and ensure its effective cooperation with these bodies and shareholders of the Company
- Ensure and/or exercise control over implementation of BOD resolutions
- Review the results of self-evaluation or independent evaluation of the BOD and its committees, make proposals on improving their efficiency based on evaluation results
- Preside over the Company's general shareholder meetings
- Approve annual BOD performance reports (including for BOD committees) and write an address from the BOD Chairperson to the Company's shareholders containing an evaluation of the Company's performance for the year, to be included in the Company's annual report
- Approve an orientation programme for new BOD members to familiarise them with the Company's business and bylaws (including the Company's corporate governance system, risk management system and internal control system, distribution of duties between executive and other bodies of the Company, and other important information about the Company's operations)

- Directly supervise the corporate secretary and the BOD secretary
- Establish temporary commissions formed of BOD members
- Perform other functions related to organising the BOD's work.

When performing its functions, the BOD Chairperson shall:

- Ensure constructive and free discussion of matters included on the agenda for BOD meetings
- Consider reports on existing conflicts of interests involving BOD members and the Company's corporate secretary, and take steps to prevent ramifications from such conflicts; in particular, by recommending that they abstain from discussing and making decisions on matters in which they have a conflict of interests
- Take all reasonable measures to provide BOD members with information (materials) concerning the Company and its controlled legal entities in a timely fashion in order to make decisions on agenda items and for BOD members to perform their other duties pursuant to this Regulation and the recommendations of the Corporate Governance Code
- Request from the Company's Chief Executive Officer such documents regarding the Company's activities as are necessary to organise the BOD's work.

The BOD Chairperson may:

- Request from the Company's Chief Executive Officer and other officers (employees) and controlled legal entities such documents regarding the activities of the Company and its controlled legal entities as are necessary to organise the BOD's work
- Instruct the Company's corporate secretary and other officers (employees) to review messages from shareholders and other persons enjoying security holder rights and draft replies to them, and give instructions and take other measures to ensure the rights and lawful interests of shareholders and other persons enjoying security holder rights
- Address the Company's Chief Executive Officer with a request to carry out an independent evaluation of the performance of the BOD and its committees, and request that the Company's Chief Executive Officer and other officers provide the BOD (BOD members) with internal and third-party professional advice at the Company's expense on matters within its scope of authority.

6.3 The BOD Chairperson shall consider messages from shareholders and other persons exercising security holder rights related to the BOD's activities, ensuring the rights and lawful interests of shareholders and other persons enjoying security holder rights and existing conflicts of interests, that are addressed to the BOD Chairperson (showing the sender's name and return address):

- In writing, at the Company's address recorded in the Unified State Register of Legal Entities or
- By email specified in the general shareholder meeting notification or at the email address of the corporate secretary provided on the Company's website.

The BOD Chairperson and/or other persons on his or her instruction shall provide replies to the above messages from shareholders and other persons exercising security holder rights containing questions requiring answers within a reasonable time period and within the scope of his or her competence.

6.4 One or more Deputy BOD Chairpersons shall be elected from among the BOD members by a majority of votes of all BOD members.

Should more than one Deputy BOD Chairperson be elected, one of them may be elected Senior Deputy BOD Chairperson.

- 6.5 Should the BOD Chairperson be absent, his or her functions shall be performed by one of the BOD members chosen by the BOD.
- 6.6 The Company's corporate secretary shall ensure that BOD proceedings comply with the requirements of current Russian law, the Company's Charter and bylaws protecting the rights and lawful interests of shareholders, ensure the efficient functioning of the BOD and prepare proposals on ways to improve the Company's corporate governance practices.

The corporate secretary shall report to the BOD. The BOD Chairperson shall exert immediate supervision over the corporate secretary.

The corporate secretary shall promptly inform the Company's BOD of any detected failure to comply with applicable laws, requirements for the Company's corporate governance under listing rules applicable to the Company and provisions of the Company's Charter and bylaws when compliance with such laws, requirements and provisions fall within the scope of authority of the Company's corporate secretary.

The corporate secretary shall act in compliance with the Regulation on the Company's Corporate Secretary as approved by the BOD with due consideration for the provisions of the Corporate Governance Code.

- 6.7 The BOD secretary, appointed by a BOD resolution, shall provide organisational and technical support for the day-to-day work of the BOD and its committees during their meetings and between them.

The BOD Chairperson shall exert immediate supervision over the BOD secretary.

The BOD secretary shall act in compliance with this Regulation and other Company bylaws.

To support the day-to-day work of the BOD and its committees, the BOD secretary shall perform the following functions:

- On instruction of the BOD Chairperson, organise familiarisation of new BOD members with the Company's business and its bylaws in accordance with the programme approved by the BOD Chairperson
- Inform BOD members and all parties concerned of approved work plans and the schedule of meetings of the BOD and its committees
- Ensure that meetings of the BOD and its committees are prepared and held in compliance with this Regulation and other Company bylaws
- Participate in identifying and preparing information (materials) to be provided to BOD members and persons invited to attend a meeting of the BOD and its committees
- Notify BOD members and other parties concerned of BOD meetings, send ballots for absentee voting and collect ballots filled out by BOD members
- Determine if the quorum is present at a BOD meeting or absentee voting, tally votes and determine voting results on each agenda item
- Ensure that information (materials) about the Company's business required for BOD members to perform their duties is provided to them upon their request or upon instruction of the BOD Chairperson
- Keep minutes of meetings of the BOD and its committees and make excerpts from minutes of meetings of the BOD and its committees

- Inform BOD members and other concerned parties about resolutions passed by the BOD and its committees, and, on the instruction of the BOD Chairperson or a committee chairperson, monitor implementation of the resolutions
- Together with the Company's corporate secretary, draft the annual BOD performance report (including for the BOD committees) to be included in the Company's annual report, with due consideration for the recommendations set forth in the Corporate Governance Code
- On instruction of the BOD Chairperson and committee chairpersons, provide organisational and technical support for the day-to-day work of the BOD and its committees.

The corporate secretary shall monitor compliance with current Russian law, the Company's Charter and bylaws when preparing and holding meetings of the BOD and its committees and, on request of the BOD secretary, shall assist him or her in any other way in performing his or her functions efficiently.

Other Company officers (employees) shall assist the BOD secretary in performing his or her functions within the scope of their powers and duties.

## **7 BOD Meetings and Absentee Voting**

7.1 The BOD shall hold its meetings in accordance with its work plan and/or as necessary. Meetings of the Company's BOD shall be convened by the BOD Chairperson at his or her discretion, or upon request of a BOD member, the Company's Internal Audit Team, the Company's auditor or the Company's executive bodies.

BOD meetings shall be held *in presentia* (joint presence of the BOD members to discuss agenda items and pass resolutions) or *in absentia* (absentee voting).

The form of a BOD meeting shall be determined by the BOD Chairperson depending on the importance of agenda items and other material events requiring BOD resolutions.

For BOD meetings held by voting in person, information and communication technologies (telephone and video conference calls) may be used to allow the BOD members to attend the BOD meeting virtually, discuss agenda items and adopt resolutions on motions put to a vote without attending the BOD meeting in person.

The Chairperson's decision to convene and hold a BOD meeting shall be executed as an order of the BOD Chairperson and include the following:

- Decision to convene and hold a BOD meeting (in the form of voting in person or absentee voting), as well as indication that information and communication technologies (telephone and video conference calls) may be used
- Person requesting the BOD meeting
- Date, time and place of the BOD meeting (deadline for accepting completed ballots for absentee voting), as well as email address, telephone number or other technical means of communication and postal address to which BOD members not attending the BOD meeting may send their written opinions or ballots for absentee vote
- Wording of agenda items and proposed resolutions on them
- List of persons invited to attend the BOD meeting
- List of information (materials) to be provided to BOD members invited to attend the BOD meeting

- Instruction to the BOD secretary to notify BOD members of the meeting (*in presentia* or in the form of absentee voting) with ballots attached, and send information (materials) to be provided to BOD members and persons invited to the BOD meeting
- Date of the resolution on holding the BOD meeting.

The BOD secretary shall notify BOD members of the upcoming meeting and its agenda. The meeting notification (*in presentia* or by absentee vote), ballots and information (materials) related to the agenda and provided to BOD members shall be sent (provided) to these persons usually no less than five (5) calendar days in advance.

Meeting notices and other information and materials shall be sent to BOD members in writing to the mailing addresses provided by BOD members and/or as an electronic document to the email addresses provided by BOD members in a written application submitted to the BOD secretary.

7.2 The person requesting a BOD meeting shall send such request in writing to the BOD Chairperson at the Company's address recorded in the Unified State Register of Legal Entities or as an electronic document to business email address of the BOD Chairperson or BOD secretary.

7.3 Requests to convene a BOD meeting shall contain the following information:

- Name of the person requesting the BOD meeting
- Wording of agenda items and proposed draft resolutions
- Date and time for the BOD meeting
- Signature of the person requesting the BOD meeting.

7.4 Within five (5) business days of receipt of a duly executed request to convene a BOD meeting, the BOD Chairperson shall decide whether to convene the BOD meeting or send a substantiated refusal to the person requesting the BOD meeting.

The BOD Chairperson shall convene a requested BOD meeting unless:

- The person requesting the BOD meeting is not eligible to request a BOD meeting
- The request to convene a BOD meeting does not comply with this Regulation
- The matter requiring a BOD meeting does not fall within the authority of the BOD and/or the proposed draft resolutions for this matter do not comply with the law and other legal requirements of the Russian Federation
- The matter requiring a BOD meeting has been addressed by the BOD and a resolution on this matter has been passed.

7.5 BOD meeting notices shall specify:

- The full name of the Company, its seat and registered address
- The form of the BOD meeting (*in presentia* or by absentee voting), as well as whether or not information and communication technologies (telephone and video conference calls) may be used
- The person requesting the BOD meeting
- The date, time and place of the BOD meeting (deadline for accepting completed ballots for absentee voting), as well as the email address, telephone number or other technical means of communication and postal address to which members absent from the meeting may send their written opinions or ballots for absentee voting

- Wording of agenda items and proposed draft resolutions
- List of persons invited to attend the BOD meeting
- List of information (materials) to be provided to BOD members and persons invited to attend the BOD meeting.

7.6 Draft documents that are to be considered or approved at a BOD meeting shall be attached to the notice for the meeting (absentee voting).

7.7 If a BOD meeting is convened at the request of a BOD member, the Company's Internal Audit Team, the Company's auditor or the Company's executive bodies, the BOD Chairperson may not make any changes to the wording of agenda items and proposed draft resolutions specified in the meeting request. The BOD Chairperson may propose items for the BOD meeting agenda in addition to the items contained in the request to convene the BOD meeting, provided that these additional items are to be considered by the BOD meeting after the items initially contained in the request to convene the BOD meeting.

7.8 A BOD meeting or absentee voting shall be duly constituted (have quorum) if attended by not less than half of the elected BOD members, unless otherwise provided for by current Russian law.

The written opinion of a BOD member who is absent from the BOD meeting shall be taken into account when calculating the quorum and voting results on agenda items at a BOD meeting *in presentia*.

7.9 BOD meetings, including those held by absentee voting, shall pass resolutions by a majority of votes of members attending the BOD meeting (absentee voting), unless a greater number of votes is required to pass a resolution by the Federal Law On *Joint-stock Companies*, the Company's Charter or this Regulation.

When transacting matters at a BOD meeting, each BOD member shall have one vote.

A BOD member may not ask another person, including any other BOD member, to vote for him or her.

If voting results in a tie on a resolution to be adopted by the BOD, the BOD Chairperson shall cast the deciding vote.

7.10 Minutes shall be kept at every BOD meeting, including those held by absentee voting.

Minutes of BOD meetings shall be made within three (3) days of the date of a meeting *in presentia* or by the end date for accepting filled-out ballots for absentee voting.

BOD meeting minutes shall be signed by the BOD Secretary and Chairperson or, in his/her absence, by the BOD member acting for the Chairperson under a BOD resolution.

Minutes of the BOD meetings shall be made in writing and contain the following information:

- 1) Full name of the Company, its seat and address
- 2) Form of the meeting
- 3) Date, time and place of the meeting (deadline for accepting voting ballots for absentee vote)
- 4) Information about persons attending the meeting and quorum
- 5) Agenda
- 6) Items put to a vote



- 7) Voting results for each agenda item, including information about persons who voted in favour of or against a resolution or who abstained from voting
- 8) Resolutions adopted
- 9) Information about the persons who tallied votes
- 10) Information about the persons who signed the minutes

Individual BOD members may request that their opinions on agenda items be included in or attached to the minutes of the BOD meeting as an integral part of those minutes.

A BOD member may request an excerpt from the minutes of a BOD meeting certified by the signature of the BOD secretary and/or of the BOD Chairperson.

- 7.11 The BOD may adopt resolutions by absentee vote.

In order to adopt a resolution by absentee vote, the BOD secretary, acting on instructions from the BOD Chairperson, shall send BOD members an absentee ballot specifying the deadline for accepting completed ballots, the wording of agenda items put to a vote and draft resolutions on the agenda items put to a vote, voting options for agenda items put to a vote (aye, nay, abstain), and any other information (materials) to be provided to BOD members.

When tallying the results of an absentee vote, ballots received before the deadline for accepting filled-out ballots specified in the ballot shall be counted.

- 7.12 Any matters and documents discussed and addressed at meetings of the BOD and its committees, as well as information on resolutions passed by the BOD and its committees on matters within their scope of authority under the Company's charter and/or federal laws, shall be classified as the Company's confidential information (including information constituting the Company's trade secrets) and may not be disclosed unless otherwise provided for by mandatory requirements of Russian Federation law (peremptory norms).

The Company may disclose the above information with due consideration for the Company's Corporate Governance Code and information policy.

## **8 BOD Committees and Commissions**

- 8.1 In order to investigate key matters of the Company's operation within the BOD's scope of authority and to prepare motions on such matters, the BOD may establish an Audit Committee, Nomination and Remuneration Committee, Strategic Planning and Corporate Governance Committee, as well as other standing committees comprised of BOD members.

BOD committees shall act in compliance with the regulations on those committees approved by the BOD.

BOD committees shall act within the scope of authority defined by the regulations on those committees; specifically, they may perform certain BOD functions envisaged thereby that, under current law, do not require that a resolution be approved by the BOD meeting.

If the BOD passes a resolution contrary to the committee's recommendations, the BOD shall provide reasons why the recommendations were not taken into consideration.

- 8.2 The chairperson of each committee shall manage the activities of each BOD committee.

Members of each standing BOD committee, including chairpersons, shall be elected by a BOD resolution upon the proposal of the BOD Chairperson.

A resolution to elect members or a chairperson to a BOD committee shall be adopted by a majority of the BOD members attending the BOD meeting. Committee members may be elected for an unlimited number of terms.

No BOD member may chair more than two standing BOD committees. A BOD member may be elected to an unlimited number of committees.

8.3 The BOD may, by its resolution, at any time terminate the powers of all members of a committee. A committee member may resign from a committee before the end of his or her term by giving the BOD Chairperson and the chairperson of the committee advance written notice.

#### 8.4. Audit Committee

The BOD shall establish a standing Audit Committee in order to investigate matters related to monitoring the Company's business and to prepare recommendations for the BOD.

The Audit Committee shall consist of three (3) BOD members elected for a term of powers that is the same as their terms on the BOD.

The Audit Committee may only consist of independent directors; if this is impossible for objective reasons, the majority of the Audit Committee members shall be independent directors and the remaining members may be BOD members who are not serving as sole executive body and/or as members of a collegial executive body of the Company.

The Audit Committee's activities shall be managed by the chairperson of the Audit Committee, who is to be elected from among the independent directors.

#### 8.5 Nomination and Remuneration Committee

The BOD shall establish a standing Nomination and Remuneration Committee in order to investigate matters related to building efficient and transparent remuneration practices and matters related to human resource planning (continuity planning), occupational composition and efficient performance of the Company's management bodies.

The Nomination and Remuneration Committee shall consist of three (3) BOD members elected for a term of powers that is the same as their terms on the BOD.

The Nomination and Remuneration Committee may only consist of independent directors; if this is impossible for objective reasons, the majority of the Nomination and Remuneration Committee members shall be independent directors and the remaining members may be BOD members who are not serving as sole executive body and/or as members of a collegial executive body of the Company.

The activities of the Nomination and Remuneration Committee shall be managed by the committee chairperson, who is to be elected from among the independent directors.

#### 8.6. Strategic Planning and Corporate Governance Committee

The BOD shall establish a standing Strategic Planning and Corporate Governance Committee in order to investigate matters related to identifying priority business areas and development strategy for the Company, as well as matters related to improving the Company's corporate governance system and practices.

The Strategic Planning and Corporate Governance Committee shall consist of three (3) BOD members elected for a term of powers that is the same as their terms on the BOD.

Any BOD member may be elected to the Strategic Planning and Corporate Governance Committee.

The activities of the Strategic Planning and Corporate Governance Committee shall be managed by the committee chairperson, who is to be elected from among the BOD members.

- 8.7. In order to investigate specific matters related to the Company's specific financial and business activities and projects, the BOD Chairperson may establish temporary commissions comprised of BOD members.

## **9 Remuneration for the Company's BOD Members**

- 9.1 The Company's general meeting may resolve to remunerate BOD members and/or reimburse them for any expenses incurred in such capacity during their term of office.

The amount of remuneration and reimbursements shall be determined by the general meeting.

- 9.2 If the Company's general meeting resolves to remunerate only independent directors (independent BOD members) for acting as BOD members, such remuneration shall be paid to the BOD members who satisfy the requirements stipulated by Clause 3.1 hereof. In this case, if a BOD member ceases to satisfy the requirements stipulated by Clause 3.1 hereof, the remuneration established by decision of the Company's general meeting shall be paid to the BOD member through the end of month when the member ceased to satisfy the requirements stipulated by Clause 3.1 hereof.

## **10 Final Provisions**

- 10.1 Any resolution to approve, amend or terminate this Regulation shall be passed by a general meeting.
- 10.2 This Regulation shall enter into force upon its approval by a general meeting of the Company and shall remain in effect permanently until its termination or approval of a new version.
- 10.3 Should any clauses of this Regulation for any reason come into conflict with regulatory requirements imposed on the Company by Russian Federation law (imperative provisions), such clauses of the Regulation shall become invalid, and the Company shall be governed by current Russian law until corresponding changes are introduced to this Regulation.