

**APPROVED**

as amended by Acron's  
annual shareholders meeting on 26 May 2016  
(Minutes No. 49 dd. 27 May 2016)

**REGULATION ON PJSC ACRON MANAGING BOARD**

## **1 GENERAL**

- 1.1 This Regulation on the Managing Board of 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 CJSC MICEX Stock Exchange, trade organiser 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 Managing Board, the procedure for electing and terminating of the Managing Board, the Managing Board’s terms of reference, the rights and obligations of Managing Board members and the procedure for convening and holding Managing Board meetings.
- 1.3 The Managing Board is a standing collegial executive body of the Company that manages the Company’s day-to-day business within the scope of its authority by current Russian law, and the Company’s Charter.
- 1.4 The activities of the Managing Board shall be carried out in accordance with the Company’s Charter, this Regulation and other bylaws of the Company.

In its activity the Managing Board shall be governed by the requirements of current Russian Federation law, the Company’s Charter and bylaws, resolutions passed at general meetings and meetings of the Board of Directors, 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 Managing Board shall report to the Board of Directors and the general meeting of the Company.

- 1.5 Information on the membership and activity of the Managing Board shall be disclosed and submitted to the Company’s shareholders in accordance with the procedure stipulated by current Russian 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 MEMBERS OF THE MANAGING BOARD**

- 2.1 The Managing Board of the Company shall consist of six (6) members (the Chairperson and members of the Managing Board). Members of the Managing Board shall be elected by the Board of Directors of the Company as proposed by the Chief Executive Officer and/or members of the Company’s Board of Directors in accordance with the procedure stipulated by the Charter of the Company and this Regulation.

Recruitment and assessment criteria for candidates to the Managing Board shall be determined by the Company’s Board of Directors (its Nomination and Remuneration Committee).

- 2.2 Persons elected to the Managing Board shall acquire their powers upon the adoption by the Company’s Board of Directors of the resolution to elect members to the Managing Board. Persons elected to the Managing Board may be re-elected an unlimited number of times.
- 2.3 Only individuals can serve as members of the Managing Board. A member of the Managing Board does not need to be a shareholder of the Company. Members of the Managing Board may only hold positions in governing bodies of other organisations with the consent of the Company’s Board

of Directors.

- 2.4 In the event of early termination of the powers of members of the Managing Board, their powers shall be deemed terminated upon the adoption by the Company's Board of Directors of a resolution on early termination of the powers of members of the Managing Board.
- 2.5 The Managing Board shall be presided over by its Chairperson, whose functions are exercised by the Chief Executive Officer, who is elected (appointed) and dismissed by the Company's Board of Directors.
- 2.6 One or more Deputy Chairpersons of the Managing Board shall be appointed from among the members of the Managing Board by its Chairperson. Should more than one Deputy Chairperson of the Managing Board be appointed, one of them may be appointed Senior Deputy Chairperson.
- 2.7 The Company's Board of Directors may at any time resolve to terminate the powers of Managing Board members ahead of schedule (early termination of agreements executed with each of the Managing Board members) and to establish a new collegial executive body of the Company.

### **3 RIGHTS, OBLIGATIONS AND RESPONSIBILITIES OF MEMBERS OF THE MANAGING BOARD AND THE CHIEF EXECUTIVE OFFICER**

- 3.1 The rights, obligations and responsibilities of members of the Managing Board shall be defined by the Federal Law on Joint Stock Companies and other regulations of the Russian Federation, the Company's Charter and bylaws, and agreements executed by the Company with each of the Managing Board members.

The agreement on behalf of the Company shall be signed by the Chairperson of the Board of Directors or a person authorised by the Company's Board of Directors.

The agreements concluded between the Company and members of the Managing Board shall determine the rights, obligations and responsibilities of the Managing Board's members before the Company, as well as the forms, procedure and terms of remuneration and social benefits granted.

- 3.2 Members of the Managing Board 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.

A member of the Managing Board 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 if his or her actions (omissions) did not comply with the ordinary conditions of civil-law transactions or ordinary business risk.

- 3.3 A member of the Managing Board must personally participate in work of the Managing Board. This includes avoiding unreasonable absences at any meetings of the Managing Board held by personal attendance, participating in discussions and voting on agenda items of meetings of the Managing Board, as well as submitting absentee voting ballots.

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

- 3.4 Members of the Managing Board must refrain from actions leading or possibly leading to a conflict between their interests and the interests of the Company.

A member of the Managing Board must immediately inform the Audit Committee of the Company's

Board of Directors and the Chairperson of the Managing Board in writing through the secretary of the Managing Board about any conflict of interests (or the possibility of such conflict), as well as about the grounds for the conflict if the member of the Managing Board has a conflict of interests, including a potential conflict of interests, regarding any item on the agenda for a meeting of the Managing Board (any contradiction between Company's interests and the personal interests of the member of the Managing Board), including any interest in the making of a transaction by the Company.

A member of the Managing Board 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 Chairperson of the Managing Board, any member of the Managing Board who has a conflict of interests must refrain from attending the discussion of such matters at the meeting of the Managing Board 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, members of the Managing Board and persons related to them shall not accept any gifts from parties with an interest in resolutions to be passed by the Managing Board, 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).

3.5 Immediately after election to the Managing Board and immediately after changes in relevant circumstances, members of the Managing Board must inform the Audit Committee of the Company's Board of Directors, Internal Audit Team and Company's auditor through the secretary of the Managing Board 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 join the governing board of another legal entity (apart from entities controlled by the Company) and the names of 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

3.6 Members of the Managing Board must inform the Audit Committee of the Board of Directors and the Company's Securities Circulation Division through the secretary of the Managing Board 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 member of the Managing Board is a beneficiary, intermediary or representative.

3.7 Members of the Managing Board 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.

Members of the Managing Board 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.

Members of the Managing Board 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.

3.8 Members of the Managing Board may participate in meetings of the Managing Board if they have no conflicts of interests, including participation in discussion of agenda items and voting on such matters.

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

- Call for a meeting and make proposals for the creation of a Managing Board meeting agenda, express a specific opinion on agenda items and demand their inclusion in the minutes or the appendices to the minutes
- Receive all necessary information (materials) from the Company and its controlled legal entities in a timely fashion for the adoption of resolutions on agenda items, and request through the Chairperson of the Managing Board or the secretary of the Managing Board additional information necessary for members of the Managing Board to perform their other obligations in accordance with this Regulation.

#### **4 SCOPE OF AUTHORITY OF THE MANAGING BOARD**

4.1 The following issues shall be included in the scope of authority of the Managing Board:

- 1) Considering and making recommendations on key matters of the Company's day-to-day business
- 2) Preparing information, materials and proposals on issues proposed for consideration by the Board of Directors and the Company's general meeting
- 3) Developing and giving preliminary consideration to the Company's business plan (budget), the Company's development strategy and business plans for the Company's core activities
- 4) Drawing up the Company's production programme and setting production volumes
- 5) Considering the launch of new production units, overhauls and technical upgrades
- 6) Considering issues on implementing the Company's social development programme
- 7) Ensuring systematic improvement of labour and living conditions, leisure facilities and medical services for the Company's employees and their families and improvement of the Company's social development in general
- 8) Organisation of the work of the Company's departments and their effective cooperation while implementing the Company's business plan (budget), the Company's development strategy and business plans for the Company's core activities, as well as resolutions passed by the Company's general meeting and meetings of the Company's Board of Directors
- 9) Monitoring product quality and improvement

10) Recruitment

11) Appointing the secretary of the Managing Board

12) Adopting resolutions within the scope of its authority on other issues proposed to the Managing Board by the Chief Executive Officer or other members of the Managing Board

## **5 CHAIRPERSON OF THE MANAGING BOARD (CHIEF EXECUTIVE OFFICER)**

5.1 As the Company's sole executive body, the Chief Executive Officer (President) shall manage the Company's day-to-day business.

The names of the office (Chief Executive Officer and President) are interchangeable.

5.2 The Chief Executive Officer shall exercise the functions of Chairperson of the Managing Board and shall be granted all necessary powers to directly manage the Company's business in accordance with current law and the Company's Charter.

5.3 The Chief Executive Officer shall be elected (appointed) and dismissed by the Company's Board of Directors.

The powers of the Chief Executive Officer shall commence upon adoption by the Company's Board of Directors of a resolution appointing the Chief Executive Officer, and shall terminate upon adoption by the Company's Board of Directors of a resolution terminating the powers of the Chief Executive Officer.

The Company's Board of Directors may at any time resolve to terminate the powers of the Company's sole executive body ahead of schedule and to establish a new sole executive body.

5.4 Should the Chief Executive Officer temporarily fail to exercise his or her functions, the person appointed as acting Chief Executive Officer of the Company shall exercise those functions. An acting Chief Executive Officer shall be appointed by order of the Chief Executive Officer and shall act on behalf of the Company within the term and limits of the powers determined by the corresponding order of the Chief Executive Officer and a Power of Attorney issued by the Chief Executive Officer on behalf of the Company.

5.5 The rights and obligations of the Chief Executive Officer shall be determined by the Federal Law On Joint Stock Companies, other regulations of the Russian Federation, the Company's Charter, and this Regulation, as well as the agreement between the Company and the Chief Executive Officer.

The agreement between the Company and the Chief Executive Officer shall determine the rights, obligations and responsibilities of the Chief Executive Officer to the Company, the form, procedure and terms of his or her remuneration and social benefits granted, labour conditions, the term of the agreement, and the terms and conditions of his or her dismissal. The Board of Directors may terminate the agreement with the Chief Executive Officer at any time.

5.6 The scope of authority of the Chief Executive Officer includes issues relating to the management of the Company's day-to-day business, except for issues included in the scope of authority of the Company's general meeting, the Board of Directors and the Managing Board.

5.7 Within the scope of his or her authority, the Chief Executive Officer shall:

1) Represent the Company's interests and act without a Power of Attorney on behalf of the Company

2) Dispose of the Company's cash and other assets subject to current law and the Company's

## Charter

- 3) Have the authority to sign financial and payment documents
- 4) Transact on behalf of the Company, subject to current law and the Company's Charter
- 5) Carry out day-to-day management of the Company's operations and direct management of the Managing Board
- 6) Approve the Company's organisational chart and organise the functions and effective cooperation of the Company's divisions
- 7) Issue Powers of Attorney on behalf of the Company
- 8) Organise the Company's accounting and reporting
- 9) Approve job descriptions, issue orders and give instructions that are binding for all the Company's employees, except in cases stipulated by the Company's Charter
- 10) Approve the staff schedule, hire and dismiss Company employees, enter into labour agreements with Company employees, and apply incentive measures and impose penalties upon them
- 11) Organise and support the implementation of resolutions passed by a general meeting, meetings of the Company's Board of Directors and the Managing Board
- 12) Implement the Company's regulation (policy) on risk management and internal control and ensure the development and operation support of the Company's effective risk management and internal control system
- 13) Implement the regulation on the disclosure of information about the Company and its activity (information policy) and provide for the timely release of the information about the Company's activity and other disclosure of information in accordance with current Russian law and the Company's bylaws
- 14) Implement the resolution on anticorruption for the Company's activity (anticorruption policy)
- 15) Implement the policy on internal audit (regulation on internal audit) and ensure the organisation and operation support of an effective internal audit procedure
- 16) Ensure provision of information upon request of members of the Board of Directors, the Managing Board Internal Revision Team, and shareholders of the Company
- 17) Propose Managing Board candidates to the Board of Directors
- 18) Appoint Deputy Chairpersons of the Managing Board
- 19) Organise record-keeping at Managing Board meetings
- 20) Approve the Company's bylaws on issues related to the scope of authority of the Company's executive bodies
- 21) Perform other actions necessary to achieve the Company's goals and its regular activity, in accordance with current Russian law and the Company's Charter, except for those issues reserved to the general meeting, the Board of Directors and the Managing Board of the Company

## **6 MEETINGS AND ABSENTEE VOTING OF THE MANAGING BOARD**

- 6.1 The Managing Board shall adopt resolutions on issues within the scope of its authority at its meetings held when necessary.
- 6.2 Meetings of the Managing Board shall be convened by the Chairperson of the Managing Board or by

the acting Chairperson of the Managing Board (the Chief Executive Officer) on his or her own initiative or at the request of a member of the Managing Board.

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

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

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

6.3 The Chairperson of the Managing Board shall organise the work of the Managing Board, ensure the most efficient performance of the functions vested in the Managing Board and interact on behalf of the Managing Board with other Company bodies and shareholders.

To ensure efficient operation, the Chairperson of the Managing Board shall perform the following functions:

- Convene and preside over meetings of the Managing Board, identify persons to be invited to meetings of the Managing Board, identify the agenda and the list of materials (information) to be provided to members of the Managing Board and persons invited to meetings of the Managing Board, order the recording of minutes of meetings of the Managing Board and sign them, be responsible for accurate and prompt recording of minutes
- Preside over meetings of the Managing Board
- Organise and/or directly monitor the implementation of resolutions adopted by the Managing Board
- Perform functions related to organising the Managing Board's activity

6.4 The Secretary of the Managing Board, appointed by a resolution of the Managing Board, shall organise and ensure the convening and holding of meetings of the Managing Board, take meeting minutes, monitor implementation of resolutions of the Managing Board, and perform other functions in accordance with instructions of the Chairperson of the Managing Board.

6.5 Matters proposed by the Chairperson of the Managing Board and other members of the Managing Board shall be considered at the Managing Board's meetings.

6.6 Meetings and absentee votes of the Managing Board shall be deemed duly constituted (have quorum) if attended by at least one-half of the elected members of the Managing Board. When determining quorum on agenda items and their the voting results at a meeting of the Managing Board held *in presentia*, the written opinion on agenda items of a member of the Managing Board who is absent from the meeting shall be taken into account.

If the number of members of the Managing Board is less than the number required for quorum, the powers of the members of the Managing Board shall be terminated.

6.7 Meetings of the Managing Board, those held *in absentia*, shall pass resolutions by a majority of votes of the members of the Managing Board participating in the meeting (absentee voting). When voting at meetings of the Managing Board, each member of the Managing Board shall have one vote. A



member of the Managing Board may not transfer his or her voting right to another member or other persons. If there is a deadlock, the Chairperson of the Managing Board shall cast the deciding vote.

6.8 The Managing Board may adopt resolutions by absentee vote.

In order to adopt a resolution by absentee vote, the Chairperson of the Managing Board shall instruct the secretary of the Managing Board to send members a ballot specifying the deadline for accepting completed ballots, the wording of agenda items and resolutions on issues put to vote, voting options on such issues (“aye”, “nay”, “abstain”), and any information (materials) necessary for provision to members of the Managing Board.

When tallying the results of an absentee vote, completed and signed ballots received after the deadline for accepting completed ballots specified therein shall not be counted.

6.9 Minutes shall be kept at every meeting of the Managing Board, including those held by absentee vote.

Minutes of meetings of the Managing Board shall be made within three (3) days after the date of a meeting *in presentia* or after the deadline for accepting completed questionnaires for absentee voting.

Minutes of meetings of the Managing Board shall be signed by the secretary of the Managing Board and its Chairperson.

Minutes of meetings of the Managing Board 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 (in case of absentee voting - deadline for accepting completed ballots with voting information)
- 4) Information about persons attending the meeting and quorum
- 5) Agenda
- 6) Items put to 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 members of the Managing Board may request that their opinions on agenda items be included in or attached to the minutes of the meeting of the Managing Board as an integral part of those minutes.

Within 5 (five) business days after the signing of the minutes of a Managing Board meeting held by absentee vote, the secretary of the Managing Board shall notify members of the Managing Board in writing of the resolutions adopted.

A member of the Managing Board may request an excerpt from the minutes of a Managing Board

meeting certified by the signature of the secretary of the Managing Board and (or) the Chairperson of the Managing Board.

6.10 Notices on convening and holding meetings of the Managing Board, ballots, and other information and materials shall be sent to members of the Managing Board in writing to the mailing addresses provided and/or as electronic documents to the business email addresses of members of the Managing Board or to email addresses provided by them in a written application submitted to the secretary of the Managing Board. Members of the Managing Board may send completed ballots as an electronic document to the business email address of the secretary of the Managing Board or hand them over to the secretary of the Managing Board in writing.

6.11 Any matters and documents discussed and addressed at meetings of the Managing Board, as well as information on resolutions passed by the Managing Board 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 directly provided for by mandatory requirements of Russian law (imperative provisions).

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

## **7 FINAL PROVISIONS**

7.1 A resolution to approve, amend or terminate this Regulation shall be passed by the Company's general meeting.

7.2 This Regulation shall enter into force upon its approval by the Company's general meeting and shall remain in effect permanently until its termination or approval of a new version.

7.3 If any clauses of this Regulation for any reason come into conflict with regulatory requirements imposed on the Company by Russian law (imperative provisions), such clauses of the Regulation shall become invalid, and the Company shall be governed by current Russian law until to this Regulation is amended accordingly.