

APPROVED  
by the Annual General Meeting  
of Shareholders of Unipro PJSC  
10 June 2020  
Minutes № 24 dated 15 June 2020

**ARTICLES OF ASSOCIATION  
Unipro  
Public Joint-Stock Company**

(new version)

Surgut  
2020

## **Article 1. General Provisions**

1.1. «Unipro» Public Joint-Stock Company formerly registered as Open Joint-Stock Company «E.ON Russia», pen Joint-Stock Company «Fourth Generating Company of the Wholesale Electricity Market»(hereinafter referred to as the "Company") was established pursuant to decision of the sole founder, RAO UES of Russia (Order No. 34r dated March 2, 2005 in accordance with the decision of the Board of Directors of RAO UES of Russia, Minutes of November 26, 2004 No. 181).

1.2. Operations of the Company shall be governed by the Civil Code of the Russian Federation, the Federal Law "On Joint-Stock Companies" and other laws and regulations of the Russian Federation and these Articles of Association.

1.3. The full corporate name of the Company in the Russian language shall be Публичное акционерное общество «Юнипро», in the English language – Public Joint-Stock Company "Unipro".

1.4. The abbreviated corporate name of the Company in the Russian language shall be ПАО «Юнипро», in the English language – Unipro PJSC.

1.5. Location of the Company: Building 34, 23 Energostroiteley Street, Surgut, Khanty-Mansi Autonomous District – Yugra, Tyumen Region, Russia 628406.

1.6. The Company was established for an unlimited term.

## **Article 2. Legal Status of the Company**

2.1. The Company is a legal entity pursuant to the laws of the Russian Federation.

2.2. The Company shall hold legal title to its separate assets, which shall be recorded in its independent balance sheet; it may, on its own behalf, acquire and exercise property rights and personal non-property rights, perform duties, appear as a claimant and defendant before courts.

2.3. The Company shall be liable for its obligations to the extent of all of its assets.

The Company shall not be liable for obligations of its shareholders or those of the Russian Federation.

The Company's shareholders shall not be liable for obligations of the Company, save for the circumstances envisaged by the laws of the Russian Federation.

The shareholders shall bear the risk of losses associated with the Company's activities to the extent of the value of their shares.

2.4. The Company shall have a round seal bearing its full corporate name in the Russian language and specifying its main place of business.

The Company may have stamps, letterheads bearing its corporate name, its own emblem (logo), and a duly registered trade mark and other means of visual identification.

2.5. The Company shall have the right to open branches and establish representative offices both within and outside of the Russian Federation.

The Company's branches and representative offices shall not be deemed separate legal entities, they act on behalf of the Company and pursuant to regulations approved by the Company.

Branches and representative offices of the Company shall be provided with property accounted for both in their separate balance sheets and in the Company's balance sheet.

The director of a branch or a representative office shall be appointed by the General Director of the Company and shall act under a power of attorney issued by the Company.

The Company shall be liable for activities of its branches and representative offices.

2.6. The Company shall have the right to establish subsidiaries or affiliates with rights of a legal entity in the territory of the Russian Federation in accordance with the Federal Law "On Joint-Stock Companies", other federal laws and these Articles of Association, and outside of the Russian Federation pursuant to the laws of their host country unless otherwise specified by an international treaty of the Russian Federation.

## **Article 3. Purpose and Scope of Business of the Company**

3.1. The main purpose of the Company's operations is to generate profit.

3.2. In order to generate profit the Company has the right to perform any types of activities that are not forbidden by the law, including the following:

- Producing electric and heat energy and capacity;
- Delivering (selling) electric power and capacity including through the wholesale electric power (capacity) market;
- Delivering (selling) heat power and public utilities;
- Purchasing (obtaining) electric power and capacity in the wholesale electric power (capacity) market;
- Construction and operation of the heat and electricity generating / capacity producing facilities;
- Stock exchange brokerage;
- Operating heating systems;
- Operating of internal gas pipelines;
- Secession of carbon dioxide for commercial use;
- Performing activities involving impact on the environment, its protection and use of natural resources, disposal, storage and transportation of industrial wastes;
- Organizing and implementing national security measures aimed at mobilization training, civil defense, response to emergency situations and protection of information constituting state secret pursuant to the laws and regulations of the Russian Federation;
- Protective activities in the interests of internal security;
- Developing communication means and providing communication services;
- Storing oil and oil products;
- Operating explosive industrial objects;
- Operating fire hazardous industrial objects;
- Operating chemically hazardous industrial objects;
- Operating and maintaining facilities of the Federal Service for Ecological, Technological and Nuclear Control (Rostekhnadzor);
- Metrological services;
- Handling hazardous wastes;
- Foreign trade activities, including export of electric power;
- Other activities.

3.3. The Company may perform certain activities listed in the federal laws only subject to special permit (license).

The Company's right to pursue an activity requiring a license shall arise when such license is granted or on a date specified by such license and terminate upon expiration of the license term unless otherwise specified by the law.

#### **Article 4. Authorized Capital of the Company**

4.1. The authorized capital of the Company consists of the aggregate par value of shares purchased by the shareholders (distributed shares).

The authorized capital of the company totals 25 219 482 458.37 (twenty-five billion two hundred and nineteen million four hundred eighty-two thousand four hundred fifty-eight point three seven) Rubles.

4.2. The Company distributed 63 048 706 145 (sixty-three billion forty-eight million seven hundred and six thousand one hundred forty-five) and 44 925 042 874/49 130 625 974<sup>1</sup> ordinary shares with the same par value of 0.4 (zero point four) Rubles each for an aggregate amount of 25 219 482 458.37 (twenty-five billion two hundred and nineteen million four hundred eighty-two thousand four hundred fifty-eight point three seven) Rubles.

4.3. The authorized capital of the Company may be:

- Increased by raising the par value of the shares or by distributing additional shares.

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<sup>1</sup>Forty-four billion nine hundred twenty-five million forty-two thousand eight hundred seventy-four divided by forty-nine billion one hundred thirty million six hundred twenty-five thousand nine hundred seventy four

44°925'042°874  
49°130'625°974

- Decreased by reducing the par value of the shares or reducing their total number, as well as by redeeming and canceling a portion of the distributed shares of the Company pursuant hereto.
- 4.4. The authorized capital of the Company may be increased only after it has been fully paid up.  
The authorized capital may not be increased in order to cover losses incurred by the Company.
- 4.5. The authorized capital of the Company may be reduced in the manner stipulated in the laws of the Russian Federation and herein.  
The Company is obligated to reduce its authorized capital in cases stipulated in the Federal Law “On Joint-Stock Companies”.
- 4.6. The Company has the right to purchase its distributed shares pursuant to a decision of the General Meeting of Shareholders on reducing the authorized capital by purchasing a portion of the distributed shares in order to reduce their total number.  
Shares purchased by the Company pursuant to this Clause shall be redeemed at the time of the purchase.  
Pursuant to a decision of the General Meeting of Shareholders, shares purchased pursuant to this Clause may be paid for with money and/or other assets.
- 4.7 In addition to the distributed shares, the Company declares the issue of additional 9,146,999,148 (nine billion one hundred forty-six million nine hundred and ninety-nine thousand one hundred and forty-eight) and  $4 \frac{205\,583\,100}{49\,130\,625\,974}$  ordinary shares with par value determined pursuant to Clause 4.2 hereof.  
Ordinary shares declared by the Company for distribution, grant their owners the rights stipulated in Clause 6.2. hereof.

## **Article 5. Shares, Bonds and other Securities of the Company**

- 5.1. The Company distributes ordinary shares and may distribute one or several types of preferred shares, bonds and other issue-grade securities in the manner prescribed by laws of the Russian Federation.
- 5.2. Ordinary shares are not convertible into preferred shares, bonds and other securities.
- 5.3. In the instances stipulated by the Federal Law “On Joint-Stock Companies” the Company’s shareholders have a preemptive right to additional shares, and issue-grade securities convertible into shares, distributed through subscription, pro rata to their respective shareholdings of the given category (type) of shares.
- 5.4. If in exercising the preemptive right to additional shares, and in the event of consolidation of the shares, the purchase of a whole number of shares by a shareholder is impossible, the shares shall be split up (split shares).  
A split share gives its holder the rights carried by the share of the appropriate category (type), but pro rata to the part of the whole share.
- 5.5. Additional shares distributed through subscription may be paid for with cash, securities, other things or property rights or other rights having monetary value.  
The form of paying up additional shares shall be set in the decision on their distribution.  
Other issue-grade securities may be paid with cash only.
- 5.6. The Company may redeem the distributed shares by decision of the Board of Directors (in accordance with clause 2 of Article 72 of the Federal Law “On Joint-Stock Companies”).

## **Article 6. Rights and Liabilities of Company Shareholders**

- 6.1. A person holding the Company’s shares on the grounds envisaged by laws of the Russian Federation and hereby shall be considered a shareholder of the Company.
- 6.2. All ordinary shares in the Company shall each confer equal rights on its holder.  
Holders of ordinary shares in the Company may:

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<sup>2</sup> Four billion two hundred five million five hundred eighty-three thousand one hundred divided by forty-nine billion one hundred thirty million six hundred twenty-five thousand nine hundred seventy-four  $\frac{4\,205\,583\,100}{49\,130\,625\,974}$  ;

Note:  $\frac{44\,925\,042\,874}{49\,130\,625\,974}$  share +  $\frac{4\,205\,583\,100}{49\,130\,625\,974}$  share = 1 share

- 1) participate in person or by proxy in the General Meeting of Shareholders with a right to vote on any issue within its competence;
- 2) propose issues for inclusion on the agenda of the General Meeting of Shareholders in the manner prescribed by the laws of the Russian Federation and hereby;
- 3) obtain information on the Company's activities and familiarize themselves with the Company's documents in accordance with Article 91 of the Federal Law "On Joint-Stock Companies" and other laws and regulations, and herewith;
- 4) receive dividends declared by the Company;
- 5) exercise their preemptive right to additional shares and issue-grade securities convertible into shares distributed through subscription, pro rata to their respective shareholdings of ordinary shares, in the instances envisaged by laws of the Russian Federation.
- 6) receive part of the Company's property in the event of its liquidation;
- 7) exercise other rights envisaged by the laws of the Russian Federation and hereby.

6.3 Holders of ordinary shares in the Company must:

- 1) pay for the shares as per the procedure provided for by the current legislation of the Russian Federation and hereby;
- 2) not disclose confidential information on the Company's activities and must protect commercial secrets;
- 3) notify on changes in their place of residence and other data entered into the Register of Shareholders in a timely manner. In case of failure to notify on changes in said data, the Company and the registrar shall not be held liable for the associated losses;
- 4) notify the Company on their possible interest in the Company's deals in accordance with the current legislation, as well as provide the Company with any other information required as per the legislation;
- 5) bear other obligations provided for by the current legislation, hereby, and by the internal documents of the Company.

## **Article 7. Reporting year of the Company. Distribution of profit**

7.1. The reporting year of the Company shall be the first day of January through the last day of December.

7.2. The Company may, taking into account the financial results of the first quarter, six months and nine months of the reporting year, and/or the financial results of the reporting year, decide on the payment of (declare) dividends on distributed shares.

The Company has an obligation to pay the dividends declared on shares of each category (type).

7.3. Decisions on the payment (declaration) of dividends shall be passed by the General Meeting of Shareholders.

7.4. In the instances envisaged by the laws of the Russian Federation, the Company is not entitled to make a decision on (declare) the payment of dividends on shares, and is not entitled to pay declared dividends on shares.

7.5. The dividends shall be paid out of the Company's post-tax net profit (net profit). The Company's net profit is determined in accordance with the Company's accounting (financial) records.

7.6. The time for the payment of dividends shall be determined by the General Meeting of Shareholders.

## **Article 8. Company's Funds**

8.1. The Company shall form a reserve fund in the amount of 5 (five) percent of the Company's authorized capital.

The amount of mandatory annual contributions to the reserve fund shall be 5 (five) percent of the Company's net profit, until the reserve fund reaches the statutory amount.

8.2. The reserve fund is meant to cover the Company's losses and redemption of the Company's bonds and shares in the absence of other funds.

The reserve fund may not be used for any other purpose.

8.3. The Company may form other funds in accordance with the requirements of the laws of the Russian Federation.

## **Article 9. Company's Governing and Supervisory Bodies**

9.1 The Company's governing bodies shall be:

- The General Meeting of Shareholders;
- The Board of Directors;
- The Management Board;
- The General Director.

Upon decision of the General Meeting of Shareholders the Company shall have no Management Board if, and as long as the powers of the General Director are transferred to a managing organization or an administrator under Clause 17.3 hereof.

9.2. The Internal Audit Department shall be the body supervising the Company's financial-economic activities.

## **Article 10. General Meeting of Shareholders**

10.1. The General Meeting of Shareholders is the supreme governing body of the Company.

10.2. The competences of the General Meeting of Shareholders shall be the following issues:

- 1) Making amendments and supplements to the Company's Articles of Association or approval of a restated version of the Company's Articles of Association;
- 2) Reorganization of the Company;
- 3) Liquidation of the Company, appointment of a liquidation commission, and approval of interim and final liquidation balance sheets;
- 4) Determination of the quantity, par value, category (type) of authorized shares and rights thereto;
- 5) Increasing the Company's Authorized Capital by raising the par value of the Company's shares;
- 6) Decreasing the Company's Authorized Capital by decreasing the par value of the shares;
- 7) Decreasing the Company's Authorized Capital by way of the Company purchasing a part of the shares in order to reduce their overall number, and by redemption of the shares acquired or bought out by the Company;
- 8) Share splitting and consolidation;
- 9) Electing the members of the Board of Directors and early termination of their authority;
- 10) Electing the Audit Commission members and early termination of their authority, if applicable;
- 11) Approving of the Company's auditor (External Auditor);
- 11) Making decisions on transferring the authority of the sole executive body of the Company to a managing organization or an administrator, and early termination of authority of the managing organization or an administrator;
- 12) Approving the annual report, annual accounting (financial) statements,
- 13) Distribution of profit (including payment (declaration) of dividends, but with the exception of payment (declaration) of dividends according to the results of the first quarter, six months as well as nine months of the reporting year) and losses of the Company at the end of the reporting year;
- 14) Payment (declaration) of dividends according to the results of the first quarter, six months as well as nine months of the reporting year;
- 15) Setting the procedure for conducting the General Meeting of Shareholders.
- 16) Making decisions on consent on conclusion or subsequent approval of related-party transactions in the events stipulated in Chapter XI of the Federal Law "On Joint-Stock Companies".
- 17) Making decisions on consent on conclusion or subsequent approval of major transactions in the events stipulated in Chapter X of the Federal Law "On Joint-Stock Companies".

- 18) Making decisions on participation in financial and industrial groups, associations and other consolidations of commercial entities;
- 19) Approving internal documents governing the activities of the Company's governing and supervisory bodies;
- 20) Making decisions on putting in an application on delisting of Company's shares and/or convertible issue-grade securities of the Company;
- 22) Making decisions on disbursement of remunerations and/or compensations to members of the Company's Audit Commission, if applicable;
- 23) Making decisions on disbursement of remunerations and/or compensations to members of the Board of Directors;
- 24) Other issues stipulated in the Federal Law "On Joint-Stock Companies".

10.3. Issues within the competence of the General Meeting of Shareholders cannot be delegated to the Board of Directors, Management Board and the General Director unless otherwise provided by the law.

The General Meeting of Shareholders is not authorized to review issues falling outside its competence as specified in the Federal Law "On Joint-Stock Companies" and make decisions on such issues.

10.4. Decisions of the General Meeting of Shareholders on the issue put to vote shall be made by a majority of votes of the Company's voting shareholders present at the meeting, unless the Federal Law "On Joint-Stock Companies" provides otherwise.

10.5. Decisions of the General Meeting of Shareholders on the following issues shall be made by a majority of three fourths of the votes of voting shareholders present at the meeting:

- Amendments and supplements to the Articles of Association or approval of a revision of the Articles of Association;
- Reorganization of the Company;
- Liquidation of the Company, appointment of the Liquidation Commission and approval of interim and final liquidation balance sheets;
- Determination of the quantity, par value, category (type) of authorized shares and rights carried by the same;
- Decreasing the Company's authorized capital by decreasing the par value of the shares;
- Distribution of shares (convertible issue-grade securities of the Company) by private subscription pursuant to a decision of the General Meeting of Shareholders on increasing the Company's authorized capital by distribution of additional shares (on distribution of the Company's convertible issue-grade securities);
- Distribution by public offering of ordinary shares comprising more than 25 (twenty five) percent of the earlier distributed ordinary shares;
- Distribution by public offering of convertible issue-grade securities that may be converted into ordinary shares comprising more than 25 (twenty five) percent of the earlier distributed ordinary shares;
- Decision on consent on conclusion or subsequent approval of a major transaction in the events stipulated in Chapter X of the Federal Law "On Joint-Stock Companies" (involving assets the value of which comprises more than 50 (fifty) percent of the balance sheet value of the Company's assets);
- All other issues stipulated in the Federal Law "On Joint-Stock Companies".

10.6. Issues stipulated in Sub-clauses 2, 5, 6, 8, 12-23 of Clause 10.2. hereof shall be submitted to the General Meeting of Shareholders only by proposal of the Board of Directors.

10.7. The General Meeting of Shareholders is not authorized to make decisions on issues not included in the Agenda of the General Meeting of Shareholders or to make changes to the Agenda.

10.8. Voting at the General Meeting of Shareholders shall be governed by the principle "one voting share – one vote", with the exception of cumulative voting on electing the members of the Board of Directors.

During cumulative voting the number of votes attached to each shareholder is multiplied by the number of persons to be elected to the Board of Directors, and each shareholder has the right to place the votes thus acquired for one candidate or distribute them between two or more candidates.

Candidates that received the highest number of votes are elected to the Board of Directors.

10.9. The General Meeting of Shareholders may be conducted at the main place of business of the Company, or at the place of its branches or in the city of Moscow. The specific address for conducting a General Meeting of Shareholders shall be determined by the Board of Directors in the process of resolving issues involved in preparing and conducting the General Meeting of Shareholders.

10.10. The General Meeting of Shareholders shall be chaired by the Chairman of the Board of Directors.

In the event that the Chairman of the Board of Directors is absent, the meeting shall be chaired by the Deputy Chairman of the Board of Directors.

In the event that the Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors are absent, the meeting shall be chaired by any member of the Board of Directors subject to the appropriate decision of the members of the Board of Directors present at the meeting.

If the members of the Board of Directors cannot agree on who of them will chair the General Meeting of Shareholders or if all members of the Board of Directors are absent, the meeting shall be chaired by the person elected by the shareholders present at the General Meeting of Shareholders according to the Regulation on the Procedure for Preparation and Holding of the General Meeting of Shareholders.

## **Article 11. Preparation and holding of the General Meeting of Shareholders**

11.1. The Company is obliged to conduct an Annual General Meeting of Shareholders.

The Annual General Meeting of Shareholders shall be conducted no earlier than two months and not later than six months after the end of the reporting year.

Annual General Meetings of Shareholders must address such issues as the election of the Company's Board of Directors, the appointment of the Company's External Auditor, the approval of the Annual Report, the annual financial statements as well as distribution of the profit (including disbursement (announcement) of dividends, except for the disbursement (announcement) of dividends at the end of the first quarter, half year, nine months of the reporting year) and the Company's losses at the end of the reporting year.

11.2. General Meetings of Shareholders held apart from the annual meeting shall be extraordinary meetings.

11.3. Notices of the General Meeting of Shareholders shall be published by the Company on the Company's website in the Internet – <http://www.unipro.energy>. The notice of the General Meeting of Shareholders must be posted no later than thirty (30) days prior to the date of the meeting unless the legislation of the Russian Federation provides for different time limits.

11.4. Information on date on which the persons entitled to participate in the General Meeting of Shareholders is determined (recorded) shall be disclosed by Company in the manner prescribed by the laws of Russian Federation no later than 7 days prior to the date of the meeting.

11.5. Voting ballots for the agenda issues shall be delivered by registered or regular letter to the address specified in the list of persons authorized to participate in the General Meeting of Shareholders or in the form of electronic communication to the relevant person's email address specified in the company's register of shareholders, or handed personally against signature to every person specified in the list of persons authorized to participate in the General Meeting of Shareholders (its representative) no later than 20 (twenty) days prior to the date of the General Meeting of Shareholders.

11.6. By decision of the Board of Directors, electronic ballots may be filled in by a person authorized to participate in the General Meeting of Shareholders on the website in the Internet specified in the notice of the General Meeting of Shareholders in accordance with Clause 11.3 hereof within the period established by the Board of Directors.

11.7. The General Meeting of Shareholders is legally qualified (has a quorum) if attended by shareholders owning an aggregate of more than half of the votes of the Company's outstanding voting shares.

In the event the agenda of the General Meeting of Shareholders includes issues that must be voted on by a different set of voting shares, the quorum for making decisions on such issues shall be established separately.



11.8. Minutes of the General Meeting of Shareholders shall be prepared no later than 3 (Three) working days after the adjournment of the General Meeting of Shareholders in two copies. Both copies must be signed by the officer chairing the General Meeting of Shareholders and the Secretary of the General Meeting of Shareholders.

11.9. Decisions of the General Meeting of Shareholders may be made without convening a meeting (without attendance of shareholders for discussing the agenda issues and making decisions on the voted items) by ballot voting (by way of circulation).

Voting on the issues included in the agenda of the General Meeting of Shareholders held in the form of ballot voting shall be made only by voting ballots.

11.10. A General Meeting of Shareholders, the agenda of which includes electing the Board of Directors, appointing of the External Auditor as well as issues specified in Sub-clause 13, Clause 10.2., Article 10 hereof, cannot be held in the ballot voting format.

11.11. The General Meeting of Shareholders held in the form of ballot voting is deemed legally qualified (has a quorum) if attended by shareholders owning an aggregate of more than half of the votes of the Company's distributed voting shares.

Shareholders are deemed to have participated in the General Meeting of Shareholders held in the form of ballot voting in the event their ballots have been received no later than on the deadline for accepting the ballots by the Company specified therein, as well as if they have filled in electronic ballots on the website in the Internet specified in the notice of the General Meeting of Shareholders before the deadline for accepting the ballots in case such opportunity is provided for by the decision of the Board of Directors taken within the framework of the preparation for the General Meeting of Shareholders.

11.12. Shareholder(s) holding in aggregate at least 2 (two) percent of the voting shares in the Company may propose items for inclusion on the agenda of the Annual General Meeting of Shareholders and nominate candidates to the Board of Directors, the number of which may not exceed the size of the Board of Directors as set out herein. Such proposals must be received by the Company no later than 90 (ninety) days as of the end of the reporting year.

11.13. If the proposed agenda of the Extraordinary General Meeting of Shareholders contains an item concerning election of members of the Company's Board of Directors, the shareholder(s) holding in the aggregate at least 2 (two) percent of the Company's voting shares may propose candidates to the Company's Board of Directors, as long as the number of such candidates does not exceed the size of the Company's Board of Directors.

11.14. The relationships which are not regulated by the present Article shall be governed by the Federal Law "On Joint-Stock Companies" and the Regulation on the Procedure for Preparation and Holding of the General Meeting of Shareholders.

## **Article 12. Board of Directors**

12.1. The Board of Directors shall carry out the general management of the Company with the exception of matters that are referred to the competence of the General Meeting of Shareholders by the Federal Law On Joint-Stock Companies and hereby.

The following matters shall fall within the competence of the Board of Directors:

- 1) determination of the priority areas of the Company's activities;
- 2) convocation of the annual and any extraordinary General Meeting of Shareholders;
- 3) approval of the agenda of the General Meeting of Shareholders;
- 4) determination of the date of listing the persons entitled to attend and vote at a General Meeting of Shareholders and resolution of other matters related to the preparation and holding of the General Meeting of Shareholders;
- 5) making decision on proposal and putting to vote at the General Meeting of Shareholders issues provided for by Sub-clauses 2, 5, 6, 8, 12-23 of Clause 10.2. Article 10 hereof;
- 6) increasing the Company's Authorized Capital by placing additional shares of the Company except for the cases when a decision on issue of additional shares of the Company falls within exclusive competence of the General Meeting of Shareholders in pursuance to the requirements of the Federal Law "On Joint-Stock Companies";
- 7) making decision on distribution by the Company of convertible bonds or other convertible issue-grade securities, except for the cases when a decision on issue of bonds or other securities convertible into Company's shares falls within exclusive competence of the

- General Meeting of Shareholders in pursuance to the requirements of the Federal Law "On Joint-Stock Companies";
- 8) placement of bonds and other issue-grade securities by the Company unless otherwise provided for by the Federal Law "On Joint-Stock Companies" and hereby;
  - 9) approval of documents in relation to the issuance of shares and other securities and repurchase and redemption of shares, if the approval of such documents by the Board of Directors is required by the Federal Law "On Joint-Stock Companies" or other laws and regulations of the Russian Federation;
  - 10) determination of the price (monetary value) of property, the price of offering and repurchase of issue-grade securities in the events provided for by the Federal Law "On Joint-Stock Companies";
  - 11) repurchase by the Company of distributed shares in accordance with item 2 of Article 72 of the Federal Law "On Joint-Stock Companies";
  - 12) disposal (sale) of the Company's shares redeemed by the Company as a result of their acquisition or repurchase from shareholders as well as in other events stipulated by the Federal Law "On Joint-Stock Companies";
  - 12.1) making decisions on putting in an application on listing of Company's shares and/or convertible issue-grade securities of the Company;
  - 13) recommendations regarding the amount of dividend on the Company's shares and the manner in which they are to be paid;
  - 14) making a decision concerning the use of the Company's funds as established pursuant to Article 8 hereof;
  - 15) election of the General Director and early termination of his powers including the determination of the terms and conditions of the employment contract concluded with the General Director and early termination of said employment contract;
  - 16) determination of the size of the Management Board, election of its members and early termination of their powers including the determination of the terms and conditions of the employment contract concluded with them and early termination of said employment contract;
  - 17) bringing the General Director and the members of the Management Board to disciplinary liability as well as payment of incentives to them in compliance with the provisions of the applicable law of the Russian Federation;
  - 18) suspension of the powers of a managing organization or an administrator, if such powers have been transferred from the General Director to a managing organization or an administrator, and appointment of a temporary sole executive body;
  - 19) election of the Chairman of the Board of Directors and early termination of his/her powers as well as election of the Deputy Chairman of the Board of Directors and early termination of his/her powers;
  - 20) creation of committees of the Company's Board of Directors, approval of internal documents defining the competences and operating procedures thereof, determination of the size of the committees, appointment of the Chairman and the members of the committees and termination of their powers, review of reports by the committees of the Board of Directors and resolution of other issues associated with the activities of the committees;
  - 21) determination of the External Auditor's fee;
  - 22) approval of the nomination of an independent appraiser (independent appraisers) for the purpose of appraising of the Company's shares, property and other assets of the Company in the events provided for by the Federal Law "On Joint-Stock Companies" and hereby;
  - 23) approval of the Company's Registrar and the terms and conditions of its contract as well as the termination thereof;
  - 24) approval of the Company's internal documents (with the exception of those, the approval of which falls within the competence of the General Meeting of Shareholders, and other internal documents, the approval of which is relegated to the competence of the Company's executive bodies), including the financial policy, delegation of authority policy, Procurement Regulation, documents defining the Company's risk management

- and internal control policy and internal audit management policy (including the Internal Audit Department Regulation), and the dividend policy;
- 25) appointment and early resignation of Company's Corporate Secretary, approval of Company Corporate Secretary's policy and (or) a regulation on the function performing the duties of the corporate secretary of the Company;
  - 26) defining the Company's (its representatives') position on the following issues of the agendas of the general meetings of shareholders (participants) and the meetings of the boards of directors of Subsidiaries:
    - a) approval of major transactions, related-party transactions and other transactions, which are referred by the Subsidiary's Articles of Association to the competence of the Subsidiary's General Meeting of Shareholders or Subsidiary's Board of Directors and in the case of this transaction related to types of transactions specified in Sub-clause 33 clause 12.1 article 12 hereof;
    - b) approval of Subsidiary's implementation of or Subsidiary's participation in implementation of projects provided that the total sum of Subsidiary's expenditures required to implement the project exceeds the amount equal to Euro 25,000,000.
  - 27) approval of the budget of the Company, including the loss-and-profit plan, investment plan, personnel planning, cash flow plans, sponsorship, charity expenses and social investments plans;
  - 28) consideration of reports submitted by the General Director concerning:
    - a) the Company's business activity, in particular performance under the approved by the Board of Directors budget and investment projects at least once each six months; as well as
    - b) implementation of the decisions made by the General Meeting of Shareholders and the Board of Directors.
  - 29) consent on conclusion or subsequent approval of major transactions in the instances specified in Chapter X of the Federal Law "On Joint-Stock Companies";
  - 30) consent on conclusion or subsequent approval of related-party transactions specified in Chapter XI of the Federal Law "On Joint-Stock Companies";
  - 31) approval of the investment projects of the Company with the duration of implementation (time from the moment of creation of financial obligations for the Company under the project till commissioning of the project implementation results in full scope) of more than one year and alterations to them provided that the total sum of expenditures required to implement the investment project within the total duration of its implementation exceeds the amount equal to Euro 25,000,000;
  - 32) approval of the following transactions of the Company excluding those being concluded to implement an investment project as approved in accordance to subclause 32 of cl.12.1. of article 12 of hereof within the limits of total sum of expenses under the investment project and within overall duration of investment project implementation:
    - a) transactions which subject is the disposal or potential disposal as well as the encumbrance of the Company's non-current assets(including land plots, unfinished construction projects and other real property) with book value exceeding the amount equal to Euro 10,000,000;
    - b) contracts/agreements which subject is acquisition of the non-current assets (including land plots, unfinished construction projects and other real property) which acquisition price exceeds the amount equal to Euro 10,000,000;
    - c) lease agreements annual rental payments exceed the amount equal to Euro 10,000,000 or if rental payments for the whole period of lease exceed the amount equal to Euro 25,000,000;
    - d) consulting contracts, which value exceeds the amount equal to Euro 300,000
    - e) transactions which subject is the providing surety by the Company under the obligations of the third parties (including surety on bills) and/or encumbrance of the Company assets to secure obligations of third persons exceeding the amount equal to Euro 10,000,000;
    - f) technological fuel purchase and sale contracts (including gas, coal, peat, fuel oil), and supplementary agreements thereto, if value of the liabilities arising/discontinuing based on each such contract or individual supplementary agreement exceeds the amount equal to Euro 100,000,000;

- g) the contracts for lending by the Company to a third party provided that the sum of the loan without accrued interest exceeds the amount equal to Euro 15,000,000;
- h) the contracts whereby the Company receives a loan from a third party provided that the sum of the loan without interest on the loan exceeds the amount equal to Euro 15,000,000;
- i) the contracts whereby the Company purchases spare parts, work contracts, service contracts entered into for the purpose of maintenance and repair of power equipment acquired by the Company in the implementation of investment projects approved by the Board of Directors, if value of the liabilities arising/discontinuing based on each such contract or individual supplementary agreement exceeds the amount equal to Euro 15,000,000;
- j) other transactions in cases when the book value of the property being disposed or being encumbered or transaction value of works or/and services to be rendered or property (works, services) being procured exceeds the amount equal to Fifteen million Euro (EUR 15,000,000), excluding those transactions associated with disposal and/or purchase of electricity (capacity), heat, financial instruments (derivatives), deposit agreements, deposit transactions concluded on the clearing market, and foreign currency purchase contracts;
- k) other transactions for which obtaining approval of the Board of Directors is recommended by the Management Board;
- 33) decision making on a Company's renunciation of suit (claim), on making amicable agreement, on acknowledgement of the claims presented to the Company, in case claim subject matter in cash equivalent exceeds the amount of Euro 10,000,000, or reduction of the claims announced by the Company by the amount exceeding Euro 10,000,000, excluding those transactions associated with disposal and/or purchase of electricity (capacity), heat, financial instruments (derivatives), deposit agreements, deposit transactions concluded on the clearing market, and foreign currency purchase contracts;
- 34) approval of transactions associated with the disposal of the Company's property and/or performance of works (provision of services) by the Company, if (i) the property is being sold at the price which is more than 20% less than the book value, or the price of works, services is less than their primary cost by more than 20 %, and (ii) the price difference to the book value (primary cost of works) exceeds the equivalent of Euro 5,000,000;
- 35) approval of collective bargaining agreements of the Company and of the addenda to collective bargaining agreements in case the said addenda result in increase of the Company's expenses by more than Euro 5,000,000 per annum;
- 36) determination of principles of and approaches to the development of the Company's risk management and internal control system, review of the assessment results and analysis of the operation of the risk management and internal control system, approval of internal documents setting out the Company's policy in the field of organisation of risk management and internal control;
- 37) determination of principles of and approaches to the development of the Company's internal audit, approval of internal documents setting out the Company's policy in the field of the internal audit organisation and fulfilment;
- 38) establishment, reorganization and liquidation of the Company's internal audit department, approval of a work plan of the internal audit department, review of reports on the work plan implementation and internal audit fulfilment;
- 39) appointment and early termination of authorities of the head of the internal audit department, approval of the terms and conditions of the employment contract with the above executive officer;
- 40) review of the assessment results of the corporate governance practice;
- 41) providing recommendations in respect of any and all non-binding or binding offers received by the Company to acquire the Company's shares as well as other equity securities convertible into the Company's shares, with evaluation of the offered price of the purchased securities and of potential adjustments to their market value after acquisition, and evaluation of the plans of the person making the non-binding or binding offer in respect of the Company, inter alia, its employees;
- 42) approval of the Company's report on related-party transactions made in the reporting year;

43) other issues which are referred to the competence of the Board of Directors by the Federal Law "On Joint-Stock Companies" and hereby.

Where financial thresholds are referred to in Euro the exchange rate of the Central Bank of Russia on the last day of the last month of the calendar quarter prior to entering into the respective transaction shall apply for conversion into Rubles.

When Clause 12.1 of the Company's Articles of Association states financial thresholds to refer transactions as transactions subject to the approval of the Board of Directors, the provisions of the Articles of Association concerning approval of such transactions cannot be avoided by division of the transaction into several parts.

12.2. Where the solution of a matter falls within the competence of the Board of Directors, the Management Board and the General Director are not allowed to act without obtaining the prior approval of the Board of Directors. The Board of Directors is entitled to make a decision on further approval of a transaction or other decision, which falls within the competence of the Board of Directors in individual events

12.3 Matters referred to the competence of the Board of Directors may not be delegated to the General Director and Management Board. Proposals to the agenda of the Board of Directors can be made by any member of the Board of Directors, the Management Board, the General Director, the External Auditor, and the Corporate Secretary.

12.4 Decisions adopted by the Board of Directors within its competence are binding upon the Company's Management Board, General Director and employees of the Company.

12.5. The members of the Board of Directors shall, when exercising their rights and fulfilling obligations, act in the interests of the Company, in good faith and reasonably.

12.6. The members of the Board of Directors shall be liable to the Company for the losses caused to the Company by their wrongful acts (omission), unless other grounds for liability are determined by federal laws.

However, the members of the Board of Directors who voted against the decision that inflicted losses on the Company or did not participate in the vote shall not be liable.

### **Article 13. Election of the Board of Directors**

13.1. The Board of Directors shall consist of nine (9) persons.

13.2. The members of the Board of Directors are elected at the General Meeting of Shareholders on the basis of the procedure prescribed in Clause 10.8., Article 10 hereof for the period until the next Annual General Meeting of Shareholders is held.

In the event the members of the Board of Directors are elected at an extraordinary General Meeting of Shareholders they shall be deemed elected for the period before the next Annual General Meeting of Shareholders is held.

If the Annual General Meeting of Shareholders was not held within the terms prescribed by Clause 11.1., Article 11 hereof the authorities of the Board of Directors shall be terminated with the exception of its powers to prepare, convene and hold the Annual General Meeting of Shareholders.

13.3. By decision of the General Meeting of Shareholders the authority of all members of the Board of Directors may be terminated early.

### **Article 14. Chairman of the Board of Directors**

14.1. The Chairman of the Board of Directors shall be elected by the members of the Board of Directors from among the members by majority of the total number of the members of the Board of Directors.

The Board of Directors may at any time re-elect its Chairman by majority of the total number of the members of the Board of Directors.

14.2. The Chairman of the Board of Directors shall co-ordinate the work of the Board of Directors, convene the meetings of the Board of Directors and chair them, cause the minutes of the meetings to be kept and chair the General Meetings of Shareholders in compliance with Clause 10, Article 10 hereof.

14.3. In the absence of the Chairman of the Board of Directors his functions shall be performed by his Deputy elected from among the members of the Board of Directors by majority of the total number of the members of the Board of Directors.

### **Article 15. Meetings and ballot votes of the Board of Directors**

15.1. The procedure for calling and holding meetings and ballot votes of the Board of Directors shall be governed by an internal document approved by the General Meeting of Shareholders.

15.2. Meetings or ballot votes of the Board of Directors are held when necessary, however at least once each quarter.

15.3. Decisions made by the Board of Directors at its meetings (ballot votes) shall be passed by majority vote of the members of the Board of Directors who attend the meeting unless otherwise provided for by the Federal Law "On Joint-Stock Companies" and hereby.

15.4. In the following cases a decision of the Board of Directors shall be passed by a three-fourth majority of all elected members of the Board of Directors, in which case the votes of retired members of the Board of Directors shall not be taken into account:

- suspension of the powers of a managing organization or an administrator and appointment of a temporary sole executive body (Sub-clause 18 of clause 12.1 hereof);
- other cases provided for by the Federal Law "On Joint-Stock Companies".

15.5. In the following cases a decision of the Board of Directors shall be passed unanimously by all elected members of the Board of Directors, in which case the votes of retired members of the Board of Directors shall not be taken into account:

- approval of major transactions (Sub-clause 30 of Clause 12.1 hereof);
- decision on increase of Company's authorized capital through issue of additional shares of the Company (Sub-clause 6 clause 12.1 Article 12 hereof);
- decision on placing by the Company of convertible bonds or other convertible issue-grade securities (Sub-clause 7 of Clause 12.1 hereof);
- other cases provided for by the Federal Law "On Joint-Stock Companies".

15.6. A decision on approval of an related-party transaction shall be taken by the Board of Directors in compliance with Article 83 of the Federal Law "On Joint-Stock Companies".

15.7. For deciding on issues at meetings or ballot votes of the Board of Directors each member of the Board of Directors shall have one vote. The chairman of the Board of Directors shall have a casting vote in the event of a tie vote.

15.8. The presence of at least half of the elected members of the Board of Directors shall constitute a quorum for holding a meeting or ballot votes of the Board of Directors.

15.9. Minutes of the meetings of the Board of Directors must be kept with respect to every meeting. Minutes of the ballot vote shall be prepared on the results of ballot vote.

### **Article 16. Committees of the Board of Directors**

16.1 Committees under the Board of Directors shall be formed upon the Board of Directors' relevant decision.

16.2 Committees under the Board of Directors are established to consider the issues which either fall within the competence of the Board of Directors, or which the members of the Board of Directors explore for the verification of the activity of the Company's executive body and/or for the preparation of recommendations to the Board of Directors and the Company's executive bodies.

16.3 The regulation of activity, the procedure for formation, the competence and the terms of the powers of the relevant committee under the Board of Directors shall be determined by individual decisions adopted by the members of the Board of Directors.

### **Article 17. Executive Bodies of the Company**

17.1. The Company's day-to-day activities shall be managed by its sole executive body, the General Director, and its collective executive body, the Management Board.

17.2. The General Director and the Management Board report to the General Meeting of Shareholders and the Board of Directors.

17.3. Upon decision of a General Meeting of Shareholders the powers of the Company's sole executive body may be transferred to a managing organization or an administrator on the basis of an agreement. In the case the powers of the sole executive body are transferred to a managing organization or an administrator the Company shall have no Management Board and any provisions hereof referring to the Management Board shall be suspended for the duration of the transfer of powers. In such case, the Board of Directors shall terminate the powers of the members of the Management Board on the date of transfer of the powers of the Company's sole executive body to a managing organization or an administrator.

The rights and obligations of the managing organization or the administrator related to the management of the Company's day-to-day activities shall be established by the laws of the Russian Federation and the agreement (contract) concluded between the managing organization or the administrator and the Company.

The agreement (contract) with the managing organization or the administrator on behalf of the Company shall be signed by the chairman of the Board of Directors or a person authorized by the Board of Directors.

The terms of the agreement (contract) with the managing organization or the administrator, including the terms of its powers shall be determined by the Board of Directors.

17.4. The rights and obligations of the General Director and the members of the Management Board associated with the management of the Company's day-to-day activities shall be established by the laws of the Russian Federation, hereby, and by the employment contract concluded between each of them and the Company.

The employment contract with the General Director and the members of the Management Board on behalf of the Company shall be signed by the Chairman of the Board of Directors or a person authorized by the Board of Directors.

17.5. In exercising their rights and performing their obligations the General Director and the members of the Management Board act in the interests of the Company as well as in good faith and with reason.

17.6. The combination of functions of the General Director or as member of the Management Board of the Company with a position in the governing bodies or any other paid function in legal entities is subject to the consent of the Board of Directors.

17.7. The General Director and the members of the Management Board are responsible to the Company for losses caused to the Company by their wrongful acts or omission, unless the extent of and grounds for responsibility are stipulated otherwise under the laws of the Russian Federation.

The members of the Management Board shall not bear responsibility under this Clause if they voted against the decision that inflicted losses on the Company or did not participate in the vote.

## **Article 18. Management Board**

18.1 The Management Board shall act on the basis of these Articles of Association and the Regulation on the Management Board approved by the General Meeting of Shareholders which governs the procedure and terms for calling and holding its meetings as well as the procedure for making decisions.

18.2 The following matters shall fall within the competence of the Management Board:

- 1) elaboration and submission of perspective plans for the realization of guidelines for the Company's activity to the consideration of the Board of Directors;
- 2) preparation of reports on the financial-economic activity of the Company and on the implementation of decisions passed at the General Meeting of Shareholders and/or the Board of Directors;
- 3) proposals for decisions by the Board of Directors in relation to issues on the agenda which have been initiated by the Management Board;
- 4) consideration of issues in respect of streamlining the steering of Company's day-to-day operations within all core business areas;
- 5) approval of the investment projects of the Company with the duration of implementation (time from the moment of creation of financial obligations for the Company under the project till commissioning of the project implementation results in full scope) of more than one year and changing of the duration provided the total sum of expenditures required to

- implement investment project within the total duration of its implementation exceeds the amount equal to Euro 1,000,000;
- 6) approval of the following transactions of the Company excluding those being concluded to implement an investment project, which has been approved in accordance to subclause 32 of cl.12.1. of article 12 or subclause 5 of cl.18.2. of article 18 hereof within the limits of total sum of expenses under the investment project and within overall investment project implementation timeline:
    - a) transactions which subject is the disposal or potential disposal (the encumbrance) of the Company's non-current assets (including land plots, unfinished construction projects and other real property) with a book value exceeding the amount equal to Euro 1,000,000;
    - b) contracts/agreements which subject is acquisition of the non-current assets (including land plots, unfinished construction projects and other real property) which acquisition price exceeds the amount equal to Euro 1,000,000;
    - c) lease agreements annual rental payments exceed the amount equal to Euro 500,000 or if rental payments for the whole period of lease exceed the amount equal to Euro 1,000,000;
    - d) transactions which subject matter is the surety by the Company under the obligations of the third parties (including surety on bills) and/or encumbrance of the Company assets to secure obligations of third persons exceeding the amount equal to Euro 1,000,000;
    - e) technological fuel purchase and sale contracts (including gas, coal, peat, fuel oil), and supplementary agreements thereto, if value of the liabilities arising/discontinuing based on each such contract or individual supplementary agreement exceeds the amount equal to Euro 25,000,000;
    - f) the contracts for lending by the Company to a third party;
    - g) the contracts whereby the Company receives a loan from a third party provided that the sum of the loan without interest on the loan exceeds the amount equal to Euro 1,000,000;
    - i) other transactions in cases when the book value of the property being disposed or being encumbered or transaction value of works or/and services to be rendered or property (works, services) being procured exceeds the amount equal to Five million Euro (EUR 5 000,000), excluding those transactions associated with disposal and/or purchase of electricity (capacity), financial instruments (derivatives), deposit agreements, deposit transactions concluded on the clearing market, and foreign currency purchase contracts;
  - 7) decision making on a Company's renunciation of suit (claim), on making amicable agreement, on acknowledgement of the claims presented to the Company, in case claim subject matter in cash equivalent exceeds the amount of Euro 500,000, or reduction of the claims announced by the Company by the amount exceeding Euro 500,000, excluding those transactions associated with disposal and/or purchase of electricity (capacity), financial instruments (derivatives), deposit agreements, deposit transactions concluded on the clearing market, and foreign currency purchase contracts;
  - 8) defining of Company's (Company representatives') position in respect to the following items of the agenda of Subsidiaries' general shareholders (participants) meetings and Board of Directors meetings:
    - a) reorganisation of Subsidiaries;
    - b) definition of the number, nominal value, category (type) of declared shares of Subsidiaries and rights granted by these shares;
    - c) increase of the authorized capital of Subsidiaries by increasing of the nominal value of shares;
    - d) Share splitting and consolidation of the Subsidiaries' shares;
    - e) amendments and supplements to the Articles of Association or approval of a revision of the Articles of Association of the Subsidiaries;
    - f) decisions on participation of the Company in other entities (organizations), including the establishment of Subsidiaries, changes in the participation, encumbrance of shares and termination of participation in such entities;
    - g) placement of bonds and other issue-grade securities by the Subsidiaries;



- h) on recommendations for the amount of the Subsidiary's share dividend and procedure of its paying;
  - i) on utilization of Subsidiary's funds;
  - j) on electing sole executive bodies of the Subsidiaries, including setting terms and conditions of employment agreements with the General Directors of the Subsidiaries as well as conditions of early termination of their authority;
  - k) on the approval of the documents guiding the financial policy of a Subsidiary;
  - l) on the approval of the Subsidiary's insurance standards and of the Subsidiary's insurance programs;
  - m) on the approval of the Subsidiary's budget, including loss-and-profit plan, investment plan, personnel planning, cash flow plans, sponsorship and social investments and charity expenses plans;
  - n) on the approval of the Subsidiary's auditor;
  - o) on the approval of major transactions, related-party transactions and other transactions, which are referred by the Subsidiary's Articles of Association to the competence of the Subsidiary's General Meeting of Shareholders or Subsidiary's Board of Directors with the exception of transactions specified in Paragraph "h" sub-clause 27 clause 12.1 article 12 hereof;
  - p) approval of Subsidiary's implementation of or Subsidiary's participation in implementation of projects provided that the total sum of Subsidiary's expenditures required to implement the project exceeds the amount equal to Euro 1,000,000.
- 9) approval of transactions associated with the disposal of the Company's property and/or performance of works (provision of services) by the Company, if (i) the property is to sold at the price which is more than 20% below its book value, or the price of works, services is below their costs by more than 20 %, and (ii) the price difference between price and the book value (costs of works and services) exceeds the equivalent of Euro 100,000;
  - 10) approval of a transfer of the Company's property without any consideration (incl., charity and sponsorship and social investments), discharge from the property commitment to the Company or to the third parties, provision of services (carrying out works) by the Company without any consideration;
  - 11) approval of the organisational structure of the executive level of the Company and changes hereto;
  - 12) approval of plans and events related to instruction and advanced training of the Company's employees;
  - 13) approval of the supplementary agreements to Company's collective bargaining agreements in case the said agreements result in increase of the Company's expenses by more than Euro 1,000,000 per annum;
  - 14) approval of internal Company's regulations on setting main principles of Company's functioning, including social benefits and guarantees for the Company's employees in excess of those as stipulated in collective bargaining agreements;
  - 15) establishment of the Company's branches and representative offices, their liquidation, approval of the Regulations for the Company's branches and representative offices;
  - 16) consideration of reports submitted by the Deputies of the General Director, the heads of the Company's subdivisions which concern the results of implementation of the approved plans, programs, instructions, consideration of reports, documents and other information related to the Company's activity as well as the activity of its Subsidiaries;
  - 17) decisions on participation of the Company in other entities (organizations), including the establishment of Subsidiaries, changes in the participation, encumbrance of shares and termination of participation in such entities, and conclusion of cooperation agreements;
  - 18) resolution of other matters of the Company's day-to-day activities in compliance with resolutions and documents approved by of the General Meeting of Shareholders, the Board of Directors as well as other issues brought before the Management Board by the General Director.

In each case the Management Board shall observe the internal regulations approved by the Board of Directors.

Where thresholds are referred to in Euro the exchange rate of the Central Bank of Russia on the last day of the last month of the calendar quarter prior to entering into the respective transaction shall apply for conversion into Rubles.

When Clause 18.2 of the Company's Articles of Association states financial thresholds to refer transactions as transactions subject to the approval of Management Board, the provisions of the Articles of Association concerning approval of such transactions cannot be avoided by division of the transaction into several parts.

18.3. The Management Board shall consist of at least three (3) persons. The Board of Directors may decide on a higher number of members of the Management Board.

18.4. A Management Board meeting (ballot voting) shall be valid when attended (participated) by at least half of the elected members of the Management Board.

18.5. All decisions are passed by the Management Board by a majority vote of the members of the Management Board who attend the meeting (participate in ballot voting). The Chairman of the Management Board shall have casting vote in the event of a tie vote.

If resolution of an issue falls within the competence of the Management Board then the General Director is not entitled to act without obtaining preliminary approval of the Management Board. The Management Board is entitled to make a decision on further approval of a transaction or other decision, which falls within the competence of the Management Board in individual events

18.6. A member of the Management Board may not assign his voting right to another person, including another member of the Management Board.

18.7. Minutes of the meetings of the Management Board must be kept with respect to every meeting. Minutes of the ballot vote shall be prepared on the results of ballot vote.

## **Article 19. General Director**

19.1 The General Director manages the Company's day-to-day activities in compliance with resolutions of the General Meeting of Shareholders, the Board of Directors, the Management Board adopted within their competence.

19.2 All matters related to the management of the Company's day-to-day activities with the exception of the matters relegated to the competence of the General Meeting of Shareholders, the Board of Directors, and the Management Board shall fall within the competence of the General Director.

19.3 The General Director acts on behalf of the Company without a power of attorney subject to restrictions provided for by the Federal Law "On Joint-Stock Companies", hereby, and by the decisions adopted by the Board of Directors and the Management Board:

- 1) to ensure that the plans for the Company's business activity required for the performance of its tasks are implemented;
- 2) to arrange for the maintenance of the Company's accounting and reporting;
- 3) to dispose of the Company's property, conclude transactions on behalf of the Company, issue powers of attorney, open settlement and other accounts of the Company in banks and other credit organizations (and in the events specified in the applicable legislation – in the entities which are professional participants in the securities market);
- 4) to issue orders, approve (adopt) instructions, local regulatory acts and other internal documents of the Company which fall within his/her competence, to give instructions binding on all of the Company employees;
- 5) to adopt the list of staffing positions and official salaries of the Company employees in compliance with organizational structure of the executive bodies of the Company;
- 6) to exercise rights and assume responsibilities of an employer in relations with the Company employees provided for by the applicable labor law;
- 7) to act as a Chairman of the Management Board;
- 8) to allocate obligations between the Deputies General Director;
- 9) to submit to the Board of Directors for its review the annual report and the annual financial statements of the Company prepared in accordance with the legislation of the Russian Federation, distribution of profits and losses of the Company at least thirty (30) days prior to the date of the Annual General Meeting of Shareholders.
- 10) to submit reports to the Board of Directors for its review concerning:

- a) the Company's business activity, in particular performance under the approved by the Board of Directors budget and investment projects at least once each six months; as well as
- b) implementation of the decisions passed at the General Meeting of Shareholders and the Board of Directors;
- 11) as far as legally possible, to ensure that the activities within the Subsidiaries are operated according to the guidelines and policies of the Company and that the Company's interests are safeguarded according to the Board of Directors' decisions as well as to represent the Company as the Subsidiary' sole participant at the general meetings of participants of the specified Subsidiary unless otherwise provided for by a resolution of the Company's Management Board or Board of Directors;
- 12) defines the Company's as well as representative's position to participate in the meetings/sessions of non-profit associations where the Company is a member;
- 13) to decide other matters related to the management of the Company's day-to-day activities with the exception of items delegated to the competence of the General Meeting of Shareholders, the Board of Directors and the Management Board.

In each case the General Director shall observe the decisions of the General Meeting of Shareholders, the Board of Directors and the Management Board. Where the General Director requires the approval of the General Meeting of Shareholders, the Board of Directors or the Management Board, such approval has to be obtained prior to the implementation of the matter or execution of the transaction. The General Meeting of Shareholders, Board of Directors or the Management Board is entitled to make a decision on further approval of a transaction or other decision, which falls within the competence of the Management Board, in individual events.

19.4. The General Director is elected at a meeting of the Board of Directors by majority of the votes of the members of the Board of Directors present at the meeting.

## **Article 20. External Auditor. Internal Auditor.**

20.1. In order to verify the accuracy of the Company's annual accounting (financial) statements the General Meeting of Shareholders approves the External Auditor on an annual basis.

20.2. The Board of Directors shall determine the fees of the External Auditor.

20.3. An External Auditor conducts an audit of financial and business activities of the Company in compliance with the requirements of the laws of the Russian Federation and on the basis of a contract concluded with him.

20.4. Upon the results of the audit of the Company's financial-economic activity the External Auditor shall prepare a conclusion that shall contain:

- a confirmation of the reliability of the information contained in accounts and other financial documents of the Company;
- information on cases of violation by the Company of the accounting and accounting (financial) reporting standards established by the laws of the Russian Federation or violation of the laws and legal acts of the Russian Federation in the course of its financial-economic activity.

20.5. Internal Auditor.

20.5.1. The Internal Audit Department is established in order to assess the reliability and efficiency of the risk management and internal control in the Company. The Internal Audit Department shall be established, reorganized and liquidated upon the Board of Directors' relevant decision.

20.5.2. In order to provide independence and objectivity of the internal audit the Internal Audit Department and its' head are accountable to the Company's Board of Directors.

20.5.3. The Internal Audit Department acts pursuant to regulation approved by the Company's Board of Directors.

20.5.4. The head of the Internal Audit Department shall be appointed to the position and dismissed from the position by the General Director of the Company on the basis of the resolution of the Company's Board of Directors. The terms and conditions of the employment agreement with said person shall be approved by the Board of Directors of the Company.

## **Article 21. Accounting and Accounting (Financial) Statements**

21.1 The Company shall maintain the accounting and submit its accounting (financial) statements in the procedure prescribed by the laws of the Russian Federation and these Articles of Association and financial statements under International Financial Reporting Standards (IFRS), which according to IFRS rules can be included in the consolidated reports of the Company's group of persons.

21.2 In compliance with the laws of the Russian Federation and these Articles of Association, the General Director is accountable for the organization, status and reliability of accounting, timely submission of the annual report and other accounting (financial) statements to the appropriate state bodies, as well as for the information on the Company's business disclosed to the shareholders, creditors and the mass media.

21.3 The reliability of the data contained in the Company's annual report and annual accounting (financial) statements shall be certified by the External Auditor.

21.4 The annual report and the annual financial statements of the Company prepared in accordance with the laws and regulations of the Russian Federation, distribution of profits and losses of the Company shall be subject to prior approval by the Board of Directors at least thirty (30) days prior to the date of holding the Annual General Meeting of Shareholders.

21.5 Annual consolidated report on the prior financial year, prepared in compliance with the requirements of IFRS, approved by the Board of Directors and certified by the External Auditor shall be submitted to the Company's shareholders by means of publishing in Company's Internet-site before the date of holding the Annual General Meeting of Shareholders but not later than 120 days after the end of the prior reporting year.

## **Article 22. Keeping of Documents. Disclosure of Information**

22.1. The Company must keep the following documents:

- 1) decision on the establishment of the Company;
- 2) the Company's Articles of Association duly registered amendments and revisions hereof;
- 3) the document confirming the state registration of the Company;
- 4) decision on the issue (additional issue) of securities, changes to the decision on the issue (additional issue) of securities, report on the results of the issue (additional issue) of securities, notice on the results of the issue (additional issue) of securities;
- 5) proof of the Company's title to the property on the Company's balance sheet;
- 6) internal documents of the Company approved by the management bodies of the Company;
- 7) regulations on the Company's branches and representative offices;
- 8) annual reports;
- 9) accounting documents;
- 10) annual accounting (financial) statements and the audit report thereon;
- 11) minutes of the General Meeting of Shareholders, minutes of the meetings of the Board of Directors and committees of the Board of Directors, minutes of the Management Board;
- 12) appraisers' reports drawn up in accordance with the requirements of the Federal Law "On Joint-Stock Companies" in cases of share redemption by the Company at the request of the shareholder;
- 13) documents received by the Company in accordance with Chapter XI.1 of the Federal Law "On Joint-Stock Companies"
- 14) lists of the Company's affiliates;
- 15) securities prospectuses, quarterly reports of the issuer, and other documents containing information to be publicized or disclosed by any other means pursuant to the federal laws;
- 16) notifications on concluding shareholder agreements sent to the Company and the lists of parties to these agreements;
- 17) judgments and rulings on the disputes related to the incorporation of the Company, its management, or membership therein, as well as judicial acts on such disputes, including a decision to initiate the proceedings by the arbitration court and acceptance of a

- statement of claim, or a declaration of changing the grounds, or subject matter of the previously brought action;
- 18) information related to the transactions including unilateral transactions that constitute major transactions and/or related-party transactions under the Federal Law "On Joint-Stock Companies", including the type, subject matter, content, and amount of such transactions, execution date thereof and deadline for the performance of obligations thereunder, information on the resolution on the authorisation or subsequent approval of such transactions;
  - 19) appraisers' valuation reports for the property constituting the subject matter of the Company's transactions that constitute major transactions and/or related-party transactions under the Federal Law "On Joint-Stock Companies";
  - 20) other documents stipulated by the laws of the Russian Federation, hereby, by the internal documents of the Company, and decisions adopted by the Company's management bodies.

22.2 The Company shall keep the documents specified in Clause 22.1. hereof at the place of location of its executive body in the manner and for the period prescribed by the Bank of Russia.

22.3 In the process of the Company's reorganization all documents shall be transferred to the legal successor in the prescribed manner.

22.4 In the process of the Company's liquidation the documents of scientific and historic importance must be submitted for a permanent safekeeping to the Federal Archive Agency; the staff documentation (i.e. orders, personal files, account cards, personal accounts, etc.) must be submitted, for safekeeping, to the governing bodies for archiving of the respective subject of the Russian Federation.

The submission and classification of the documents shall be performed in accordance with the requirements of the archive bodies

The Company shall provide any information concerning the Company's activity in compliance with the requirements of legislation of the Russian Federation.

22.5. The Company shall provide the shareholders with access to the Company's documents subject to the restrictions stipulated by the laws of the Russian Federation.

22.6. At the request of any shareholders entitled to inspect the Company's documents in accordance with the laws of the Russian Federation, the Company shall provide them with the copies thereof.

The fee charged by the Company for providing such copies shall be determined by the General Director and it may not exceed the expenses associated with making of such copies.

The Company shall provide the shareholders and the Company's employees with access to any information in accordance with the provisions of legislation concerning state secret.

### **Article 23. Reorganization and Liquidation of the Company**

23.1. The Company may be voluntarily reorganized by way of consolidation, merger, split-up, spin-off, or transformation, on the grounds and in the manner prescribed by the laws of the Russian Federation.

23.2. The Company may be liquidated either voluntarily, or by a court's decision in the manner provided for by the Civil Code of the Russian Federation, the Federal Law "On Joint-Stock Companies" and hereby.

23.3. During the process of reorganization and liquidation of the Company or termination of works containing information constituting state secret, the Company shall ensure safekeeping of such information and its carriers by means of elaboration and realization of measures for maintaining secrecy order, protection of information, technical intelligence countermeasures, security and fire safety.