

APPROVED:

by the General meeting of shareholders of  
Public Joint Stock Company “Severstal”  
on 23 November 2018  
(Minutes № 3 dated 26 November 2018)

**PUBLIC JOINT STOCK COMPANY**

**“SEVERSTAL”**

**CHARTER**

(NEW EDITION)

Public Joint Stock Company “Severstal” (hereafter “the Company”) was founded in accordance with the Decree № 721 of the President of the Russian Federation “On organizational measures on conversion of state enterprises, voluntary associations of state enterprises into joint-stock companies” dated July 1, 1992 № 721.

### **CLAUSE 1. FOUNDERS OF THE COMPANY**

1.1. The founder of the Company is the Committee for the management of Vologda regional administration’s assets.

### **CLAUSE 2. BUSINESS NAME AND LOCATION OF THE COMPANY**

2.1. The Company’s full business name in Russian is as follows: **Публичное акционерное общество «Северсталь»**;  
the abbreviated Company’s name in Russian is as follows: **ПАО «Северсталь»**;  
the Company’s full business name in English is as follows: **Public Joint Stock Company «Severstal»**;  
the abbreviated Company’s name in English is as follows: **PAO Severstal**.

2.2. The Company’s location is as follows: the Russian Federation, Vologda region, Cherepovets, Mira Street, 30.

The location of the Company shall be defined as the place of its state registration.

### **CLAUSE 3. LEGAL STATUS OF THE COMPANY**

3.1. The Company is a corporate legal entity (corporation), who’s activities are regulated by the law of the Russian Federation and this Charter.

3.2. The Company’s capacity as a legal entity shall arise from the moment of introduction of information about the Company’s foundation in the Unified State Register of Legal Entities and shall cease from the moment of introduction of information about the Company’s liquidation in the aforementioned Register.

3.3. The Company owns the property reflected on its independently audited balance sheet, including the assets transferred by the shareholders in exchange for shares. The Company enjoys the rights of ownership of these assets, i.e. the right of possession, use and disposal. The assets of the Company are not subject to requisition and confiscation by way of administrative order, except for the cases stipulated by the law of the Russian Federation.

3.4. The Company on its own behalf has the right to conclude transactions, acquire and exercise its civil rights of ownership and incur civil obligations, and be a claimant and a defendant in the court.

3.5. The Company may establish the branches and representative offices as required by the provisions of the applicable Russian law.

Information about the Company’s branches and representative offices is indicated in the Unified State Register of Legal Entities.

3.6. The Company shall have the right to participate in operations and to found enterprises, establishments and organizations as provided for by the applicable law of the Russian Federation and the law of foreign states both in the territory of the Russian Federation and beyond.

3.7. The Company has the right to be a part of any union, association or other corporate combination on a voluntary basis in accordance with the law of the Russian Federation.

3.8. The Company bears no liability for the obligations of its shareholders. The shareholders bear no liability for the obligations of the Company; they only assume the risk of losses connected with the Company’s activities up to a maximum amount equal to the cost of the shares owned by them, unless otherwise stipulated by the law of the Russian Federation.

The shareholders, who have not paid for their shares in full, bear joint liability for the obligations of the Company up to a maximum amount equal to the unpaid portion of cost of the shares owned by them.

3.9. The state and its bodies bear no liability for the Company's obligations; the Company bears no liability for the obligations of the state and its bodies.

3.10. Should the Company be declared an insolvent debtor (bankrupt), its shareholders will bear responsibility only in certain cases and in accordance with the procedures established by the law of the Russian Federation.

3.11. The Company has a seal containing the Company's full name and an indication of its location.

The Company is entitled to have stamps, letterheads and an emblem, as well as a trademark registered in accordance with an established procedure and any other means of individualization.

3.12. The Company has the right to open bank accounts both in roubles and foreign currency and any other accounts in the territory of the Russian Federation and beyond in accordance with the established procedure.

3.13. The Company may implement all kinds of foreign trade activities in accordance with the law of the Russian Federation.

3.14. Insurance of the Company's assets and operations shall be made in accordance with the law of the Russian Federation and other applicable law.

3.15. Employees of the Company are subject to compulsory health insurance and social security in accordance with the conditions stipulated by the law of the Russian Federation. The Company performs all necessary mobilisation and civil defence actions as required by the law of the Russian Federation and also ensures the safekeeping and security of documents relating to the Company's staff, as well as their timely transfer to the state archives in case of reorganization and liquidation of the Company.

3.16. The Company enjoys other rights and fulfils other duties as provided for by the law of the Russian Federation. The branches and representative offices of the Company established outside the Russian Federation are governed by the law of the countries in which they are located.

3.17. The Company is founded without any limitation of its period of activity.

3.18. One of the Company's principal activities includes working with information classified as state secret. Information classified as state secret can only be accessed by those persons who have the relevant level of access to such secret information.

#### **CLAUSE 4. PURPOSE AND SCOPE OF THE COMPANY'S ACTIVITIES**

4.1. The principal purpose of the Company is to generate profits and to deploy these profits in the Company's best interests.

4.2. The Company has the right to implement any kind of business activity except for those prohibited by the law of the Russian Federation.

As provided by the applicable law of the Russian Federation, some kinds of activities can be carried out by the Company only on the basis of a special permission (license), membership of a self-regulated organisation or through receipt of a certificate granting permission to carry out a certain type of activity issued by a self-regulated organisation.

4.3. The Company independently arranges for the protection of the data constituting its trade secrets. The composition and volume of the data constituting trade secrets, as well as the procedure for its protection are determined by the Company's General Director in accordance with the law of the Russian Federation.

The General Director, the members of the Board of Directors, as well as any employee of the Company are obliged to keep the trade secrets of the Company strictly confidential.

## **CLAUSE 5. CHARTER CAPITAL OF THE COMPANY. PURCHASE OF SHARES OF THE COMPANY**

5.1. The charter capital of the Company amounts to 8,377,186.60 roubles (Eight million three hundred seventy seven thousand one hundred eighty six roubles sixty kopecks).

The Company's charter capital is divided into 837,718,660 of ordinary nominal shares with the face-value of 0.01 roubles each (100 % of the charter capital).

5.2. The charter capital defines the minimum amount of the Company's assets that guarantee the interests of its creditors.

5.3. The amount of the charter capital may be changed in accordance with the procedure established by the law of the Russian Federation and this Charter.

5.4. The Company's charter capital may be enlarged by increasing the face value of shares or by placing additional shares.

5.5. A decision to enlarge the Company's charter capital by increasing the face value of shares shall be taken by the General meeting of shareholders.

5.6. Additional shares may be placed by the Company up to a maximum limit equal to the quantity of the declared shares as established by this Charter.

A decision to increase the Company's charter capital by placing additional shares may be taken by the General meeting of shareholders simultaneously with the decision to amend this Charter by introducing the provisions on declared shares as necessary for such a decision or by revising such provisions.

5.7. A decision to increase the Company's charter capital by placing additional shares should determine the quantity of placed additional ordinary shares and preferential shares of each type within the limits of the quantity of declared shares of each category (type); method of placing; the price of additional shares placed by means of a subscription or the procedure for the same, including the price of placing or the procedure for determination of the price of placing the additional shares among the shareholders having the priority right of acquiring the same; the form of payment for additional shares placed by means of a subscription and any other conditions of the share placing, as appropriate.

5.8. An increase of the Company's charter capital may be done at the expense of the Company's assets.

5.9. The Company is entitled, and in the cases stipulated by the law of the Russian Federation, is obliged to reduce its charter capital.

The Company's charter capital may be reduced by either diminishing the face value of shares or diminishing the total quantity of shares, which can be done through the acquisition and the redemption of part of the total shares.

5.10. A decision to reduce the Company's charter capital by either diminishing the face value of shares or by acquiring a part of shares with the purpose of reducing their total quantity shall be taken by the General meeting of shareholders.

5.11. The Company is obliged to notify its creditors of a reduction of the Company's charter capital in accordance with the procedure and in the form established by the applicable law.

5.12. The Company is entitled to acquire its own shares for purposes other than the reduction of their total quantity upon a decision of the Board of Directors (clause 2, article 72 of the Federal law "On Joint Stock Companies").

The shares acquired pursuant to this clause of the Charter may be paid for in cash and/or any other property (including securities issued outside the Russian Federation pursuant to the foreign law and any other objects recognised as objects of property interest pursuant to the foreign law).

The shares acquired by the Company pursuant to this clause of the Charter must be disposed (alienated) in accordance with the procedure and within the time limits established by the applicable law.

## **ARTICLE 6. SHARES, BONDS AND OTHER ISSUABLE SECURITIES OF THE COMPANY**

6.1. The Company is obliged to ensure the safekeeping and security of the Company's share register in accordance with the legal acts of the Russian Federation from the moment of state registration of the Company.

6.2. The keeper of the Company's share register is a professional participant of the securities market authorised to keep a register of security holders (hereinafter referred to as the registrar).

6.3. At the request of a shareholder or a nominal holder, the Company's registrar is obliged to confirm their rights for shares by issuing an appropriate abstract from the Company's share register that is not considered a security by itself.

### **Shares of the Company**

6.4. The Company places ordinary shares and has the right to place one or several types of preferential shares.

All shares of the Company are registered and are issued in a book-entry form.

6.5. The face value of the Company's ordinary shares should be identical.

6.6. Shares of the same category may differ in type. The percentage of preferential shares may comprise not more than 25 per cent of the charter capital.

The procedure for the issue (emission) of shares and their registration shall be defined by the applicable law of the Russian Federation.

### **Bonds and other issuable securities by the Company**

6.7. The Company has the right to place bonds and other issuable securities stipulated by the applicable law of the Russian Federation.

6.8. The placing of bonds and other issuable securities of the Company shall be made upon a decision of the Company's Board of Directors, except for the cases, when pursuant to the applicable law, the placing of bonds and other issuable securities may be done exclusively upon a decision of the Company's General meeting of shareholders.

A decision on the issue of bonds shall specify the form, terms and other conditions of the bonds' redemption.

### **Payment for the shares and other issuable securities of the Company**

6.9. The payment of shares placed by means of a subscription may be made in cash, securities (including those issued outside the Russian Federation pursuant to the foreign law), other items or property rights, or other monetizable rights and objects (including objects recognised as objects of property rights pursuant to the foreign law).

### **Methods of placing shares and other issuable securities by the Company**

6.10. The Company has the right to place additional shares and other issuable securities by any means provided by the applicable law.

6.11. The Company has the right to place shares and issuable securities, including those convertible into shares by way of either open or closed subscription.

## **ARTICLE 7. RIGHTS AND RESPONSIBILITIES OF THE COMPANY'S SHAREHOLDERS**

7.1. Each ordinary share shall give its owner a right to have one vote at a General meeting of shareholders, except for the cases of the cumulative vote.

7.2. The owners of ordinary shares have the right:

- to participate in the management of the Company in accordance with the procedure stipulated by this Charter and applicable law;
- to participate in a General meeting of shareholders with the right to vote on any issue within his/her competence;
- to receive part of the profit (dividends) from the Company's activities (provided that a relevant decision is taken by the General meeting of shareholders);
- to receive part of the Company's assets in the event of a liquidation of the Company.

The shareholders have other rights provided for by the applicable law, this Charter and internal documents of the Company.

7.3. The shareholders are obliged:

- to observe the requirements of this Charter;
- to refrain from actions inflicting any damage to the Company;
- to pay for the shares as provided for by the applicable law of the Russian Federation and this Charter;
- not to disclose confidential information about the Company's activity and to keep trade secrets; and
- to inform the Company in a timely manner regarding any change in their residence and other applicable details contained in the Company's share register.

The shareholders shall bear other responsibilities as provided for by the applicable law, this Charter and internal documents of the Company.

7.4. The shareholders – owners of voting shares have the right to demand the redemption by the Company of all or part of their shares in cases and on conditions provided by the applicable law.

7.5. The events obliging the Company to and the procedure for forwarding to its shareholders voluntary and compulsory offers to purchase shares; the events or activities by another shareholder of the Company creating the right of shareholders to demand redemption of their shares and the procedure for implementing the aforementioned right; and events causing and the procedure for compulsory redemption of shares (upon demand of one of the shareholders) shall be determined by the applicable law.

## **ARTICLE 8. ASSETS, FUNDS, PROFIT AND REIMBURSEMENT OF DAMAGES**

8.1. The assets being the property of the Company are formed at the expense of:

- balance-sheet assets of the Company, except for the assets transferred to the Company on a different legal basis;
- proceeds from the issuance and placement of shares and other securities;
- profits from the sale of goods, products, works performed and services rendered; and
- other proceeds not prohibited by the law of the Russian Federation.

8.2. The risk of any accidental loss or damage of the assets transferred by a shareholder to the Company for temporary use is incurred by the shareholder.

8.3. The Company creates an emergency fund in the amount of 5 per cent of its charter capital.

The emergency fund is formed out of annual deductions until the fund achieves the abovementioned size.

The emergency fund of the Company is intended to cover its losses and for settlement of any bonds of the Company and the redemption of the Company's shares in case of absence of other remedies.

The emergency fund may not be used for any other purposes.

The Company may create other funds necessary for its activity.

The purpose and procedure for the formation of funds, their size and directions for the use of their remedies are defined in appropriate provisions approved by the Company's Board of Directors.

8.4. The balance and net profit of the Company are established in accordance with the procedure stipulated by the law of the Russian Federation.

8.5. The profit received by the Company and remaining at its disposal after tax payment (net profit) shall be used pursuant to decisions of the General meetings of shareholders and the Board of Directors taken within the scope of their competence, including the payment of dividends on the Company's shares.

8.6. Based on the results of the first quarter, six months and nine months of a reporting year and/or by the results of a reporting year, the Company has the right to take a decision (declare) on payment of dividends on the placed shares, unless otherwise is established by the Federal law "On Joint Stock Companies" and other regulatory acts. Dividends are paid out of the Company's net profit for a relevant reporting period and retained earnings of prior periods.

The Company shall pay the dividends declared on shares of each category (type) unless otherwise provided by the Federal law "On Joint Stock Companies". The dividends shall be paid in cash and/or, if a relevant decision will be taken by the General meeting of shareholders, in any other assets (including securities issued outside the Russian Federation pursuant to the foreign law and other objects recognised as objects of property rights pursuant to the foreign law).

The decision about the payment (declaration) of dividends shall be taken by the General meeting of shareholders. Such a decision shall determine the amount of dividends per each category (type) of shares, form of payment, procedure for payment of dividends in a non-cash form, date of making a list of persons entitled to receive dividends. Moreover, the decision for determination of the date of making a list of persons entitled to receive dividends shall be taken at proposal of the Company's Board of Directors only.

The amount of dividends based on the results of the first quarter, six months, or nine months of a reporting year and/or by the results of a reporting year is determined by the General meeting of shareholders and such an amount cannot be more than that recommended by the Company's Board of Directors.

The dividends shall be paid within time period provided for by the applicable law of the Russian Federation. The list of persons entitled to receive dividends shall be compiled as of the date determined pursuant to the applicable law.

## **CLAUSE 9. STRUCTURE OF THE COMPANY'S MANAGEMENT BODIES**

9.1. The Company's governing bodies are as follows:

- the General meeting of shareholders;
- the Board of Directors; and
- the Sole executive body as a General Director.

9.2. The rights, competence and rules of operations for the Company's governing bodies are determined by the law of the Russian Federation, this Charter and internal documents of the Company.

If the competence of a governing body of the Company is changed due to amendments to this Charter (including adoption of this version of the Charter), all decisions previously taken by a relevant body acting within the scope of its competence shall irrevocably remain in full force and effect and shall not require additional approvals.

## **CLAUSE 10. GENERAL MEETING OF SHAREHOLDERS**

### **Competence of the General meeting**

10.1. The Company's General meeting of shareholders is a supreme governing body of the Company. The annual General meeting of shareholders is held once a year not earlier than two months and not later than six months after expiration of the reporting year. The annual meeting shall be convened by the Board of Directors.

Any other meeting of shareholders, except for the annual one, is considered extraordinary. The extraordinary General meetings of shareholders are held in accordance with the procedure stipulated by the Federal law "On Joint Stock Companies", this Charter and internal documents of the Company.

10.2. The competence of General meeting of shareholders includes:

10.2.1. Introduction of amendments into the Company's Charter or approval of a new version of the Company's Charter;

10.2.2. Reorganisation of the Company;

10.2.3. Liquidation of the Company, appointment of the liquidation commission and approval of intermediate and final liquidation balance sheets;

10.2.4. Determination of the number of members of the Company's Board of Directors, election of members of the Board of Directors and early termination of their powers;

10.2.5. Determination of quantity, face value, category (type) of the declared shares and the rights given by these shares;

10.2.6. Increase of the charter capital of the Company by increasing the face value of shares or by placing additional shares;

10.2.7. Reduction of the charter capital of the Company by reducing the face value of shares or through acquiring by the Company of a portion of shares with a view of reducing their total quantity or through redemption of the shares acquired or purchased by the Company;

10.2.8. Formation of the Company's executive body and early termination of its powers;

10.2.9. Approval of the Company's auditor;

10.2.10. Payment (declaration) of dividends for the results of the first quarter, half year and nine months of the reporting year;

10.2.11. Distribution of profits, including payment (declaration) of dividends with the exception of payment (declaration) of dividends for the results of the first quarter, half year and nine months of the reporting year and distribution of the Company's loss at the end of the reporting year;

10.2.12. Determination of the proceedings of the General meetings of shareholders;

10.2.13. Split and consolidation of shares;

10.2.14. Taking a decision on granting a consent to the conclusion or subsequent approval of transactions in the cases stipulated by the article 83 of the Federal law "On Joint Stock Companies";

10.2.15. Taking a decision on granting a consent to the conclusion or subsequent approval of major transactions in the cases stipulated by the article 79 of the Federal law "On Joint Stock Companies";

10.2.16. Acquisition by the Company of placed shares pursuant to the clause 10.2.7. of this Charter;

10.2.17. Taking a decision on participation in financial and industrial groups, associations and other groupings of commercial entities;

10.2.18. Approval of internal documents, which regulate operations of the Company's bodies;

10.2.19. Taking a decision on submitting an application with delisting of the Company's shares and (or) the Company's issuable securities convertible to its shares;

10.2.20. Decisions on other matters stipulated by the Federal law "On Joint Stock Companies" and this Charter.



10.3. The matters referred to the competence of the General meeting of shareholders cannot be resolved by the Company's executive body.

The matters referred to the competence of the General meeting of shareholders cannot be resolved by the Company's Board of Directors, except for the matters stipulated by the Federal law "On Joint Stock Companies".

10.4. The General meeting of shareholders shall take decisions on all matters referred to the scope of its competence by a simple majority of votes of shareholders – owners of voting shares participating in the General meeting of shareholders, unless the applicable law provides for a larger number of votes for taking a certain decision.

The decisions on the matters specified in items 10.2.2., 10.2.6., 10.2.13. - 10.2.18. shall be taken by the General meeting of shareholders only when proposed by the Company's Board of Directors.

The decisions of the General meeting of shareholders and composition of the Company's shareholders present at the meeting while the decisions were taken shall be confirmed by the Company's registrar, which exercises functions of the Counting Commission.

### **Information about the General meeting of shareholders**

10.5. The notice on holding the General meeting of shareholders shall be made available no later than 30 days prior to the date of the meeting.

If the agenda of the extraordinary General meeting of shareholders contains an item on the election of the Company's Board of Directors, the notice on holding the General meeting of shareholders shall be made available no later than 50 days prior to the date of the meeting.

Within the aforementioned time period the notice on holding the General meeting of shareholders is to be made available to the persons entitled to participate in the General meeting of shareholders and registered in the Company's share register by way of posting on the Company's website in the information and telecommunication network "Internet" on [www.severstal.com](http://www.severstal.com).

If a person registered in the Company's share register is a nominal holder of shares the notice on holding the General meeting of shareholders and information (materials), which shall be submitted to persons entitled to participate in the General meeting of shareholders in preparation for the General meeting of shareholders, shall be made available as required by the Russian securities rules that regulate the provision of persons, which exercise their securities rights, with relevant information and materials.

Information (materials) subject to provision for the persons entitled to participate in the General meeting of shareholders shall be made available in the building of the Company's executive body and on the Company's website in the information and telecommunication network "Internet" on [www.severstal.com](http://www.severstal.com) within the time limits provided for by the applicable law.

Information about the date of making a list of persons entitled to participate in the meeting of shareholders shall be disclosed within no less than 7 days before such a date according to the procedure provided for by the applicable law.

While holding the General meeting of shareholders (annual or extraordinary) the voting ballot shall be directed or given for signature to each person specified in the list of persons entitled to participate in the General meeting of shareholders or a representative of such persons within no later than 20 days before the General meeting of shareholders.

Dispatch of voting ballots shall be made by means of registered mail.

If it is technically feasible, at the General meeting of shareholders in the format of a meeting (joint attendance of shareholders for discussing items of the agenda and making decisions on the issues put to a vote) information and communication technologies may be used, allowing remote participation in the General meeting of shareholders, discussion of items of the agenda and making decisions on the issues put to a vote, without being present in the place of the General meeting of shareholders.

If it is technically feasible, the persons entitled to participate in General meeting of shareholders may fill out an electronic form of voting ballots at the site in the information and telecommunication network “Internet” whose address is indicated in the notice on holding the General meeting of shareholders. Filling out the electronic form at the site may be carried out by the shareholders during the General meeting of shareholders if they did not exercised their right to participate in the meeting in any other way.

The possibility of remote participation in the General meeting of shareholders, filling electronic forms of ballot papers at the site in the information and telecommunication network “Internet” is determined by the Company’s Board of Directors in matters related to the preparations for the General meeting of shareholders. The site address in the information and communication network “Internet”, on which shareholders may be logged in to participate in the General meeting of shareholders as well as the electronic form of ballot papers may be filled out is determined by the Company’s Board of Directors and shall be specified in the notice on holding the General meeting of shareholders.

### **Quorum of the General meeting of shareholders**

10.6. The General meeting of shareholders shall be deemed competent (quorate) if the shareholders participating in the meeting possess in aggregate more than half of the votes of the Company’s placed voting shares.

Defined as participated in the General meeting of shareholders are the shareholders registered for participation in it, including specified in the notice on holding the General meeting of shareholders at the site in the information and telecommunication network “Internet”, as well as shareholders whose ballots were received or the electronic form of whose ballots were filled out at the site specified in this notice in the information and telecommunication network “Internet” at least two days prior to the General meeting of shareholders.

Defined as participated in the General meeting of shareholders held by absentee voting are shareholders whose ballots were received or the electronic form of whose ballots were filled out at the site specified in this notice in the information and telecommunication network “Internet” before the deadline for receipt of ballots.

Shareholders are considered to have participated in the General meeting of shareholders if, according to the rules of Russian laws on securities, they have issued orders (instructions) on voting to persons keeping records of their share rights, provided that the information on their declaration of intent is received at least two days before the General meeting of shareholders.

If the agenda of the General meeting of shareholders includes issues, the voting on which is to be carried out by different contingents of votes, determination of quorum for taking a decision on those issues shall be done separately. Thus, absence of quorum for taking a decision on issues, voting on which is carried out by one contingent of votes, does not interfere with taking a decision on issues, voting on which is carried out by any other contingent of votes, for which the quorum is reached.

10.7. If the quorum for holding the annual General meeting of shareholders is not reached, a repeated General meeting of shareholders with the same agenda shall be held. If the quorum for holding an extraordinary General meeting of shareholders is not reached, a repeated General meeting of shareholders with the same agenda may be held.

A repeated General meeting of shareholders shall be deemed competent (quorate) if the shareholders participating in the meeting possess in aggregate no less than 30 per cent of the votes of placed voting shares of the Company.

When holding a repeated General meeting of shareholders in less than 40 days after the failure of the initial General meeting of shareholders, the persons entitled to participate in the General meeting of shareholders shall be determined (fixed) on the date, on which the persons entitled to participate in the failed General meeting of shareholders have been determined (fixed).

## **Proposals in the agenda of the General meeting of shareholders**

10.8. The shareholders (shareholder) being in aggregate the owners of no less than 2 per cent of the Company's voting shares shall have the right to bring forward their proposals to the agenda of the annual General meeting of shareholders and nominate candidates to the Board of Directors of the Company; the number of nominees may not exceed the number of its seats. Such proposals shall be submitted to the Company no later than 60 days after expiration of the reporting year.

In the event that the proposed agenda of the extraordinary General meeting of shareholders contains an item on election of members of the Company's Board of Directors, which shall be elected by cumulative vote, the shareholders (a shareholder) of the Company being in aggregate the owners of no less than 2 per cent of the Company's voting shares shall have the right to nominate their candidates for election to the Company's Board of Directors, whose number may not exceed the approved number for the Board of Directors. Such proposals shall be submitted to the Company no less than 30 days prior to the date of the extraordinary General meeting of shareholders.

10.9. A proposal on inclusion of items in the agenda of the General meeting of shareholders and the nominations of candidates shall be filed with an indication of the name of shareholders who have proposed them, quantity and categories (types) of the shares owned by them and such filings are to be signed by a shareholder(s) or a representative of the shareholder(s).

A proposal on inclusion of items in the agenda of the General meeting of shareholders shall contain the wording of each item proposed and the nominations of candidates – the name and identification of the personal document (series and (or) number of the document, date and place of issuance, issuing authority) for each candidate nominated, the name of the body into which the candidate is being nominated, as well as other data as stipulated by the internal documents of the Company. A proposal on inclusion of items in the agenda of the General meeting of shareholders may contain the wording of the decision on each item proposed.

The General meeting of shareholders shall have no right to adopt resolutions on items, which have not been included in the agenda.

## **Extraordinary General meeting of shareholders**

10.10. The extraordinary General meeting of shareholders shall be held pursuant to the resolution of the Company's Board of Directors at its own initiative or a demand of the Company's auditor or the shareholders (shareholder) that own no less than 10 per cent of the Company's voting shares as of the date of such a demand.

10.11. The convocation of the extraordinary General meeting of shareholders on the demand of the Company's auditor or the shareholders (shareholder) that own no less than 10 per cent of the Company's voting shares shall be made by the Company's Board of Directors.

10.12. The extraordinary General meeting of shareholders convened on the demand of the Company's auditor or the shareholders (shareholder) that own no less than 10 per cent of the Company's voting shares shall be held within the time limits established by the applicable law.

10.13. The form and contents of the demand to convene an extraordinary General meeting of shareholders shall comply with the applicable law, this Charter and internal documents of the Company.

10.14. A decision on refusal to convene an extraordinary General meeting of shareholders upon the demand of the Company's auditor or the shareholders (shareholder) that own no less than 10 per cent of the Company's voting shares may be taken in the following situations:

- the procedure for making a demand to convene an extraordinary General meeting of shareholders as established by the applicable law has not been observed;
- the shareholders (shareholder) initiating the convocation of the extraordinary General meeting of shareholders are not the owners of the number of voting shares required for making such a demand;

– none of the issues proposed for the agenda of the extraordinary General meeting of shareholders are within its competence and (or) meet the requirements of the Federal law “On Joint Stock Companies” and other legal acts of the Russian Federation.

### **Forms of holding the General meeting of shareholders**

10.15. A resolution of the General meeting of shareholders may be taken by way of a meeting (i.e. joint presence of shareholders for discussing items of the agenda and taking decisions on those items, which have been put to vote with preliminary circulation of voting ballots prior to the meeting).

10.16. A resolution of the General meeting of shareholders may also be taken without holding a meeting (i.e. without the joint presence of shareholders for discussing items of the agenda and taking decisions on those items, which have been put to vote) by way of an absentee voting.

The form of the General meeting of shareholders shall be determined by the bodies or persons convening the meeting, unless otherwise provided for by the applicable law.

### **Procedure for shareholders to participate in the General meeting of shareholders**

10.17. The number of votes of a shareholder is determined by the number of shares he/she owns calculated on the basis of a proportion of “one placed voting share per one vote”, except for a cumulative vote on election of members of the Company’s Board of Directors.

10.18. A representative of a shareholder may participate in the General meeting of shareholders provided that his/her powers are confirmed as required by the regulatory acts of the Russian Federation.

10.19. The General meeting of shareholders shall be held by the Chairman of the Board of Directors, unless the functions of the chairman of the meeting are delegated to another person upon decision of the Company’s Board of Directors.

If the person presiding pursuant to this clause at the extraordinary General meeting of shareholders convened by the decision of the persons entitled to demand the convocation of an extraordinary General meeting of shareholders is absent, the chairman of the General meeting of shareholders shall be the person, who took the decision to convene the extraordinary General meeting of shareholders (his/her representative), or if the decision to convene the General meeting of shareholders was taken by several shareholders – one of such persons as determined by their decision.

10.20. The voting on items of the agenda at the General meeting of shareholders shall be conducted by means of voting ballots.

### **The Counting Commission (the registrar of the Company)**

10.21. Functions of the counting commission are exercised by the registrar of the Company (registrar).

10.22. The registrar shall verify the powers and register the persons participating in the General meeting of shareholders, define quorum of the General meeting of shareholders, explain the issues arising in connection with the execution of voting rights by shareholders (or their representatives) at the General meeting of shareholders, explain the procedure for voting on items of the agenda, provide the established voting procedure and rights of shareholders for their participation in voting, poll and sum up voting results, draw up the minutes on voting results and provide voting ballots to the archive.

Before the end of the General meeting of shareholders any participant of the General meeting of shareholders is entitled to demand a copy of his/her filled-out ballot certified by the Counting Commission (a representative of the Registrar exercising functions of the Counting Commission).

## **CLAUSE 11. THE COMPANY'S BOARD OF DIRECTORS**

### 11.1. General provisions.

11.1.1. The Board of Directors carries out general management of the Company's activities, except for resolving matters referred to in the competence of the General meeting of shareholders, controls activity of the Company's executive bodies and exercises other functions stipulated by the federal laws and this Charter.

The Board of Directors is accountable to the General meeting of shareholders and arranges for the execution of resolutions of the latter.

11.1.2. The Chairman of the Company's Board of Directors is a member of the Company's Board of Directors elected by the other members of the Company's Board of Directors by a majority of votes of the total number of members of the Board of Directors as determined by this Charter. The Board of Directors may re-elect its Chairman at any time by the same number of votes.

The Chairman of the Company's Board of Directors shall arrange for its operations, convene the meetings of the Board of Directors and preside over them, maintain minutes and discharge other duties as provided for by the applicable law, this Charter, internal documents of the Company and decisions of the Board of Directors.

The Chairman of the Company's Board of Directors, or other persons authorised by the Board of Directors, concludes an agreement on behalf of the Company with the General Director; the agreement contains information on rights and obligations for managing current activities of the Company.

In the event of absence of the Chairman of the Company's Board of Directors his functions shall be exercised by one of the members of the Company's Board of Directors by the decision of the Board of Directors, moreover, the functions specified in the clause 10.19. of this Charter may be exercised by a person who is not a member of the Company's Board of Directors.

11.1.3. Members of the Company's Board of Directors shall be elected by the General meeting of shareholders through a cumulative vote for the period until the next annual General meeting of shareholders. If the annual General meeting of shareholders has not been held within the time period established by the applicable law, the powers of the Company's Board of Directors will cease, except for the powers to prepare, convene and hold the annual General meeting of shareholders.

As from the moment the decision to elect new members of the Board of Directors has been taken, the powers of the former Board of Directors shall cease. The powers of the Chairman of the Board of Directors shall also cease, even if the person who has been Chairman of the Board of Directors is re-elected to the Board of Directors.

The procedure for convening and holding the first meeting of the Board of Directors of the Company after its re-election shall be determined by the internal documents of the Company.

A member of the Company's Board of Directors must be an individual. A member of the Company's Board of Directors may not be a shareholder of the Company. The persons elected to the Company's Board of Directors may be re-elected an unlimited number of times.

The person that exercises functions of a Sole executive body may not be simultaneously the Chairman of the Company's Board of Directors.

11.1.4. The election of members of the Board of Directors shall be conducted by way of a cumulative vote. At a cumulative vote the votes belonging to each shareholder shall be multiplied by the number of persons which should be elected to the Company's Board of Directors and the shareholder shall have the right to give the votes received thus completely for one candidate or to distribute them between two and more candidates. The candidates with the greatest number of votes are considered elected to the Company's Board of Directors.

The General meeting of shareholders may terminate the powers of all (but not some) members of the Board of Directors prematurely.

11.1.5. Upon the decision of the General meeting of shareholders the remuneration may be paid to members of the Company's Board of Directors during execution of their duties and/or by way

of compensation of their expenses connected to the functions of members of the Company's Board of Directors. The amount of such a remuneration and/or compensation shall be established by the decision of the General meeting of shareholders.

Unless otherwise provided for by the decision of the General meeting of shareholders, the remuneration established pursuant to this clause of the Charter for the member of the Board of directors, whose powers were terminated before expiration of his/her term of office (i.e. before expiration of the term specified by clause 11.1.3 of this Charter) for any reason whatsoever (including by reason of filing with the Company a notice of divesting himself/herself from authority, terminating discharge of his/her duties or any similar notice) shall be paid pro rata to the portion of his/her term of office that expired before its termination.

11.2. The following matters refer to the competence of the Company's Board of Directors:

11.2.1. Determination of priority directions for the Company's activities;

11.2.2. Convocation of an annual and an extraordinary General meeting of shareholders, except for the cases stipulated by the applicable law;

11.2.3. Approval of the agenda of the General meeting of shareholders;

11.2.4. Determination of the date of making a list of the persons entitled to participate in the General meeting of shareholders and other matters related to the preparation and holding of the General meeting of shareholders within the competence of the Company's Board of Directors according to the applicable regulatory acts of the Russian Federation;

11.2.5. Placing by the Company of additional shares, to which the Company's placed preferential shares of a certain type convertible to ordinary or preferential shares of any other type are to be converted in case such a placing is not relating to the increase of the Company's charter capital, as well as placing by the Company of bonds or any other issuable securities (shares excluded) in exception of cases when according to the applicable law the placing by the Company of bonds or any other issuable securities can be made by the decision of the General meeting of shareholders exclusively;

11.2.6. Determination of the price (a pecuniary estimation) of assets, the price of placing or procedure for its determination and the redemption price of issuable securities in cases stipulated by the Federal law "On Joint Stock Companies";

11.2.7. Acquisition of shares placed by the Company, bonds and other securities in cases stipulated by the Federal law "On Joint Stock Companies", including redemption by the Company of its placed securities for the purposes other than reduction of their total number (clause 2, article 72 of the Federal law "On Joint Stock Companies", clause 5.12. of this Charter);

11.2.8. Formation of the Board of Directors's committees from amongst members of the Board of Directors, approval of internal documents, which determine their competence and operating procedures, determination of the number of committee members, appointment of chairmen and members of the Board of Directors's committees and termination of their powers;

11.2.9. Determination of principles and approaches to the Company's risk management, internal control and internal audit;

11.2.10. Approval of internal documents determining the Company's risk management and internal control policy;

11.2.11. Determination of the amount of remuneration paid for the services of the auditor;

11.2.12. Recommendations for the amount of dividends per shares and the procedure for their payment;

11.2.13. Use of the emergency fund and other funds of the Company;

11.2.14. Approval of the Company's internal documents stipulated by the applicable law of the Russian Federation, this Charter, recommendations of the Corporate Governance Code approved by the Board of Directors of the Bank of Russia on 21 March 2014, listing rules of the Russian and foreign stock exchanges and recommended by international corporate governance standards, except for those internal documents, which are subject to approval by the General meeting of shareholders

according to the Federal law “On Joint Stock Companies”, as well as those internal documents, which are subject to approval by the Company’s executive bodies according to this Charter;

11.2.15. Approval of the Company’s Corporate Governance Code;

11.2.16. Approval of the annual report and annual accounting (financial) statements of the Company;

11.2.17. Opening of branches and representative offices of the Company and their liquidation;

11.2.18. Granting consent to conclusion or subsequent approval of major transactions in cases stipulated by the applicable law;

11.2.19. Granting consent to conclusion or subsequent approval of interested party transactions in cases stipulated by the applicable law;

11.2.20. Approval of the Company’s registrar and provisions of the contract concluded with the registrar, as well as termination of such a contract;

11.2.21. Granting consent to conclusion or subsequent approval of transactions with an amount exceeding 10 per cent of the book value of the Company’s assets as of the date of a decision on conclusion of such transactions;

11.2.22. Granting consent to conclusion or subsequent approval of transactions for the acquisition of (1) shares or participation interests or rights to the aforementioned shares or participation interests or (2) fixed assets or intangible assets, if the amount of a relevant transaction exceeds the equivalent of US\$500 million using an applicable exchange rate, notwithstanding the correlation of such an amount with the value of the Company’s assets;

11.2.23. Review of the consolidated budget of the Company’s group of companies and submitting recommendations in relation to such a budget;

11.2.24. Review of the appointment and remuneration policy in respect of the Company’s senior officers, including the General Director, and submitting recommendations related to such a policy;

11.2.25. Approval of the internal documents of the Company regulating the procedure for providing access to insider information, confidentiality rules and monitoring compliance with the requirements of insider legislation, as well as any other issue on handling insider information of the Company;

11.2.26. Decisions on submitting an application with listing of the Company’s shares and (or) the Company’s issuable securities convertible to the Company’s shares;

11.2.27. Determining position of the Company at a general meeting of the Company’s subsidiary – Limited Liability Company “Mining Holding Company” (PSRN 1033500347033) on approval of amendments to the charter of Limited Liability Company “Mining Holding Company”, election of its General Director, transfer of powers of its sole executive body to a managing organisation (manager), as well as appointment of representatives of the Company for participation in the general meetings of Limited Liability Company “Mining Holding Company” on the abovementioned items; and

11.2.28. Other matters stipulated by the applicable law and this Charter.

11.3. Decision on consent to conclusion or subsequent approval of a major transaction shall be taken as provided for by the Federal law “On Joint Stock Companies”.

11.4. Decision on consent to conclusion or subsequent approval of an interested transaction shall be taken as provided for by the Federal law “On Joint Stock Companies” and this Charter.

An interested party transactions before execution may require preliminary approval of the Company’s Board of Directors or the General meeting of shareholders, as required by the Federal law “On Joint Stock Companies”, upon request of the Sole executive body, a member of the Board of Directors, or shareholder(s) owning at least one percent of the Company’s voting shares.

The Company shall notify members of the Board of Directors at least for three days before the date of execution of an interested party transaction by sending a message to e-mail address of each member of the Board of Directors. Such a notice shall specify the person (s), which are its party (-ies) and beneficiary (-ies), the price, subject-matter of the transaction and other material conditions or

procedure for their determination, as well as the person (s) interested in the transaction and the grounds why the person (each of the persons) interested in the transaction is considered to be an interested party. If all members of the Board of Directors are considered interested in execution of such a transaction, the notice shall be made available to the Company's shareholders under procedure for informing about the General meeting of shareholders.

11.5. Meetings of the Board of Directors.

11.5.1. The Board of Directors consists of 10 (ten) persons.

11.5.2. Terms and the procedure for convening and holding the meetings and the method of taking decisions by the Company's Board of Directors shall be determined by the Regulation for the Company's Board of Directors.

11.5.3. The quorum for holding a meeting of the Board of Directors shall be determined by the presence of no less than a half of elected members of the Board of Directors. In cases when the number of members of the Company's Board of Directors becomes less than the number required for quorum, the Company's Board of Directors is obliged to take a decision on holding the extraordinary General meeting of shareholders for election of a new composition of the Company's Board of Directors. The remaining members of the Company's Board of Directors shall have the right to make a decision only on convocation of such an extraordinary General meeting of shareholders.

In cases when in accordance with this Charter or the applicable law the decision is taken by the majority of two thirds, three quarters, unanimously by all members of the Board of Directors or by another number of votes disregarding the votes of the retired members of the Board of Directors, the following categories of persons shall be considered as retired:

- the deceased, missing or disqualified persons;
- the persons who has given up their powers of members of the Board of Directors voluntarily due to health reasons, conflict of interests and other cases upon a written request of the retiring member of the Board of Directors, and the date, on which the Company received a relevant request shall be considered as a retirement day;
- the persons, whose powers as members of the Company's Board of Directors are terminated or suspended by a consummated decision of the law-enforcement authorities.

While determining the quorum and summing up the voting results, the written opinion on items of the agenda given by a member of the Company's Board of Directors, whose is absent at the meeting, may be taken into consideration.

11.5.4. Decisions on the issues specified in items 11.2.21. and 11.2.22. hereof shall be taken by the majority of two thirds of the votes of the total number of members of the Company's Board of Directors disregarding the votes of retired members of the Company's Board of Directors.

Decisions on the issues specified in item 11.2.27. hereof are to be taken unanimously by all members of the Board of Directors disregarding the votes of retired members of the Company's Board of Directors.

Election and re-election of the Chairman of the Company's Board of Directors shall be made by the number of votes specified in the clause 11.1.2. hereof.

On any other matter the decisions of the Board of Directors shall be taken by a simple majority of votes of members of the Company's Board of Directors participating in the meeting, unless the applicable law provides for a different number of votes.

While taking decisions at the meetings of the Company's Board of Directors each member of the Company's Board of Directors shall have one vote.

11.5.5. The Company's Board of Directors appoints the Corporate Secretary (Secretary of the Board of Directors).

The Corporate Secretary shall keep minutes for meetings of the Board of Directors and exercise functions of the secretary of the General meeting of shareholders and ensure, among other things, keeping the minutes of the General meeting of shareholders, unless the Board of Directors resolves to delegate such functions to a different person.



The Corporate Secretary is authorized to certify copies of constituent and internal documents of the Company, minutes (extracts from minutes) of the Company's General meeting of shareholders and meetings of the Board of Directors and its committees and other documents of the Company with his signature.

If the Company's Corporate Secretary is not a member of the Board of Directors, his powers do not cease upon election of a new composition of the Board of Directors and its term is not limited. The Board of Directors shall have the right to terminate the powers of the current Corporate Secretary at any time and appoint a new one, and in case of temporary absence of the Corporate Secretary – to delegate his functions temporarily to another person.

Activities of the Company's Corporate Secretary are governed by the Regulations for the Corporate Secretary approved by the Company's Board of Directors.

11.5.6. Decisions of the Board of Directors may be taken by an absentee voting (polling method).

Those members of the Board of Directors are considered to have taken part in the absentee voting, whose ballots on items of the agenda were handed over no later the established date for the receipt of voting ballots.

11.6. The matters within the competence of the Company's Board of Directors may not be transferred (handed over) for consideration of the Company's executive body.

11.7. Members of the Board of Directors are obliged to undertake all necessary efforts for the Board of Directors to take a decision on establishment of temporary Sole executive body of the Company and on holding the extraordinary General meeting of shareholders to take a decision on early termination of powers of the Company's Sole executive body or managing organization (manager) and on establishment of a new executive body of the Company in case the Sole executive body of the Company or managing organization (manager) cannot execute its functions.

11.8. No later than December 20 of each year the Company's Board of Directors may approve:

11.8.1. the lists of candidates recommended to shareholders for nomination to the Company's Board of Directors with specification of the name and the identification of personal document (series and (or) number of the document, date and place of issue, issuing authority) of each recommended candidate including contact address for each candidate;

11.8.2. a candidate recommended to shareholders for nomination to the position of the Company's Sole executive body, - in case in the relevant year the powers of the earlier elected Sole executive body of the Company expire (earlier elected managing organization/manager) with specification of the name and the identification of personal document (series and (or) number of the document, date and place of issue, issuing authority) of the recommended candidate including contact address of such a candidate; in case of a proposal to transfer the powers of the Sole executive body to a managing organization – name, PSRN (Principal State Registration Number) (if available) and postal address of the managing organization, as well as the name of its authorized representative;

11.8.3. recommendations to the Company's shareholders on approval of the Company's auditor with a wording for the item and the decision for such an approval.

The resolution of the Company's Board of Directors stipulated by this clause shall be posted on the internet site used by the Company for official information disclosure within three business days of such a resolution in accordance with the Russian law.

## **CLAUSE 12. THE SOLE EXECUTIVE BODY OF THE COMPANY**

12.1. The General Director shall be a Sole executive body of the Company.

12.2. The General Director shall be appointed by the Company's General meeting of shareholders for the period of three years and can be re-elected an unlimited number of times. The General meeting of shareholders may take a decision on early termination of the General Director's powers.

If upon expiration of three years from the moment when the powers of the Company's General Director have started the Company's General Director is not re-elected (by extending the period of powers of the current General Director or electing a new one) and the functions of the Sole executive body of the Company have not been transferred to a managing organisation, the term of the General Director's powers shall be automatically extended until the next annual General meeting of shareholders following the date specified in this clause.

12.3. The General Director without any power of attorney shall act on behalf of the Company, represent its interests, commit transactions on behalf of the Company, approve manning schedules and issue orders and instructions obligatory for execution by all employees of the Company.

12.4. All the issues relating with the current operations of the Company shall refer to the competence of the Company's General Director, except for the matters referred to the competence of the General meeting of shareholders and the Company's Board of Directors.

The General Director of the Company shall:

- Ensure implementation of current and long-term plans of the Company;
- Arrange for the preparation and execution of resolutions of the General meeting of shareholders and the Board of Directors, submit reports on the results of execution;
- Have the right of the first signature under financial documents;
- Dispose assets of the Company, including its monetary resources, which cost does not exceed 10 per cent of the book value of the Company's assets as of the date of the decision to conclude such a transaction;
  - Represent the Company in relations with other organisations, enterprises and establishments, state bodies on all issues of the Company's operations both in the Russian Federation and beyond;
  - Represent the Company in relations with the Company's subsidiary - Limited Liability Company "Mining Holding Company" (PSRN 1033500347033), including exclusively on the basis of resolutions of the Company's Board of Directors when it relates to the issue of letters of attorney for voting and voting on behalf of the Company at the general meetings of Limited Liability Company "Mining Holding Company" on approval of amendments to the Charter of Limited Liability Company "Mining Holding Company", election of its General Director or transfer of powers of its sole executive body to a managing organisation (a manager);
    - Issue powers of attorney on behalf of the Company;
    - Ensure the monthly arrangement of reports on a turnover, production, personnel, expenses, profits and also on other positions established by the Company's Board of Directors;
    - Arrange for the book-keeping and the accountability of the Company;
    - Approve and sign regulations for structural divisions of the Company;
    - Take decisions and issue orders on operative issues of internal activity of the Company;
    - Approve the manning schedules of the Company, its branches and representative offices;
    - Employ and discharge the Company's employees, determine the measures of encouragement and impose penalties on employees in accordance with the employment contracts;
    - Approve internal documents of the Company, except for those referred to the competence of the Company's General meeting of shareholders and the Board of Directors by the applicable law and this Charter;
    - Take decisions on participation and termination of participation of the Company in other organisations (except for organizations where such decisions refer to the competence of the Company's General meeting of shareholders);
      - Ensure appropriate measures to protect information classified as a state secret;
      - Exercise other functions according to the applicable law of the Russian Federation and this Charter.

12.5. Following the proposal of the Board of Directors, the General meeting of shareholders may take a decision on the transfer of powers of the Company's Sole executive body to another business entity (managing organisation) or an individual entrepreneur (manager). The General meeting

of shareholders shall determine a business entity (individual entrepreneur) to be served as a managing organisation or a manager, which the powers of the Sole executive body shall be transferred to. Such powers shall be assigned to a managing organisation or a manager for an indefinite period of time, unless otherwise is provided for by the resolution of the General meeting of shareholders on the assignment of the abovementioned powers or in the contract between the Company and a managing organisation or a manager.

12.6. The contract between the Company and a managing organisation or a manager shall be signed by the Chairman of the Company's Board of Directors or another person authorised by the Board of Directors.

### **CLAUSE 13. LIABILITY OF THE MEMBERS OF BOARD OF DIRECTORS AND THE GENERAL DIRECTOR OF THE COMPANY**

13.1. Members of the Company's Board of Directors and the General Director while exercising their rights and responsibilities shall act in the best interests of the Company and exercise their rights and duties honestly and reasonably.

13.2. Members of the Company's Board of Directors and the General Director bear the responsibility before the Company for the losses caused to the Company by their *actus reus* (inactivity) if any other ground and the amount of responsibility are not established by the federal acts.

Members of the Company's Board of Directors, who have voted against the resolution, which has caused losses to the Company, or those who did not participate in the voting, bear no responsibility.

13.3. While determining the grounds and the amount of responsibility of members of the Board of Directors and the General Director, normal business practices and other circumstances important for the case shall be taken into consideration.

13.4. If several persons bear the responsibility in accordance with the provisions of this clause of the Charter, their responsibility before the Company shall be deemed joint.

### **CLAUSE 14. CONTROL OF FINANCIAL AND BUSINESS ACTIVITY**

14.1. The Company does not have (does not elect) the Internal Audit Commission.

14.2. Audit (inspection) of the financial and economic activities of the Company shall be conducted in relation to the results of the Company's operations during one year and at any other time at the resolution of the Company's General meeting of shareholders, Board of Directors or on demand of a shareholder (shareholders) of the Company that own in aggregate no less than 10 per cent of the Company's voting shares.

14.3. The auditor (a citizen or an auditing company) of the Company conducts the audit of financial and economic activities of the Company in accordance with the legal acts of the Russian Federation on a contractual basis.

14.4. It is the General meeting of shareholders that approves the Company's auditor. The amount of remuneration for its services shall be determined by the Company's Board of Directors.

The Company's auditor shall issue an opinion on the audit results of financial and economic activities of the Company, which shall contain:

- confirmation of the validity of data contained in statements and other financial documents of the Company; and
- information on the facts of any infringement of the procedures established by the legal acts of the Russian Federation in relation to the book-keeping and representation of the accounting (financial) statements, as well as any legal acts of the Russian Federation, while running the Company's financial and economic activities.

14.5. The Company is obliged to invite an auditor, which is not connected by valuable interests with the Company or its shareholders, to conduct an annual audit of the Company's annual accounting (financial) statements.

#### **CLAUSE 15. ACCOUNTING AND ACCOUNTABILITY OF THE COMPANY**

15.1. The Company is obliged to conduct book keeping and exhibit the accounting (financial) statements in the order established by the Federal law "On Joint Stock Companies" and other legal acts of the Russian Federation.

15.2. The annual report of the Company is subject to approval by the Company's Board of Directors no later than 30 days before the date of the annual General meeting of shareholders.

15.3. A reporting year of the Company is established from the 1<sup>st</sup> of January till 31<sup>st</sup> of December inclusively. The first reporting year ends on 31<sup>st</sup> of December of the year of registration of the Company.

15.4. The Company is obliged to keep documents, the list of which is determined by the applicable regulatory acts of the Russian Federation and internal documents of the Company. The Company shall keep the documents at the place of location of its executive body in accordance with a procedure and within the time period established by the Bank of Russia.

The Company is obliged to provide the shareholders with access to such documents for examination within seven business days from the date of an appropriate demand at the building of the Company's executive body.

Upon request of persons entitled to have access to the list of documents stipulated by the applicable legal acts of the Russian Federation and internal regulations of the Company, the Company is obliged to provide the copies of such documents. The cost charged by the Company for the provision of such copies shall not exceed expenses for the production of such copies, and, if the shareholder indicated in his/her request to send the copies to his/her address, - relevant correspondence expenses.

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

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

In case the eligible person fails to pay the costs for the production of copies of the Company's documents as per any request received and fulfilled by the Company, the period for the provision of copies of the Company's documents as per any subsequent request shall begin from the date of payment receipt.

15.5. The Company shall disclose information pursuant to the applicable law.

#### **CLAUSE 16. REORGANISATION AND LIQUIDATION OF THE COMPANY. CORRELATION BETWEEN THE PROVISIONS OF THIS CHARTER AND APPLICABLE LAW**

16.1. Reorganisation of the Company may be carried out in any form provided for by the applicable law. The procedure for the Company's reorganisation shall be determined by the applicable law, decisions taken by the governing bodies of the Company in the process of reorganisation and agreements concluded in the process of reorganisation.

16.2. The Company may be liquidated voluntarily in accordance with the procedure established by the Civil Code of the Russian Federation with provisions of this Charter taken into

consideration. The Company may be liquidated by the judgment of court on the grounds stipulated by the Civil Code of the Russian Federation.

Liquidation of the Company entails its termination without assigning the rights and duties by way of universal legal succession to other persons.

The procedure for liquidation of the Company shall be determined by the applicable law and the Company's decisions on the procedure and time periods for liquidation (clause 3, article 62 of the Civil Code of the Russian Federation).

In the event of liquidation, the Company shall take measures aimed at protection of information classified as state secrets.

16.3. If provisions of this Charter conflict with the applicable law of the Russian Federation, then provisions of the applicable law of the Russian Federation shall prevail.