

APPROVED  
Decision by the Annual General Meeting of  
Shareholders of  
PJSC Rosseti Kuban dated June 3, 2021  
Minutes of «04» June 2021 No. 45

Chairman of the Meeting  
\_\_\_\_\_ A.I. Gavrilov

**ARTICLES OF ASSOCIATION  
of Public Joint Stock Company  
Rosseti Kuban  
(new version)**

Krasnodar, 2021

## **Article 1. General Provisions**

1.1. Public Joint Stock Company Rosseti Kuban (hereinafter referred to as the Company) established in accordance with the Russian Federation Presidential Decrees of August 14, 1992 No. 922 "On Aspects of Reorganization of State Owned Enterprises, Associations, Organizations of Fuel and Energy Industry into Joint Stock Companies", of August 15, 1992 No. 923 "On the organization of control of the electric power complex of the Russian Federation under the conditions of privatization", of November 5, 1992 No. 1334 "On implementation of the Decree of the President of the Russian Federation of August 14, 1992 No. 922 in the electric power industry "On Aspects of Reorganization of State Owned Enterprises, Associations, Organizations of Fuel and Energy Industry into Joint Stock Companies". An entry on state registration of the Company dated September 17, 2002 was made in the Single State Register of Legal Entities by the Administration of Oktybrskiy district of Krasnodar, the primary state registration number 1022301427268.

1.2. The State Property Management Committee of Krasnodar region is the founder of the Company.

1.3. The Company is the legal successor of Krasnodar industrial group of power industry and electrification of Kuban 'Krasnodarenergo'.

1.4. Full corporate name of the Company in Russian - Public Joint Stock Company Rosseti Kuban. Former full corporate name of the Company in Russian - Public Joint Stock Company of Power Industry and Electrification of Kuban, Joint Stock Company of Power Industry and Electrification of Kuban. Full corporate name of the Company in English - Public Joint Stock Company Rosseti Kuban. Former full corporate name of the Company in English - Kuban Power and Electrification Public Joint Stock Company, Kuban Power and Electrification Open Joint Stock Company.

1.5. Short corporate name of the Company in Russian – PJSC Rosseti Kuban. Former short corporate name of the Company in Russian – PJSC Kubanenergo, JSC Kubanenergo. Short corporate name of the Company in English – Rosseti Kuban PJSC. Former short corporate name of the Company in English – Kubanenergo JSC.

1.6. Registered office: the Russian Federation, Krasnodar.

The Company's address is indicated in the Unified State Register of Legal Entities.

1.7. The Company has been established for an indefinite duration.

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

2.1. Legal Provisions of the Company is determined in accordance with the Civil Code of the Russian Federation, Federal Law "On Joint Stock Companies", other regulatory legal acts of the Russian Federation and the present Articles of Association.

2.2. The Company is the legal entity and Public Joint Stock Company in accordance with the legislation of the Russian Federation.

2.3. The Company has its own solitary property recorded on its individual balance sheet and shall be liable with respect to its obligations with such property, it may, on its own behalf, acquire and exercise property and personal non-property rights, exercise duties, act as plaintiff and defendant in the court.

2.4. The Company shall have the right to open bank accounts within and outside the Russian Federation in accordance with the specified procedure.

2.5. The Company shall be liable with respect to its liabilities with all of its property.

The Company shall not be liable with respect to any liabilities of the state and its bodies or any liabilities of its shareholders.

The shareholders of the Company shall not be liable with respect to any liabilities of the Company, unless otherwise stipulated in the legislation of the Russian Federation.

The shareholders shall have the right to alienate shares belonging to them without the consent of other shareholders and the Company.

The shareholders of the Company shall bear the risk of loss related to its activities within the value of shares belonging to them.

2.6. The Company shall have a round seal containing its full corporate name in Russian and specifying its registered address.

The Company should have stamps and letterheads containing its corporate name, its own corporate logo, and a trademark registered in accordance with the specified procedure and other visual identification means.

2.7. The Company shall have civil law rights and bears obligations necessary to carry out any activities that are not prohibited by federal laws.

2.8. The Company may establish branch offices and open representative offices in accordance with the provisions of the Civil Code of the Russian Federation, the Federal Law "On Joint-Stock Companies," and other federal laws.

The branch offices and representatives of the Company shall not be legal entities.

The branch offices and representatives of the Company shall be vested with property created by the Company and shall act in accordance with provisions approved by the Company.

The Manager of a branch office or representative office of the Company shall be appointed by the Chief Executive Officer of the Company and act by virtue of the power of attorney issued by the Company.

The Company shall bear responsibility for the activities of its branch and representative office.

Information on the branch offices and representative offices of the Company, if any, is specified in the Unified State Register of Legal Entities.

2.9. The Company may have subsidiary and economic companies acting as a legal entity in the territory of the Russian Federation established in accordance with the Federal Law "On Joint-Stock Companies," other federal laws, and the present Articles of Association or, if existing outside the Russian Federation, in accordance with the legislation of the foreign country at the location of the subsidiary and economic company, unless otherwise required by the international treaty of the Russian Federation.

2.10. For the purposes of the present Articles of Association, an economic entity in which the Company has an ownership interest of more than twenty (20) percent of voting shares (stakes) shall be deemed to be a dependent company.

### **Article 3. Purpose and Scope of Business of the Company<sup>1</sup>**

3.1. The principal purposes of the Company's activities are as follows:

- making a profit;
- efficient and reliable functioning of the facilities of the integrated distribution power grid;
- ensuring sustainable development of the integrated distribution power grid;
- ensuring reliable and high-quality power supply to consumers (with regards to delivery and transmission of electric power);
- To make a profit and achieve objectives of the activity, the Company may be engaged in any activities that are not forbidden by law, including:
  - providing services for transmission of energy;
  - operations and Technology Management (OTM);
  - providing services for technological connection of power receivers (power generation systems) of legal entities and individuals to the electrical networks;

- exercise of the functions on collection, communication and processing of technological information, including measurement and accounting data
- control over safe maintenance of electrical installations at consumers connected to the electrical networks of the Company;
- operation of electrical networks;
- providing services for exercising of authorities of Chief Executive Officer of economic entities;
- providing services for administration of trust property ;
- securities transactions in accordance with the procedure established by the applicable laws of the Russian Federation;
- agent activity;
- design and estimated, survey, research and development works;
- rendering freight forwarding services;
- rendering consulting and information services;
- execution of works specifying the terms of parallel operation in accordance with the regulations of the Unified Energy System as part of contractual relationship;
- exploitation under the contracts with owners of power facilities which are not recorded on the balance sheet of the Company;
- ensuring availability and integrity of electrical network equipment in accordance with the current normative requirements, maintenance, diagnostics, repair of electrical networks and other electric grid facilities;
- testing and measuring of power generation systems (including consumers);
- ensuring availability and integrity, technical maintenance, diagnostics and repair of controlling communications networks, measuring and metering equipment, relay protection equipment, accident prevention automation and other technological equipment related to the operation of electricity grid facilities;
- elaboration of long-range forecasts, prospective and current development plans of the integrated power grid, goal-oriented, comprehensive, research and technology, economic and social programmes;
- development of electrical networks and other electrical grid facilities, including design and engineering investigations, construction, reconstruction, technical re-equipping, installation and setup;
- development of technical communication networks and telemechanics, measuring and metering equipment, relay protection equipment, accident prevention automation and other technological equipment related to the operation of electricity grid facilities, including design and engineering investigations, construction, reconstruction, technical re-equipping, installation and setup;
- operation of hazardous production facilities;
- activities with regards to R&D works and technological works, including development, creation, introduction of new and improving the existing techniques, technologies and methods to improve economical and reliable power supply to consumers, creation of conditions necessary for the development of the electric power system of Russia, implementation of R&D programs and innovative programmes, participation in creation of R&D industry funds;
- organization and implementation of manufacturing supervision for compliance with industrial safety requirements of hazardous industrial facilities;
- organization of work to ensure the labor protection;
- elimination of technological disturbances at the power network facilities;
- implementation of types of activities related to works and services intended for nature protection purposes;

- activities related to the environmental impact, production, collection, use, neutralization, storage, burial, movement, transportation and placement of industrial waste
- activities relating to the use of water objects;
- activities relating the use of natural resources, including bowels of the earth and fores fund;
- metrology activities;
- activity on production and repair of measuring instruments;
- activities on providing of services for installation, repair and technical maintenance of devices and instruments for metering, control, testing, navigation, location and other purposes;
- hazardous waste handling;
- activities on fire prevention;
- work performance on installation and maintenance of fire safety devices of buildings and structures;
- organization and performance of work with the staff, including including training and retraining, test staff knowledge regarding the maintenance rules, fire safety rules and labor protection, as well as other normative documents at the enterprises of electric power industry;
- carriage of passengers and transportation of cargo by truck, rail, air and inland water transport (in the case of hazardous cargo);
- activities related to the maintenance and repair of movable equipment in the rail sector;
- activities related to the maintenance and repair of technical facilities in the rail sector;
- cargo-handling operations in the rail sector (in the case of hazardous cargo);
- cargo-handling operations on inland water transport (in the case of hazardous cargo);
- operation, maintenance and repair of motor transport, railway transport, air transport, inland water transport, and hoist devices used for technological purposes;
- international economic activity;
- storage of oil, gas and products derived from them;
- activities to fulfill the functions of the customer-property developer;
- preparation of the design documentation intended for capital construction facilities;
- construction, reconstruction and major repairs activities;
- services of the local, intra zone and long-distance communication
- communication channel lease;
- ICT services (including email service, information resources access service; information service unit, telefax service, Comfax service, Burofax service, message handling service, voice message service, and voice information service);
- data transmission services;
- use of orbital frequency resources and radio frequency for the purpose of TV broadcast and radio broadcasting (including additional information broadcast);
- lease of buildings and structures, equipment, vehicles and machinery;
- carrying out organizational, practical and preventive measures to ensure integrated safety and security(anti-terrorism and non-criminal protection, economic security, control of corruption and information security);
- technical protection of confidential information;
- organization and running of events regarding the issues of mobilization training, civil defence and prevention and control of emergencies;
- securing of official secrets, execution of works related to the usage of information classified as state secret in accordance with the legislation and other normative acts of the Russian Federation;
- organization and running of events to ensure the security and protection of data classified as state secret;
- purchase (receipt) of electric energy (capacity) in the wholesale electricity market or from electricity producers in the retail market for resale to consumers in the retail market in case of the

assignment of the status of a guaranteed supplier of the electric power in accordance with the procedure established by the applicable laws of the Russian Federation;

- medical care, including sanatorium and health-resort services;
- educational activity;
- operation and maintenance of facilities under the control of Rostekhnadzor of the Russian Federation;
- activity in the sphere of energy conservation and increase the energy efficiency;
- activity in the sphere of energy inspection (energy audit) and rendering of energy services;
- making schedules regarding the emergency restriction of energy consumption;
- production of control load flow measurements; loads and voltage levels in electric networks of power systems;
- provision of services for workplace assessment with respect to working conditions;
- implementation of other types of activities that are not forbidden by the federal legislation;

3.2. The Company may perform certain activities specified by the federal laws only by virtue of specific permission (license), membership in a self-regulatory organization or issued by a self-regulatory organization certificate of admission to a particular type of work. The Company's right to carry out activity for which it is necessary to obtain special permit (license), membership in a self-regulatory organization and license of the self-regulatory organization for admission to a particular type of work, arises from the receipt of a permit (license) or a specified period or since the Company joining the self-regulatory organization or self-regulatory organization issuing the certificate of admission to a certain type of work and 6 stops at the termination of the permit (license), membership in a self-regulatory organization or self-regulatory organization issued a certificate of admission to a particular type of work.

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

4.1. The authorized capital of the Company is composed of the par value of the Company's shares purchased by its shareholders (outstanding shares).

The authorized capital of the Company is 33,465,783,700 (thirty-three billion four hundred and sixty-five million seven hundred and eighty-three thousand seven hundred) rubles.

4.2. The Company has placed ordinary registered uncertified shares at the same nominal value of 100 (one hundred) rubles per share in the quantity of 334,657,837 (three hundred and thirty-four million, six hundred and fifty-seven thousand, eight hundred and thirty-seven) units for a total amount at nominal value of 33,465,783,700 (thirty-three billion, four hundred and sixty-five million, seven hundred and eighty-three thousand, seven hundred) rubles.

4.3. The authorized capital of the Company may be:

- increased by increasing the par value of shares or by placing additional shares;
- reduced by reducing the par value of shares or by reducing their total number through acquisition and redemption of a part of the Company's outstanding shares in accordance with the present Articles of Association.

4.4. The authorized capital is subject to increase only after being fully paid up.

Payment of additional shares to be placed by the Company by way of setoff of claims against the Company shall be acceptable in the cases stipulated by the Federal Law "On Joint Stock Companies".

4.5. The Company is obliged to reduce its authorized capital if this is stipulated by the Federal Law "On Joint Stock Companies".

Reduction of the authorized capital of the Company can be carried out in accordance with the procedure established by the applicable laws of the Russian Federation and this Articles of Association.

It is not permitted to reduce the authorized capital of the Company if as a result of this reduction the amount of the authorized capital of the Company becomes less than the minimum amount of authorized capital as defined in the Federal Law "On Joint-Stock Companies, as of the date of submission of documents for state registration of the corresponding changes in this Articles of Association, and if in

accordance with the Federal Law "On Joint Stock Companies" the Company is obliged to reduce its authorized capital - as of the date of state registration of the Company.

4.6. In addition to the outstanding ordinary registered uncertified shares, the Company declares 142,649,400 (one hundred and forty-two million, six hundred and forty-nine thousand, four hundred) ordinary registered uncertified shares having par value 100 (one hundred) rubles per share for a total amount at nominal value of 14,264,940,000 (fourteen billion, two hundred and sixty-four million, nine hundred and forty thousand) rubles.

The ordinary registered uncertified shares declared by the Company for placement shall grant their holders the rights stipulated in Clause 6.2 hereof.

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

5.1. The Company places ordinary shares and is entitled to place one or more preferred shares, bonds and any other securities in accordance with the procedure established by the applicable laws of the Russian Federation.

5.2. The procedure of conversion of the Company's securities into shares is determined by the decision on issue of issue-grade securities convertible into shares.

5.3. In case of conversion into shares at the request of holders of the Company's securities convertible into shares, the period during which the owners have the right to make or withdraw a demand on conversion, may not be less than 20 days.

5.4. Requirements for conversion of securities into shares or withdrawal of such requirements are made in accordance with the with the legislation of the Russian Federation on securities.

5.5. Conversion of ordinary shares into preferred shares, bonds and other securities is not permitted.

5.6. Conversion of the Company's securities into shares is not permitted if the aggregate price for placing of convertible securities into shares is less than the aggregate par value of additional shares of the Company into which such securities are converted. Placement of shares or other securities convertible into shares is made by the Company in accordance with the legal acts of the Russian Federation.

5.7. The Company is entitled to place additional shares and other securities by subscription and conversion. If there was an increase in the authorized capital of the Company derived from its property, the Company shall place additional shares by distributing them among shareholders.

5.8. In exercising the preemptive right to purchase additional shares, as well as upon consolidation of shares it becomes impossible for a shareholder to acquire the whole number of shares, fractions of shares shall be formed (fractional shares).

A fractional share entitles the holder hereof to the rights, vested in the full share of respective category (type) to the extent corresponding to the fraction of the full share, it comprises.

Fractional shares shall circulate along with full shares. In case one person acquires two and more fractional shares of one category (type), such shares make one full and (or) fractional share equal to the sum of such fractional shares.

5.9. The form of payment of additional shares placed by public subscription shall be determined by resolution on their placement and shall comply with the requirements of the legislation of the Russian Federation.

Payment of other securities shall be made only in cash.

## **Article 6. Rights and Obligations of Shareholders of the Company**

6.1. A person owning the Company's shares in accordance with the legislation of the Russian Federation and the present Articles of Association is acknowledged to be a shareholder.

6.2. Each ordinary registered share of the Company provides its holder (owner) with the same scope of rights.

Any holders of the Company's ordinary shares shall have the following rights:

- 1) take part in the Company's General Meeting of Shareholders with a right to vote on all issues falling within its competence in person or by proxy;
- 2) propose agenda items at the General Meeting in accordance with the procedure established by the applicable laws of the Russian Federation and the present Articles of Association;
- 3) obtain information on the Company's activities and receive an access to the Company's documentation in compliance with Section 90 of Federal Law "On Joint Stock Companies", other normative legal acts and the present Articles of Association;
- 4) get dividends declared by the Company;
- 5) the preemptive right to purchase shares listed below by subscription, in cases and in accordance with the procedure established by the applicable laws of the Russian Federation:
  - additional shares and securities convertible into shares in proportion to the number of ordinary shares owned by the given shareholders;
  - newly placed additional shares of a new category (type) and securities convertible into them or additional preferred shares with an advantage in priority of dividends and securities convertible into them in proportion to the number of the Company's shares owned by the given shareholders in accordance with the legislation of the Russian Federation;
- 6) in case of liquidation of the Company, the right to receive surplus assets (the assets of a company remaining after the payment of creditors' claims) and its value in accordance with the procedure established by the applicable laws of the Russian Federation;
- 7) to appeal against the decisions of the Company's management bodies on behalf of the Company, if such decisions have civil law consequences in cases and in accordance with the procedure established by the applicable laws of the Russian Federation;
- 8) demand compensation for losses, on behalf of the Company, caused to the Company;
- 9) to contest the transactions of the Company on the grounds provided by the legislation of the Russian Federation and require the application of the consequences of their invalidity, as well as the application of consequences of invalidity of void transactions of the Company;
- 10) enter into an agreement for the exercise of corporate rights (corporate agreement) with other shareholders, and with Company's creditors and other third parties;
- 11) exercise other rights in accordance with the procedure established by the applicable laws of the Russian Federation and the present Articles of Association.

6.3. Shareholders under the contract with the Company shall have the right, for the purpose of financing and supporting activities of the Company, at any time to make unremunerated contributions to the Company's property in cash or in any form that does not increase the authorized capital of the Company and does not change the par value of shares (contributions to the property of the Company).

Property contributed to the Company by the shareholders as a donation, in such form as may be permitted by Section 1 of Article 66.1 of the Civil Code of the Russian Federation.

The contract under which the shareholder contributes to the property of the company, shall be preliminarily approved by the decision of the Board of Directors of the Company.

6.4. Any holders of the Company's ordinary shares shall have the following obligations:

- 1) participate in creating the Company's property in the necessary amount in accordance with the procedure, in the manner, and within the deadlines set out in the legislation of the Russian Federation and the present Articles of Association;
- 2) not to disclose confidential information on the Company's activity;
- 3) participate in making the decisions without which the Company cannot continue to carry out its activities in accordance with the legislation of the Russian Federation if shareholders' participation is necessary for making such decisions;
- 4) forbear from any act that is deliberately aimed at causing harm to the Company;



5) forbear from any act (omission to act) that makes it substantially difficult or impossible to achieve the goals of the Company's establishment;

6) notify the Company that a corporate agreement has been entered into within the time deadlines and in accordance with the procedure established by the applicable laws of the Russian Federation;

7) notify the other shareholders of the Company in advance of their intention to file a lawsuit to contest a decision of the General Meeting of Shareholders of the Company, and/or compensation for losses caused to the Company or hold the Company's transaction invalid or apply the consequences of the invalidity of a transaction by sending out a notification in the written form to the Company at least five days prior to the date of taking legal action.

Shareholders of the Company may bear other obligations in accordance with the laws of the Russian Federation and the present Articles of Association.

## **Article 7. Dividends**

7.1. The Company shall be entitled, based on the results of the first quarter, half-year, or nine months of the reporting year and/or based on the results of the reporting year, to decide on (declare) payment of dividends on the Company's placement shares. Any decision to pay (declare) dividends based on the results of the first quarter, half-year, or nine months of the reporting year may be adopted within three (3) months after the end of the relevant period.

The Company is obliged to pay the declared dividends on shares of each category (type) unless otherwise required by Federal Law "On Joint Stock Companies".

7.2. Any decision to pay (declare) dividends is made by the General Meeting of Shareholders. Such decision shall determine the amount of dividends on shares of each category (type), mode of payment of dividends, procedure for payment of dividends in form other than cash, and the date on which the persons who have the right to receive dividends are determined.

For this purpose, any decision related to setting the date on which the persons who have the right to receive dividends are determined shall be made only as proposed by the Company's Board of Directors.

The amount of dividends may not exceed the amount of dividends recommended by the Company's Board of Directors.

The General Meeting of Shareholders of the Company shall have the right to decide not to pay dividends on ordinary shares.

7.3. The Company is not entitled to make decision (declare) on payment of dividends on shares and is not entitled to pay declared dividends on shares in cases stipulated by the applicable laws of the Russian Federation.

7.4. The source of payment of dividends is the Company's profit after tax (net profit of the Company). Net profit is determined in accordance with the data of accounting (financial) statements of the Company.

7.5. Dividend payment deadline to the nominee shareholder and trust manager (professional participant of the security market) is not more than 10 business days, other shareholders entered into the Register – 25 business days from the date of making a list of persons entitled to receive dividends.

Date on which the persons entitled to receive dividends are determined, in accordance with any decision to pay (declare) dividends, shall be determined not earlier than ten (10) days from the date of adoption of the decision to pay (declare) dividends or later than twenty (20) days after the date of such decision.

Dividends shall be paid to the persons that hold shares of the relevant category (type) or the persons that exercise the rights in accordance with the federal laws as of the close of trading on the date on which the persons entitled to receive dividends are determined in accordance with any decision to pay dividends.

Payment of dividends in cash shall be made by the Company in non-cash form or on behalf of the registrar keeping the Company's shareholder register or by a credit institution.

Payment of dividends in cash to any individuals whose rights to shares are recorded in the Company's shareholder register shall be made by transfer of funds to their bank accounts or special accounts of operators of financial platforms opened in accordance with the Federal Law "On Making Financial Transactions Using a Financial Platform," whose details are available to the Company's registrar, or in the absence of the details of bank accounts, special accounts of operators of financial platforms, by postal order, and in case of any other persons whose rights to shares are recorded in the Company's shareholder register, by transfer of funds to their bank accounts. The Company shall be deemed to have performed its obligation to pay dividends to such persons as of the date when money is accepted by a federal postal organization for such postal order or as of the date when money is received by the credit institution that maintains the bank account of the person entitled to receive dividends or, if such person is a credit institution, is credited to the credit institution's account.

The persons that are entitled to receive dividends and whose rights to shares are recorded with any nominee shareholder shall receive dividends in cash in accordance with the procedure established by the applicable laws of the Russian Federation. Any nominee shareholder that receives dividends and fails to perform the obligation to deliver such dividends in accordance with the procedure established by the applicable laws of the Russian Federation for any reason beyond the control of such nominee shareholder shall return them to the Company within ten (10) days after the expiration of a period of one month after the expiration date of the dividend payment period.

7.6. Any person failing to receive dividends because the correct and necessary address or bank details are not available to the Company or the registrar or due to any other delay on the part of the creditor shall have the right to submit a request to pay such dividends (unclaimed dividends) within three years after the decision to pay such dividends.

If any deadline for requests to pay unclaimed dividends is missed, such deadline may not be reset unless any person entitled to receive dividends fails to submit such request under the influence of violence or threats.

Upon the expiration of such period, declared and unclaimed dividends shall be recovered as a part of accumulated profit of the Company, and the obligation to pay such dividends shall terminate.

## **Article 8. Funds of the Company**

8.1. The Company sets up a Reserve Fund in the amount of 5 (five) percent of the authorized capital of the Company.

The amount of obligatory annual contributions to the Reserve fund of the Company amounted to 5 (five) percent of the Company's net profit until the Reserve fund reaches the fixed amount.

8.2. The Reserve Fund of the Company sets aside to cover its losses and redeem the Company's bonds and buyback of the Company's shares if there are no other funds available for these purposes.

The Reserve Fund may not be used for any other purposes.

8.3. The Company shall have the right to set up other funds in accordance with the requirements of legislation of the Russian Federation.

## **Article 9. Management and Supervisory Bodies of the Company**

9.1. The Management Bodies of the Company shall include:

- General Meeting of Shareholders;
- Board of Directors;
- Management Board;
- Chief Executive Officer.

9.2. The Audit Committee of the Company is the Supervisory Bodies for financial and economic activities of the Company.

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

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

10.2. The General Meeting of Shareholders is responsible for:

- 1) introducing amendments and additions to the Articles of Association and approval of an updated version of the Articles of Association;
- 2) reorganization of the Company;
- 3) liquidation of the Company, establishment of the liquidation committee, and approval of an interim and final liquidation balance sheets;
- 4) determination of the quantity, par value, category (type) of authorized shares and rights attaching thereto;
- 5) increase in the Company's authorized capital by raising the par value of shares or by placing additional shares of the Company;
- 6) decrease in the Company's authorized capital by reducing the par value of shares, through the acquisition of some shares by the Company in order to reduce their total number, and by redemption of shares which were purchased or bought back by the Company;
- 7) splitting and consolidation of the Company's shares;
- 8) decision-making on placement of bonds that can be converted into shares and other securities that can be converted into shares;
- 9) determination of the number of members of the Company's Board of Directors, election of its members and early termination of its authorities;
- 10) election of the members of the Company's Audit Committee and early termination of its authorities;
- 11) approval of the Company's Auditor;
- 12) decision-making on the delegation of authority of the Chief Executive Officer of the Company to the Managing Director or on early termination of Managing Director;
- 13) approval of the annual report and the annual accounting (financial) statements of the Company;
- 13.1) distribution of profits (including payment (declaration) of dividends except for the profits distributed as dividends based on the results of the first quarter, six months, nine months of the reporting period) and losses of the Company based on the results of the reporting year;
- 14) payment (declaration) of dividends based on the results of the first quarter, six months, nine months of the reporting period
- 15) determination of the procedure for holding the General Meeting of Shareholders of the Company;
- 16) decision-making on the consent to make interested party transactions or approve these transactions later in cases stipulated by Section 83 of the Federal Law "On Joint Stock Companies";
- 17) decision-making on the consent to make major transactions or approve these transactions later in cases stipulated in Section 79 of the Federal Law "On Joint Stock Companies";
- 18) decision-making on participation in financial and industrial groups, associations and other unions of commercial organizations;
- 19) approval of the internal documents regulating the activities of the Company's bodies;
- 20) decision-making on benefits and (or) compensation payments to the members of the Audit Committee of the Company;
- 21) decision-making on benefits and (or) compensation payments to the members of the Board of Directors of the Company;
- 22) decision-making on any application for delisting of the Company's shares and (or) the Company's issue-grade securities that can be converted into the Company's shares;
- 23) purchase of placement shares by the Company in accordance with the Federal Law "On

Joint Stock Companies”;

24) other issues stipulated by the Federal Law “On Joint Stock Companies”.

10.3. Issues falling within the competence of the General Meeting of Shareholders may not be delegated to the Board of Directors of the Company, the Management Board of the Company, or the Chief Executive Officer of the Company unless otherwise required by Federal Law “On Joint Stock Companies”.

The General Meeting of Shareholders shall not be entitled to discuss or adopt decisions on any issues falling beyond its competence as specified in the Federal Law “On Joint-Stock Companies.”

10.4. The resolution put to the vote of the General Meeting of Shareholders on an issue requires a majority votes of shareholders, who own the Company’s voting shares, participating in the meeting of the Company unless otherwise required by Federal Law “On Joint Stock Companies”. For each issue put to a vote, only a separate (independent) decision can be taken.

10.5. The resolution of the General Meeting of the Company’s Shareholders shall be adopted by a majority consisting of not less than three-quarters of the votes of shareholders, who own the Company’s voting shares, participating in the General Meeting of Shareholders of the Company, on the following issues:

- introducing amendments and additions to the Articles of Association and approval of an updated version of the Articles of Association;
- reorganization of the Company;
- liquidation of the Company, establishment of the liquidation committee, and approval of an interim and final liquidation balance sheets;
- determination of the quantity, par value, category (type) of authorized shares and rights attaching thereto;
- decrease in the Company’s authorized capital by reducing the par value of shares;
- placement of shares (issue-grade securities of the Company that can be converted into shares) by private subscription according to the decision of the General Meeting of Shareholders on increasing the authorized capital of the Company by placing additional shares (on placement of the issue-grade securities of the Company that can be converted into shares);
- placement of ordinary shares exceeding 25% (twenty-five percent) of the previously placed ordinary shares through a public offering;
- placement of issue-grade securities that can be converted into ordinary shares exceeding 25% (twenty-five percent) of the previously placed ordinary shares through a public offering;
- decision-making on the consent to make a major transaction or approve this transaction later in cases stipulated in Section 79 of the Federal Law “On Joint Stock Companies”;
- decision-making on any application for delisting of the Company’s shares and (or) the Company’s issue-grade securities that can be converted into the Company’s shares
- purchase of placement shares by the Company in accordance with the Federal Law “On Joint Stock Companies;
- other cases stipulated by the Federal Law “On Joint Stock Companies”.

The decision on consent to make an interested party transaction or approve this transaction later in accordance with Section 83 of the Federal Law “On Joint Stock Companies shall be made at the General Meeting of Shareholders of the Company by a majority of votes of shareholders of voting shares participating in the meeting that are not interested in making a transaction or controlled entities that are interested in making this transaction.

The decision of the General Meeting of Shareholders on consent to make an interested party transaction or approve this transaction later, is considered to be legally qualified regardless of the number of shareholders, who own the Company’s voting shares, participating in the meeting and that are not interested in making a correspondence transaction

10.6. Decisions on issues as defined in subparagraphs 2, 5, 7, 8, 12-20,23 of Clause 10.2 of

Article 10 of the present Articles of Association, as well as a decrease in the Company's authorized capital by reducing the par value of shares, and the date on which the persons who have the right to receive dividends are determined, shall be made by the General Meeting of Shareholders upon the recommendation of the Company's Board of Directors.

10.7. The General Meeting of Shareholders shall not be entitled to make decisions on issues which are not included on the agenda item or change the agenda item.

Decisions adopted by the General Meeting of Shareholders on any issues not included on the agenda of the General Meeting of Shareholders (except when all the Company's shareholders took part in the meeting) or with failure to comply with the competence of the General Meeting of Shareholders, in the event that no quorum is present at the General Meeting of Shareholders, or without such majority of votes held by shareholders as necessary to adopt decisions shall be invalid whether or not they are appealed by recourse to court proceedings.

10.8. Voting at the General Meeting of Shareholders is conducted according to the principle "one vote per share", except for cumulative voting related to the election of members of the Company's Board of Directors.

In cumulative voting, the number of votes of shareholders is multiplied by the number of persons to be elected to the Board of Directors of the Company. The shareholder can vote for one candidate or split his votes into two and more candidates as desired.

Candidates who have obtained the majority of votes shall be deemed elected to the Company's Board of Directors.

10.9. The General Meeting of Shareholders shall be held in Krasnodar.

The specific address for holding of a General Meeting of the Company's Shareholders shall be fixed by the Board of Directors in the process of solution to the issues related to holding of the General Meeting of Shareholders.

10.10. The Chairman of the Board of Directors shall preside at the General Meeting of Shareholders.

If the Chairman of the Company's Board of Directors is absent for any reason, his/her functions shall be performed by the Deputy Chairman of the Board of Directors.

If the Chairman of the Company's Board of Directors and the Deputy Chairman are absent for any reason, the functions of the presiding officer shall be performed by any member of the Board of Directors according to the decision of the Company's Board of Directors or shareholders participating in the General Meeting of Shareholders.

If the persons who preside over the General Meeting of Shareholders of the Company in accordance with this clause are absent in the extraordinary General Meeting of Shareholders of the Company conducted according to the decision of the persons who are entitled to demand for holding this extraordinary general meeting, the person (representative of the Chairman), who made a decision on holding the extraordinary General Meeting of Shareholders of the Company, performs functions of the Chairman of the General Meeting of Shareholders of the Company in case the decision on holding the extraordinary General Meeting of Shareholders was made by several persons.

10.11. If one of the shareholders owns all voting shares of the Company, decisions regarding the items related to the competence of the General Meeting of Shareholders of the Company shall be made by this shareholder (authorized governing body of the shareholder). The decision regarding this item is to be executed in written form and should be brought to the attention of the Company. For this purpose, provisions of Articles 10-15 of the Articles of Association determining the order and deadlines for preparing, convening and holding the General Meeting of Shareholders are not used, except for provisions regarding the deadlines for holding the Annual General Meeting of Shareholders.

10.12. The function of the counting commission at the General Meeting of Shareholders shall be performed by the professional securities trader that is a holder (company's registrar) of the shareholder register of the Company.

## **Article 11. Conducting the General Meeting of Shareholders of the Company in the form of joint attendance**

11.1. The annual General Meeting of Shareholders of the Company shall be held not earlier than in two months and not later than in six months after the end of the reporting year.

The following issues regarding the election of the members of the Board of Directors, members of the Audit Committee, approval of the Auditor of the Company, approval of the annual report of the Company and the annual accounting (financial) statements of the Company, and distribution of profits (including payment (declaration) of dividends, except for payment (declaration) of dividends based on the results of the first quarter, six months, nine months of the reporting period) and losses of the Company based on the results of the reporting year, are to be considered at the Annual General Meeting of Shareholders of the Company. Other issues related to the competence of the General Meeting of Shareholders of the Company are to be considered.

11.2. The General Meeting of Shareholders is held in the form of joint attendance of the shareholders (representatives of shareholders) for discussion of issues of the agenda and passing resolution on the issues put to the vote.

11.3. Decisions of the General Meeting of Shareholders may be adopted by means of absentee voting (by questionnaire), including voting via electronic and technical means in accordance with Section 12 of the present Articles of Association.

11.4. The list of persons who have the right to participate in the General Meeting of Shareholders is made in accordance with the rules of the legislations of the Russian Federation on securities to make a list of persons who exercise the securities rights.

The date on which the persons entitled to participate in the General Meeting of Shareholders shall be determined not earlier than ten (10) days from the date of adoption of the decision to hold the General Meeting of Shareholders or later than twenty five (25) days prior to the date of the General Meeting of Shareholders and in cases stipulated in Clauses 14.9 and 14.11 of the present Articles of Association - later than fifty five (55) days prior to the date of the General Meeting of Shareholders.

In the event of holding the General Meeting of Shareholders whose agenda contains the issue related to reorganizing the company, the date on which persons entitled to participate in such meeting shall be determined not later than thirty-five (35) days prior to the date of the General Meeting of Shareholders.

Information on the date on which the persons entitled to participate in the General Meeting of Shareholders are determined, shall be disclosed at least seven (7) days prior to that date.

The list of persons entitled to participate in the General Meeting of Shareholders (except for information on their willingness) shall be submitted by the Company for review at the request of a person included in the above-mentioned list and having at least one (1%) percent of votes on any agenda item of the General Meeting of Shareholders from the date following the date of receipt of the request on provision of the specified list (from the date of making the specified list, if such a request has been received by the Company prior to the date of making this list). The list of persons entitled to participate in the General Meeting of Shareholders (except for information on their willingness) shall be submitted by the Company for review in the office building of the executive body of the Company and should also be available for review during the General Meeting of Shareholders at its venue. For this purpose, information enabling the identify of 17 individuals included in the specified list, except for the last name, first name and patronymic (if available), is provided only with their consent.

The Company is obliged to submit a copy of the list of persons entitled to participate in the General Meeting of Shareholders (except for information on their willingness) on demand of the person

on the list of persons, who have the right to participate in the General Meeting of Shareholders, who has at least one (1%) percent of votes on any agenda item of the General Meeting of Shareholders, within seven (7) business days from the date of receipt of the relevant request by the Company (from the date of making a specified list, if such a request has been received by the Company prior to the date of making this list).

11.5. Notification on holding the General Meeting of Shareholders shall be published on the web site of Company at <https://rosseti-kuban.ru> not later than thirty (30) days prior to the meeting date, and in cases stipulated in clauses 2 and 8 of Article 53 of the Federal Law "On Joint-Stock Companies" - not later than fifty (50) days prior to the date of the General Meeting of Shareholders.

Notification on holding the General Meeting of Shareholders according to the decision of the Board of Directors may additionally be sent to the persons entitled to participate in the General Meeting of Shareholders of the Company and registered in the register of shareholders of the Company in one or more of the following ways:

1) sending an e-mail with the text on holding the General Meeting of Shareholders to the appropriate person registered in the register of shareholders of the Company;

2) sending a text message containing the procedure for familiarization with this message on holding the General Meeting of Shareholders to the phone number or e-mail address specified in the register of shareholders of the Company.

The notice of the General Meeting of Shareholders shall specify:

- full corporate name of the Company and its registered office;
- form of the General Meeting of Shareholders (joint attendance and/or absentee voting);
- date, location (including information on the office building), and time of the General Meeting of Shareholders and correspondence address where completed voting papers can be sent;
- date on which the persons entitled to participate in the General Meeting of Shareholders are determined;
- meeting agenda;
- procedure for examination of information (materials) to be submitted as a part of preparation for holding the General Meeting of Shareholders and address (addresses) where it is available;
- categories (types) of shares the owners of which have the voting rights on all or some items of the General Meeting of Shareholders;
- e-mail address where completed voting papers can be sent and (or) website address on the Internet where the e-forms of the voting ballots are filled in, if such ways of sending and (or) filling in the ballots are stipulated by the decision of the Board of Directors of the Company as part of preparation for the General Meeting of Shareholders of the Company;
- information on the documents that must be submitted for admission to the office building where the General Meeting of Shareholders will be hold, if the admission to the office building is not free;
- time of beginning of registration of persons participating in the General Meeting of Shareholders.

As part of preparation for the General Meeting of Shareholders of the Company and in case the nominee shareholder is the person who is recorded in the register of Shareholders of the Company, the notification on holding the General Meeting of Shareholders of the Company and information (materials) to be submitted to the persons who have the right to participate in the General Meeting of Shareholders, should be submitted in accordance with the legislation of the Russian Federation on securities in order to provide information and materials to the persons who exercise the securities rights.

The Company should keep information on the direction of communications, as provided for in this article, for five years from the date of the General Meeting of Shareholders.

11.6. Voting at the General Meeting of Shareholders is carried out only by voting ballots on all

agenda items. The format and text of the voting ballot are approved by the Board of Directors. The receipt by the Company's registrar of notifications to announce willingness of persons, who have the right to participate in the General Meeting of Shareholders, is be deemed to be voting by ballots, they are not registered in the register of shareholders of the company and, in accordance with the legislation of the Russian Federation on securities, gave to persons, registering their rights to shares, instructions on voting.

The voting ballot shall be sent out or deliver against receipt to each person that is indicated in the list of persons who have the right to participate in the General Meeting of Shareholders, not later than twenty (20) days before holding the General Meeting of Shareholders.

The voting ballots can be sent as a registered or simple letter to the address indicated in the list of persons entitled to participate in the General Meeting of Shareholders and/or an electronic message to the e-mail address of the relevant person specified in the register of the Company's shareholders. The format of the voting ballot can be published on the website of the Company.

Each person from the list, or their representative, shall receive one voting ballot for all items on the agenda or two or more voting ballots for different items.

11.7. The information (materials) on the agenda items of the General Meeting of Shareholders – within 20 (twenty) days (and in case of the General Meeting with the agenda including the issue concerning the Company reorganization within 30 (thirty) days) prior to the date of holding the General Meeting of Shareholders – shall be available to the persons entitled to participate in the General Meeting of Shareholders in order to familiarize therewith in the office of the executive body of the Company and other places, the addresses whereof are specified in the notification of the General Meeting of Shareholders, as well as on the Company's website at <https://rosseti-kuban.ru>. The above-mentioned information (materials) shall be available to persons participating in the General Meeting of Shareholders in the course of the meeting. This company aims to ensure the availability of materials for the General Meeting of Shareholders not less than 30 days prior to the meeting.

The procedure for familiarization with the information (materials) related to the agenda of the General Meeting of Shareholders by the persons entitled to participate in the General Meeting of Shareholders and the list of such information (materials) shall be determined by the decision of the Board of Directors of the Company.

11.8. The right to participate in the General Meeting of Shareholders shall be exercised by a shareholder both in person or by proxy.

If the share is transferred after the fixed date of determination of persons entitled to participate in the General Meeting of Shareholders and prior to the date of holding the General Meeting of Shareholders, the person on the list of persons, who have the right to participate in the General Meeting of Shareholders, is obliged to give the power of attorney to the transferee or vote at the General Meeting of Shareholders in accordance with the instructions of the acquirer of Shares in the event that it is provided by the Agreement on Transfer of Shares.

The above-mentioned rule shall be applied to each of the following cases of stock transfer.

The above-mentioned rule shall be applied to each of the following cases of stock transfer.

In case when Company's shares are in common shared property of several persons, they shall receive one copy of voting ballot regarding all agenda items or one copy of two or more voting ballots on different issues; and the voting authority at the General Meeting of Shareholders shall be exercised at their discretion by one of the participants of the common shared property or by their common representative.

The authorities of each of the named persons shall be duly executed.

11.9. If the General Meeting is conducted in the form of joint attendance, the persons included into the list of persons entitled to participate in the General Meeting of Shareholders or their representatives shall have the right to register to attend this meeting or send out completed voting papers to the Company, or fill in the e-form of the ballot on the website on the Internet which is



indicated in the notification on holding the General Meeting of Shareholders, if such a method of filling the ballot is provided for by the Board of Directors of the Company as part of preparation for the General Meeting of Shareholders of the Company.

11.10. The General Meeting of Shareholders is quorate (a quorum is present) if the shareholders, who own more than half of votes of placed voting shares of the Company, took part in this meeting, are present.

Shareholders shall be deemed to have participated in the General Meeting of Shareholders if they are registered as participants in it, including the website on the Internet indicated in the notification on holding the General Meeting of Shareholders (if such opportunity is stipulated by the decision of the Board of Directors), as well as shareholders whose voting ballots will be received or filled in electronic form on the website on the Internet (if such opportunity is stipulated by the decision of the Board of Directors) not later than two days prior to the date of holding the General Meeting of Shareholders.

Shareholders who took part in the General Meeting of Shareholders of the Company will be considered as shareholders who issued directions (instructions) for voting (in accordance with the legislation of the Russian Federation on securities), to those persons who carry out accounting of share ownership rights of shareholders if the messages to announce their willingness are received up not later than two days prior to the date of holding the General Meeting of Shareholders.

If the agenda of the General Meeting of Shareholders includes items on which voting is carried out by different composition of voters, the determination of a quorum for making a decision on these issues is carried out separately.

At the same time, the absence of a quorum for making a decision on issues that are voted on by one composition of voters does not prevent a decision on issues that are voted on by another composition of voters for which a quorum is present.

11.11. If the quorum is not present at the annual General Meeting of the Company's Shareholders, a repeated General Meeting of the Company's Shareholders must be held with the same agenda. If the quorum is not present at an extraordinary General Meeting of the Company's Shareholders, a repeated General Meeting of the Company's Shareholders must be held with the same agenda.

The decision on convocation of the repeated General Meeting of Shareholders of the Company is made by the Board of Directors.

The repeated meeting of shareholders is quorate if the shareholders, who own at least thirty (30%) percent of votes of placed voting shares of the Company.

When holding the repeated General Meeting of Shareholders within less than 40 (forty) days after the date of failed General Meeting of Shareholders, the persons entitled to participate in the General Meeting of Shareholders shall be determined on the date, on which persons that were entitled to take part in the failed meeting were determined.

In the event that no quorum is present for holding of the annual General Meeting of Shareholders on the ground of a court judgment, a repeated General Meeting of Shareholders must be held with the same agenda the latest in 60 days. And no additional application to the court is required. The repeated General Meeting of Shareholders shall be convened and held by the person or body of the Company specified in the court judgment and if the specified person or body of the Company have not convened the annual General Meeting of Shareholders within the period prescribed by the court the repeated meeting of shareholders shall be convened and held by other persons or body of the Company which have filed an action with the court provided that such persons and body of the Company are specified in the court judgment.

In the event that no quorum is present for holding of the annual General Meeting of Shareholders on the ground of a court judgment, no repeated General Meeting of Shareholders shall be held.

The Minutes of the General Meeting of Shareholders shall be made up the latest within 3 (three)

business days after closing of the General Meeting of Shareholders in two copies. Both copies shall be signed by the Chairman of the General Meeting of Shareholders and the secretary of the General Meeting of Shareholders (Corporate Secretary).

The extract from the Meeting Minutes of the General Shareholders Meeting or from the minutes on the voting results at the General Shareholders Meeting may be signed by the chairperson of the General Shareholders Meeting and (or) the Secretary of the General Shareholders Meeting, the 21 person holding the position (performing functions) of the Company's sole executive body, or another person (persons) authorized by the Company.

The minutes of the General Meeting of Shareholders are published on the Company's official website on the Internet at: <https://rosseti-kuban.ru> not later than 3 (three) days from the date after its drawing up.

11.12. Decisions made by the General Meeting of Shareholders and the voting results are announced at the general meeting of shareholders, and should be provided to the persons included in the list of persons entitled to participate in the general meeting of shareholders, in the form of the Report on voting results in the manner provided for notifying on the General Meeting of Shareholders no later than four (4) business days after the closing date of the General Meeting of Shareholders.

11.13. If on the determination (record) date of persons, entitled to attend the General Meeting of Shareholders in the register of shareholders of the Company, the person is a nominee shareholder, the information contained in the voting report is provided to the nominal holder of shares in accordance with the rules of the securities legislation of the Russian Federation for the provision of information and materials to persons exercising rights in securities.

11.14. When conducting a general meeting of shareholders in the form of a meeting, information and communication technologies can be used to allow for the possibility of remote participation in the general meeting of shareholders, discussion of issues on the agenda and decision-making on issues put to the vote without attendance at the venue of the general meeting of shareholders.

## **Article 12. Conducting the General Meeting of Shareholders of the Company in the form of absentee voting**

12.1. Resolution of the General Meeting of Shareholders may be passed without holding of a general meeting (joint attendance by shareholders for discussion of agenda items and approval of resolutions on the issues put to the vote) by holding of absentee voting (by questionnaire).

Voting on the agenda items of the General Meeting of Shareholders held in the form of absentee voting shall be made only by voting ballots. The format and text of the ballot paper are approved by the Board of Directors.

The receipt by the company's registrar of information on the will of persons, who have the right to participate in the general meeting of shareholders is considered to be voting by ballots, they are not registered in the register of shareholders of the company and, in accordance with the requirements of the legislation of the Russian Federation on securities, gave to persons, registering their rights to shares, instructions on voting.

12.2. The General Meeting of Shareholders the agenda whereof includes the issues related to the election of the Company's Board of Directors, Audit Committee of the Company, approval of external Auditor of the Company, and the issues specified in Subclause 13 of Clause 10.2 of Article 10 hereof shall not be held in the form of absentee voting.

A new General Meeting of Shareholders instead of a failed General Meeting of Shareholders that was expected to be held with attendance by the shareholders shall not be held in the form of absentee voting.

12.3. The list of persons entitled to participate in the absentee voting on agenda items of a General Meeting of Shareholders is drawn up on the basis of the rules of the legislation of the Russian

Federation on securities to record a list of persons exercising rights in securities.

The date of determining (recording) persons entitled to participate in the absentee voting on the agenda issues of a General Meeting of Shareholders shall not be earlier than ten (10) days after making resolution on holding of a General Meeting of the Company's Shareholders and more than 25 twenty-five (25) days prior to the closing date for acceptance of voting ballots by the Company, and in the case provided for by Clause 8 of Article 53 of the Federal Law "On Joint-Stock Companies" - more than fifty-five (55) days prior to the date of holding the General Meeting of Shareholders.

In the event of holding a General Meeting of Shareholders, the agenda of which contains the issue of reorganization of the Company, the date on which persons entitled to participate in such meeting are determined (recorded), shall not be established more than 35 days prior to the date of holding the General Meeting of Shareholders.

Information on the date, on which the persons entitled to participate in the General Meeting of Shareholders of the Company are determined, is disclosed not less than seven (7) days prior to this date.

Notification on holding the General Meeting of Shareholders by absentee voting shall be published on the web site of Company at <https://rosseti-kuban.ru> not later than 30 (thirty) days before the Company stops receiving the voting ballots, and in the case provided for by Clause 8 of Article 53 of the Federal Law "On Joint-Stock Companies" – no later than 50 (fifty) days prior to the date of the General Meeting of Shareholders.

The notification on holding the General Meeting of Shareholders according to the decision of the Board of Directors may be additionally sent to the persons entitled to participate in the General Meeting of Shareholders and registered in the register of shareholders of the Company in one or more of the following ways:

1) sending an e-mail with the text on holding the General Meeting of Shareholders to the appropriate person registered in the register of shareholders of the Company;

2) sending a text message containing the procedure for familiarization with this message on holding the General Meeting of Shareholders to the phone number or e-mail address specified in the register of shareholders of the Company.

The notice of the General Meeting of Shareholders shall specify:

- full corporate name of the Company and its registered office;
- form of the General Meeting of Shareholders (joint attendance and/or absentee voting);
- closing date for acceptance of voting ballots and correspondence address at which completed ballots should be sent;
- date on which the persons entitled to participate in the General Meeting of Shareholders are determined;
- meeting agenda;
- procedure for examination of information (materials) to be submitted as a part of preparation for holding the General Meeting of Shareholders and address (addresses) where it is available;
- e-mail address where completed voting papers can be sent and (or) website address on the Internet where the e-forms of the voting ballots are filled in, if such ways of sending and (or) filling in the ballots are stipulated by the decision of the Board of Directors of the Company as part of preparation for the General Meeting of Shareholders of the Company;
- categories (types) of shares the owners of which have the voting rights on all or some items of the General Meeting of Shareholders;

As part of preparation for the General Meeting of Shareholders of the Company and in case the nominee shareholder is the person who is recorded in the register of Shareholders of the Company, the notification on holding the General Meeting of Shareholders of the Company and information (materials) to be submitted to the persons who have the right to participate in the General Meeting of Shareholders, should be submitted in accordance with the legislation of the Russian Federation on securities in order to provide information and materials to the persons who exercise the securities

rights.

The Company should keep information on the direction of communications, as provided for in this article, for five years from the date of the General Meeting of Shareholders.

12.4 The voting ballot shall be sent out or delivered against receipt to each person that is indicated in the list of persons who have the right to participate in the General Meeting of Shareholders, not later than twenty (20) days before holding the General Meeting of Shareholders.

The voting ballots can be sent as a registered or simple letter to the address indicated in the list of persons entitled to participate in the General Meeting of Shareholders and/or an electronic message to the e-mail address of the relevant person specified in the register of the Company's shareholders. The format of the voting ballot can be published on the website of the Company.

Each person from the list, or their representative, shall receive one voting ballot for all items on the agenda or two or more voting ballots for different items

The procedure for familiarization with the information (materials) related to the agenda of the General Meeting of Shareholders by the persons entitled to participate in the General Meeting of Shareholders and the list of such information (materials) shall be determined by the decision of the Board of Directors of the Company.

The information (materials) on the agenda items of the General Meeting of Shareholders – within 20 (twenty) days (and in case of the General Meeting with the agenda including the issue concerning the Company reorganization within 30 (thirty) days) prior to the date of holding the General Meeting of Shareholders – shall be available to the persons entitled to participate in the General Meeting of Shareholders in order to familiarize therewith in the office of the executive body of the Company and other places, the addresses whereof are specified in the notification of the General Meeting of Shareholders, as well as on the Company's website at <https://rosseti-kuban.ru>. The above-mentioned information (materials) shall be available to persons participating in the General Meeting of Shareholders in the course of the meeting. This company aims to ensure the availability of materials for the General Meeting of Shareholders not less than 30 days prior to the meeting.

12.5. The General Meeting of Shareholders is quorate (a quorum is present) if the shareholders, who own more than half of votes of placed voting shares of the Company, took part in this meeting, are present.

Shareholders shall be deemed to have participated in the General Meeting of Shareholders, holding in the form of absentee voting, if their voting ballots have been received or filled in electronic form on the website on the Internet indicated in the notification on holding the General Meeting of Shareholders (if such opportunity is stipulated by the decision of the Board of Directors of the Company), prior to the closing date for acceptance of voting ballots by the Company, and the shareholders who issued directions (instructions) for voting (in accordance with the legislation of the Russian Federation on securities), to those individuals who carry out accounting of share ownership rights of shareholders if the messages to announce their willingness are received prior to the closing date for acceptance of voting ballots.

12.6. The Minutes of the voting results shall be drawn up in two copies and signed by the registrar of the Company not later than 3 (three) business days after the closing date for acceptance of voting ballots.

The Minutes of the General Meeting of Shareholders shall be drawn up in two copies not later than 3 (three) business days after the closing date for acceptance of voting ballots. Both copies shall be signed by the Chairman of the General Meeting of Shareholders and the secretary of the General Meeting of Shareholders (Corporate Secretary).

An extract from the minutes of the General Meeting of Shareholders or from the minutes on the voting results at the General Meeting of Shareholders may be signed by the chairperson of the General Meeting of Shareholders and (or) the Secretary of the General Meeting of Shareholders, the person

holding the position (performing functions) of the Company's Chief Executive Officer, or another person (persons) authorized by the Company. The minutes of the General Meeting of Shareholders are published on the official website of the Company on the Internet at: <https://rosseti-kuban.ru> not later than 3 (three) days from the date of its preparation.

12.7. Decisions adopted by the General Shareholders Meeting and the voting results are announced at the general meeting of shareholders and should be provided to the persons included in the list of persons entitled to attend the general meeting of shareholders, in the form of Report on voting in the manner prescribed for notifying on the General Meeting of Shareholders no later than four working days after the closing date of the General Meeting of Shareholders.

If as of the date of determination (record) of persons, entitled to attend the General Meeting of Shareholders in the register of shareholders of the Company, the person is a nominee shareholder, the information contained in the voting report is provided to the nominal holder of shares in accordance with the rules of the securities legislation of the Russian Federation for the provision of information and materials to persons exercising rights in securities.

### **Article 13. Agenda Proposals at the General Meeting of Shareholders**

13.1. Shareholders (shareholder) holding at least 2 (two) percent of the voting shares of the Company are entitled to put forward proposals to be included into the agenda of the annual General Meeting of Shareholders and propose their nominees to the Board of Directors and the Auditing Commission and their number shall not exceed the number specified for the respective body. Such proposals shall be received by the Company the latest within 60 (sixty) days after the end of the fiscal year.

13.2. The proposal to add the issues to the agenda of the General Meeting of Shareholders and proposals of nominees shall be made with indication of the name(s) of the shareholders (shareholder) submitting them, the number and category (type) of their shares and must be signed by the shareholders (shareholder) or their representatives. Shareholders (shareholder) of the Company, who are not registered in the register of shareholders of the Company, have the right to submit proposals to the agenda of the General Meeting of Shareholders and proposals for nominating candidates also by giving appropriate instructions to a person who accounts their rights to shares. Such instructions are given in accordance with the legislation of the Russian Federation on securities.

13.3. The proposal to add issues to the agenda of the General Meeting of Shareholders shall specify the wording of each proposed issue and the proposal of nominees shall specify the name and details of identification document (series and (or) document number, date and place of issue, issuing authority) of each nominee, name of body to which he is proposed to be elected.

13.4. The Board of Directors is obliged to consider the received proposals and make decision on inclusion thereof into the agenda of the General Meeting of the Company's Shareholders, or refusal to include them in the stated agenda the latest within 5 (five) days after termination of the period stated in Clause 13.1 hereof.

13.5. The Board of Directors of the Company is entitled to reject the inclusion of the issues proposed by the shareholder (shareholders) into the agenda of the General Meeting of Shareholders and the inclusion of proposed nominees into the list of nominees for voting related to election of the respective body of the Company on the grounds stipulated by the Federal Law "On Joint Stock Companies" and other legal acts of the Russian Federation.

13.6. The reasoned decision of the Chairman of the Board of Directors to refuse to put items on the meeting agenda or a nominee into the list of nominees for voting for election to a respective body of the Company shall be sent to the shareholder (shareholders) who has proposed the issue or a nominee not later than 3 (three) days after the date of its receipt. If these proposals are received by the Company from persons who are not registered in the register of shareholders of the Company and have given an instruction to the person, who records their rights to shares, this decision of the Board

of Directors of the Company shall be sent to such persons not later than three days from the date of its adoption in accordance with the rules of the legislation of the Russian Federation on securities to provide information and materials to persons who exercise the securities rights.

13.7. The Board of Directors of the Company shall not be entitled to make changes in the wording of the issues proposed for inclusion into the agenda of the General Meeting of Shareholders and in the wording of resolutions on such issues (if any).

Along with the issues proposed by shareholders for inclusion on the agenda of the General Meeting of Shareholders, as well as candidates proposed by shareholders for formation of a respective body the Board of Directors is entitled to include into the agenda of the General Meeting of Shareholders the issues and (or) nominees for election to the appropriate body of the Company at its discretion. The number of candidates proposed by the Board of Directors of the Company may not exceed the number of members of the relevant body.

#### **Article 14. Convening of the Extraordinary General Meeting of Shareholders of the Company**

14.1. Any general meetings of shareholders apart from the annual General Meeting shall be regarded as extraordinary meetings.

14.2. The extraordinary General Meeting of the Company's Shareholders shall be held in compliance with the resolution of the Board of Directors on the ground of their own initiative, upon the request of the Auditing Commission, the Company's external Auditor, and shareholders (shareholder), holding at least 10 (ten) percent of voting shares of the Company as of the request date.

14.3. The extraordinary General Meeting of Shareholders requested by the Auditing Commission of the Company, external Auditor of the Company or shareholders (shareholder) holding at least 10 (ten) percent of voting shares of the Company shall be convened by the Board of Directors of the Company.

Such General Meeting of Shareholders shall be held within 40 (forty) days from filing of a request for holding an extraordinary General Meeting of the Company's Shareholders, except for the case specified in Clause 14.9 hereof.

14.4. The request for holding of an extraordinary General Meeting of the Company's Shareholders shall contain the issues to be included into the agenda of the meeting.

The persons (person), requesting to convene an extraordinary General Meeting of the Company's Shareholders is entitled to submit the draft resolution of the extraordinary General Meeting of 27 the Company's Shareholders, propose the form of the General Meeting procedure. Should the request for convocation of an extraordinary General Meeting of Shareholders contain the proposal of nominees the respective provisions of Article 13 hereof shall apply to such proposal.

The Board of Directors shall not be entitled to introduce alterations to the agenda issues, wording of resolutions on such issues, or to change the proposed form of extraordinary General Meeting of Shareholders to be convened at the request of the Auditing Commission of the Company, external Auditor of the Company or shareholders (shareholder) holding at least 10 (ten) percent of voting shares of the Company.

14.5. If the request to convene an extraordinary General Meeting of Shareholders is made by shareholders (shareholder), it shall contain the names (descriptions) of shareholders (shareholder) requesting to convene such a meeting and the number and category (type) of shares of the Company owned by them.

The request to convene an extraordinary General Meeting of the Company's Shareholders shall be signed by the persons (person), who requests to convene an extraordinary General Meeting of the Company's Shareholders.

14.6. The Board of Directors of the Company should take a decision to convene the extraordinary

General Meeting of Shareholders of the Company or refuse to convene this meeting within five (5) days from the date demands are issued by Audit Committee of the Company, Company's Auditor or shareholders (shareholder) holding at least ten (10) percent of voting shares of the Company.

14.7. The decision of the Board of Directors to convene an extraordinary General Meeting of the Company's Shareholders or a reasoned refusal to convene the same shall be delivered to the persons requesting to convene the meeting the latest within 3 (three) days from the date of adoption of such resolution. If the request to hold an extraordinary general meeting of shareholders was received from persons who are not registered in the register of shareholders of the company and gave an instruction to the person, who records their rights to shares, this decision of the Board of Directors of the Company shall be sent to such persons not later than three days from the date of its adoption in accordance with the legislation of the Russian Federation on securities for the provision of information and materials to persons who exercise the securities rights.

14.8. If within the period specified in Clause 14.6 of Article 14 hereof the Board of Directors failed to make a decision on convening of an extraordinary General Meeting of the Company's Shareholders, or a decision is made to refuse the convening of the same, a body of the Company or the persons requesting the convocation shall be entitled to apply to the court for compelling the Company to hold the extraordinary General Meeting of Shareholders.

The court's decision on compelling the Company to hold the extraordinary General Meeting of Shareholders shall specify the period and procedure of its holding.

Implementation of the court's decision is imposed on the plaintiff or at the request of the latter on the Company body or other person, provided that their consent is available. The Board of Directors of the Company shall not be such a body.

The Company body or person which in accordance with the court's decision is holding the extraordinary General Meeting of Shareholders, shall have full powers required for convocation and holding of such a meeting provided for in the Federal Law "On Joint Stock Companies".

If according to the court's decision the extraordinary General Meeting of Shareholders is held by the plaintiff, the cost of its preparation and holding may be reimbursed from the funds of the Company by resolution of the General Meeting of Shareholders.

14.9. If the proposed agenda of the extraordinary General Meeting of Shareholders includes the issue of election of the members of the Company's Board of Directors:

14.9.1. General Meeting of Shareholders shall be convened within seventy-five (75) days upon the provision of requirement on convening extraordinary general meeting of shareholders. In this case, the Board of Directors of the Company is obliged to determine the date before which the shareholders' proposals for nominating candidates for election to the Company's Board of Directors will be accepted.

14.9.2. Shareholders (shareholder) of the Company holding at least 2 percent of voting shares of the Company shall be entitled to propose nominees to be elected to the Board of Directors, the number whereof shall not exceed the number of members specified for the Board of Directors of the Company.

Such proposals shall be presented to the Company the latest 30 (thirty) days prior to the date of holding the extraordinary General Meeting of Shareholders.

The Board of Directors is obliged to consider the received requests and make a decision on their inclusion into the agenda of the extraordinary General Meeting of Shareholders or on refusal to include the issues contained in such request on the agenda not later than 5 (five) days after termination of the period specified in paragraph 2 hereof.

14.9.3. The date of determining (recording) persons entitled to participate in the General Meeting of the Company's Shareholders shall be determined not earlier than 10 (ten) days after adopting a decision on holding of a General Meeting of the Company's Shareholders and later than 55 (fifty-five) days prior to the date of holding the General Meeting of Shareholders of the Company.

14.9.4. Notification of General Meeting of Shareholders should be provided not later than fifty (50) days prior to the date of holding this meeting.

14.10. In cases where, in accordance with the Federal Law "On Joint Stock Companies", the Board of Directors of the Company is obliged to make a decision on holding an extraordinary General Meeting of Shareholders to elect members of the Board of Directors of the Company, such General Meeting of Shareholders shall be held within seventy (70) days from the moment of decision-making on holding the meeting by the Board of Directors of the Company.

14.11. If the supposed agenda of a general meeting of shareholders contains the item of a company's reorganization in the form of merger, devolution or division and the item of election of the board of directors (or supervisory board) of a company to be established by way of reorganization in the form of merger, devolution or division, the stockholder or stockholders possessing on aggregate at least 2 per cent of voting stock of the company to be reorganized, shall be entitled to nominate candidates for members of the board of directors (or supervisory board) of the company to be established, of its collective executive body and the inspection commission or a candidate for the inspector whose number may not exceed the quantitative composition of the appropriate body specified by an announcement of a general meeting of the company's shareholders in compliance with a draft charter of the company to be established, as well as to nominate a candidate for the office of the personal executive body of the company to be established.

If the supposed agenda of a general meeting of shareholders contains the item of a company's reorganization in the form of merger, the stockholder or stockholders possessing on aggregate at least 2 per cent of voting stocks of the company to be reorganized, shall be entitled to nominate candidates for election to the board of directors (or supervisory board) of the company to be established in the form of reorganization in the form of merger, whose number may not exceed that of the members of the board of directors (or supervisory board) of the company to be established elected by the appropriate company, which is specified by an announcement of a general meeting of the company's shareholders in accordance with the merger agreement.

Motions on nomination of candidates should be submitted to the reorganized company not later than 45 days before the date of holding a general meeting of shareholders of the reorganized company.

A decision on the inclusion of the persons nominated as candidates by stockholders or by the board of directors (or supervisory board) of the company to be reorganized into the list of members of the collective executive body or the inspection commission, or a decision on endorsing the inspector and on endorsing the person exercising the functions of the personal executive body of each company to be established by way of reorganization in the form of merger, division or devolution shall be rendered by a three quarters majority of votes of members of the board of directors (or supervisory board) of the company to be reorganized. With this, the votes of dropped-out members of the board of directors (or supervisory board) of this company shall not be taken into account.

## **Article 15. Board of Directors of the Company**

15.1. The Company's Board of Directors is the collegial management body controlling the activities of the Company's chief executive officer and performing other functions assigned to the Board of Directors under the law or the Company's Articles of Association. The competence of the Company's Board of Directors shall include the general management of the Company's activities except for any issues that, in accordance with the Articles of Association of the Company, fall within the competence of the General Meeting of Shareholders<sup>2</sup>.

The competence of the Company's Board of Directors shall include the following issues:

- 1) determine the priority areas of the Company's activities, including approving the Company's



development strategy, taking into account the Company's risks, innovation development program and reports on their performance;

2) Convening of the annual and extraordinary General Meetings of Shareholders of the Company, with exception of the cases specified in Clause 14.8 of Article 14 hereof and declaration of the new General Meeting date to be held instead of a failed one due to absence of quorum;

3) Approval of the agenda item of the General Meetings of Shareholders of the Company;

4) Election of the secretary of the General Meetings of Shareholders of the Company;

5) Determination of the date of the list of the persons entitled to participate in the General Meeting of Shareholders, fixing the date of making a list of persons entitled to receive dividends, approval of cost estimate related to holding the General Meeting of Shareholders of the Company and decision-making on other issues related to the preparation and holding the General Meeting of Shareholders of the Company;

6) submit the subject for discussion at the General Meeting of Shareholders of the Company regarding a decrease in the Company's authorized capital by reducing the par value of shares, and the date on which the persons who have the right to receive dividends are determined as defined in subparagraphs 2, 5, 7, 8, 12-20, 23 of Clause 10.2 of Article 10 of the present Articles of Association;

7) placement of additional shares by the Company into which preferred shares of a certain type placed by the Company are converted, convertible into common shares or preferred shares of other types, as well as placement of bonds by the Company, including a decision on placement of bonds of several issues as part of the Bonds Programme (decision on approval of the Bonds Programme), and other issue-grade securities, except for shares, issue of Eurobonds and determination of the Company's policy as related to the issue of issue-grade securities (except for the shares) and Eurobonds;

8) approval of a resolution on issue (additional issue) of shares and issue-grade securities convertible into shares, securities prospectus, a report on the results of the securities issue (additional issue), and notification on results of issue (additional issue) of securities, approval of reports on the results of acquisition of shares from the Company shareholders, reports on share redemption results, reports on the claims of the Company shareholders for repurchase of shares held by them; making a decision on accepting offers (acceptance) on acquisition of additional shares by public subscription after the expiration of the pre-emptive right, in cases determined by the decisions of the Company's Board of Directors;

9) Determination of the property price (monetary value), price of placement or procedure of fixing the price and redemption of issued securities in the cases stipulated by the Federal Law "On Joint Stock Companies" and upon making decisions on the issues specified in Items 11, 21, 38 of Clause 15.1 hereof;

10) acquisition of the shares, bonds and other securities placed by the Company in the cases stipulated by the Federal Law "On Joint Stock Companies" or other federal laws;

11) alienation (realization) of the Company shares occurring at the Company's disposal as a result of their acquisition or repurchase from the shareholders of the Company and in other cases stipulated by the Federal Law "On Joint Stock Companies";

12) election of the Chief Executive Officer of the Company and early termination of its authorities, including decision-making on early termination of CEO Employment Agreement;

13) determination of the number of members of the Management Board of the Company, election of the members of the Management Board of the Company, determination of benefits and compensation payable to them and early termination of their authorities

14) recommendations to the General Meeting of the Company's Shareholders concerning the amount of benefits and compensations paid to the members of the Audit Committee of the Company and determination of the amount of payment for the Auditor's services;

15) recommendations for the General Meeting of Shareholders on the dividends amount on shares, terms and conditions of its payment;

16) approval of internal documents of the Company determining the procedure of formation and use of the Company funds;

17) approval of resolutions on the use of the Company funds; approval of the estimates for the use of the special purpose funds and consideration of the results of implementation of estimates of the special purpose funds;

18) approval of internal documents of the Company, except for the internal documents, the approval of which falls within the competence of the General Meeting of Shareholders, and other internal documents the approval whereof falls within the competence of executive bodies of the Company;

19) approval of business plan (adjusted business plan) and consideration of the quarterly report on implementation of the business plan (for the first quarter, first half, nine months, the reporting year);

20) on approval of investment programme, including amendments to it and quarterly report on the results of implementation of the investment programme (for the first quarter, first six months, nine months, reporting year);

21) approval and modification of conditions, as well as termination of the implementation of large and medium-sized investment projects determined by them in accordance with the Regulation on Investment Activities, as well as approval of quarterly reports on the implementation of these projects;

22) establishment of the branches and representations of the company and their liquidation;

23) approval of resolutions on the Company's participation in other organization (joining an existing organization or establishment of a new organization, including approval of constituent documents) and on acquisition, alienation, and encumbrance of shares and interest in the authorized capital of the organizations in which the Company participates change of participatory interest in the authorized capital of a corresponding organization and termination of the Company's participation in other organizations, with the exception of the decisions on participation provided for in subparagraph 18 of Clause 10.2 of Article 10 of the present Articles of Association;

24) determination of credit policy of the Company as regards the Company's granting loans, entering into credit agreements and loan agreements, issue of sureties, assuming liabilities on bills and notes (issue of promissory notes and bills of exchange), pledge of property, and passing resolutions on the Company's participation in such transactions in the cases when the decision making procedure in their respect has not been determined by the credit policy of the Company, and the approval of resolutions on bringing the Company's debts in balance with the limits established by the credit policy of the Company in accordance with the procedure stipulated in the credit policy of the Company;

25) decision-making on the consent to make major transactions or approve these transactions later in cases stipulated by Chapter X of the Federal Law "On Joint Stock Companies;

26) decision-making on the consent to make interested parties' transactions or approve these transactions later in cases stipulated by Chapter XI of the Federal Law "On Joint Stock Companies;

27) approval of the Company's registrar, the terms and conditions of the registrar contract and termination of the registrar agreement;

28) election of the Chairman of the Company's Board of Directors and early termination of its authorities;

29) election of the Deputy Chairman of the Company's Board of Directors and early termination of its authorities;

30) election of the Corporate Secretary of the Company's Board of Directors and early termination of its authorities;

31) preliminary approval of resolutions on the Company's making transactions connected with gratuitous transfer of the Company property and property rights (claims) as regards itself or a third party; transactions connected with release from property liability towards itself or a third party;

transactions connected with free of charge rendering of services (performance of work) by the Company to third parties in the cases (within the scopes) determined by specific resolutions of the Board of Directors of the Company, and approval of resolutions on the Company's making of such transactions in the cases when the above specified cases (scopes) are not determined;

32) decision-making on suspension of the management company (Managing Director);

33) disciplinary action against the Chief Executive Officer of the Company and members of the Management Board of the Company, and their reward under the Labour Law of the Russian Federation;

34) consideration of reports of the Chief Executive Officer about the Company's operations (including discharge of his duties), on implementation of the resolutions of the General Meeting of Shareholders and the Board of Directors of the Company;

35) approval of the cooperation procedure of the Company with the other organizations in which the Company is involved;

36) position of the Company (Company's representatives), instructions that give a choice to vote or abstain from voting on agenda items, to vote "for," "against," or "abstain" on draft conclusions and the following agenda items of the General Meeting of Shareholders (participants) of subsidiaries and affiliates business entities (hereinafter referred to as the subsidiaries and affiliates) and meetings of the Board of Directors of subsidiaries and affiliates:

a) on determination of the agenda item of the General Meeting of Shareholders (participants) of subsidiaries and affiliates business entities (except for those subsidiaries and affiliates where the Company owns 100% of authorized capital);

b) on reorganization of the Company, liquidation of subsidiaries and affiliates;

c) on determination the number of the Management Bodies and control of subsidiaries and affiliates in the case of an absence of the standards in the Articles of Association of subsidiaries and affiliates, the nomination, election of their members and the early termination of their authorities, the nomination, election of the chief executive officer of subsidiaries and affiliates and the early termination of its authorities;

d) determination of the quantity, par value, category (type) of authorized shares of subsidiaries and affiliates and rights attaching thereto;

e) on increasing the authorized capital of subsidiaries and affiliates by increasing nominal value and placing additional shares;

f) on placement of securities of subsidiaries and affiliates convertible into ordinary shares;

g) splitting and consolidation of shares of subsidiaries and affiliates;

h) on the consent to make major transactions or approve these transactions later, made by subsidiaries and affiliates;

i) on participation of subsidiaries and affiliates in organizations (on joining the operating company or creation of a new organization), and on acquisition, alienation or encumbrance of shares and interest in authorized capitals of the organizations in which subsidiaries and affiliates are involved, change of participatory interest in the authorized capital of a relevant organization;

j) on making transactions of subsidiaries and affiliates (including series of related transactions), related to the acquisition, alienation or possible alienation of the property comprising the fixed assets, intangible assets, construction in progress assets aimed at production, delivery, dispatching and distribution of electric energy and heat, in cases (within the scopes) determined by the cooperation procedure of the Company with the other organizations in which the Company is involved, approved by the Board of Directors;

k) on introducing amendments and additions to the constitutive documents of subsidiaries and affiliates;

l) on determining the procedure for payment of benefits to the members of the Board of Directors and Audit Committee of subsidiaries and affiliates;

m) on approval of KPI targets (adjusted KPI targets) of subsidiaries and affiliates performing

activities on transmission, production and selling of electric power or whose revenue amounts to more than 5% of the Company's revenue for the last completed reporting period;

n) on approval of the planning annual KPI report of subsidiaries and affiliates performing activities on transmission, production and selling of electric power or whose revenue amounts to more than 5% of the Company's revenue for the last completed reporting period;

o) on approval of the business plan (adjusted business plan) of subsidiaries and affiliates performing activities on transmission, production and selling of electric power or whose revenue amounts to more than 5% of the Company's revenue for the last completed reporting period;

p) on consideration of the report concerning subsidiaries and affiliates business plans fulfillment performing activities on transmission, production and selling of electric power or whose revenue amounts to more than 5% of the Company's revenue for the last completed reporting period;

q) on approval of the allocation of profit and loss based on the results of the reporting period;

r) recommendations on the dividends amount on shares, terms and conditions of its payment;

s) on payment (declaration) of dividends based on the results of the first quarter, six months, nine months of the reporting period and based on the results of the reporting year;

t) on consideration of the investment programme and amendments to it;

u) on approval (consideration) of the report regarding the implementation of the investment programme of subsidiaries and affiliates for the reporting year;

v) on reduction of the authorized capital of subsidiaries and affiliates by reducing the nominal value of shares through the acquisition of subsidiaries and affiliates' shares in order to reduce their total number, as well as by redemption of repurchased shares of subsidiaries and affiliates;

w) Determination of the credit policy of the affiliated and subsidiary companies in respect of provision of loans, making credit contracts and loan agreements, issue of guarantees, commitments on bills (issuing of negotiable promissory note), property mortgage and making decisions on subsidiaries and affiliates' performance of such transactions when the procedure for making decisions on them is not determined by the credit policy of subsidiaries and affiliates, as well as the adoption in the manner prescribed by the credit policy of affiliated and subsidiary companies on bringing the debt position of affiliated and subsidiary companies in line with the limits established by the credit policy of subsidiaries and affiliates, on consideration of the report concerning the credit policy of affiliated and subsidiary companies, on approval of the loan plan of affiliated and subsidiary companies, on approval of the long -term plan for affiliated and subsidiary companies, as well as the tweak plan for development of affiliated and subsidiary companies, on consideration of the report on implementation of the long -term plan for affiliated and subsidiary companies.

37) position of the Company (Company's representatives) on Agenda Item of the meeting of the Board of Directors of subsidiaries and affiliates (including instructions that give a choice to vote or abstain from voting on agenda items, to vote "for," "against," or "abstain");

a) on determination of the opinion of subsidiaries and affiliates representatives on the issues of the agenda of the general meetings of shareholders (participants) and meetings of the boards of directors of societies affiliated and associated in respect of subsidiaries and affiliates, related to making (approval of) transactions (including series of related transactions) connected with acquisition, alienation or possible alienation of the property comprising the fixed assets, intangible assets, facilities under construction, the purpose of use whereof is generation, transmission, dispatching, distribution of electric energy and heat determined by the cooperation procedure of the Company with the other organizations in which the Company is involved, approved by the Board of Directors;

b) on determining the opinion of affiliated and subsidiary companies' representatives on the agenda items of the general meetings of shareholders (participants) and meetings of the Boards of Directors of subsidiaries and affiliated companies engaged in the production, transfer, dispatch, distribution and sale of electric energy and heat, on the reorganization, liquidation, increase in the authorized capital of such companies by increasing the nominal value of shares or by placing additional

shares, offering securities convertible into ordinary shares;

38) preliminary approval of decisions made by the Company;

a) transactions dealing with non-current assets of the Company amounting to more than 10 percent of the book value of such assets according to the accounting (financial) statements of the Company as of the last reporting date;

b) transactions (series of related transactions) on disposal of property and/or equipment in any way (or transfer of rights in any order) used directly to carry out the main activities of the Company, with a book value of more than 5 percent of the book value of the Company's assets, or encumbrance in any way of the above-mentioned property;

c) transactions (series of related transactions) connected with acquisition, alienation or possible alienation of the property comprising the fixed assets, intangible assets, construction in progress assets aimed at production, delivery, dispatching and distribution of electric energy and heat, in cases (within the scopes) determined by separate decisions of the Board of Directors of the Company, or if the specified cases (scopes) were not determined by the Board of Directors.

d) transactions (series of related transactions) connected with acquisition, alienation or possible alienation of the property comprising the fixed assets, intangible assets, construction in progress assets the purpose of which is not production, delivery, dispatching and distribution of electric energy and heat, in cases (within the scopes) determined by separate decisions of the Board of Directors of the Company, or if the specified cases (scopes) were not determined by the Board of Directors.

e) transactions for a period of more than five (5) years for the temporary possession and use or temporary use of real estate and electric grid facilities or for the temporary possession and use or temporary use of real estate, in cases (within the scopes) determined by separate decisions of the Company's Board of Directors, or if the specified cases (scopes) are not determined by the Company's Board of Directors;

39) nomination of the candidacies by the Company for the position of the Chief Executive Officer and other Management and Supervisory Bodies, as well as the candidacy of the auditor of the organizations of any legal forms in which the Company is involved;

40) determination of the Company's policy in the field of insurance, maintaining the Insurance Coverage in the Company, including the approval of the candidacy of the Company's insurer;

41) on approval of organizational pattern of the executive branch of the Company and introducing amendments to it;

42) approval of the Regulation on Financial Incentives of the Chief Executive Officer and top managers of the Company; approval of the list of and top managers of the Company;

43) on approval of candidacies for the separate positions of the executive branch of the Company, elected by the Company's Board of Directors;

44) on preliminary approval of the Collective Agreement, agreements concluded by the Company as part of regulating the social and labour relations, and approval of documents on non-state pension provision of the Company's employees;

45) formation of committees of the Board of Directors, approval of the internal documents that determine their competence and operating procedures, determination of the number of members of the committees, appointment of the chairman and members of the committee and termination of their authorities;

46) approval of the candidacy of the appraiser (appraisers) to determine the value of shares, assets and other assets of the Company in cases stipulated by Federal Law "On Joint Stock Companies", the present Articles of Association and the separate decisions by the Company's Board of Directors;

47) approval of the candidacy of the financial consultant hired in accordance with Federal Law "On Joint Stock Companies", as well as the candidacies organizing securities issue and consultants on transactions directly related to raising funds in the form of public borrowings;

48) preliminary approval of transactions which may lead to the right to the commencement of

liabilities denominated in foreign currency (or liabilities which are pegged to the foreign currency), transactions with financial derivatives, in cases and amounts determined by the separate decisions of the Company's Board of Directors, if the specified cases (scopes) are not determined by the Company's Board of Directors; determination of the Company's policy with regards to the transactions with financial derivatives;

49) determination of procurement policy of the Company, including approval of Regulations on purchase of goods, works, services, and approval of procurement plan, and making of other decisions in accordance with the approved documents of the Company regulating the procurement activity of the Company;

50) decision-making on nomination of the Chief Executive Officer of the Company for submission to the state awards;

51) approval of calculations methods and KPI evaluation of the Chief Executive Officer of the Company, its KPI targets and adjusted values and reports on its implementation;

52) determination of the Company's policy aimed at reliability growth of distribution complex of electric networks and other electric grid facilities including approval of strategic programs on reliability growth the integrated power grid, development of the integrated power grid and its safety;

53) determination of housing policy of Company in terms of providing the Company participants with corporate assistance in improving their housing conditions in the form of subsidies, recovery of expenses, interest-free loans and approval of resolutions on rendering the above support by the Company in the cases when the procedure of such support is not defined in the housing policy of the Company;

54) application for listing of Company's shares and (or) securities of the Company converted into stock of the Company;

55) decision on joining the Company to industry and inter-industry standards, regulations and other documents in the electricity sector in various areas of the Company's activities, including the technical regulation;

56) determination of the principles and approaches to internal audit, risk management and internal control systems in the Company, including approval of internal documents of the Company determining the policy of the Company in the sphere of risk management, internal control and internal audit of the Company;

57) risk evaluation, and approval and review of the risk appetite that the company is prepared to pursue;

58) organization of at least once a year of analysis and evaluation of the systems of risk management and internal control including on the basis of data from reports regularly received from the executive bodies of the company, internal audit and external auditors of the Company;

59) annual consideration of items regarding the implementation, operation and efficiency of risk management and internal control systems in the Company;

60) control and organization of the internal audit activity, including approval of the provision on the division of internal audit, in case of involvement of an external independent organization for the internal audit - approval of such an organization and terms of the contract, including the amount of remuneration; approval of a plan of internal audit activity, the report on performance of the plan of activities of internal audit and budget of the internal audit, preliminary approval of the decision of the chief executive officer of the company on appointment, termination of appointment (not at the initiative of the employee) of the head of internal audit, taking disciplinary actions, and approval of the terms of the Employment Agreement and remuneration of the head of the Internal Audit; consideration of the results of the quality assessment of the Internal Audit functions;

61) monitoring the compliance of the company's executive bodies approved by the Company's strategy; hearing of reports of General Director and members of Company's Management Board on the implementation of the approved the Company of strategy;

62) recommendations to the executive bodies of the Company on any matters of the Company;

63) approval of the Company's information policy and consideration of reports on its implementation;

64) on preliminary approval of the contract on making by the shareholder (shareholders) of the Company unremunerated contributions to the Company's property in monetary or other form that do not increase the authorized capital of the Company and do not change the nominal value of shares (contributions to the property of the Company);

65) on preliminary approval of agreement on making by the Company unremunerated contributions to the property of the companies in the authorized capital of which the Company participates, in monetary or other form, which do not increase the authorized capital of these companies and (or) do not change the nominal value of shares;

66) decision-making related to the prevention, identification and resolution of internal conflicts between the Company's bodies, Company's shareholders and Company's employee;

67) other issues, referred to the competence of the Board of Directors by the Federal Law "On Joint Stock Companies" and the present Articles of Association.

15.2. The issues referred to the competence of the Board of Directors shall not be assigned to the General Director and Management Board of the Company for making a decision.

15.3. In exercising their rights and executing their functions, the members of the Board of Directors shall act reasonably and in good faith in the interest of the Company.

15.4. The members of the Board of Directors shall bear responsibility to the Company for losses caused to the Company due to their misconduct (inaction) unless other grounds and amount of liability are specified by federal laws.

The members of the Board of Directors who have voted against a decision that incurred losses for the Company, or who have not participated in such voting, shall be released from responsibility.

## **Article 16. Election of the Board of Directors of the Company**

16.1. The Board of Directors of the Company shall consist of 11 (eleven) members.

16.2. Members of the Board of Directors shall be elected at the General Meeting of Shareholders according to the procedure stipulated in Clause 10.8 of Article 10 hereof for the period until the next annual General Meeting of Shareholders.

If the Company's Board of Directors is elected at the extraordinary General Meeting of Shareholders, the members of the Board of Directors shall be deemed elected for the period up to the date of the annual General Meeting of Shareholders of the Company.

If the annual General Meeting of Shareholders has not been held within the period specified in Clause 11.1 of Article 11 hereof, the powers of the Board of Directors shall be terminated with the exception of powers related to preparation, convening and holding of the annual General Meeting of Shareholders.

16.3. Only individuals shall be members of the Board of Directors.

16.4. The persons elected as members of the Board of Directors may be reelected unlimited number of times.

16.5. By the resolution of the General Meeting of Shareholders the powers of all members of the Board of Directors may be terminated ahead of schedule.

The resolution of the General Meeting of Shareholders on early termination of the powers may be passed only in respect of all members of the Board of Directors of the Company.

## **Article 17. Chairman of the Board of Directors of the Company**

17.1. The Chairman of the Board of Directors shall be elected by the Company's Board of Directors from among the members thereof by a majority of votes of the total number of votes of the members of the Board of Directors.

The Board of Directors shall have the right to re-elect its Chairman of the Board of Directors at any time by a majority of votes of the total number of votes of the members of the Company's Board of Directors.

17.2. The Chairman of the Board of Directors shall organize the work of the Board of Directors, convene meetings of the Board of Directors, preside at the meetings of the Board of Directors, arrange taking the meetings, and preside at the General Meeting of Shareholders of the Company.

17.3. In the absence of the Chairman of the Company's Board of Directors, his functions shall be exercised by the Deputy Chairman of the Company's Board of Directors, elected from among the members of the Board of Directors by a majority of votes of the members of the Company's Board of Directors (Deputy Chairman of the Board of Directors).

## **Article 18. Meetings of the Board of Directors of the Company**

18.1. The procedure for convocation and holding of the meetings of the Board of Directors shall be determined by the internal document to be approved by the General Meeting of Shareholders.

18.2. Meetings of the Board of Directors shall be held whenever required, but not less than once in six weeks.

Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors (or by the Deputy Chairman of the Board of Directors in the cases specified in Clause 17.3 of Article 17 hereof) at his own discretion, at the request of the only shareholder/shareholder (shareholders) holding (holding in total) two (2) and more percent of the Company's voting shares, member of the Board of Directors, the Company's Audit Committee, Chief of the Internal Audit of the Company (Business Unit Supervisor of the Company who is responsible for the organization and implementation of the Internal Audit or the director of the external independent organization responsible for conducting the Internal Audit), Chief Executive Officer of the Company, a member of the Management Board, the Company's Auditor.

18.3. The following issues regarding the election of the Chairman of the Board of Directors and Deputy Chairman of the Board of Directors are to be considered at the first meeting of the newly elected Board of Directors.

The specified meeting shall be convened by a member of the Board of Directors in accordance with the internal document regulating the procedure for convocation and holding of the meeting of the Board of Directors.

18.4. The decision of the Board of Directors shall be made by means of absentee voting (by questionnaire). In case of absentee voting, all materials on the items of the agenda of the meeting and the voting ballot shall be sent out to each member of the Board of Directors within the deadline by which the voting ballot to be filled out and signed by a member of the Board should be submitted to the Company's Board of Directors.

18.5. A member of the Board of Directors, not present at the meeting of the Board of Directors is entitled to set out in writing his opinion of the issues included into the agenda according to the procedure prescribed by regulations on proceedings of the Board of Directors to be approved by the General Meeting of Shareholders

18.6. Transfer of voting rights by a member of the Company's Board of Directors to another person, including another member of the Company's Board of Directors, is not permitted.

18.7. Decisions at the meeting of the Company's Board of Directors should be made by majority vote of the Company's Board members participating in the meeting of the Board of Directors, unless otherwise stipulated by the legislation of the Russian Federation and the Articles of Association of the Company.

In cases where the decision of the Board of Directors on the transaction must be made simultaneously on several grounds (established by the present Articles of Association and established by Chapter X or Chapter XI of the Federal Law "On Joint Stock Companies,") the provisions of the



Federal Law "On Joint Stock Companies" shall be applied to the procedure for its adoption.

In cases where the decision of the Board of Directors on the transaction must be made simultaneously on several grounds (established by the present Articles of Association) and the present Articles of Association in relation to the relevant issues, the same procedure is provided for the decision of the Board of Directors, consent to making a transaction must be obtained on one of the grounds.

18.8. Decision-making by the Board of Directors on the consent to make a major transaction or approve this transaction later shall be adopted unanimously by all members of the Board of Directors without taking into consideration the votes of withdrawn members of the Board of Directors (supervisory board) of the Company.

Decisions of the Board of Directors require at least three quarters (3/4) of the total number of votes of the members of the Board of Directors on the following issues:

- on suspension of the management company (manager) and on appointment of acting Chief Executive Officer of the Company;
- on convening an extraordinary General Meeting of Shareholders in the cases specified in Clauses 21.11, 21.12 of Article 21 hereof;
- decision-making on listing of shares of the Company and (or) securities convertible into shares;
- submit the items for discussion at the General Meeting of Shareholders of the Company concerning the introduction of amendments to the Articles of Association of the Company, listing and delisting of shares and securities of the Company convertible into shares;

In the process of decision making, the votes of withdrawn members of the Board of Directors shall not be taken into account in accordance with the present clause of the Articles of Association.

For this purpose, the withdrawn members of the Board of Directors should be understood as persons who have withdrawn due to its death, recognition of them as incapable or absent without reason.

18.9. The resolution on consent to making or on subsequent approval of any related-party transaction shall be adopted by the Company's Board of Directors in accordance with Article 83 of the Federal Law "On Joint Stock Companies".

18.10. Resolutions of the Board of Directors on issues specified in subclauses 23, 35-37 of clause 15.1. of Article 15 of the present Articles of Association require at least two thirds (2/3) of the total number of votes of the members of the Board of Directors participating in the meeting.

18.11. Each member of the Board of Directors should be entitled to one vote in the process of solution to the issues at the meeting of the Board of Directors. If the votes of the Board members are equal, the Chairman of the Board of Directors shall have the casting vote.

18.12. At least half of the number of elected members of the Board of Directors of the Company constitutes a quorum for a meeting of the Board of Director. And in the process of decision-making on the consent to make major transactions or approve these transactions later in cases stipulated by Chapter XI of the Federal Law "On Joint Stock Companies" - not less than 2 (two) members of the Board of Directors of the Company that are not interested in making a correspondence transaction and meet the requirements set forth in clause 3 of Article 83 of the Federal Law "On Joint Stock Companies".

In the event the number of members of the Board of Directors becomes less that the number required to constitute the specified quorum, the Board of Directors is obliged to make a decision on holding an extraordinary General Meeting for election of a new Board of Directors. The remaining members of the Board of Directors are entitled to make decision only on convening of such an extraordinary General Meeting of Shareholders. In such case the quorum for holding of the meeting of the Board of Directors shall be at least half of the remaining members of the Board of Directors.

18.13. The Corporate Secretary shall take minutes at a Board meeting. Meeting Minutes of the Board of Directors shall be drawn up and signed by the Chairman of the meeting and the Corporate Secretary that are responsible for the accuracy of the meeting minutes, no later than three calendar

days after the date of the meeting.

For decision-making by the Board of Directors by means of absentee voting, completed ballots should be attached to the meeting minutes of the Board of Directors.

18.15. Resolutions of the Board of Directors approved in violation of the competence of the Board of Directors, in the absence of a quorum for holding a meeting of the Board of Directors, or without the majority required for approval of a certain resolution by the Board of Directors shall be void and invalid notwithstanding their appeal in a judicial procedure.

### **Articles 19. Committees of the Boards of Directors of the Company**

19.1. The Committees of the Board of Directors shall be formed by resolution of the Board of Directors.

19.2. The committees of the Board of Directors are established for preliminary consideration of issues related to the competence of the Board of Directors or studied by the Board of Directors in order to control the activities of the executive body of the Company and develop the necessary recommendations to the Board of Directors and executive bodies of the Company.

19.3. Procedures and guidance, procedure for the formation, responsibilities and term of office of the committees of the Board of Directors are determined by the internal documents of the Company approved by the Board of Directors and separate decisions of the Board.

19.4. The Board of Directors of the Company forms the Audit Committee for preliminary consideration of issues related to control of the Company's financial and economic activities, including assessment of the independence of the Company's Auditor and absence of a conflict of interest, as well as the assessment of the quality of the audit of the Company's accounting (financial) statements.

### **Article 20. Corporate Secretary of the Company**

20.1. For the purposes of proper compliance of the Company with the procedure for preparation and holding of the General Meeting of Shareholders, proceedings of the Board of Directors of the Company, the Board of Directors may elect a Corporate Secretary of the Company who reports directly to the Board of Directors. The Corporate Secretary of the Company is a qualified person of the Company ensuring that the Company complies with the legislation in force of the Russian Federation, the present Articles of Association and internal documents of the Company guaranteeing the exercising of rights and legal interests of the Company's shareholders.

20.2. The Status of the Corporate Secretary, their functions, requirements for their candidacy, the order of assignment and termination of authorities of the Corporate Secretary, their subordination and the order of coordination with the governing bodies and business units of the Company as well as other issues of operations of the Company's Corporate Secretary are determined in accordance with the Regulation on the Corporate Secretary of the Company passed by the Company's Board of Directors.

### **Article 21. Executive Bodies of the Company**

21.1. Management of current operations of the Company shall be carried out by the chief executive officer – General Director and collegial executive body – Management Board of the Company.

21.2. General Director and the Management Board shall report to the General Meeting of Shareholders and the Board of Directors of the Company.

The executive bodies of the Company on a regular basis shall report to Board of Directors on the establishment and operation of effective system of risk management and internal control and are responsible for its effective functioning.

21.3. According to the decision of the General Meeting of Shareholders the powers of the chief executive officer of the Company may be transferred to the management company or to a manager under the contract.

The rights and liabilities of the management company (manager) as regards management of day-to-day operations of the Company shall be determined by the law of the Russian Federation and the contract signed between the management company (manager) and the Company

The terms of the contract with the management company (manager) on behalf of the Company shall be signed by the Chairman of the Company's Board of Directors or a person on behalf of the Company's Board of Directors.

The terms of the contract with the management company (manager), with regards of a term of office shall be determined by the Board of Directors or a person on behalf of the Company's Board of Directors.

21.4. The formation of executive bodies of the Company and early termination of their powers shall be carried out by resolution of the Board of Directors, except for the cases stipulated by the federal law and the Articles of Association.

21.5. The rights and liabilities of the Chief Executive Officer and members of the Management Board as regards management of day-to-day operations of the Company shall be determined by the legislation of the Russian Federation, the Articles of Association and Employment Agreement concluded between each of them and the Company.

21.6. The Employment Agreement on behalf of the Company shall be signed by the Chairman of the Board of Directors or a person on behalf of the Company's Board of Directors.

21.7. The terms of Employment Agreement, with regards to the term of office shall be determined by the Board of Directors or a person on behalf of the Company's Board of Directors to sign the Employment Agreement in accordance with Clause 21.6 of Article 21 of the present Articles of Association.

21.8. Holding more than one office in the management bodies of other organizations and other paid offices in other organizations by the Chief Executive Officer and members of the Management Board shall be permitted only with the consent of the Company's Board of Directors.

21.9. The employer's rights and obligations on the behalf of the Company related to the Chief Executive Officer and members of the Management Board shall be exercised by the Board of Directors or a person authorized by the Board of Directors in accordance with the procedure determined by resolutions of the Board of Directors.

21.10. The Board of Directors shall be entitled at any time to pass a resolution on termination of the appointment of the Chief Executive Officer of the Company, members of the Management Board, and on formation of new executive bodies.

Powers of the General Director and members of the Management Board shall be terminated on the grounds specified by the law of the Russian Federation and employment contracts to be signed by each of them with the Company.

21.11. The General Meeting of Shareholders is entitled at any time to pass a resolution on early termination of appointment of the management company (manager).

The Board of Directors is entitled to pass a resolution on suspension of the powers of managing organization or manager. Simultaneously with such resolution the Board of Directors is bound to pass a resolution on appointment of acting General Director of the Company and on holding of an extraordinary General Meeting of Shareholders for resolving the issue of early termination of powers of the management company (manager), and, unless otherwise resolved by the Board of Directors, on transfer of powers of the sole executive body of the Company to the management company (manager).

21.12. If the managing organization (manager) is unable to meet its obligations, the Board of Directors shall be entitled to pass a resolution on appointment of acting General Director of the Company and on holding of an extraordinary General Meeting of Shareholders for resolving the issue

of early termination of powers of the managing organization (manager), and, unless otherwise resolved by the Board of Directors, on transfer of powers of the sole executive body of the Company to another managing organization or manager.

21.13. Acting Chief Executive Officer of the Company shall manage the day-to-day operations of the Company within the competence of the executive bodies of the Company, unless the Board of Directors resolves otherwise.

21.14. The Chief Executive Officer, members of the Management Board, acting Chief Executive Officer of the Company, likewise the management company (manager) upon exercising their rights and discharging their obligations, shall act in the interests of the Company, and shall exercise their rights and discharge their obligations towards the Company bona fide and reasonably.

21.15. The Chief Executive Officer, members of the Management Board, acting The Chief Executive Officer of the Company, likewise the managing company (manager) shall bear responsibility to the Company for losses caused to the Company due to their misconduct (inaction), unless other ground and scope of liability is stipulated by the federal laws.

Personal responsibility can be held by the Chief Executive Officer for securing of information classified as state secret, as well as failure to comply with the restrictions to familiarize with the above-mentioned information established by the legislation.

The liability specified in this clause shall not arise for the members of the Management Board, who have voted against the resolution which entailed damage to the Company, or for the members who has not participated in the voting.

21.16. In the event of temporary absence of the Chief Executive Officer (due to, but not limited by, illness, business trip, vacation), his obligations, in accordance with the order of the Chief Executive Officer of the Company, may be vested in the one of his deputies, only in the absence of the decisions of the Board of Directors on appointment of acting Chief Executive Officer.

Due to the circumstances specified in the first paragraph of this clause, the Board of Directors of the Company is entitled to decide on appointment of the Acting Chief Executive Officer of the Company for a specified period without termination of authorities of the Chief Executive Officer of the Company.

## **Article 22. Management Board of the Company**

22.1. The Management Board acts by virtue of the present Articles of Association, and the Regulations on the Management Board to be approved by the General Meeting of Shareholders which specify the periods and procedure for convocation and holding of its meetings, and the decision-making procedure.

22.2. The Management Board is responsible for:

1) elaboration and submission to the Board of Directors of prospective plans for implementation of the principal areas of Company activities;

2) preparation of business plan (adjusted business plan), and a quarterly report on its implementation (for the first quarter, first half, nine months and the reporting year);

3) preparation of the annual report of the Company, a report on implementation of the decisions of the General Meeting of Shareholders and the Board of Directors of the Company by the Management Board;

4) approval of plans, training activities and advanced training courses for the Company's employee;

5) Consideration of reports (information) of the Deputies General Director of the Company, heads of structural divisions of the Company on the activities of the Company and its affiliated and associated companies, submitted for consideration of the Management Board of the Company in

accordance with the instructions of the Management Board or the Board of Directors of the Company;

6) decision-making on issues relates to the reference of the supreme management bodies of business entities, one hundred (100) percent of the authorized capital/voting shares of which belongs to the Company (taking into account paragraphs 36, 37 of clause 15.1. Article 15 of the present Articles of Association);

7) approval of resolutions on entering into transactions the subject matter whereof is the property, works and services, the value of which makes from 1 to 25 percent of the book value of the Company's assets according to the accounting statements as of the last reporting date (except for the cases specified in Items 38, 64-65 of Clause 15.1 of Article 15 of the present Articles of Association);

8) effective risk management within the framework of the current activities of the Company; approval of the budget for the risk management activities within the limits agreed by the Board of Directors of the Company; the resolution of cross-functional (performed by several structural divisions) objectives for risk management;

9) solving of other issues of management of day-to-day operations of the Company in compliance with the resolutions of the General Meeting of Shareholders, Board of Directors of the Company, and other issued submitted by the General Director to the Management Board for consideration.

22.3. The Management Board members shall be elected by the Board of Directors of the Company in the number to be determined by the resolution of the Board of Directors at the suggestion of the General Director.

In the event of rejection by the Board of Directors of the nominees proposed to the Management Board of the Company by the General Director, the Board of Directors shall be entitled to elect the nominees proposed by a member (members) of Board of the Directors to the Management Board.

The number of the Management Board members shall not be less that 3 (three).

22.4. The Management Board is quorate if at least half of the number of elected members of the Management Board constitutes a quorum for a meeting (absentee voting).

22.5. The Management Board shall pass its resolutions by simple majority of votes from the number of the Management Board members participating in the meeting (participating in absentee voting).

22.6. Transfer of voting rights by a member of the Management Board to another person, including another member of Management Board, is not permitted.

### **Article 23. Chief Executive Officer of the Company**

23.1. The Chief Executive Officer exercises supervision of Company's activities in compliance with the decisions of the General Meeting of Shareholders of the Company, Board of Directors and Management Board of the Company passed within the scope of their competence.

23.2. All issues concerning the management of day-to-day operations of the Company, with the exception of the matters falling within the competence of General Meeting of Shareholders, Board of Directors, and Management Board of the Company fall within the competence of Chief Executive Officer:

23.3. The Chief Executive Officer without power of attorney acts on behalf of the Company, including, considering the limitations, stipulated by the effective legislation, the Articles of Association and resolutions of the Board of Directors of the Company:

- ensures the implementation of plans of the Company activities, required for attaining of the set objectives;

- arranges accounting and tax accounting and reporting in the Company, storage of accounting documents;

- disposals of the Company's property, makes transactions on behalf of the Company, issues powers of attorney, opens settlement and other accounts of the Company in banks, other credit

institutions (and in the cases stipulate by the law – with organizations that are professional participants of the securities market);

- issues orders, approves (accepts) instructions, local normative acts and other internal documents of the Company related to the matters within his competence, gives instructions binding on all employees of the Company;
- approves Regulations on branches and representative offices of the Company;
- approves the staffing establishment and fixed salaries of the Company's employees in accordance with the organizational pattern of the executive branch of the Company;
- exercises the rights and duties of the employer as applied to the Company's employees under the Labour Law;
- performs the functions of the Chairman of the Management Board of the Company;
- distributes duties between the deputies of General Director;
- is responsible for securing the secrecy order in the Company, including upon arrangement of encrypted communication;
- is personally responsible for selection of persons having access to the data classified as state secret, and for creation of conditions in which the Company employees become aware only of those details of the data classified as state secret and to such an extent which according to the law of the Russian Federation on state secrets is required for performance of official (functional) duties.
- approves the methodology for calculating and evaluating the key performance indicators for the Company's units (officers), their target values (adjusted values), and reports on their implementation
- submits to the Board of Directors of the Company for consideration the annual report, annual accounting (financial) statements, profit and loss distribution of the Company not later than forty-five (45) days prior to the date of holding the annual General Meeting of Shareholders of the Company;
- resolves other issues of day-to-day operations of the Company, except for the issues falling within the competence of the General Meeting of Shareholders, Board of Directors and the Management Board;

23.4. The Chief Executive Officer shall be elected by the Company's Board of Directors by a majority of votes of the members of the Board of Directors participating in the meeting.

Nomination of the candidacies by the Board of Directors of the Company for the position of the Chief Executive Officer of the Company can be carried out in accordance with the procedure established by the internal document, determining the order of convening and holding the meetings of the Board of Directors of the Company.

## **Article 24. Audit Committee, Internal Audit and Auditor of the Company**

24.1. The Audit Committee of the Company shall be elected by the General Meeting of Shareholders to exercise control for financial and economic activities of the Company for the period up to the next annual General Meeting of Shareholders.

Should the Auditing Commission be elected at an extraordinary General Meeting of Shareholders the Auditing Commission members shall be deemed to be elected for the period until the date of the annual General Meeting of the Company's Shareholders.

24.2. The number of members of the Audit Committee of the Company is five (5) persons.

By a resolution of the General Meeting of Shareholders the powers of all or individual members of the Auditing Commission may be terminated ahead of schedule.

Members of the Audit Committee of the Company cannot simultaneously be members of the Board of Directors or hold other positions in the management bodies of the Company.

24.3. The qualified person responsible for the organization and implementation of the Internal Audit (the business unit supervisor responsible for the organization and implementation of the internal

audit) is appointed to the position and dismissed on the basis of the decision of the Board of Directors of the Company. The terms of the employment agreement with these persons shall be approved by the Company's Board of Directors.

If internal documents of the Company provide the possibility for implementation of the internal audit by another legal entity, the determination of such entity and the terms of the agreement with it, including the amount of its remuneration, shall be carried out by the Board of Directors of the Company.

24.4. Reference of the Auditing Committee includes:

- audit (auditing) of financial, accounting, payment and settlement and other documentation of the Company related to the Company's financial and economic activities, for compliance with the legislation of the Russian Federation, the present Articles of Association and internal documents of the Company;

- examination and analysis of financial position of the Company, paying capacity of the Company, functioning of internal control system and risk management system, liquidity of assets, proprietary funds-to-borrowings ratio, correctness and timeliness of accrual and payment of interest on bonds, income on other securities;

- control over the expenditure of the monetary funds of the Company in accordance with the approved business plan and budget of the Company;

- control over formation and use of the reserve and other special funds of the Company;;

- checking the timeliness and correctness of settlement operations with contractors and budget, as well as settlements on labor remuneration, social insurance, accrual and payment of dividends and other settlement operations;

- control over the observance of the established order of the write-off of insolvent debtor's debts on the account of the Company's losses;

- checking of business transactions made in accordance with the concluded agreements;

- verification of compliance with the use of material, labour and financial resources in the financial and economic activities of existing contracts, norms and standards approved budgets and other documents regulating the activities of the Company;

- control over the safety and use of fixed assets;

- verification of cash and property of the Company, effective use of assets and other resources of the Company, identifying the causes of non-production losses and expenses, identification of reserves to improve the financial condition of the Company;;

- verification of compliance with instructions to eliminate violations and deviations previously identified in the course of inspections.

- development of recommendations for the management bodies of the Company;

- taking any other actions (measures), connected with the audit of the financial and business activity of the Company.

24.4. All decisions on the issues falling within the competence of the Audit Committee shall be approved by simple majority of the total number of votes of its members.

24.5. The Audit Committee is entitled and in the case of detection of gross violations in the financial activities of the Company is obliged to demand the convening of an extraordinary General Meeting of Shareholders.

24.6. The procedure of activities of the Audit Committee shall be determined by the internal document of the Company approved by the General Meeting of the Company's Shareholders.

The Audit Committee shall have the right to engage specialists in the corresponding areas of law, economics, finance, accounting, management, economic security and other sciences, who do not hold positions in the Company, as well as designated companies, to intercede with the Company for civil law contracts with the above-mentioned specialists and companies in accordance with the decision to conduct the audit procedure (auditing).

24.7. The audit (revision) of the financial and business activities of the Company may be conducted by results of Company's activity during the year, by resolution of the General Meeting of Shareholders,

Board of Directors, or on demand of a shareholder (shareholders) of the Company holding on aggregate at least 10 percent of voting shares of the Company.

24.8. At the request of the Auditing Commission, persons holding posts in the Company's management bodies shall provide documents on financial and economic activities of the Company.

24.8.1. According to the results of the audit of financial and economic activities of the Company, the Audit Commission shall prepare a report, which shall contain:

- assurance of the data contained in the Company's annual report, annual accounting (financial) statements;

- information on violations of accounting procedures and financial reporting, as well as the implementation of financial and economic activity;

- validation of the data contained in the report on the interested party transactions.

24.8.2 The General Meeting of Shareholders, members of the Audit Committee of the Company during the performance of their duties may be paid remuneration and (or) compensation for expenses related to the performance of their duties. The amount of such remunerations and compensations shall be determined by the resolution of the General Meeting of Shareholders.

24.9. To assess the reliability and efficiency of risk management and internal control in the Company, an internal audit is conducted.

24.10. The procedure for activities of the Internal Audit is determined by this Articles of Association, the Internal Audit Policy approved by a decision of the Board of Directors of the Company, and the local regulatory acts governing the activities of the Internal Audit.

24.11. For the annual audit and conformation of the annual accounting (financial) statements of the Company the General Meeting of Shareholders shall annually approve the external Auditor of the Company.

24.12. The Board of Directors shall determine the amount of payment for the external Auditor's services.

24.13. The external Auditor performs the audit of financial and business activity of the Company in compliance with the requirements of law of the Russian Federation, and on the basis of an agreement signed.

24.14. According to the results of the audit of the financial and business activities of the Company the Auditing Commission, the external Auditor shall draw up a conclusion which shall contain the following:

- confirmation of the reliability of data contained in the reports and other financial documents of the Company;

- information on violations by the Company of the procedure of the performance of accounting and submission of financial reports, established by legal acts of the Russian Federation, as well as the violation of the legal acts of the Russian Federation, when carrying out the financial and business activities of the Company.

The procedure and period for drawing up of the conclusion on the results of the audit of the financial and business activities of the Company shall be determined by the legal acts of the Russian Federation and internal documents of the Company.

## **Article 25. Accounting and Accounting (Financial) Statements of the Company**

25.1. The Company is obliged to keep accounting records and submit accounting (financial) statements in compliance with the procedure established by the law of the Russian Federation and the Articles of Association.

25.2. The Executive body of the Company shall bear the responsibility for organization, state and reliability of the accounting in the Company, timely submission of the accounting (financial) statements to respective authorities, as well as information on the Company's activity, submitted to the shareholders of the Company, creditors, mass media in accordance with the legislation of the Russian Federation and



the Articles of Association.

25.3. The reliability of data contained in the annual report of the Company, accounting (financial) statements of the Company shall be confirmed by the Auditing Commission and external Auditor of the Company.

The Company is obliged to attract for an annual audit of annual accounting (financial) statements an audit organization that is not related to the interests in property with the company or its shareholders.

25.4. The Annual Report shall be subject to the preliminary approval by the Company's Board of Directors not later than thirty (30) days prior to the date of the Company's Annual General Shareholders Meeting.

## **Article 26. Storage of Documents by the Company. Information Submission by the Company**

26.1. The Company is obliged to keep documents stipulated by the Federal Law "On Joint Stock Companies", the Company's Charter and internal documents as well as documents specified by laws and regulations of the Russian Federation.

26.2. The Company shall keep custody of the documents specified in Clause 26.1 hereof at the place of location of the executive body of the Company in accordance with the procedure and within periods established by the Bank of Russia.

26.3. All documents shall be transferred to the legal successor in the prescribed manner upon reorganization of the Company.

26.4. Upon liquidation of the Company the documents subject to permanent custody being of scientific historic importance shall be transferred for state custody in the Federal Archive Service of Russia, the documents related to the staff (orders, personal files and record cards, personal accounts, etc.) shall be transferred for custody in respective archive of the Russian Federation constituent.

Transfer and ordering of the documents shall be executed in compliance with the requirements of the archive bodies.

26.5. The Company shall provide access of the Company's shareholders at the request of the documents within the time deadlines set forth in the Federal Law "On Joint Stock Companies".

26.6. Information on the Company shall be provided in accordance with the requirements of the Federal Law "On Joint Stock Companies" and other legal acts of the Russian Federation.

26.7. The request for providing access to the documents of the Company may be submitted in one of the following ways:

- sending by postal communications or express delivery service at the Company's address entered in the Single State Register of Legal Entities, as well as to other addresses specified in the Company's Articles of Association or published on the Company's web page on the Internet for sending a request;

- by delivery against receipt to the person holding position of the Chief Executive Officer, Chairman of the Company's Board of Directors or another person entitled to receive a written correspondence addressed to the Company, as well as the Corporate Secretary;

- by the authorized person whose rights to shares of the Company are recognized by the nominee shareholder that registers rights of the authorized person to the Company's shares, directions (instructions) to this nominee shareholder in the event that it is provided by the concluded contract with him/her, and sending a message by this nominee shareholder to announce the willingness of the authorized person in accordance with his/her directions (instructions);

- sending by e-mail.

26.8. The date of submission of the claim sent by e-mail is the date of registration of the received claim as the present document.

26.9. The Company has the right to deny a person access to documents and information in cases established by the Federal Law "On Joint Stock Companies." At the same time, the Company is to notify the person providing the request in writing within seven working days from the date of submission of the request. Notice of refusal to provide access to the Company's documents shall be sent to such person by means of communication specified in the request.

26.10. The amount of payment shall be determined by the Chief Executive Officer of the Company and shall not exceed the cost of making copies of documents as well as shipping costs if the request indicates the need to send documents to the address specified by the shareholder.

Information on the cost of making copies of documents is published on the Company's website on the Internet.

In case of non-payment by the shareholder (authorized person) of the Company's costs of production and (or) transfer of copies of the Company's documents according to the previously received and executed Request, the term for granting access to the Company's documents according to subsequent requirements shall be calculated from the date of receipt of such payment.

26.11. The Company provides shareholders and employees of the Company with access to information in compliance with the requirements of the legislation related to official and trade secrets.

26.12. Deadline for the fulfilment of the obligation to provide documents containing confidential information shall be calculated not earlier than from the moment of signing of the non-disclosure agreement (legal contract that prohibit someone from sharing information deemed confidential) between the Company and the requesting shareholder.

The Company is obliged to publish on its website on the Internet the terms of the non-disclosure agreement (legal contract that prohibit someone from sharing information deemed confidential). In case of a group request from shareholders, this agreement must be signed between each of them, and when granting access to the documents to a representative of a shareholder by proxy such agreement shall be signed by the shareholder and their representative.

26.13. The notification on the joint stock company that are potentially interested in making transactions, and notification on changing of information containing the signs that such company is deemed interested in the transactions, shall be sent out in one of the following ways:

- sending by postal communications by registered letter with return receipt requested or express delivery service at the Company's address entered in the Single State Register of Legal Entities, as well as to other addresses specified in the Company's Articles of Association or internal document of the Company passed by the decision of the General Meeting of Shareholders;
- by delivery against receipt to the person holding position of the Chief Executive Officer of the Company or another person entitled to receive a written correspondence addressed to the Company;
- sending an electronic document with an electronic signature in accordance with the requirements of the Federal Law No. 63-FZ of April 6, 2011 "On electronic signature" via telecommunication channels or through the Internet;
- telecommunications, including facsimile and telegraph communications, e-mail.

## **Article 27. Reorganization and Liquidation of the Company**

27.1. The Company may be reorganized voluntarily through amalgamation, affiliation, split up, spin-off, and transformation, as well as on the grounds and according to the procedure established by the Civil Code of the Russian Federation and the federal laws.

27.2. The Company may be liquidated on the basis of a court decision or voluntarily according to the procedure established by the Civil Code of the Russian Federation and the Federal Law "On Joint Stock Companies".

27.3. Upon reorganization, liquidation of the Company or cessation of works containing data

classified as state and trade secrets, the Company is obliged to ensure the security and protection of these data and its bearer by developing and implementing measures of secrecy, information protection, countermeasures against foreign technical intelligence services, security service and fire safety.