

**APPROVED**  
by the resolution of  
the Annual General Meeting of Shareholders  
of Kubanenergo PJSC  
Minutes of the meeting No.40 of 28 May 2018

Chairperson of the meeting:

\_\_\_\_\_ Fadeev A.N.

**CHARTER**  
of Public Joint Stock Company of Power Industry and Electrification of Kuban  
(restated)

Krasnodar, 2018

## **Article 1. General Provisions**

1.1. The Public Joint Stock Company of Power Industry and Electrification of Kuban (hereinafter the “Company”) was founded in accordance with Decree No. 922 of the President of the Russian Federation “On Particular Features of Transformation of Public Enterprises, Associations, Organizations of Fuel and Energy Complex into Joint Stock Companies” dated 14 August 1992, with Decree No. 923 of the President of the Russian Federation “On Organization of Management of the Electric Power Complex of the Russian Federation under Privatization Conditions” dated 15 August 1992, with Decree No. 1334 of the President of the Russian Federation dated 05 November 1992 “On Implementation in the Electric Power Industry of Decree No. 922 of the President of the Russian Federation “On Particular Features of Transformation of Public Enterprises, Associations, Organizations of Fuel and Energy Complex into Joint Stock Companies” dated 14 August 1992”.

1.2. The Founder of the Company is the Committee for State Property Management of the Krasnodar Region.

1.3. The Company is the legal successor of the Krasnodar Production Association of Power and Electrification “Krasnodarenergo”.

1.4. Full business name of the Company in Russian is Публичное акционерное общество энергетики и электрификации Кубани. Former name of the company in Russian - Открытое акционерное общество энергетики и электрификации Кубани. Company name in English – Public Joint Stock Company of Power Industry and Electrification of Kuban. Former name of the company in English - Open Joint Stock Company of Power Industry and Electrification of Kuban.

1.5. Abbreviated business name of the Company in Russian is ПАО «Кубаньэнерго», in English – “Kubanenergo”. Former abbreviated name in Russian is ОАО «Кубаньэнерго».

1.6. Location of the Company: Krasnodar, Russian Federation.

Address of the Company: 2A Stavropolskaya Street, Krasnodar, Russian Federation, 350033.

The address of the Company is stated in the unified state register of legal entities.

1.7. The Company is founded for an unlimited period.

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

2.1. The legal status of the Company shall be determined by the Civil Code of the Russian Federation, by the Federal Law “On Joint Stock Companies”, other regulatory legal acts of the Russian Federation, and by this Charter.

2.2. The Company is a legal entity under the law of the Russian Federation.

2.3. The Company has in ownership a segregated property, is liable for debts using this property accounted for in an independent balance sheet, it may on its behalf acquire and exercise property and moral rights, discharge obligations, act as a plaintiff and a defendant before the court.

2.4. The Company is entitled to open bank accounts within and outside the Russian Federation in accordance with the established procedure.

2.5. The Company bears responsibility for its liabilities by the whole property owned by the Company.

The Company shall not be held responsible for liabilities of the state and state bodies, as well as for the liabilities of its shareholders.

Shareholders of the Company shall not be held responsible for the Company's liabilities, except for the cases provided for in the law of the Russian Federation.

Shareholders are entitled to dispose of the shares owned by them without consent of other shareholders and the Company.

Shareholders bear the risk of losses related to their activity within the limits of the value of the shares owned by them.

2.6. The Company has a round seal with its full business name in the Russian language and indication of its location.

The Company is entitled to have stamps and letterheads with the proprietary name, its own emblem, and trademark registered in compliance with established procedure and other means of visual identification.

2.7. The Company has civil rights and incurs obligations required for performance of any activity not prohibited by federal laws.

2.8. The Company may establish branches 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 branches and representative offices of the Company shall not be legal entities and act on behalf of the Company and on the basis of regulations approved by the Company.

The branches and representative offices of the Company shall be vested with property to be recorded both in the separate balance sheets and in the Company's balance sheet.

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

The Company is liable for the activities of its branch or representative office.

Information on branches and representative offices of the Company shall be specified in the unified state register of legal entities.

2.9. The Company may have affiliated and associated companies with the rights of legal entities under the law of the Russian Federation established in accordance with the Federal Law “On Joint Stock Companies”, other federal laws, and this Charter; and outside the Russian Federation – in accordance with the law of a foreign state at the place of location of the affiliated or associated company, unless otherwise provided for in an international agreement of the Russian Federation.

2.10 Business company in which the share of the Company is more than twenty (20) percent of voting shares (shares) for the purposes of this Charter is recognized as dependent.

### **Article 3. The Objective and Types of the Company’s Activity**

3.1. The primary objectives of the Company are as follows:

- profit;
- efficient and reliable functioning of the facilities of distribution grid complex;
- ensuring of stable development of the distribution grid complex;
- ensuring of reliable and quality power supply to the consumers (in terms of electric power supply and transmission).

3.2. In order to earn profit and resource in-house needs the Company is entitled to perform any activities not prohibited by the law, including:

- Electric power transmission;
- Dispatch administration and compliance with power saving and power consumption modes;
- Securing the operation of power generation facilities in compliance with the effective regulatory requirements, their timely and good quality repair, technical upgrading and reconstruction of power generation facilities, and development of electric power system;
- Operation of power generation facilities not recorded on the books of the Company under contracts with the owners of such power generation facilities;
- Operations on power saving and enhancement of energy efficiency;
- Activity in the sphere of energy audit and rendering services in the sphere of power industry
- Elaboration of schedules of emergency constrained consumption mode;
- Performance of control measurements of power flow, loads and voltage level in the power grids of the power systems;
- Rendering services on assessment of workplaces in terms of labor conditions;
- Activities in the sphere of research, development and engineering works, including design, development, introduction of new and improving existing techniques, technologies and methods to improve the reliability, quality, energy efficiency and environmental consumers, creation of conditions for development of the power system of Russia, the implementation of R&D programs

and innovation programs, involvement in formation of R&D industry funds;      Securing the operability of power grids;

- Operation of power grids;
- Engineering survey for construction of buildings and structures of I and II responsibility levels in compliance with the state standards;
- Preparation of design documentation for capital construction projects;
- Construction, reconstruction and major repair;
- Carriage of passengers by motor vehicles;
- Carriage of cargo by motor vehicles;
- Cargo carriage by railway transport;
- Development of communication facilities and rendering of communication services;
- Storage of oil and processed oil byproducts;
- Operation of dangerous industrial facilities;
- Operation and maintenance of Gostekhnadzor facilities;
- Hazardous waste management;
- Production and repair of measurement devices;
- Implementation of organizational, practical and preventive measures to provide a comprehensive security (anti-terrorist and anti-criminal protection, economic security, Anti-Corruption and information Security). Organization and holding of defense arrangements for mobilization training, civil defense, emergency situation prevention and response in accordance with the law, regulatory and legal acts of the Russian Federation;
- Work with information classified as state secret;
- Making arrangements and (or) rendering services related to protection of state secrets;
- Operation of encryption tools implied for protection of information containing state secrets;
- Organization and implementation of industrial control over compliance with industrial safety requirements at hazardous production facilities
- Other activities not prohibited by the law of the Russian Federation.

3.3. 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 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. Charter Capital of the Company**

4.1. The charter capital of the Company is composed of nominal value of Company's shares, acquired by shareholders (outstanding shares).

The charter capital of the Company amounts to 28 286 813 000 (twenty eight billion two eighty six million eight hundred thirteen thousand) rubles.

4.2. The Company has placed 282 868 130 (two hundred eighty two millions one hundred thirty thousand) ordinary registered uncertified shares of one nominal value 100 (one hundred) rubles each in total amounting at nominal value to 28 286 813 (twenty eight billion two eighty six million eight hundred thirteen thousand) rubles.

4.3. The charter capital of the Company may be:

- Increased through increase of nominal value of shares or placement of additional shares;
- Decreased through decrease of nominal value of shares or reduction of the total number of shares, including through acquisition and redemption of a part of the Company's outstanding shares in compliance with the Charter.

4.4. The charter 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. Decrease of the charter capital of the Company shall be carried out according to the procedure stipulated by the law of the Russian Federation and this Charter.

The Company is bound to decrease its charter capital in the cases stipulated by the Federal Law "On Joint Stock Companies".

4.6. In addition to the outstanding ordinary registered uncertified shares the Company declares 194 439 107 (one hundred ninety four million four hundred thirty nine thousand one hundred seven) ordinary registered uncertified shares having nominal value 100 (one hundred) rubles each in total amounting at the nominal value to 19 443 910 (nineteen billion four hundred forty three thousand nine hundred ten) rubles.

The ordinary registered uncertified shares declared by the Company for placement shall entitle their holders to the rights set forth in Clause 6.2 hereof.

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

5.1. The Company issues ordinary shares and is entitled to issue one or several types of preferred shares, bonds and other securities according to the procedure established by the law of the Russian Federation.

5.2. No conversion of ordinary shares into preferred shares, bonds and other securities is permitted.

5.3. The Company shall issue shares and other securities of the Company convertible into shares in compliance with legal acts of the Russian Federation.

5.4. The shareholders of the Company in the cases stipulated by the law of the Russian Federation have the preemptive right to acquire the shares placed through open subscription to additional shares and issued securities convertible into shares, in proportion to the shares of the given category (type) owned by them.

5.5. If during the exercising of the preemptive right to acquiring of 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.

5.6. The Company is entitled to place additional shares and other issued securities by way of distribution of the same among the Company shareholders, through subscription and conversion.

5.7. 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 Russian Federation. Payment of other issued securities can be effected only in money.

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

6.1. A person owning the Company's shares on the grounds stipulated by the law of the Russian Federation and this Charter is acknowledged to be a shareholder.

6.2. Each ordinary registered share of the Company entitles the holder hereof to equal scope of rights.

Shareholders owners of ordinary registered shares of the Company are entitled to:

- 1) Attend in person or by representatives the General Meeting of the Company's Shareholders, having the right to vote on any matter within his competence;
- 2) Put forward proposals for the agenda of the General Meeting of the Company's Shareholders in compliance with the procedure stipulated by the law of the Russian Federation and this Charter;

- 3) Obtain information on the Company's activity and get familiarized with the documents of the Company pursuant to Article 91 of the Federal Law "On Joint Stock Companies", other regulatory legal acts and this Charter;
- 4) Receive dividends, declared by the Company;
- 5) Priority in acquiring the placed through open subscription additional shares and issued securities convertible into shares in the number proportional to the number of ordinary registered shares owned by him;
- 6) Receive part of the property in case of the Company's liquidation;
- 7) to appeal against the decisions of the Company's management bodies, entailing civil law consequences in the cases and in the manner provided for by the legislation of the Russian Federation;
- 8) to demand compensation for damages 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) conclude among themselves, as well as with the Company's creditors and other third parties' agreement on the implementation of corporate rights (Enterprise Agreement);
- 11) Exercise other rights, stipulated by the law of the Russian Federation and this Charter.

6.3. Shareholders on the basis of an agreement with the Company have the right, for the purpose of financing and maintaining activities of the Company, at any time to contribute to the Company's property gratuitous deposits in cash or in any form that does not increase the authorized capital of the Company and does not change the nominal value of shares (stakes in the property of the Company).

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

6.4. Shareholders - owners of ordinary shares of the Company shall:

- 1) participate in the formation of the Company's property in the required amount in the procedure and terms provided by the legislation of the Russian Federation or the Charter of the Company;
- 2) not disclose confidential information about the Company;
- 3) participate in decision-making, without which the company cannot continue its activity in accordance with the law, if the participation is necessary to make such decisions;
- 4) not commit acts deliberately aimed at causing harm to the Company;
- 5) not commit actions (inaction), which essentially make it difficult or impossible to achieve the goals of the Company;
- 6) notify the Company on the fact of concluding the corporate contract.



7) notify in advance other shareholders of the Company on the intention to file a lawsuit against the decision of the General Meeting of Shareholders of the Company, as well as to compensate losses caused to the Company or to recognize the transaction of the Company as invalid or to apply the consequences of the invalidity of the transaction by sending a notice to the Company in writing, which must be received by the Company at least five days prior to the day of applying to the court.

#### **Article 7. Dividends**

7.1. The Company is entitled by the results of the first quarter, semi-year, nine months of reporting year and (or) by the results of reporting year to make a decision (declare) on payment of dividends on the outstanding shares of the Company. The resolution on payment (declaration) of dividends by the results of the first quarter, semi-year, nine months of reporting year may be approved within three months after the end of a respective period.

The Company is bound to pay out the dividends declared for each category (type) of shares, except as otherwise provided by Federal Law “On joint stock companies”

7.2. The Company is not entitled to pay the declared dividends on the shares:

- If on the payment date the Company meets the insolvency (bankruptcy) features according to law of the Russian Federation on insolvency (bankruptcy) or if the stated features shall appear in the Company after payment of dividends;
- If on the payment date the value of net assets of the Company is less than sum of its charter capital and Reserve fund, or will become less than the stated sum in the result of dividend payment;
- In other cases stipulated by federal laws.

On cessation of the circumstances specified herein the Company is bound to pay the declared dividends to the shareholders.

7.3. Decision on payment (declaration) of dividends should be adopted by the General Meeting of Shareholders. The specified decision determines the amount of dividends on shares of each category (type), form of payment, order the payment of dividends, the date for defining the list of persons entitles to receive dividends.

Along with it this decision regarding the date for defining the list of persons entitles to receive dividends shall be made by the Board of Directors.

The amount of dividends cannot exceed the amount of dividends recommended by the Board of Directors. General Meeting of Shareholders may decide not to pay dividends on common shares.

7.4. The Company is not entitled to approve a resolution (declare) on payment of dividends on shares:

- until full payout of the whole charter capital of the Company;

- until the Company has not redeemed all shares which are subject to redemption in compliance with Article 76 of the Federal Law “On Joint Stock Companies”;
- if on the date of such decision the Company meets the insolvency (bankruptcy) features according to the law of the Russian Federation on insolvency (bankruptcy), or the stated features shall appear in the Company after payment of dividends;
- if on the date of such decision the value of net assets of the Company is less than its charter capital and the Reserve fund, or will become less than their amount as a result of such decision;
- in other cases, stipulated by federal laws.

7.5. The dividends shall be paid out of the Company’s profit net of tax (net profit of the Company). The Company’s net profit is determined on the basis of the accounting (financial) statements of the Company.

7.6. Payment of dividends to a nominal holder which is a professional securities market participant, which are registered in the register of shareholders shall not exceed 10 working days, and payment to other authorized persons from the register of shareholders shall not exceed 25 working days from the date on which the list of persons entitled to receive the dividends was made.

The date of making in accordance with the decision on payment (declaration) of dividends the list of persons entitled to receive the dividends cannot be earlier than 10 days from the date of adopting a decision to pay (declare) the dividends and within 20 days from the date of such decision.

Dividends are paid to individuals who were holders of shares of the relevant category (type) or persons executing in compliance with federal laws the rights on these shares on the date when in accordance with the decision on payment of dividends the persons entitled to receive them are determined.

Dividends in cash are paid by bank transfer by the Company or on behalf of the registrar, which maintains the register of shareholders of the Company, or by the credit organization.

The payment of dividends in cash to individuals whose rights on shares are recorded in the registry of shareholders of the Company, should be carried out by transfer of funds to their bank accounts, the details of which are available from the registrar of the Company, or in the absence of information about bank accounts by money order, and to other persons, whose rights to shares are recorded in the register of shareholders, by transferring money to their bank accounts. Obligation of the Company to pay dividends to such persons shall be considered performed from the date of receiving remittances by an organization of the federal postal service or from the date

of receipt of funds in the credit institution in which a bank account of the person entitled to receive dividends is opened, and if such a person is a credit organization - to its account.

Persons entitled to receive dividends and which shares are recorded at nominal holder of shares receive dividends in cash in accordance with the legislation of the Russian Federation on securities. Nominal holder that received dividends, but did not transferred them in accordance with legislation of the Russian Federation on securities, for reasons beyond its control, is obliged to return them to the Company within 10 days after the expiration of one month from the date of expiry of dividends payment.

7.7. Person that did not receive the declared dividends due to the fact that the Company or the Registrar lack the exact and necessary address or bank details, or in connection with a delinquent creditor may file a claim for the payment of such dividends (unclaimed dividends) within three years from the date of the decision on their payment was made.

The time limit for making a claim for payment of unclaimed dividends when the period for claiming the dividends expired cannot be prolonged, except if the person entitled to receive dividends, did not send this requirement because of the threat or violence.

When the period for claiming the dividends expires, the unclaimed dividends are restored in retained earnings of the Company and the obligation to pay them is cancelled.

#### **Article 8. The Company Funds**

8.1. The Company establishes the Reserve Fund at the rate of 5 (five) percent of the charter capital of the Company.

The amount of the compulsory annual allocation to the Reserve Fund of the Company shall be 5 (five) percent of the net profit of the Company until the Reserve fund reaches the established size.

8.2. The Reserve Fund of the Company is intended for covering the Company losses, for retirement of bonds of the Company and redemption of the Company shares in case of non-availability of other funds.

The Reserve Fund of the Company shall not be used for any other purposes.

8.3. In compliance with the requirements of the law of the Russian Federation the Company is entitled to establish other funds securing its business and financial activities as a subject of civil turnover.

#### **Article 9. Governance and Control Bodies of the Company**

9.1. The governance bodies of the Company are:

- General Meeting of Shareholders;
- Board of Directors;
- Management Board;

- General Director.

9.2. The body supervising over the business and financial activity of the Company is the Auditing Commission of the Company.

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

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

10.2. The following issues fall within the competence of the General Meeting of Shareholders:

- 1) Introduction of alterations and amendments to the Charter or approval of a new version of the Charter;
- 2) Reorganization of the Company;
- 3) Liquidation of the Company, appointment of liquidation commission and approval of intermediate and final liquidation balances;
- 4) Definition of number, nominal value, category (type) of declared shares and rights, vested in such shares;
- 5) Increase of charter capital of the Company through increase of nominal value of shares or placement of additional shares;
- 6) Reduction of charter capital of the Company through reduction of nominal value of shares, acquisition of a part of shares by the Company with the purpose of reducing of their total number and through redemption of shares acquired or bought out by the Company;
- 7) Splitting and consolidation of the Company shares;
- 8) Making decision on placement of the Company bonds convertible into shares and other issued securities convertible into shares;
- 9) Determination of the number of members of the Board of Directors of the Company, election of its members and early termination of their powers;
- 10) Election of members of the Auditing Commission of the Company and early termination of their powers;
- 11) Approval of external Auditor of the Company;
- 12) Approval of resolution on transfer of the power of the sole executive body of the Company to a management organization (manager) and on early termination of their powers;
- 13) Approval of annual report, annual accounting statements (financial) of the Company;
- 13.1) profit distribution (including the payment (declaration) of dividends, except for the profits distributed as dividends according to the results of the first quarter, six months, nine months, reporting year) and losses of the Company according to the results of the reporting year
- 14) payment (declaration) of dividends by the results of the first quarter, semi year, nine months of reporting year;
- 15) Determination of the proceedings of the General Meeting of the Company's Shareholders;

- 16) Making decision on consent to making or on subsequent approval of transactions in the cases stipulated by Article 83 of the Federal Law “On Joint Stock Companies”;
- 17) Making decision on consent to making or on subsequent approval of major transactions in the cases stipulated by Article 79 of the Federal Law “On Joint Stock Companies”;
- 18) Approval of resolution on participation in financial and industrial groups, associations and other unions of commercial organizations;
- 19) Approval of internal documents regulating the activity of the Company’s bodies;
- 20) Making decision on payment of remuneration and (or) compensations to the members of Auditing Commission;
- 21) Making decision on payment of remuneration and (or) compensations to the members of the Board of Directors;
- 22) decisions on filing an application on delisting Company’s shares or securities convertible to shares
- 23) Making decision on other matters, stipulated by the Federal Law “On Joint Stock Companies”.

10.3. No matters falling within the competence of the General Meeting of Shareholders shall be delegated to the Board of Directors, Management Board and General Director of the Company for making decisions.

The General Meeting of Shareholders is not entitled to consider and make decisions on any matters not referred to its competence by the Federal Law “On Joint Stock Companies”.

10.4. The resolution of the General Meeting of Shareholders on an issue put to the vote is considered to be approved by majority of votes of shareholders, being owners of voting shares of the Company, present at the meeting, unless otherwise stipulated by the 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 approved by the majority of three quarters of the votes of shareholders, being owners of voting shares of the Company, present at the meeting, on the following issues:

- Introduction of alterations and amendments to the Charter or approval of the new version of the Charter;
- Reorganization of the Company;
- Liquidation of the Company, appointment of liquidation commission and approval of intermediate and final liquidation balances;
- Determination of the number, nominal value, category (type) of declared shares and rights, vested in such shares;

- Reduction of charter capital of the Company through reduction of nominal value of shares;
- Placement of shares (issued securities of the Company convertible into shares) by private subscription by resolution of the General Meeting of Shareholders on increase of the charter capital of the Company through placement of additional shares (on placement of issued securities of the Company convertible into shares);
- Placement by public subscription to ordinary shares, comprising over 25 (twenty five) percent of the earlier placed ordinary shares;
- Placement by public subscription to issued securities convertible into ordinary shares which may be converted into ordinary shares, comprising over 25 (twenty five) percent of the earlier placed ordinary shares;
- Making decision on consent to making or on subsequent approval of a major transaction, the subject matter whereof is the property, the value of which is over 50 (fifty) percent of the book value of the Company assets;
- Adoption decision to make a request on delisting Company’s shares and (or) securities convertible into shares;
- acquisition by the company of outstanding shares in cases provided for by the Federal Law “On Joint Stock Companies”;
- Other cases stipulated by Federal Law of “Joint stock companies”

Resolutions on consent to making or on subsequent approval of a related-party transaction in accordance with Article 83 of the Federal Law "On Joint Stock Companies" shall be adopted by the General Meeting of Company’s Shareholders by the majority of votes of all not-related shareholders holding voting shares, who are taking part in the voting.

10.6. The decisions on issues specified in sub-items 2, 5, 7, 8, 12–20 of Clause 10.2 of Article 10 hereof, as well as reduction of charter capital of the Company, on fixing up the date of making the list of persons entitled to receive the dividends can be made by AGM only at the suggestion of the Board of Directors of the Company.

10.7. The General Meeting of Shareholders is not entitled to make decisions on the issues not included into the agenda of the General Meeting of the Company’s Shareholders, or to change the agenda.

Resolutions of the General Meeting of Shareholders approved as regards of the issues not being included into the agenda of the General Meeting of Shareholders (except for the case when all shareholders of the Company are present at the meeting), or in breach of competence of the General Meeting of Shareholders or without the majority of shareholders’ votes required for passing a resolution shall be void and invalid irrespective of its appeal in a judicial procedure.

10.8. Voting at the General Meeting of Shareholders is conducted according to the principle “one voting share – one vote”, with the exception of cumulative voting on election of members of the Company’s Board of Directors.

Upon cumulative voting the number of votes owned by each shareholder is multiplied by the number of persons to be elected to the Board of Directors of the Company and the shareholder is entitled to cast his votes obtained in a such a manner for one nominee and to distribute them between two or more nominees to the Board of Directors.

The nominees who have obtained the greatest number of votes shall be deemed elected to the Board of Directors.

10.9. The General Meeting of the Company’s Shareholders can be held in Moscow.

The specific address for holding of a General Meeting of the Company’s Shareholders shall be fixed by the Board of Directors upon resolving the issues related to holding of the General Meeting of Shareholders.

10.10. The Chairman of the Board of Directors shall perform the functions of the Chairperson of the General Meeting of Shareholders.

In the event of non-availability of the Chairman of the Board of Directors at the General Meeting of Shareholders the functions of the Chairperson of the General Meeting of Shareholders shall be performed by the Deputy Chairman of the Board of Directors.

In the event of absence of the Chairman of the Board of Directors and his Deputy the functions of the Chairperson of the General Meeting of Shareholders may be performed by any member of the Board of Directors by resolution of the members of the Board of Directors present at the General Meeting of Shareholders.

#### **Article 11. Proceedings of the General Meeting of the Company’s Shareholders in the Form of Attendance by Shareholders**

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

The annual General Meeting of Shareholders shall mandatorily resolve the issues related to election of the Board of Directors, the Auditing Commission, approval of External Auditor of the Company, approval annual report of the Company, annual accounting (financial) statements, (including payment (declaration) of dividends, other than the profit distributed in the form of dividends by the results of the first quarter, half-year, nine months of reporting year) and losses of the Company by the results of the reporting year.

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

The resolutions of the General Meeting of Shareholders may be approved by absentee voting (by poll) in accordance with Article 12 hereof.

11.3. The functions of ballot committee at the General Meeting of Shareholders shall be performed by a professional participant of the securities market being the holder of the register of the Company shareholders (registrar of the Company).

11.4. The list of persons, entitled to attend the General Meeting of Shareholders shall be made in accordance with the rules of the legislation of the Russian Federation on securities to record a list of persons exercising rights under securities. The date of determining (recording) persons entitled to attend the General Meeting of the Company's Shareholders shall not be fixed earlier than 10 days after adopting a decision on holding of a General Meeting of the Company's Shareholders and not more than 25 (twenty five) days prior to the General Meeting date and in the case provided for in subparagraph 14.9. of these Articles of Association - more than 55 (fifty five) days before the date of the General Meeting of Shareholders. In the event of holding a general meeting of shareholders whose agenda contains the issue of reorganizing the company, the date on which persons entitled to participate in such meeting are determined (recorded) shall not be established later than 35 days before the date of the general meeting of shareholders. The date of determining (recording) persons entitled to attend the General Meeting of Shareholders of the Company is disclosed at least 7 (Seven) days prior to that date. The list of persons entitled to participate in the General Meeting of Shareholders, with the exception of information on the will of such persons, is submitted by the Company for review at the request of persons included in this list and possessing not less than 1 (one) percent of votes. At the same time, information allowing identification of individuals included in this list, with the exception of the last name, first name, patronymic, is provided only with the consent of these persons.

11.5. Notice of General Meeting of Shareholders shall be published on the web site of Company [www.kubanenergo.ru](http://www.kubanenergo.ru) on the Internet not later than 30 (thirty) days prior to the meeting date.

The text of the notice of the General Meeting of Shareholders pursuant to a decision of the Board of Directors may additionally be sent electronically to those shareholders of the Company who informed the Company or the registrar of the email addresses to which such communications can be sent.

The notice of the General Meeting of Shareholders shall specify:

full corporate name and location of the Company;

- form of the General Meeting of Shareholders (joint presence or absentee voting);

- date, venue (including information about the premises), time of the General Meeting of Shareholders and postal address to which the filled-in ballots can be sent;



- date of determining (recording) persons, entitled to participate in the General Meeting of Shareholders;
- agenda of the General Meeting of Shareholders;
- procedure of obtaining the information (materials) subject to provision during preparation for holding General Meeting of Shareholders, and address (addresses) where such information can be found;
- categories (types) of shares, whose owners have the right to vote on all or some items on the agenda of the General Meeting of Shareholders;
- the e-mail address for sending filled-in ballots and/or the website address on the "Internet", where the electronic form of the ballots can be filled, if such ways of sending and (or) filling in the ballots are stipulated by the decision of the Board of Directors of the Company in preparation for the General Meeting of Shareholders;
- information about the documents that must be submitted for admission to the premises where the general meeting of shareholders will be hold, if the admission to the premises is not free.
- time of beginning of registration of persons participating in the General Meeting of Shareholders.

If a person registered in the Company's shareholder register is a nominal holder of shares, a notice of the General Meeting of Shareholders and information (materials) to be provided to persons entitled to participate in the General Meeting of Shareholders in preparing for the General Meeting of Shareholders of the Company shall be provided in accordance with the rules of the legislation of the Russian Federation on securities to provide information and materials to persons exercising rights in securities.

The Company shall keep information on the direction of communications provided for in this article, 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 ballots for voting on all items on the agenda. The form 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.

The ballot paper shall be sent or handed in against signature to each person from the list of persons entitled to participate in the General Meeting of Shareholders in at least 20 (twenty) days before 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 form of the voting ballot can be as well placed on the website of the Company on the Internet.

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) about the General Meeting agenda issues – 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 General Meeting date – shall be available to the persons entitled to attend 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 notice of the General Meeting of Shareholders, as well as on the information and telecommunication networks Internet at webpage [www.kubanenergo.ru](http://www.kubanenergo.ru). The stated 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 of familiarization with the information (materials) related to the agenda of the General Meeting of Shareholders by the persons entitled to attend the General Meeting of Shareholders and the list of such information (materials) shall be defined by the resolution of the Board of Directors of the Company.

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

In case when Company's shares are in common shared property of several persons, they shall receive one copy of ballot for voting of all issues of the agenda or one copy of two or more ballots for voting 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 attendance, the persons included into the list of persons entitled to attend the General Meeting of Shareholders (their representatives)

have the right to attend such meeting, or their proxies, may register for participation in such meeting, or send the filled-out ballots to the Company, or fill out the electronic form of the ballot on the website, whose address is indicated in the notice about 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 in preparation for the General Meeting of Shareholders of the Company.

11.10. The General Meeting of Shareholders is competent (has quorum) if the shareholders having on aggregate over half of outstanding voting shares of the Company have attended the meeting.

Shareholders shall be deemed to have participated in the General Meeting of Shareholders if they are registered as participants in it, including via the specified in the notice of the General Meeting of Shareholders web-site on the information and telecommunication networks Internet (if such possibility was envisaged by a decision of the Board of Directors of the Company), and shareholders whose ballots have been received, or the electronic form of the ballots that are filled on the web-site on information and telecommunication networks Intent specified in the notice (if such possibility was envisaged by a decision of the Board of Directors of the Company), no later than two days prior to the date of the General Meeting of Shareholders. Shareholders shall be also deemed to have participated in the General Meeting of Shareholders, who, in accordance with the rules of the Russian Federation legislation on securities, issued to persons, registering their rights to shares, instructions on voting, if notifications about their will have been received no later than two days before the date of the general meeting of shareholders.

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 resolution on convocation of a repeated General Meeting of the Company's Shareholders shall be approved by the Company's Board of Directors.

The repeated General Meeting of Shareholders convened instead of the failed one shall be competent if shareholders holding on aggregate at least 30 (thirty) percent of votes of the outstanding voting shares of the Company have attended the meeting.

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 attend the General Meeting of Shareholders shall be determined (recorded) on the date, on which persons that were entitled to take part in the invalid meeting were determined (recorded).

Upon absence of quorum 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 case of absence of quorum for holding of an extraordinary General Meeting of Shareholders on the ground of a court judgment, no repeated General Meeting of Shareholders shall be held.

11.12. 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).

11.13. 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 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. Holding the General Meeting of Shareholders in the Form of Absentee Voting**

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

shall be made only by voting ballots. The form 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 of election of the Company's Board of Directors, Auditing Commission of the Company approval of external Auditor of the Company, and the issues specified in Item 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 which should 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 the agenda issues of a General Meeting of Shareholders is made 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 10 (ten) days after making resolution on holding of a General Meeting of the Company's Shareholders and more than 25 (twenty five) days prior to the closing date of ballots acceptance by the Company. 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 before the date of the general meeting of shareholders.

The date of determining (recording) persons entitled to attend the General Meeting of Shareholders is disclosed at least 7 (Seven) days prior to that date.

12.4 Notification on holding the extraordinary General Meeting of Shareholders shall be published on the web site of Company [www.kubanenergo.ru](http://www.kubanenergo.ru) on the Internet not later than 30 (thirty) days before the Company stops receiving the voting ballots. The text of the notice of the General Meeting of Shareholders pursuant to a decision of the Board of Directors may additionally be sent electronically to those shareholders of the Company who informed the Company or the registrar of the email addresses to which such communications can be sent.

The notice of the General Meeting of Shareholders shall specify:

- full corporate name and location of the Company;

- form of the General Meeting of Shareholders (joint presence or absentee voting);
- date, venue (including information about the premises), time of the General Meeting of Shareholders and postal address to which the filled-in ballots can be sent;
- date of determining (recording) persons entitled to attend the General Meeting of Shareholders;
- agenda of the General Meeting of Shareholders;
- procedure of familiarization with the information (materials) subject to provision during preparation for holding General Meeting of Shareholders, and address (addresses), at which it is possible to learn them;
- the e-mail address for sending filled-in ballots and/or the website address on the Internet, where the electronic form of the ballots can be filled, if such ways of sending and (or) filling in the ballots are stipulated by the decision of the Board of Directors of the Company in preparation for the General Meeting of Shareholders
- categories (types) of shares, whose owners have the right to vote on all or some items on the agenda of the General Meeting of Shareholders.

If a person registered in the Company's shareholder register is a nominal holder of shares, a notice of the General Meeting of Shareholders and information (materials) to be provided to persons entitled to participate in the General Meeting of Shareholders in preparing for the General Meeting

of Shareholders of the Company shall be provided in accordance with the rules of the legislation of the Russian Federation on securities to provide information and materials to persons exercising rights in securities.

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

12.5. The ballot paper shall be sent or handed in against signature to each person from the list of persons entitled to participate in the General Meeting of Shareholders in at least 20 (twenty) days before 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 form of the voting ballot can be additionally placed on the website of the Company on the Internet.

Each person included into the list of persons entitled to attend the General Meeting of Shareholders shall be provided with one copy of ballot for voting on all issues of the agenda or one copy of two or more ballots for voting on different issues.

The procedure of familiarization with the information (materials) related to the agenda of the General Meeting of Shareholders by the persons entitled to attend the General Meeting of Shareholders and the list of such information (materials) shall be defined by the resolution of the Board of Directors of the Company.

12.6. The General Meeting of Shareholders held in the form of absentee voting shall be competent (have quorum) if the shareholders holding on aggregate more than half of votes of outstanding voting shares of the Company have participated in it.

Shareholders shall be deemed to have participated in the General Meeting of Shareholders held by absentee voting if their voting ballots were received and (or) the electronic form of the ballots is filled out on the web-site on the Internet (indicated in the notice on holding the general meeting of shareholders) (if such opportunity was provided for by the decision of the Board of Directors of the Company) within the voting deadline, as well as shareholders who, in accordance with the rules of the legislation of the Russian Federation on securities, gave persons registering their rights to shares, instructions on voting, if messages of their have been received before the deadline for the receipt of ballots.

12.7. The Minutes of the voting results shall be made up and signed by the Registrar of the Company the latest within 3 (three) business days after closing date of ballots acceptance in two copies. The Minutes of the General Meeting of Shareholders shall be made up the latest within 3 (three) business days after closing date of ballots acceptance 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).

12.8 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. Proposals to the Agenda of the Annual General Meeting of the Company's Shareholders**

13.1. Shareholders (shareholder) holding on aggregate 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 rules of 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) number of document, 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. Reasoned resolution of the Board of Directors on refusal to include an issue into the agenda of the General Meeting of the Company's Shareholders or a nominee into the list of nominees for voting for election to a respective body of the Company shall be forwarded to the shareholder (shareholders) who has proposed the issue or a nominee the latest within 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 exercising rights in securities.

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).

Apart from the issues proposed for inclusion on the agenda of the General Meeting of Shareholders by the shareholders and in case of absence of such proposals, absence or insufficient number of nominees 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 or nominees at its discretion.

#### **Article 14. Convocation of Extraordinary General Meeting of the Company's Shareholders**

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 (fourty) 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 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. Within 5 (five) days since the date of submission of the request of the Auditing Commission, the Company's external Auditor or shareholders (shareholder), holding at least 10 (ten) percent of the voting shares of the Company, to convene an extraordinary General Meeting of the Company's Shareholders, the Board of Directors is to make a decision on convening of extraordinary General Meeting of the Company's Shareholders or on refusal to convene it.

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 rules of the legislation of the Russian Federation on securities for the provision of information and materials to persons exercising rights in securities.

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 75 (ninety five) 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 to which proposals of shareholders

14.9.2. Shareholders (shareholder) of the Company holding on aggregate 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 the extraordinary General Meeting of Shareholders.

The Board of Directors is obliged to consider the received proposals and make a decision on their inclusion into the agenda of the extraordinary General Meeting of Shareholders or on refusal to do the same the latest within 5 (five) days after termination of the period specified in paragraph 2 hereof.

14.9.3. The date of determining (recording) persons entitled to attend the General Meeting of the Company's Shareholders shall not be fixed earlier than 10 (ten) days after adopting a decision on holding of a General Meeting of the Company's Shareholders and more than 55 (fifty five) days before the general meeting of shareholders

14.9.4. The notice of extraordinary General Meeting of Shareholders shall be delivered the latest 55 (fifty five) days prior to the meeting date.

14.10. In cases where, in accordance with the Federal Law "On Joint Stock Companies", the Board of Directors of the Company is required to decide 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 70 (Seventy) days since the decision to hold it made by the Board of Directors of the Company.

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

15.1. The Board of Directors shall carry out the general management of the Company's activities with the exception of issues referred by the Charter and the Federal Law "On Joint Stock Companies" and this Charter to the competence of the General Meeting of Shareholders.

The following issues fall within the competence of the Board of Directors:

- 1) Determination of the priority domains of the Company activities;
- 2) Convening of the annual and extraordinary General Meetings of the Company Shareholders, 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 of the General Meeting of the Company's Shareholders;
- 4) Election of the secretary of the General Meeting of the Company's Shareholders;
- 5) Determination of the date of record of the list of persons entitled to attend the General Meeting of the Company's Shareholders, fixing up the date of making the list of persons entitled to receive dividends, approving of costs estimated on holding general meeting and making decisions on other issues related to preparation and holding of the General Meeting of the Company's Shareholders;
- 6) The decisions on issues specified in sub-items 2, 5, 7, 8, 12–20 of Clause 10.2 of Article 10 hereof, as well as reduction of charter capital of the Company, on fixing up the date of making the list of persons entitled to receive the dividends can be made by AGM only at the suggestion of the Board of Directors of the Company.
- 7) placement of additional shares, into which preferred shares placed by the Company of a certain type are converted, convertible into common shares or preferred shares of other types, if such a placement is not associated with an increase in the authorized capital of the Company, as well as placement of bonds or other equity securities other than shares; Eurobond issue and determining policy in the sphere of the issue of securities (except for shares) and Eurobonds;
- 8) Approval of resolution on issue (additional issue) of securities, securities issue prospect, and 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 offered by public subscription after the expiration of the pre-emptive right, in cases determined by the Board of Directors of the Company
- 9) Determination of the property price (pecuniary valuation), 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 General Director of the Company and early termination of his powers, including resolution on early termination of the employment contract within him;

13) Determination of the number of members of the Management Board of the Company, election of members of the Management Board of the Company, fixing the remuneration and compensation to be paid to them, early termination of their powers;

14) Recommendations to the General Meeting of the Company’s Shareholders concerning the size of remuneration and compensations paid to the members of the Auditing Commission and determination of the amount of fee to be paid for the Company’s external Auditor’s services;

15) Recommendations on the size of dividends on shares and the procedure of their 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, with exception of 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); approval (adjustment) of the list and values of the control indicators of the cash flow of the Company;

19.1) On approval of investment programme, including amendments to it and quarterly report on the results of implementation of investment programme (for the 1<sup>st</sup> quarter, first six months, nine months, reporting year);

20) Establishing of branches and opening of representative offices of the Company, their liquidation;

- 21) 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 shareholdings in the charter capital of the organizations in which the Company participates change of participatory interest in the charter 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 paragraph 10.2 of Article 10 of the Charter;
- 22) 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;
- 23) Consent to making or further approval of major transactions in the cases stipulated by chapter X of the Federal Law "On Joint Stock Companies";
- 24) Consent to making or further approval of transactions stipulated by chapter X of the Federal Law "On Joint Stock Companies";
- 25) Approval of the Company's Registrar, terms and conditions of an agreement with him, as well as termination of the agreement with him;
- 26) Election of the Chairman of the Board of Directors of the Company and early termination of his powers;
- 27) Election of the Deputy Chairman of the Board of Directors of the Company and early termination of his powers;
- 28) Election of Corporate Secretary of the Company and early termination of his powers;
- 29) 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;
- 30) Approval of organizational structure of the executive authority of the Company and alterations to the same;

- 31) Making decision on suspension of the powers of the managing company (manager);
- 32) Making decision on appointment of an acting General Director of the Company in the cases determined by specific resolutions of the Board of Directors of the Company, and his bringing to disciplinary responsibility;
- 33) Bringing the General Director of the Company and members of the Management Board of the Company to disciplinary responsibility, and their reward pursuant to the labor law of the Russian Federation;
- 34) Consideration of reports of the General Director on the Company's activity (including the 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 procedure of relations of the Company with the organizations, in which the Company is a participant;
- 36) Determination of the opinion of the Company (representatives of the Company) on the following issues of the agenda of the General Meetings of Shareholders (participants) and meetings of the boards of directors of affiliated and dependent companies), including the authorization to participate or not to participate in the voting on the agenda issues, voting on the draft resolutions in favor, against or abstained:
  - a) On determination of agenda of a general meeting of shareholders (participants) of affiliated and subsidiary companies (except those where the Company owns 100% of authorized capital);
  - b) On determination of the number of members in the supervisory and control bodies of affiliated and dependent companies, nomination, election of their members and early termination of their powers; nomination, election of sole executive body of affiliated and dependent companies and early termination of its powers;
  - c) On definition of number, nominal value, category (type) of declared by affiliated and dependent companies shares and rights, vested in such shares;
  - d) On increase of charter capital of affiliated and dependent companies through increase of nominal value of the shares or through placement of additional shares;
  - e) On placement of securities of affiliated and dependent companies convertible into ordinary shares;
  - f) On splitting, consolidation of shares of affiliated and dependent companies;
  - g) Consent to making or further approval of major transactions made by affiliated and dependent companies;
  - h) On affiliated and dependent companies' participation in other organizations (on joining an existing organization or establishing of a new organization), and on acquisition,

- alienation or encumbrance of shares and interest in charter capitals of the organizations in which affiliated and dependent companies, change of participatory interest in the charter capital of a respective organization;
- i) On affiliated and dependent companies entering into transactions (including interrelated 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 and thermal energy in the cases (within the scopes) determined by the procedure of the Company's interaction with the organizations, in which the Company participates, to be approved by the Board of Directors of the Company;
  - j) On introduction of alterations and amendments to the constituent documents of affiliated and dependent companies;
  - k) Determination of the procedure of remuneration payment to the members of the Board of Directors and Auditing Commission of affiliated and dependent companies;
  - l) on approval of business-plan (adjusted business-plan) of SDCs that carry out activities related to transfer, production or sale of electricity, or whose revenue is more than 1% of the Company's revenue for the last completed reporting;
  - m) On consideration of investment program, including amendments to the same;
  - n) On approval of target values of key performance indicators (adjusted target values of key performance indicators);
  - o) On approval of report on compliance with the planned values of annual and quarterly key performance indicators;
  - p) on consideration of an annual report on implementation business SDCs that carry out activities related to transfer, production or sale of electricity, or whose revenue is more than 1% of the Company's revenue for the last completed reporting;
  - q) On approval of profit and loss distribution by the results of fiscal year;
  - r) On recommendations as regards size of dividends on shares and their payment procedure;
  - s) On payment (declaration) of dividends by the results of the first quarter, half-year, nine months of fiscal year, and by results of the fiscal year;
  - t) On approval (consideration) of report on the implementation of the investment programme of SDCs for the reporting year;
  - u) 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



- v) 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 ordinary and transfer bill), property mortgage and making decisions about the subsidiaries and affiliates 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 the SDC report on the review of the credit policy of subsidiaries and affiliates, the approval of the loan plan of affiliated and subsidiary companies on the approval of the plan of development of subsidiaries and affiliates, the adjusted plan of development of subsidiaries and affiliates, on the consideration of the report on the implementation of the plan of development of affiliated and subsidiary companies;
- 37) Determination of the opinion of the Company (representatives of the Company) on the following issues of the agenda of the meetings of the boards of directors of subsidiaries and affiliates (including the authorization to participate or not to participate in the voting on the agenda issues, voting on the draft resolutions in favor, against or abstained):
- 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 several interrelated 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 and thermal energy in the cases (within the scopes) determined by the procedure of the Company's interaction with the organizations, in which the Company participates, to be approved by the Board of Directors of the Company;
  - b) Determination of the opinion of subsidiaries and affiliates representatives on the issues of the agenda of general meetings of shareholders (participants) and meetings of the boards of directors of societies affiliated and associated in respect of subsidiaries and affiliates, engaged in generation, transmission, dispatching, distribution and sale of electric and thermal energy, on reorganization, liquidation, increase of charter capitals of such societies through increase of nominal value shares or through placement of additional shares, placement of securities convertible into ordinary shares;
- 38) Preliminary approval of resolutions on the Company's entering into:

- a) Transactions the subject matter whereof is noncurrent assets of the Company comprising over 10 percent of book value of such assets according to the accounting statements of the Company as of the latest reporting date;
  - b) Transactions (including several interrelated 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 and thermal energy in the cases (within the scopes) determined by specific resolutions of the Board of Directors of the Company, or if the specified cases (amounts) were not determined by the BoD;
  - c) Transactions (including several interrelated 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 not generation, transmission, dispatching, distribution of electric and thermal energy in the cases (within the scopes) determined by specific resolutions of the Board of Directors of the Company, or if the specified cases were not determined by the BoD;
  - d) transactions for receiving or transferring of fixed assets for temporary possession and use or for temporary use for a period of more than 5 years, in cases (amounts) determined by separate decisions of the Board of Directors
- 39) Appointment of Company representatives for participation in supreme governance bodies of organizations with any legal form of incorporation, in which the Company participates;
  - 40) Approval of resolutions on nominating of persons to the position of sole executive body, to other governance bodies, control bodies, and nominees to the position of external auditor of the organizations of organizations of any legal form of incorporation, in which the Company is a participant;
  - 41) definition of the Company's policy in the field of insurance, control of insurance coverage for the Company, including the approval of the Company's nominees Insurers;
  - 42) Approval of appraiser (appraisers) for determination of the value of shares, property and other assets of the Company in the cases stipulated by the Federal Law "On Joint Stock Companies", this Charter, and specific resolutions of the Board of Directors of the Company;
  - 43) Preliminary approval of collective agreement, contracts entered into by the Company within the scope of regulation of social and labor relations, and approval of documents on non-state pension schemes for the Company employees;
  - 44) Approval of financial adviser engaged pursuant to the Federal Law "On Securities Market", and organizers of securities issue, and advisors on transactions directly connected with raising funds in the form of public borrowings;

- 45) Preliminary approval of transactions which may entail origination of currency liabilities (or liabilities the amount whereof is linked with foreign currency), transactions with derivative financial instruments, in the cases and in the amounts to be determined by specific resolutions of the Board of Directors of the Company, and when such cases (amounts) have not been determined by the Board of Directors of the Company; determination of Company's policy in the sphere of conclusion of transactions with derivative financial instruments;
- 46) Determination of procurement policy of the Company, including approval of Regulations on purchase of goods, works, services, and approval of procurement plan, and passing of other resolutions in accordance with the approved documents of the Company regulating the procurement activity of the Company;
- 47) Approval of methodology for calculating and evaluating the key performance indicators (KPIs) of the Company's General Director, their target values (adjusted values) and reports on their implementation;
- 48) Approval of resolution on nominating the General Director of the Company a deserving to be decorated with state awards;
- 49) 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, compensation 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;
- 50) Determination of the Company policy as regards the enhancement of reliability of the distribution facilities of electric mains and other power grid facilities, including approval of strategic programs of the Company on enhancement of reliability of the power grid facilities, development and safety of power grid facilities;
- 51) Forming committees of the Company Boards of Directors, election of members of the committees of the Company Boards of Directors, and early termination of their powers, election and early termination of powers of the chairmen of the committees of the Company Boards of Directors;
- 52) Approval of regulations on material incentives of the General Director, regulations on material incentives of top managers of the Company; approval of the list of top managers;
- 53) Approval of nominees to certain positions in the Company's executive body, determined by the Company's Board of Directors;
- 54) filing an application for listing of Company's shares and (or) securities of the Company convertible into shares

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;

57) assessment of key operational risks (both financial and non-financial risks), as well as the establishment of an acceptable amount of risk for the Company;

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 review of questions of arrangement, functioning and effectiveness of the risk management and internal control systems in the Company;

60) control and organization of activity of the internal audit, 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 conclusion of a contract with it, 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 sole executive body of the company on appointment, termination of functions (not at the initiative of the employee) of the head of internal audit, application of disciplinary sanctions, and definition of remuneration of the head of the internal audit, review of results of assessment of the quality of the internal audit function;

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) other issues, referred to the competence of the Board of Directors by the Federal Law "On Joint Stock Companies" and this Charter.

15.2. The issues falling within 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. Members of the Board of Directors while exercising their rights and performing their obligations shall act in the best interests of the Company, and exercise their rights and perform their obligations in respect of the Company bona fide and reasonably.

15.4. Members of the Board of Directors shall be liable to the Company for damages incurred by the Company through their faulty actions (omission), unless other grounds and scope of liability are specified by the federal laws.

And the Members of the Board of Directors, who have voted against the resolution, entailing damage to the Company or have not participated in the voting, shall not be held liable.

#### **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.

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

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 members of the Board of Directors from among them by the majority of the total number of members of the Board of Directors of the Company.

The Board of Directors is entitled at any time to reelect the Chairman by the majority of the total number of members of the Board of Directors of the Company.

17.2. The Chairman of the Board of Directors arranges the work of the Board of Directors, convenes its meetings and presides at the meetings, arranges keeping of Minutes, presides at the General Meeting of the Company's Shareholders.

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

#### **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 Regulations on the proceedings of the Board of Directors 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 a member of the Board of Directors, the Auditing Commission, the external Auditor, Management Board or General Director of the Company.

18.3. The first meeting of the newly elected Board of Directors shall obligatorily consider the issues of election of the Chairman of the Board of Directors, Deputy Chairman of the Company's 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 Board of Directors may approve a resolution by absentee voting (by poll). In case of absentee voting all members of the Board of Directors receive the materials on all issues of the agenda and voting questionnaire, stating the date by which the questionnaire, being filled in and signed by the member of the Board of Directors shall be presented to the Board of Directors of the Company.

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. No transfer of voting right by a member of the Board of Directors to another person, including to another member of the Board of Directors is permitted.

18.7. The resolutions of the meetings of the Board of Directors shall be approved by the majority of the members of the Board of Directors, present at the meeting, with exception of the cases stipulated by law of the Russian Federation and this Charter.

18.8. Resolution of the Board of Directors on consent to making or on subsequent approval of a major transaction shall be approved unanimously by all members of the Board of Directors (and the votes of withdrawn members of the Board of Directors shall not be taken into account).

Resolutions of the Board of Directors shall be approved by majority of three quarters of votes of the total number of members of the Board of Directors on the following issues (and the votes of withdrawn members of the Board of Directors shall not be taken into account):

-on suspension of powers of the managing organization (manager) and on appointment of acting General Director 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.

The withdrawn members of the Board of Directors are understood as persons withdrawn from the Board of Directors due to their death, their being acknowledged incapable or missing in a judicial procedure.

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 Items 21, 35–38 of Clause 15.1 of Article 15 hereof shall be approved by the majority of two thirds of votes of the Board of Directors, present at the meeting.

18.11. Upon making a decision on issues at the meeting of the Board of Directors each member of the Board of Directors has one vote. In the event that the votes have divided in equal proportion the vote of the Chairman of the Board of Directors shall be the casting one.

18.12. Quorum for holding a meeting of the Board of Directors is at least half of the elected members of the Board of Directors and when making decisions on approval or subsequent approval of transactions provided for 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 uninterested in the transaction and who 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 than 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. At the meeting of the Board of Directors the Minutes shall be taken. The Minutes of the meeting of the Board of Directors shall be drawn up not later than within 3 (three) days after the date of the meeting and shall be signed by the Chairman of the meeting and Corporate Secretary

of the Company, who are responsible for the accuracy of its execution. All materials related to the agenda issues and the documents approved by the Board of Directors shall be attached to the Minutes.

If the Board of Directors approves a resolution by absentee voting a questionnaire for voting signed by the members of the Board of Directors shall be attached to the Minutes.

18.14. 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.

#### **Article 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 shall be formed for working out of the issues falling within the competence of the Board of Directors or examined by the Board of Directors with the view to supervise the activities of the executive body of the Company and for elaboration of required recommendations for the Board of Directors and executive bodies of the Company.

19.3. The rules of proceedings, formation procedure, competence and period of powers of the committees of the Board of Directors shall be determined by special resolutions of the Board of Directors.

#### **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.

20.2. The status of the Corporate Secretary, requirements for his or her candidacy, procedure for appointment and termination of powers of the Corporate Secretary, his or her subordination and the procedure for interaction with management bodies and structural divisions of the Company, as well as other issues related to the activities of the Corporate Secretary of the Company are governed by the Regulation on the Corporate Secretary approved by the Board of Directors of the Company.

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

21.1. Management of current operations of the Company shall be carried out by a sole executive body – General Director and collective 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. By resolution of the General Meeting of Shareholders the powers of the sole executive body of the Company may be to a managing company or to a manager under a contract.

The rights and obligations of the managing organization (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 managing organization (manager) and the Company.

On behalf of the Company the contract with the managing organization (manager) shall be signed by the Chairman of the Board of Directors or a person authorized by the Board of Directors.

The terms of contract with the managing organization (manager), including as regards the term of powers shall be determined by the Board of Directors or a person authorized by the 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 Charter.

21.5. The rights and obligations of General Director and members of the Management Board as regards management of day-to-day operations of the Company shall be determined by the law of the Russian Federation, the Charter and employment contracts signed between each of them and the Company.

21.6. On behalf of the Company the employment contract shall be signed by the Chairman of the Board of Directors or a person authorized by the Board of Directors of the Company.

21.7. The terms of employment contract, including as regards the term of powers shall be determined by the Board of Directors or a person authorized by the Board of Directors of the Company to sign employment contract in accordance with Clause 21.6 of Article 21 hereof.

21.8. Simultaneous holding of positions in governance bodies of other organizations and other paid offices in other organizations by the General Director and members of the Management Board shall be permitted only upon consent of the Board of Directors of the Company.

21.9. The employer's rights and obligations on the behalf of the Company towards the General Director 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 powers of General Director 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 powers of the managing organization (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 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 the managing organization (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 General Director 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. General Director, members of the Management Board, acting General Director of the Company, likewise the managing 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. General Director, members of the Management Board, acting General Director of the Company, likewise the managing company (manager) shall be held liable to the Company for the damages caused to the Company by their faulty acts (omissions), unless other ground and scope of liability is stipulated by the federal laws.

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 General Director (due to illness, business trip, vocation), his obligations by virtue of order of the General Director of the Company may be

vested in the one of this deputies, only in the event of non-availability of the resolution of the Board of Directors on appointment of acting General Director.

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

22.1. The Management Board of the Company operates on the ground of this Charter, 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 following issues fall within the competence of the Management Board of the Company:

- 1) Approval of resolutions on the issues falling within the competence of the supreme governance bodies of economic societies in which 100 (one hundred) percent of charter capital or all voting shares are held by the Company (taking into account Item 36 of Clause 15.1 of Article 15 hereof);
- 2) Elaboration and submission to the Board of Directors of prospective plans for implementation of the principal areas of Company activities;
- 3) Preparation of business plan (adjusted business plan), and reports on the progress of its implementation as well as approval (adjustment) of the indicators of cash (budget) flow of the Company;
- 4) 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;
- 5) Approval of plans and arrangements for training and skill development of the Company employee;
- 6) Establishing social benefits and guarantees for the Company employees;
- 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 latest reporting date (except for the cases specified in Item 38 of Clause 15.1 of Article 15 hereof);
- 8) Consideration of reports of the Deputies General Director of the Company, heads of structural divisions of the Company on the results of implementation of the adopted plans, programs, instructions, consideration of reports, documents and other information on the activities of the Company and its affiliated and associated companies;
- 9) 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;

10) 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 than 3 (three).

22.4. The General Director is the Chairman of the Management Board by virtue of his position.

22.5. The Management Board is competent if at least 2/3 of the elected Management Board members are participating in the meeting (absentee voting).

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

22.6. No transfer of voting right by a Management Board member to another person, including to another member of the Management Board of the Company shall be permitted.

### **Article 23. General Director of the Company**

23.1. General Director of the Company shall manage day-to-day operations of the Company in compliance with the resolutions of the General Meeting of Shareholders, Board of Directors and Management Board of the Company passed within the scope of their competence.

23.2. All matters 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 General Director.

23.3. General Director without power of attorney acts on behalf of the Company, including, considering the limitations, stipulated by the effective legislation, the Charter and resolutions of the Board of Directors of the Company:

- Secures 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;

- Manages the Company property, makes transactions on behalf of the Company, issues powers of attorney, opens current and other accounts of the Company with the 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;
- In accordance with the organizational structure of the executive body of the Company the manning table and salaries of the Company employees;
- Exercises the rights and performs the obligations of the employer in respect of the Company employees, stipulated by the labor law;
- Performs the functions of the Chairman of the Management Board of the Company;
- Distributes duties between the deputies of General Director;
- The latest 45 (forty five) days prior to the date of the annual General Meeting of Shareholders submits to the Board of Directors the annual report, annual accounting statements, profit and loss account of the Company, profit and loss distribution;
- 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;
- 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

23.4. General Director shall be elected by the Board of Directors of the Company to be approved by the majority of votes of members of the Board of Directors present at the meeting.

The nomination of candidates to the position of General Director to be elected by the Board of Directors shall be made in accordance with the procedure determined by an internal document

regulating the procedure for convocation and holding of the meetings of the Board of Directors of the Company.

#### **Article 24. Auditing Commission and External Auditor of the Company**

24.1. In order to exercise control over the financial and business activity of the Company, the General Meeting of Shareholders shall elect the Auditing Commission of the Company for the period until 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.

The Auditing Commission shall be elected in the number of 5 (five) members.

24.2. 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 following falls within the competence of Auditing Commission:

- Confirmation of the reliability of data contained in the annual report, accounting balance sheet, profit and loss account of the Company; analysis of the Company's financial standing, determination of reserves for improvement of the Company's financial standing and elaboration of recommendations for the Company's governance bodies; arrangement and implementation of the audit (revision) of the financial and business activity of the Company, in particular: audit (revision) of the financial, accounting, payment and settlement and other documentation of the Company, related to the financial and business activity of the Company in terms of its conformity with the law of the Russian Federation, the Charter internal and other documents of the Company;
- Control over the safety and use of fixed assets;
- 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;
- 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 of the correctness and timeliness of calculation and payment of dividends on the shares of the Company, interest on bonds, income on other securities;
- Checking of compliance with the previously issued orders to eliminate violations and drawbacks, previously revealed by the Audit Committee of the Company;
- Verification of the Company's business operations, carried out in accordance with existing 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;
- 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 orders to eliminate violations and deficiencies previously identified by the Audit Commission of the Company;
- 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 Auditing Commission shall be approved by simple majority of the total number of votes of its members.

24.5. The Auditing Commission 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 Auditing Commission shall be determined by the internal document of the Company approved by the General Meeting of the Company's Shareholders.

The Auditing Commission in compliance with the resolution on the performance of audit (revision) shall be entitled to engage specialists in the corresponding areas of law, economics, finance, accounting, management, economic security and other, including specialized organizations.

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

- verification 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.

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. 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.

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

24.11. 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.

24.12. By 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 the accounting books and submit accounting (financial) statements in compliance with the procedure established by the law of the Russian Federation and the Charter.

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, presented to the shareholders of the Company, creditors, mass media in compliance with the law of the Russian Federation and the Charter.

25.3. The reliability of data contained in the annual report of the Company, accounting (financial) reports statement 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 property interests with the company or its shareholders.

25.4. The annual report, annual accounting (financial) statements, profit and loss statement and allocation of profit and losses of the Company, shall be preliminarily approved by the Company's Board of Directors not later than 30 (thirty) days prior to the date of the Annual General Meeting of Shareholders of the Company.

**Article 26. Storage of Documents by the Company. Provision of Information by the Company**

26.1. The Company is obliged to keep documents specified 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. Upon reorganization of the Company all documents shall be transferred to the successor pursuant to the established procedure.

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.

Information on the Company shall be provided by it pursuant to requirements of the law of the Russian Federation.

26.5. The Company shall provide the access of the shareholders of the Company upon their request to documents in amount and in accordance with the procedure and deadlines set by the by the Federal Law "On Joint Stock Companies".

26.6. Information about the Company shall be represented in accordance with the Federal Law "On Joint Stock Companies" and other federal laws and legal acts of the Russian Federation.

26.7. The amount of fee shall be fixed by the General Director of the Company and shall not exceed the amount of expenses for making copies of documents.

In the event that the eligible person does not pay the costs of the Company for making copies of documents of the Company on the earlier received and executed Request, the period for providing

copies of the Company's documents on subsequent requests shall be calculated from the date of receipt of such payment.

26.8. The Company shall ensure the access of shareholders and employees of the Company to the information observing the requirements of the law on the state and commercial secret.

26.9. The Company is obliged to post on its website on the Internet the terms of the confidentiality agreement (contract). In case of a group request from shareholders, this agreement must be signed by each of them, and when granting access to documents to a representative of a shareholder by proxy such agreement shall be signed by the shareholder and by their representative.

26.10. Report on signs of possible interest in the joint-stock company concluding a transaction, as well as the Notice of change in information containing the signs of possible interest in the joint-stock company concluding a transaction shall be sent to the Company using one of the following ways:

- by postal service by registered mail with a notification of delivery or through courier service to the address of the company contained in the unified state register of legal entities, as well as to other addresses specified in the company's charter or in the internal document of the company approved by the general meeting of shareholders of the company;
- delivery against receipt to the person holding the position (performing the functions) of the sole executive body of the company, or to another person authorized to receive written correspondence addressed to the company;
- sending an electronic document signed by 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, including through the Internet;
- telecommunication means, including facsimile and telegraph communication facilities, e-mail

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

27.1. The Company may be reorganized voluntarily through amalgamation, takeover, split off, spinoff, 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 by court judgment 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 termination of operations containing data classified as state and commercial secret the Company is obliged to secure the safety of such data and data media by way of elaboration and implementation of measures for secrecy order, protection of information, combating foreign technical reconnaissance, safeguarding, and fire prevention.