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**APPROVED**  
**by Resolution of the General Meeting**  
**of OJSC “SIBUR Holding”**  
**of October 13, 2014**  
**(minutes number 44)**

**PROVISIONS**  
  
**on the Board of Directors**  
**of Public Joint Stock Company "SIBUR Holding"**

**(Revision No. 14)**

**Tobolsk**  
**2014**

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These Provisions have been developed in accordance with the applicable laws of the Russian Federation and the Articles of Association of Public Joint Stock Company "SIBUR Holding" (hereafter referred to as **the Company**) and other internal documents of the Company and lay down the procedure for the election and the term of appointment of the Board of Directors, as well as the competence and the operating policy thereof.

### **Article 1. General provisions**

1.1. The Board of Directors is the Company's collective governing body which has general charge and control of its affairs and decides on all matters, except those that fall within the competence of the General Meeting, the Management Board and the Sole Executive Body.

1.2. The applicable laws of the Russian Federation, the Articles of Association of the Company, these Provisions, and other internal documents of the Company, insofar as they pertain to the competence of the Board of Directors, shall govern the work of the Board of Directors.

### **Article 2. Election of the Board of Directors**

2.1. All members of the Board of Directors shall be elected by cumulative voting at a General Meeting for a term until the next Annual General Meeting.

In cumulative voting, the votes held by each shareholder are multiplied by the number of persons to be elected into the Board of Directors; a shareholder may give all votes for one candidate or divide votes among the candidates as deemed appropriate. The candidates who receive the most votes will be elected to the Board of Directors.

If the Annual General Meeting does not convene at the prescribed time, the powers of the Board of Directors shall be terminated save the powers related to the preparation, calling and holding of Annual General Meetings.

2.2. The number of members on the Board of Directors shall be determined by resolution of the General Meeting, but the Board cannot have fewer than seven (7) members. This resolution shall have an indefinite expiry date. The General Meeting can terminate the appointment of the entire Board of Directors only before its term is due.

In the case where the number of members of the Board of Directors has become less than the number required to constitute a quorum at its meetings, the Board of Directors shall decide to hold an Extraordinary General Meeting to elect a new Board of Directors. The remaining members of the Board of Directors shall only have the right to decide on matters related to the preparation and holding of the Extraordinary General Meeting.

2.3. Only individuals (natural persons) can be members of the Board of Directors. A member of the Company's Board of Directors does not have to be a shareholder in the Company.

Persons elected to the Board of Directors may be re-elected any number of times.

The Management Board cannot be more than one-fourth of the Board of Directors. A member of the Management Board cannot be the Chairman of the Board of Directors.

2.4. The members of the Board of Directors are required to disclose the holders of the Company's securities and the sales and (or) purchases of the Company's securities in accordance with the internal Rules and Regulations that have been approved by the Board of Directors and govern disclosure of the Company's activities and securities.

2.5. A shareholder (shareholders) representing at least two (2) percent of the Company's voting shares shall be entitled to nominate candidates to the Company's Board of Directors, the number of such candidates not exceeding the number of members determined by resolution of a General Shareholder's Meeting. Proposals for the nomination of candidates and proposed agenda items should be submitted in writing, with an indication of the name (corporate name) of the proposing shareholder(s), the number and category (class) of the shares they hold, and signature of the shareholder(s).

The proposal must be signed by the shareholder or his or her proxy. In the case where a proposal is signed by the shareholder's proxy, a proxy statement must be enclosed to the proposal.

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Proposals for the nomination of candidates to stand for election to the Board of Directors shall include the following information for each candidate:

- the body for which the candidate is nominated;
- last name, first name and patronymic;
- year, month, day and place of birth;
- for Russian nationals: details of the identity document ((serial) number, date and place of issue, issuing authority, and registered address);
- for non-residents: details of the identity document;
- education, including academic institution, year of graduation and degree obtained;
- place of work and positions held by the candidate over the last five (5) years, as well as positions held by the candidate in other legal entities' governing bodies over the last five (5) years;
- mailing address, telephone number and e-mail address;

2.6. These proposals shall be submitted to the Board of Directors no later than thirty (30) days after the end of the fiscal year, in writing, by one of the following methods:

- mail to (the office address of) the Sole Executive Body, (to the (office) address of) the permanent executive body of the management organization);
- deliver to the person acting as the Sole Executive Body, Chairman of the Board of directors or the Secretary of the Board of Directors.

If a proposal is sent by mail, the date of the submission of such proposal shall be the date of the departure stamp on the mail; if a proposal is delivered in person, the date of submission shall be the date of delivery.

Shareholders may amend or revoke in full their duly submitted nominations to the Board of Directors prior to approval by the Board of Directors of the ballots for the General Meeting.

### **Article 3. The competence of the Board of Directors**

3.1. The Board of Directors shall be competent to:

- 1) determine priorities in the Company's activities;
- 2) approve the Company's long-term plans and principal programs, annual and long-term business plans and annual investment program;
- 3) review reports on the implementation of the Company's annual and long-term business plans and reports on the implementation of the Company's annual investment program;
- 4) call Annual and Extraordinary General Meetings, approve agenda for General Meetings, set the date to prepare a list of persons entitled to attend a General Meeting, and deal with other matters that fall within the competence of the Board of Directors and pertain to the preparation and conduct of General Meetings, except as otherwise provided by the Federal Law on Joint-Stock Companies;
- 5) place, on behalf of the Company, new shares convertible from a certain class of preferred shares placed by the Company, convertible into other classes of common shares or preferred shares, unless such placement is made to increase the authorized capital of the Company, as well as place, on behalf of the Company, bonds or other issue-grade securities, other than shares;
- 6) evaluate the price (money value) of assets (including when the Board of Directors and the General Meeting are to approve a major transaction or non-arm's length transactions), the offering price or the method to determine it, the price for the repurchase of issued securities in cases provided for by applicable law of the Russian Federation and these Articles of Association of the Company;

7) repurchase Company shares, bonds and other securities in cases stipulated by the applicable laws of the Russian Federation and these Articles of Association of the Company;

8) create executive bodies of the Company (including the collective executive body, i.e., the Management Board), and determine (change) the number of members to serve on the Management Board; elect and dismiss Management Board members and the Sole Executive Body; approve the terms and conditions of the contract with the Sole Executive Body;

9) determine remuneration for the members of the Management Board;

10) advise the General Meeting on assigning the powers of the Sole Executive Body to a management organization or a manager under a contract;

11) decide on suspending the powers of a management organization or a manager;

12) pre-approve the Company's annual report;

13) advise the General Meeting on the amount of remuneration and compensation to be paid to the members of the Audit Committee and the remuneration to be paid to the Company's auditor;

14) advise the General Meeting on the amount of dividends to be paid out on the Company's shares, the manner and period of payment, and the date for dividend payment eligibility;

15) use the reserve fund and other funds of the Company;

16) approve the Company's internal documents, except for any internal documents that are required by the Federal Law on Joint-Stock Companies to be approved by the General Meeting or any other internal documents that are required by applicable law and these Articles of Association of the Company to be approved by the Management Board and the Sole Executive Body;

17) establish and liquidate branches; start and close representative offices of the Company;

18) approve major transactions where required by the applicable law of the Russian Federation;

19) approve non-arm's length transactions where required by the applicable law of the Russian Federation;

20) approve the Company's registrar and the contract terms and conditions, as well as decide to terminate the contract;

21) approve the Provisions on the Company's structural unit authorized to conduct internal audits of financial and business activities;

22) approve a candidate for the head of the Company's structural unit authorized, among other, to conduct internal audits of the financial and business activities; approve the terms and conditions of the employment agreement (contract) with the head of this structural unit; and approve the dismissal of the head of the structural unit on initiative of the Company;

23) approve transactions of the acquisition, disposition and encumbrance or transactions enabling disposition of assets in the form of shares, stakes and equities of other organizations (including establishing commercial organizations), made between third parties, of the one part, and the Company, as well as any legal entity whose financial statements, in accordance with international standards, are consolidated with those of the Company (hereinafter referred to as the SIBUR Group), companies in which the Company has more than twenty percent (20%) shares or ownership interests, and subsidiaries of such companies, of the other part, except for any non-arm's length transactions and major transactions that are subject to approval by the Board of Directors or the General Meeting;

24) amend the Articles of Association of the Company with respect to establishing and winding up branches or starting and closing representative offices;

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25) approve a transaction or several related transactions that involve external financing (including a loan, credit, pledge, or surety) or acquire, dispose or consider possible, direct or indirect, disposition of assets by the Company where the amount of such financing or the cost of such assets equals or exceeds five percent (5 %) of the book value of the Company's assets according to the Company's last reported accounting data, except for transactions that are part of the Company's normal business activities or transactions that otherwise require the approval or coordination of the Board of Directors or the General Meeting under applicable law and these Articles of Association (including the approval of non arm's-length or major transactions subject to subparagraph 23 of this paragraph), and except for transactions between legal entities inside the SIBUR Group;

26) decide on approving documents related to the issue of new shares or other issue-grade securities, including decide on the issue of shares or other issue-grade securities, prospectuses of shares or other issue-grade securities and reports on the issue of shares and other issue-grade securities of the Company;

27) propose to the General Meeting the approval of major transactions worth twenty five percent (25%) to fifty percent (50%) of the Company's assets in the cases provided for in Chapter X of the Federal Law on Joint-Stock Companies;

28) create committees of the Board of Directors; approve the staffing and composition of the committees and the Provisions on the Committees of the Board of Directors; review the annual reports of these committees or any other reports specified in the Provisions on the Committees of the Board of Directors;

29) approve the key performance indicators for the Management Organization and the KPI implementation report;

30) decide on filing an application for listing of the Company's shares and (or) other issued securities that are convertible into Company shares;

31) decide on any other matters, which fall within the competence of the Board of Directors in accordance with the applicable laws of the Russian Federation and these Articles of Association.

3.2. Matters reserved to the competence of the Board of Directors cannot be delegated to the executive bodies of the Company.

3.3. The Board of Directors, as advised by the Chairman of the Management Board, may also deal with other matters that are outside of its competence (except for matters, which are reserved to the competence of the General Meeting) but are highly important for the activities of the Company.

#### **Article 4. Committees of the Board of Directors**

4.1. To deal with individual tasks of the Company, the Board of Directors may form respective committees, including an audit committee, a human resources and remuneration committee, etc.

4.2. A committee of the Board of Directors shall exercise its function in accordance with the respective committee provision approved by the Board of Directors.

4.3. The Board of Directors shall be responsible to appoint members of a committee of the Board of Directors.

4.4. A committee of the Board of Directors shall meet as such need arises and as required by the relevant committee provisions approved by the Board of Directors.

4.5. Committees of the Board of Directors may hold joint meetings.

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## **Article 5. Chairman of the Board of Directors and Deputy Chairman of the Board of Directors**

5.1. Members of the Board of Directors shall elect one of their members as Chairman of the Board of Directors by a majority of the total votes of the members of the Board of Directors.

The Sole Executive Body or members of the Management Board shall not concurrently serve as Chairman of the Board of Directors.

5.2. The Chairman of the Company's Board of Directors shall organize the work of the Board of Directors, shall call, approve the agenda for and preside over the meetings of the Board of Directors, shall arrange the keeping of the minutes of the meetings, and shall preside over General Meetings.

5.3. In the absence of the Chairman of the Board of Directors, the Deputy Chairman of the Board of Directors shall perform as the Chairman.

5.4. The Deputy Chairman of the Board of Directors shall be elected by the Board of Directors from among its members by a majority of the total votes of the members of the Board of Directors, for the same term as the Chairman of the Board of Directors.

## **Article 6. Secretary of the Board of Directors**

6.1. The Secretary of the Board of Directors is appointed by the Board of Directors at the first meeting of the Board of Directors following the Annual General Meeting. The powers of the Secretary of the Board of Directors shall be valid until the termination of the powers of the Board of Directors which have been elected for the respective term.

6.2. The Secretary of the Board of Directors shall be responsible for the preparation and conduct of the meetings of the Board of Directors, collection and systematization of meeting materials, timely notification of the members of the Board of Directors of meetings, meeting agendas, materials on the agenda, keeping minutes of meetings and preparing draft resolutions of the Board of Directors, as well as working with Company employees on preparations for meetings.

6.3. The Secretary of the Board of Directors shall report to the Board of Directors. The Secretary shall report directly to the Chairman of the Board of Directors.

## **Article 7. Meetings of the Board of Directors**

7.1. The Board of Directors can pass resolutions through joint meetings or through votes by mail ballot (polling). The Board of Directors holds meetings in accordance with the annual work schedule approved at a meeting of the Board of Directors, as well as on an as-needed basis.

When the Board of Directors is voting by mail, if at least two (2) members of the Board of Directors submit, to the Chairman of the Board of Directors with a copy to the Secretary of the Board of Directors, a written opinion that one or more items on the agenda should be discussed at a joint meeting, the Chairman of the Board of Directors shall decide to hold a joint meeting and include said items in the agenda of the meeting. Such written opinion must be submitted within one (1) working day after the sending of mail ballots to the members of the Board of Directors.

7.2. The Chairman of the Board of Directors will call a meeting on his initiative or upon written request of a member of the Board of Directors, Audit Committee, the Company's auditor, Sole Executive Body, or the Management Board.

The written request shall contain:

- name of the initiator of the meeting;
  - agenda items;
  - meeting format;
  - reasons for including the items in the agenda;
  - the address to send a reply to.
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The request must be signed by the initiator of the meeting.

In the absence of the Chairman of the Board of Directors, the Deputy Chairman of the Board of Directors may call a meeting of the Board of Directors with the prior written consent of the Chairman of the Board of Directors, or, if the Deputy Chairman of the Board of Directors is also absent, by any member of the Board of Directors, also with the prior written consent of the Chairman of the Board of Directors. In this case, the members of the Board of Directors present at the meeting shall elect one of their numbers to chair the meeting of the Board of Directors. As far as this meeting is concerned, the elected member shall perform all duties and shall exercise all rights of the Chairman of the Board of Directors.

The member of the Board of Directors chairing a meeting of the Board of Directors in the absence of the Chairman of the Board of Directors shall not be entitled to a casting vote at the meeting of the Board of Directors.

7.3. The quorum for a meeting of the Board of Directors shall consist of at least half of all elected members of the Board of Directors. A written opinion of an absent member of the Board of Directors shall be taken into account when determining a quorum and the voting returns at a meeting of the Board of Directors.

A written opinion submitted by a member of the Board of Directors must unambiguously explain the member's position on the agenda and must indicate a "yes" or "no" or "abstained" vote with regard to the proposed resolutions.

A written opinion containing amendments to and reservations on a proposed resolution shall not be considered in determining a quorum and voting results.

A written opinion of a member of the Board of Directors must be received by the Secretary of the Board of Directors no later than at the beginning of the meeting of the Board of Directors, which will be voting on the agenda with regard to which the written opinion is submitted.

A member of the Board of Directors shall be deemed present at a meeting, if he or she participates at the meeting over the phone or through video conferencing or if he or she can express his or her opinion in the course of the meeting and vote on matters discussed at the meeting by any other means.

7.4. A member of the Board of Directors who did not participate in voting or voted against the decision of the Board of Directors in violation the procedure prescribed by the applicable laws of the Russian Federation, the Articles of Association of the Company and other internal documents thereof, shall be entitled to appeal the resolution in court if such resolution violates his or her rights and legitimate interests.

## **Article 8. Calling and holding of the meetings of the Board of Directors**

8.1. A Board of Directors meeting agenda shall be prepared by the Secretary of the Board of Directors and approved by the Chairman of the Board of Directors. The Chairman of the Board of Directors, members of the Board of Directors, the Chairman of the Management Board, members of the Management Board, the Sole Executive Body, the Chairman of the Audit Committee, and the Company's auditor shall have the right to propose agenda items. In the absence of the Chairman of the Board of Directors, the meeting agenda shall be approved by the Deputy Chairman of the Board of Directors with the consent of the Chairman of the Board of Directors.

8.2. A notice of a joint Board of Directors meeting shall be distributed to each member of the Board of Directors by e-mail not later than five (5) working days before the date of the meeting.

8.3. The notice (email message body) of a joint meeting of the Board of Directors shall include the date, venue and time of the meeting. The notice must have attached the meeting agenda.

8.4. In the case of voting by mail ballot, a notice shall be distributed by e-mail, not later than three (3) working days before the deadline for submission of the filled ballots.

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8.5. A postal ballot notice of the Board of Directors shall contain the date and the place where the filled ballots are to be returned and a list of agenda items put to the vote.

The notice will have a ballot enclosed, with indication of the deadline for submission of filled ballots.

8.6. Ballots, completed and signed by the members of the Board of Directors, shall be submitted to the Secretary of the Board of Directors. The ballots submitted to the Secretary of the Board of Directors must unambiguously explain the member's position on the agenda and must indicate a "yes" or "no" or "abstained" vote with regard to the proposed resolutions. Ballots with any amendments to and reservations on a proposed resolution shall not be considered in determining a quorum and voting results.

A member of the Board of Directors shall be deemed to have participated in the Board of Director's voting by mail ballot, if their filled and signed ballots have been received by the Board of Directors no later than the deadline specified in the ballot for submission of the filled ballots.

8.7. Materials on the agenda of the meeting of the Board of Directors shall be distributed to the members of the Board of Directors not later than five (5) working days before the meeting; in the case of voting by mail ballot, not later than three (3) working days before the deadline for submission of the filled ballots.

8.8. Urgent matters requiring a prompt resolution of the Board of Directors can be added to the Board of Directors meeting agenda before the date of the meeting. However, after the closure of the agenda, any additions shall require the approval of the Chairman of Board of Directors. Materials with regard to such matters shall be distributed to the members of the Board of Directors as they become available.

8.9. Agenda materials shall include an explanatory note containing a proposed resolution of the Board of Directors, the agenda description and any other documents specified in the Company's internal documents.

8.10. The Board of Directors may declare a recess at any point during the meeting of the Board of Directors. A recess in the meeting of the Board of Directors can be declared for a period not exceeding five (5) working days.

If a recess is declared, the Chairman of the Board of Directors shall inform the members of the Board of Directors on the date and time when and the venue where the meeting will be resumed. The materials will not be distributed to the members of the Board of Directors again.

8.11. The Secretary shall keep minutes of the meetings of the Board of Directors. The Secretary of the Board of Directors shall complete the minutes of a meeting of the Board of Directors not later than three (3) working days after the meeting or after the deadline for submission of the filled ballots.

8.12. The minutes of a meeting shall include:

the venue and time of meeting for a joint meeting or the date and place of issuing the minutes for a mail-in ballot;

a list of the members of the Board of Directors who were present at the meeting, the members of the Board of Directors who submitted a written opinion before the deadline and a list of the members of the Board of Directors who were sent ballots and who returned signed ballots before the deadline;

matters put to the vote;

the result of voting on each matter;

resolutions passed on each matter.

The meeting agenda, along with the written opinions received from the absent members of the Board of Directors with regard to the agenda, shall be enclosed to the minutes of a joint meeting of the Board of Directors.

The minutes of a postal vote of the Board of Directors shall be accompanied by a postal ballot notice of the Board of Directors.

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8.13. The member chairing a meeting of the Board of Directors and the Secretary of the Board of Directors shall sign the minutes of the meeting of the Board of Directors. Minutes of a postal vote (polling) shall be signed by the Chairman of the Board of Directors and the Secretary of the Board of Directors.

8.14. Minutes of a meeting of the Board of Directors shall be sent to all members of the Board of Directors within three (3) working days after the signing of the Minutes by the presiding officer or by the Chairman of the Board of Directors.

8.15. Resolutions of the Board of Directors shall be forwarded to the action officers within three (3) working days from the date of the signing of the respective Minutes of Meeting of Board of Directors.

8.16. Where appropriate and upon request submitted by e-mail, extracts from the minutes of a meeting of the Board of Directors can be made and shall be signed by the Secretary of the Board of Directors and sent to the parties concerned not later than two (2) working days of receipt of the request.

### **Article 9. Resolution of the Board of Directors**

9.1. At a meeting of the Board of Directors, when matters are put to the vote, each member of the Board of Directors shall have one vote. Members of the Board of Directors may not transfer their votes to other persons, including to other members of the Board of Directors.

Opinions, submitted by absent members of the Board of Directors in writing, shall be taken into account when determining a quorum and the voting returns of a joint meeting of a Board of Directors.

9.2. At a meeting of the Board of Directors, resolutions shall be passed by a majority vote of the members of the Board of Directors present at the meeting, unless a different procedure is provided for by applicable law of the Russian Federation or these Articles.

9.3. If the votes split equally during the voting, the Chairman of the Board of Directors shall have the casting vote.

### **Article 10. Liability of the members of the Board of Directors**

10.1. In exercising their rights and duties, the members of the Board of Directors shall act in the best interest of the Company and shall exercise their rights and perform their duties in good faith and prudently in respect of the Company.

10.2. The members of the Board of Directors shall be liable to the Company for any damage caused to Company by their wrongful acts (omission), unless the applicable laws of the Russian Federation prescribe other grounds and liability.

However, those members of the Board of Directors who voted against the resolution which caused damage to the Company or those who, exercising good faith and proper care, did not participate in the voting shall not be held liable.

10.3. In determining the grounds and liability of the members of the Board of Directors, the ordinary course of business and other circumstances material to the case shall be taken into account.

### **Article 11. Organizational, technical and financial support for the Board of Directors**

11.1. The Sole Executive Body (managing company) shall provide meeting space, technical resources (including motor vehicles, communications and office equipment), the necessary materials and information for the preparation and holding of meetings of the Board of Directors.

11.2. The Company shall pay the expenses of preparing and holding meetings of the Board of Directors, as well as the expenses related to the participation of the members of the Board of Directors in the meetings.

11.3. Shareholders may decide, at a General Meeting, to pay a remuneration to the members of the Board of Directors and (or) to pay a compensation for the expenses incurred

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by them in the discharge of their duties as members of the Company's Board of Directors during the term of their appointment. The amount of such remuneration and compensation shall be resolved by the General Meeting. The procedure to determine the remuneration of the members of the Board of Directors is the Appendix 1 to this Regulation.

### **Article 12. Operation of the Provisions on the Board of Directors**

12.1. These Provisions shall be approved by the General Meeting. Modifications and amendments thereto and the adoption of a new revision thereof shall be the competence of the General Meeting.

12.2. These Provisions and any modifications and amendments thereto shall become effective upon approval by the General Meeting.

12.3. Should any of the terms set forth in these Provisions conflict with applicable law of the Russian Federation and the Articles of Association of the Company, the applicable law and the Articles of Association of the Company shall govern.

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**APPENDIX No. 1**  
**to the Provisions on the Board of Directors**  
**of PJSC "SIBUR Holding"**  
**Approved by Resolution**  
**of Extraordinary General Meeting of**  
**Shareholders**  
**of October 13, 2014 (minutes number 44)**

**PROVISIONS**

**on the remuneration of the members of the Board of Directors**  
**of PJSC "SIBUR Holding" for the performance of their duties**  
**and compensation for expenses associated with the performance of**  
**their**  
**functions as members of the Board of Directors of PJSC "SIBUR**  
**Holding"**

**Tobolsk**  
**2014**

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### **Article 1. General provisions.**

1.1. These Provisions are developed in accordance with the Federal Law on Joint-Stock Companies, other applicable laws and regulations, and the Articles of Association of the Public Joint Stock Company "SIBUR Holding" (hereinafter referred to as **the Company**), and lay out the amount and the procedure for payment of the remuneration or compensation to the members of the Board of Directors of the Company.

1.2. These Provisions have been approved by the General Meeting of the Company in accordance with Paragraph 2 of Article 64 of the Federal Law on Joint-Stock Companies and shall be the basis for the calculation and payment of remunerations and compensations for the members of the Company's Board of Directors.

1.3. Unless the applicable law is amended or unless otherwise expressly stated by an authorized government administration agency, the source of remunerations and compensations shall be the Company's profits.

1.4. The Company determines, withholds and pays personal income tax and other taxes on remunerations and compensations to the members of the Board of Directors under the law of the country of tax residence of the appropriate member of the Board of Directors.

1.5. These Provisions does not apply to the member of the Board of Directors who is the Sole Executive Body of the Company (the Sole Executive Body of the Company's management organization) and the members of the Board of Directors who are members of the Management Board of the Company.

1.6. Remunerations and compensations shall be assigned to the members of the Board of Directors for a period of time starting from the date of an Annual General Meeting's resolution on the election of the members of the Board of Directors and ending on the date of the next Annual General Meeting, which will elect a new Board of Directors (hereinafter referred to as the Payment Period).

1.7. Remunerations and compensations shall be paid in cash in the currency of the Russian Federation. Remunerations shall be paid within one (1) month of the date of the Annual General Meeting, which has approved the Company's fiscal and business results for the fiscal year and the resolution on the distribution of the Company's profits.

### **Article 2. The forms of remuneration of the members of the Board of Directors**

2.1. The remuneration of the members of the Board of Directors consists of the following:

- The fixed amount of remuneration;
- Remuneration for participation in the meetings of the committees of the Board of Directors;
- Remuneration for the chairmanship of the Board of Directors.

2.2. Members of the Board of Directors may participate in the Incentive Program for the executive officers of the Company or the managing organization. The program entitles the executives to shares or other issue-grade securities of the Company. The number of shares assigned to the members of the Board of Directors shall be determined by resolution of the Human Resources and Remuneration Committee of the Board of Directors in accordance with the Provisions on the Human Resources and Remuneration Committee of the Board of Directors.

### **Article 3. The fixed amount of the remuneration of the members of the Board of Directors**

3.1. The fixed amount of remuneration shall be paid to a member of the Board of Directors for the performance of his or her duties and shall be 8,000,000 (eight million) rubles for the entire Payment Period.

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3.2. In the case of the early termination of the appointment of a member of the Board of Directors and election of a new member of the Board of Directors at an Extraordinary General Meeting of the Company's shareholders, the fixed amount of remuneration shall be paid in proportion to the actual duration of appointment as a member of the Board of Directors and shall be calculated the product of the fixed amount of remuneration specified in paragraph 3.1. of these Provisions and the ratio of the actual duration of appointment to the duration of the Calculation Period, which is assumed to be equal to 365 (366) days, using the following formula:

$$S = V/365 (366) * M, \text{ where}$$

S is the fixed amount of remuneration payable to a member of the Board of Directors in the event of the early termination of its appointment;

V is the base amount of fixed remuneration for one member of the Board of Directors, paid over entire fiscal year and determined in accordance with paragraph 3.1 hereof;

365 (366) is the number of calendar days in a given fiscal year;

M is the number of calendar days in the period during which a given person served as a member of the Board of Directors in a given fiscal year.

#### **Article 4. Remuneration for participation in the meetings of the committees of the Board of Directors**

4.1. Members of the Board of Directors shall be paid an additional remuneration for performing duties on committees of the Board of Directors.

4.2. For serving on committees of the Board of Directors, the members of such committees shall be paid an additional remuneration in the amount of 2,000,000 (two million) rubles for their participation in each and every committee meeting over the respective Payment Period. If a member of the Board of Directors is a member of several committees, the amount of additional remuneration shall be calculated separately for each committee.

Remuneration for participation in the meetings of the committees of the Board of Directors includes:

- participation in the joint meetings of a committee of the Board of Directors - participation in mail balloting of a committee of the Board of Directors

4.3. The amount of additional remuneration shall be paid in proportion to the number of committee meetings attended by a member over the Payment Period, using the following formula:

$$S = V \text{ add}/M * N, \text{ where}$$

S is the amount of additional remuneration of a Board of Directors' member who is also a member of a committee for his or her participation in the committee meetings over the Payment Period;

V is the amount of additional remuneration of the Board of Directors' member who is also a member of the committee for his or her participation in all meetings of the committee over the Payment Period;

M is the total number of the committee's meetings held over the Payment Period;

N is the number of the committee meetings attended by the Board of Directors' member who is also a member of the committee.

#### **Article 5. Remuneration for the chairmanship of the Board of Directors**

5.1. The Chairman of the Board of Directors, in addition to the fixed amount of remuneration, is paid a remuneration for serving as Chairman of the Board of Directors, in the amount of fifty percent (50%) of the fixed amount of remuneration of a member of the Board of Directors specified in paragraph 3.1. hereof.

5.2. The additional Board of Directors chairmanship reward shall be calculated in proportion to the actual duration of appointment.

### **Article 6. Compensation to the members of the Board of Directors**

6.1. The members of the Board of Directors are compensated for travel to the venue of the meetings of the Board of Directors or a committee of the Board of Directors and accommodation.

6.2. Tickets for travel to/from the venue of a Board of Directors meeting and back shall be reimbursed as follows:

- air travel - on production of business class ticket;
- train travel - on production of Sleeper Class express train ticket;
- road travel (except taxi and rental car) - according to the applicable local fare;

Reimbursement for hotel booking and accommodation in suites - according to actual expenditure.

6.4. The compensations shall be paid within one (1) month after the end of the reporting quarter in which a member of the Board of Directors was away in connection with the performance of the duties of a member of the Board of Directors.

### **Article 7. Final provisions**

7.1. These Provisions shall become effective upon approval by the General Meeting.

7.2. Suggestions to amend or modify these Provisions shall be submitted in accordance with the provisions of the Articles of Association for the proposal of agenda for an Annual or Extraordinary General Meeting.

7.3. Should any of the terms set forth herein conflict with applicable law of the Russian Federation and/or the Articles of Association of the Company, such terms shall become void and the terms of the applicable law of the Russian Federation and/or the Articles of Association shall govern. The invalidity of any individual provisions of these Provisions will not affect the validity of the remaining provisions and these Provisions as a whole.

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