

Approved by the resolution of the Annual General Shareholders Meeting of PJSC "RusHydro" (Minutes of June 29, 2016, №15)

Registered on July 12, 2016 by Interdistrict inspectorate of the Federal Tax Service №23 for Krasnoyarsk region

**ARTICLES OF ASSOCIATION  
of Public Joint-Stock Company  
Federal Hydro-Generating Company – RusHydro  
(PJSC RusHydro)**

(Revision No. 12)

## **Article 1. General Provisions**

1.1. Public Joint-Stock Company Federal Hydro-Generating Company – RusHydro (hereinafter referred to as the “Company”) was established by the sole founder, JSC RAO UES of Russia by the decision dated December 24, 2004, in accordance with the regulation of the Government of the Russian Federation No. 526 dated July 11, 2001, On Reforming Electric Power Sector in the Russian Federation and with the decrees of the Government of the Russian Federation No. 1254-r dated September 1, 2003, and No. 1367-r dated October 25, 2004.

1.2. The Company is a legal successor of the following joint stock companies merged with the Company:

- JSC Bureyskaya HPP (PSRN 1022800873688)
- JSC Volzhskaya HPP (PSRN 1023402009806)
- JSC Votkinskaya HPP (PSRN 1025902029867)
- JSC Dagestan Regional Generation Company (PSRN 1050562009904)
- JSC Zhigulevskaya HPP (PSRN 1026303244076)
- JSC Zagorskaya HPP (PSRN 1057746555305)
- JSC Zeiskaya HPP (PSRN 1022800926829)
- JSC Zelenchukskiye HPPs (PSRN 1020900776423)
- JSC Kabardino-Balkarskaya Hydro-Generating Company (PSRN 1050700622170)
- JSC KabbalkHPP (PSRN 1020700748441)
- JSC Kamskaya HPP (PSRN 1025901508709)
- JSC Cascade of VV HPPs (PSRN 1027601110063)
- JSC Nizhegorodskaya HPP (PSRN 1035204746972)
- JSC Saratovskaya HPP (PSRN 1036403913413)
- JSC Northern Ossetia HGC (PSRN 1051500419189)
- JSC Stavropolskaya Electric Generating Company (PSRN 1052600222949)
- JSC Sulakenergo (PSRN 1020501741589)
- JSC Neporozhny Sayano-Shushenskaya HPP (PSRN 1021900672364)
- JSC Cheboksarskaya HPP (PSRN 1052128000077)
- JSC EOZ (PSRN 1067758897150)
- JSC Cascade of NCh HPPs (PSRN 1050700455112)
- JSC State Holding HydroOGK (PSRN 1087760001988)
- JSC Minority Holding HydroOGK (PSRN 1087760001944)

1.3. Full corporate name of the Company in the Russian language is Публичное акционерное общество “Федеральная гидрогенерирующая компания – РусГидро”, in the English language, Public Joint-Stock Company Federal Hydro-Generating Company – RusHydro.

Abbreviated corporate name of the Company in the Russian language is ПАО “РусГидро”, in the English language, PJSC RusHydro.

1.4. Location of the Company: Krasnoyarsk, Krasnoyarsk Krai.

The Company’s postal address: 7 Malaya Dmitrovka Str., Moscow, 127006 Russia.

1.5. The Company has been founded for an indefinite term.

## **Article 2. Company’s Legal Status**

2.1. The Company’s legal status is defined by the Civil Code of the Russian Federation, Federal Law On Joint-Stock Companies, Federal Law On Electric Power Industry No. 35-FZ dated March 26, 2003, Federal Law On Specifics of Functioning of Electric Power Industry during Transient Period and On Amendments to Particular Legislative Acts of the Russian Federation and On Invalidation of Particular Legislative Acts of the Russian Federation in Connection with Adoption of Federal Law On Electricity Industry No. 36-FZ dated March 26, 2003, other regulatory legal acts of the Russian Federation, and these Articles of Association.

2.2. The Company is a legal entity established in accordance with the laws of the Russian Federation.

2.3. The Company owns independent assets and uses it for discharge of its obligations, can acquire and exercise civil rights and duties in its own name, litigate any action in court.

2.4. The Company is entitled to open bank accounts within and outside the Russian Federation.

2.5. The Company is liable for its obligations to the extent of all property it owns.

The Company shall not be liable for obligations assumed by the Russian Federation and its shareholders.

The Company's shareholders shall not be liable for the Company's obligations except for the cases provided for by the laws of the Russian Federation.

The shareholders have the right to alienate their shares without agreement of other shareholders and the Company.

The Company's shareholders bear the risks of losses related to the Company's activities within the limits of their share cost.

2.6. The Company has an official round seal stating the corporate full name of the Company in the Russian language, its state registration number, and registered address.

The Company has the right to use its own stamps and letterheads with its name and logo, its duly registered trademark, or other visual identification means duly registered.

2.7. The Company enjoys civil rights and bears obligations required to carry out any kind of activities not prohibited by federal laws.

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

Information on the Company's branches and representative offices is given in the Unified State Register of Legal Entities.

2.9. The Company may have subsidiaries with the rights of a legal entity in the territory of the Russian Federation established in accordance with Federal Law On Joint-Stock Companies and other federal laws and beyond the Russian Federation, in accordance with the laws of a foreign state where such subsidiary is located, unless otherwise provided for by the international treaty of the Russian Federation.

2.10. The register of the Company's shareholders shall be kept by the organization having the license as prescribed by the law.

### **Article 3. Purposes and Types of the Company's Activities**

3.1. The Company has been established:

- to create the conditions for ensuring reliability and safety of power generating facilities;
- to implement the state policy in the sphere of the hydro power sector;
- to create the conditions for efficient functioning of the wholesale market of the electric power (capacity);
- to carry out efficient maintenance and centralized process management of hydro power facilities;
- to implement the uniform strategy in the sphere of investments and raising capital to solve general system tasks of the hydro power sector development;
- to develop and implement scientific and technical policy and to implement new advanced types of machinery and technologies, including development of renewable sources of electric power;
- to generate profit.

3.2. To fulfil the stated objectives, the Company has the right to exercise any kind of activities not prohibited by law:

- Activity related to electric power generation and/or capacity;
- Supply (sale) and/or purchase of electric power in the wholesale electricity and capacity market;
- Supply (sale) and/or purchase of capacity on the wholesale electricity and capacity market;
- Supply (sale) and/or purchase of electric power and/or capacity in commodity exchange markets allowed to carry out electric power and capacity exchange trade in the wholesale markets,

and entering into agreements being derivative financial instruments, a basic asset of which is the said exchange commodities;

- Supply (sale) and/or purchase of electric power (capacity) in the retail electricity and capacity market;
- Rendering of services to ensure system reliability and other services related to distribution of electricity and/or capacity in the wholesale and retail electricity (capacity) markets;
- Performance of works that determine the terms of parallel activity in accordance with the regimes of the Unified Energy System of Russia within the framework of contractual relations;
- Ensuring maintenance of power in compliance with regulatory requirements, carrying out timely and quality repairs, technical re-equipment and upgrade of power facilities;
- Maintenance of power facilities that are not on the Company's balance sheet under agreements with owners of such power facilities;
- Training and testing the knowledge of rules, norms, and instructions with respect to operation, occupational safety, industrial and fire safety;
- Arrangement of energy-saving operating modes of power plants' equipment, observance of power supply modes in accordance with agreements;
- Introduction of new equipment and technologies that ensure efficiency, safety, and environmental friendliness of the Company's facilities;
- Focusing of its scientific, technical, and production potential on the development and introduction of new state-of-the-art types of equipment, technologies, and materials;
- Development and implementation of programs targeted at the use of renewable (non-conservative) sources of electric power;
- Performance of powers of executive bodies in joint-stock companies and other companies pursuant to the procedure provided for by the laws and executed agreements;
- Performance of investment activity;
- Property trust management;
- Performance of agency activity;
- Performance of foreign economic activity;
- Performance of activity related to nature protection works;
- Performance of activity related to influence on environment, its protection and use of natural resources;
- Development and implementation of scientific and technical, economic and social programs;
- Maintenance of buildings and structures;
- Arrangement and performance of programs related to preparation for mobilization, civil defence, and non-disclosure of information classified as the state secret in accordance with the laws of the Russian Federation
- Other types of activity

3.3. Certain types of activities determined in federal laws may be performed by the Company only subject to a special permission (license), membership in the self-regulated organization or certificate of admission to a certain type of works issued by the self-regulated organization.

#### **Article 4. Company's Authorized Capital**

4.1. The Company's authorized capital is comprised of par value of the Company's shares purchased by shareholders (placed shares).

The Company's authorized capital is three hundred eighty-six billion two hundred fifty-five million four hundred sixty-four thousand eight hundred and ninety (386,255,464,890) rubles.

4.2. The Company has placed ordinary registered shares with par value of one (1) ruble each in the quantity of three hundred eighty-six billion two hundred fifty-five million four hundred sixty-four thousand eight hundred and ninety (386,255,464,890) shares for the amount of three hundred eighty-six billion two hundred fifty-five million four hundred sixty-four thousand eight hundred and ninety (386,255,464,890) rubles (at par value).

4.3. The Company's authorized capital can be:

- increased by increasing the par value of shares or placing additional shares;
- decreased by reducing the par value of shares or reducing their total number in particular by acquiring or redeeming a part of shares placed by the Company in accordance with these Articles of Association.

4.4. The Company has the right to increase its authorized capital only after its full payment. It is prohibited to increase the Company's authorized capital to cover losses incurred by the Company.

4.5. It is allowed to decrease the Company's authorized capital only after notifying all its creditors in accordance with the laws of the Russian Federation.

The Company is obliged to decrease its authorized capital in cases stipulated by Federal Law On Joint-Stock Companies.

4.6. The Company has the right to acquire its placed shares by resolution of the General Shareholders' Meeting on the decrease of the Company's authorized capital by acquiring a part of placed shares for the purpose to reduce their total number.

The General Shareholders' Meeting does not have the right to make a decision on reducing the Company's authorized capital by acquiring a part of placed shares with a view to decreasing their total number if the par value of shares remaining in circulation becomes lower than the minimum authorized capital stipulated by Federal Law On Joint-Stock Companies.

The shares acquired by the Company on the grounds of such a decision are redeemed when acquired.

The shares acquired as per this clause can be paid for by cash and/or other property in accordance with a resolution the General Shareholders' Meeting.

4.7. The Company has the right to place, in addition to the already placed shares, fifty-four billion forty-seven million two hundred thirty-seven thousand four hundred and eighty-nine (54,047,237,489) ordinary registered shares with the par value of one (1) ruble each for the total amount of fifty-four billion forty-seven million two hundred thirty-seven thousand four hundred and eighty-nine (54,047,237,489) rubles.

The ordinary registered shares declared for placing by the Company provide their holders with the rights stipulated by Clause 6.2 of Article 6 of these Articles of Association.

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

5.1. The Company is entitled to place ordinary shares and one or several types of preferred shares, bonds, and other equity securities in accordance with the laws of the Russian Federation.

5.2. Ordinary shares may not be converted into preferred shares, bonds, or other equity securities of the Company.

5.3. The Company shall place the shares and other equity securities to be converted into shares only in accordance with regulatory acts of the Russian Federation.

5.4. The Company shall be entitled to place additional shares and other equity securities by distributing them among shareholders, by subscription, and conversion.

5.5. In cases provided for by the laws of the Russian Federation, the Company's shareholders have pre-emptive rights to purchase additional shares and equity securities (to be converted into shares) placed by way of subscription in proportion to the number of shares of this category (type) being in their possession.

5.6. If a shareholder cannot purchase a whole number of shares for some reasons while exercising pre-emptive rights to purchase additional shares and when consolidating the shares, the shares are fractioned (fractional shares).

A fractional share provides its shareholder – owner with rights of corresponding share category (type) in the amount corresponding to a part of whole share, which it makes up.

Fractional shares are traded on the equal basis with whole shares. In case a person purchases two or more fractional shares of the same category (type), such shares make up one whole and/or fractional share being equal to the sum of these fractional shares.

5.7. Additional shares placed by way of subscription may be paid for by cash, property, stock (shares) in the authorized (joint-stock) capitals of other business partnerships and companies, state and municipal bonds, exclusive, or other intellectual rights and rights under license agreements subject to pecuniary valuation, unless otherwise established by the laws of the Russian Federation.

Method for payment of additional shares is defined by a decision on their placement.

Other equity securities can be paid for only by cash.

5.8. The Company is entitled to purchase its placed shares by a resolution of the Company's Board of Directors (in accordance with Federal Law On Joint-Stock Companies).

The Board of Directors does not have the right to make a decision on purchasing the Company's shares if the par value of the Company's shares being in circulation makes up less than

90 per cent of the Company's authorized capital.

If shares purchased by the Company in accordance with this clause do not grant voting rights, these shares are not taken into account during vote counting, and no dividends are accrued on these shares. These shares shall be sold by a resolution of the Board of Directors at a price not lower than their market value and no later than one year from the date of their purchase. Otherwise, the General Shareholders' Meeting shall make a decision to reduce the authorized capital by redeeming the aforesaid shares.

The shares purchased as per this clause can be paid for by monetary assets and/or other property in accordance with a decision by the General Shareholders' Meeting.

## **Article 6. Rights of the Company's Shareholders**

6.1. A person holding the Company's shares on the grounds stipulated by the laws of the Russian Federation and these Articles of Association shall be deemed the Company's shareholder.

6.2. Each ordinary share of the Company provides its holder with equal measure of rights.

Shareholders holding the Company ordinary registered shares are entitled to:

- 1) participate personally or through their representatives in the General Shareholders' Meeting of the Company with the right to vote on all issues within the scope of their competence;
- 2) propose the issues to be included into the agenda of the General Shareholders' Meeting in accordance as stipulated by the laws of the Russian Federation and by the Articles of Association;
- 3) receive information on the Company activities and to examine the Company documents in accordance with Article 91 of Federal Law On Joint-Stock Companies;
- 4) receive dividends announced by the Company;
- 5) have the pre-emptive right to purchase additional shares placed by subscription and the issue securities convertible into shares in the quantity prorata to the quantity of the given category (type) of shares held by them;
- 6) get part of Company's property in case of the Company liquidation;
- 7) exercise other rights provided for under the laws of the Russian Federation and the Articles of Association.

## **Article 7. Dividends**

7.1. The Company has the right to make decisions on (to declare) dividends on placed shares according to the results of the first quarter, half year, nine months of a reporting year, and/or according to the results of one reporting year.

The decision to pay out (to declare) dividends according to the results of the first quarter, half year, and nine months of a reporting year can be made within three months after the expiration of corresponding period.

The Company is obliged to pay dividends declared on each category (type) of shares.

7.2. Decisions on the payment (declaration) of dividends, including decisions on the amount of dividends for each category (type) of shares, the form of payment, and the procedure for dividends payment in kind, and the date when the persons entitled to dividends are determined, are made by the General Shareholders' Meeting.

The decision on specification of the date when the persons entitled to dividends are determined shall be made only at the suggestion of the Company's Board of Directors.

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

The General Shareholders' Meeting has the right to make a decision not to pay dividends.

7.3. In cases provided for by the laws of the Russian Federation, the Company has no right to make decision on (to declare) dividends on shares and to pay declared dividends on shares.

7.4. A source of dividend payment is the Company's after tax profit (net profit of the Company). The Company's net profit is defined by the Company's accounting (financial) statements.

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

8.1. The emergency reserve fund is created in the Company in the amount of five (5) per cent of the Company's authorized capital.

The amount of mandatory annual deductions to the reserve fund equals to five (5) per cent of the Company's net profit till the reserve fund reaches preset size.

8.2. The Company's reserve fund is purposed to cover the Company's losses, as well as to redeem the Company's bonds and redeem the Company's shares in case no other funds are available.

The reserve fund cannot be used for any other purposes.

8.3. The Company has the right to establish other funds ensuring its economic and financial activity as a business entity in accordance with the laws of the Russian Federation.

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

9.1. The management bodies of the Company are:

- General Shareholders' Meeting
- Board of Directors
- Management Board
- Chairperson of the Management Board – General Director

9.2. Financial and economic activity of the Company is monitored by the Audit Commission of the Company.

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

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

10.2. The following issues shall come within the competence of the General Shareholders' Meeting:

- 1) Making amendments and supplements to the Articles of Association or approval of the revised version thereof;
- 2) Reorganization of the Company;
- 3) Liquidation of the Company, appointment of the liquidation committee, and approval of interim and liquidation balance sheets;
- 4) Determination of the number, par value, and category (type) of authorized shares and rights granted thereby;
- 5) Enlargement of the Company's authorized capital by increasing the par value of shares or by offering additional shares in cases provided for by Federal Law On Joint-Stock Companies;
- 6) Reduction of the Company's authorized capital by decreasing the par value of shares through acquisition by the Company of part of the shares to reduce their total number and by cancelling the shares acquired or redeemed by the Company;
- 7) Split and reverse split of the Company's shares;
- 8) Decision making on placement by the Company of bonds convertible into shares and of other securities convertible into shares;
- 9) Election of members of the Company's Board of Directors and termination of their powers;
- 10) Election of members of the Company's Audit Commission and termination of their powers;
- 11) Approval of the Company's auditor;
- 12) Approval of the annual report, the Company's annual accounting (financial) statements, and distribution of profit (including payment (declaration) of dividends, except for payment (declaration) of dividends at the end of the first quarter, half year, and nine months of the reporting year) and losses of the Company based on the reporting year's performance;
- 13) Payment (declaration) of dividends at the end of the first quarter, half year, and nine months of the reporting year;
- 14) Decision making on approval of major transactions where so provided in Federal Law On Joint-Stock Companies;
- 15) Decision making on approval of transactions where so provided in Federal Law On Joint-Stock Companies;
- 16) Adoption of resolutions on participation in financial industrial groups, associations, and other alliances with profit-making organizations;
- 17) Approval of by-laws governing the activities of the Company's management and control Bodies;
- 18) Decision making on payment of fees and/or compensation to the members of the Company's Audit Commission;

19) Decision making on payment of fees and/or compensations to the members of the Company's Board of Directors;

20) Decision making on applying for the delisting of the shares and/or issue-grade securities of the Company, which are convertible into its shares;

21) Handling other issues as stipulated in Federal Law On Joint-Stock Companies.

10.3. Issues that come within the competence of the General Shareholders' Meeting may not be referred for resolution to the Company's Board of Directors, Management Board, and sole executive body.

The General Shareholders' Meeting may not consider and pass resolutions on issues that do not come within its competence under Federal Law On Joint-Stock Companies.

10.4. Decisions on the matters indicated in Subclauses 2, 5, 7, 8, 11–20 of Clause 10.2 of Article 10 of these Articles of Association, as well as decisions on the matters related to the reduction of the Company's authorized capital by decreasing the par value of shares shall be made by the General Shareholders' Meeting on the suggestion of the Board of Directors only.

10.5. A decision by the General Shareholders' Meeting on a matter put to vote shall be taken by the majority of the Company's shareholders-owners of the voting shares taking part in the General Shareholders' Meeting, unless otherwise provided for by Federal Law On Joint-Stock Companies.

10.6. A decision of the General Shareholders' Meeting is made by the qualified majority of the Company's shareholders-owners of the voting shares taking part in the General Shareholders' Meeting if the issue put to vote concerns:

- making amendments and supplements to the Articles of Association or approval of the revised version thereof;
- reorganization of the Company;
- liquidation of the Company, appointment of the liquidation committee, and approval of interim and liquidation balance sheets;
- determination of the number, par value, and category (type) of authorized shares and rights granted thereby;
- reduction of the Company's authorized capital by decreasing the par value of the Company's shares;
- placement of the shares (equity securities of the Company convertible into shares) via private subscription upon a decision of the General Shareholders' Meeting to increase the Company's authorized capital by offering additional shares (to place the Company's equity securities convertible into shares);
- placement of ordinary shares by public subscription and accounting for more than twenty five (25) per cent of previously placed ordinary shares;
- placement of equity securities (convertible into ordinary shares) by public subscription and accounting for more than twenty five (25) per cent of previously placed ordinary shares;
- making decisions on the approval of a large transaction, the subject of which is the property with the cost of greater than fifty (50) per cent of the Company's balance sheet assets;
- decision making on applying for the delisting of the shares and/or issue-grade securities of the Company, which are convertible into its shares;
- other cases provided for by Federal Law On Joint-Stock Companies.

A decision on the approval of an interested party transaction is made by the General Shareholders' Meeting in cases provided for by Federal Law On Joint-Stock Companies.

10.7. The annual General Shareholders' Meeting is held no earlier than two months and no later than six months after the end of a reporting year.

The annual General Shareholders' Meeting always considers and makes decisions on the election of the Board of Directors, the Audit Commission, approving of the Company's auditor, annual reports, annual accounting (financial) statements, also profit distribution (including dividend distribution (declaration) except for the payment (declaration) of dividends as per the results of the first quarter, half year, nine months of the reporting year) and the Company's losses as per the results of the reporting year.

10.8. The General Shareholders' Meeting is held in form of joint attendance of the shareholders (the shareholders' representatives) gathered to discuss the agenda items and make decisions on the issues put to vote.

The General Shareholders' Meeting can be held at the actual address of the Company, in the city of Moscow, Moscow Region, or at the locations of the Company's subsidiaries.



Exact address for the General Shareholders' Meeting is defined by the Board of Directors when making decisions on the issues connected with conduction of the General Shareholders' Meeting.

The Chairperson of the Board of Directors presides over the General Shareholders' Meeting; in case of his absence, the Deputy Chairperson of the Board of Directors takes his/her place.

The functions of the Counting Commission at the General Meeting shall be performed by a professional participant of the securities market who shall be the holder of the register of the Company shareholders (Registrar of the Company).

The procedure of convocation, preparation, and conduction of the General Shareholders' Meeting is determined by the Provision on convocation and conduction of the Company's General Shareholders' Meeting approved by the General Shareholders' Meeting.

10.9. Decisions of the General Shareholders' Meeting can be made in absentia (without joint attendance of the shareholders) by absentee vote (by poll).

10.10. The list of persons entitled to participate in the General Shareholders' Meeting is drawn up based on the register of the Company's shareholders as of the date defined by the Board of Directors when making decisions on the issues related to holding of the General Shareholders' Meeting in accordance with Federal Law On Joint-Stock Companies.

The notice on the date of preparation of the list of persons entitled to participate in the General Shareholders' Meeting shall be disclosed by the Company within the period stipulated by the legislation but not later than seven (7) days prior to occurrence of such date.

The list of the persons entitled to participate in a General Shareholders' Meeting shall be provided for familiarization at request of the persons included thereto and holding not less than 1 (one) per cent of votes, taking into account the restrictions established by the legislation of the Russian Federation.

10.11. A message on the General Shareholders' Meeting shall be published on the official website of the Company ([www.rushydro.ru](http://www.rushydro.ru)) no later than thirty (30) days before the day of the meeting.

A message on the extraordinary General Shareholders' Meeting with the proposed agenda to elect the members of the Board of Directors shall be published on the official website of the Company ([www.rushydro.ru](http://www.rushydro.ru)) no later than seventy (70) days before the day of the meeting.

10.12. Information (files) concerning the agenda of the General Shareholders' Meeting shall be made available within thirty (30) calendar days before the General Shareholders' Meeting (in case of an Extraordinary General Shareholders' Meeting with the issue on the agenda as per the Subclause 4 of Clause 1 of Article 48 of Federal Law On Joint-Stock Companies, within 20 days prior to the meeting) to the persons entitled to participate in the General Shareholders' Meeting at the places to be stated in the message on the General Shareholders' Meeting, this information is also posted on the Company's website.

A procedure of familiarization of persons entitled to participate in the General Shareholders' Meeting with information (files) concerning the agenda of the General Shareholders' Meeting and the list of such information (files) are defined by a decision of the Board of Directors.

10.13. The agenda of the General Shareholders' Meeting is subject to poll voting.

A voting ballot shall be either forwarded to each person from the list of persons entitled to participate in the General Shareholders' Meeting by registered mail or handed over personally against signature not later than twenty (20) days before the date of the General Shareholders' Meeting.

10.14. The General Shareholders' Meeting is duly constituted and quorate if the shareholders having in the aggregate more than half of votes attached to voting shares placed by the Company have participated in it.

The shareholders registered for participation in the General Shareholders' Meeting *in praesentia* and the shareholders whose ballots are received no later than two (2) days prior to the date of the General Shareholders' Meeting are considered to have taken part in the General Shareholders' Meeting.

The shareholders whose ballots are received prior to the ballot acceptance deadline are considered to have taken part in the General Shareholders' Meeting in absentia.

10.15. The General Shareholders' Meetings held apart from the annual meeting are considered extraordinary meetings.

10.15.1. The Extraordinary General Shareholders' Meeting is held according to a decision by the Company's Board of Directors on its own initiative, at the request of the Audit Commission, the Company's auditor, and the shareholder(s) who owns at least ten (10) per cent of the Company's voting shares as of the date on which such requests are presented.

10.15.2. The Extraordinary General Shareholders' Meeting convened at the request of the

Audit Commission, the Company's Auditor, or the shareholder(s) who owns not less than ten (10) per cent of the Company's voting shares shall be convened by the Board of Directors within fifty (50) calendar days from the moment of presenting such a request.

If the proposed agenda of the Extraordinary General Shareholders' Meeting contains issues related to election of the members of the Board of Directors, such General Shareholders' Meeting shall be held within ninety-five (95) calendar days from the moment of presenting such a request.

10.15.3. Within five (5) days from the date presenting the request to convene the Extraordinary General Shareholders' Meeting, the Board of Directors shall make a decision to convene the Extraordinary General Shareholders' Meeting or to refuse to convene such a meeting.

A decision by the Board of Directors to convene the Extraordinary General Shareholders' Meeting or refusal detailing its reasons not to convene is sent to the persons requesting such a convocation no later than three (3) days from the moment such decision is made.

10.16. The Minutes of the General Shareholders' Meeting is drawn up no later than three (3) working days after closure of the General Shareholders' Meeting (*in praesentia*) or after the ballot acceptance deadline (*in absentia*).

The Minutes of the General Shareholders' Meeting shall be signed by the Chairperson of the General Shareholders' Meeting and by the Secretary of the General Shareholders' Meeting.

The Minutes of the General Shareholders' Meeting shall be posted on the official website of the Company on the working day following its signing.

10.17. The voting results and resolutions adopted by the General Shareholders' Meeting may be announced at the General Shareholders' Meeting during which the voting was held, as well as shall be brought to notice of the persons included into the list of persons entitled to participate in a General Shareholders' Meeting in the form of report on voting results under the procedure and within the time period specified by Federal Law On Joint-Stock Companies.

## **Article 11. Proposals to the Agenda of the Company's General Shareholders' Meeting**

11.1. The shareholder(s) who in the aggregate owns not less than two (2) per cent of the Company's voting shares is entitled to propose the issues to be included to the agenda of the Annual General Shareholders' Meeting and nominate the candidates to the Company's Board of Directors and Audit Commission whose number may not exceed the number composition of the corresponding body.

Such propositions shall be delivered to the Company within ninety (90) days after the end of the reporting year.

11.2. A proposition to include certain issues into the agenda of the General Shareholders' Meeting and a proposition for certain nominees shall be made in writing with indication of the name of the shareholder(s), quantity, and category (type) of shares held by them and shall be signed by the shareholder(s).

11.3. The proposition to include certain issues into the agenda of the General Shareholders' Meeting shall contain the wording of each proposed issue, while the proposition for a certain nominee shall contain the name and the ID document (series and/or number of the document, date and place of its issue, the issuing authority) for each proposed nominee, and the name of the body to which such candidate is proposed to be elected.

11.4. The Board of Directors shall review the received propositions and decide on whether to include them into the agenda of the General Shareholders' Meeting or to withhold from including them into the said agenda no later than within five (5) days from the end of the period specified in Clause 11.1 of this Article.

11.5. The Board of Directors has the right to refuse to include the issues proposed by the shareholder(s) to the agenda of General Shareholders' Meeting and to refuse to include the nominated candidates in the list of the nominees to be elected for the relevant body of the Company on the grounds provided for by Federal Law On Joint-Stock Companies or other legislative acts of the Russian Federation.

A motivated decision of the Board of Directors to refuse to include a proposed issue into the agenda of the General Shareholders' Meeting or to refuse to include a proposed candidate into the list of nominees for voting at the elections to the appropriate body of the Company shall be forwarded to the shareholder(s) having proposed to include such issue or a candidate within three (3) days from the date such a decision is made.

11.6. The Board of Directors shall not be entitled to introduce amendments to the wording of the issues proposed to be included into the agenda of the General Shareholders' Meeting and to the

wording of the resolution on such issues.

11.7. Apart from the issues proposed by the shareholders to be included into the agenda of the General Shareholders' Meeting, and also in case no such propositions have been made, or in case of absence or insufficient quantity of candidates proposed by the shareholders to be elected to the appropriate body to be formed, the Board of Directors may include at its own discretion the issues into the agenda of the General Shareholders' Meeting or to propose candidates to be included into the list of nominees.

## **Article 12. The Company's Board of Directors**

12.1. The Board of Directors shall carry out general management of the Company's business except for the issues referred by Federal Law On Joint-Stock Companies and these Articles of Association to the competence of the General Shareholders' Meeting.

The following issues shall come within the competence of the Board of Directors:

- 1) Identification of the Company's priority areas of activity;
- 2) approval of the Company's development strategy and long-term development programs (including examination of the reports on implementation of the Company's development strategies);
- 3) Calling of annual and extraordinary General Shareholders' Meetings and decision making related to the calling, preparing, and holding General Shareholders' Meetings;
- 4) Offering the Company's bonds and other issue-grade securities, except in cases established by Federal Law On Joint-Stock Companies and these Articles of Association;
- 5) Approval of resolutions on the issue (additional issue) of securities, prospectus, reports on acquisition of shares from the Company's shareholders, share redemption reports, and reports on share redemption claims from the Company's shareholders;
- 6) Determination of the price (money value) of property, placement value, or the procedure of the price determination for the issue-grade securities and their redemption where so provided by Federal Law On Joint-Stock Companies and when handling the issues as referred to in Subclauses 8, 23, and 24 of Clause 12.1 of these Articles of Association;
- 7) Acquisition of shares, bonds, and other securities placed by the Company where so provided by Federal Law On Joint-Stock Companies or other federal laws;
- 8) Disposal of the Company's shares that the Company has acquired or redeemed from the Company's shareholders, as well as in other cases provided for by the applicable Russian laws;
- 9) Determination of the number of the Company's Management Board members, election of the Management Board members, termination of their powers, including adoption of resolutions on early termination of labour contracts with them;
- 10) Determination of the policy for payment of remuneration and compensation to the members of the Company's Board of Directors and executive bodies, approval of the documents within the mentioned policy, except for the documents subject to approval by the General Meeting of the Company's Shareholders;
- 11) Election of the Chairperson of the Management Board – General Director, termination of his/her powers, including decision making on termination of the employment contract with him/her, holding him/her disciplinarily accountable and commending him/her in accordance with the labour laws of the Russian Federation, adopting a resolution on recommending him/her for national and industry awards;
- 12) Approval for an individual acting as the sole executive body and the Management Board members to hold concurrent positions in management bodies of other organizations as well as other paid positions in other organizations;
- 13) Election of the Chairman and Deputy Chairman of the Company's Board of Directors and termination of their powers;
- 14) Establishment of the committees of the Company's Board of Directors, election of members to the committees of the Company's Board of Directors, approval of regulations for the committees of the Company's Board of Directors, approval of the reports on the results of activities of the committees of the Company's Board of Directors;
- 15) Election of the Company's corporate secretary and termination of his/her powers, approval of the regulations on corporate secretary, assessment of corporate secretary's work and examination of reports on his/her work, adoption of a decision on remuneration of corporate secretary;
- 16) Approval (adjustment) of the Company's key performance indicators, approval of their

progress reports;

17) Approval of the Company's investment program (including preliminary approval of the draft investment program) and business plan, approval of their progress reports;

18) Determination of the Auditor's fee;

19) Recommendations to the General Shareholders' Meeting with regard to the size of dividend on shares, dividend payment procedure, date as of which the persons entitled to dividends are determined;

20) Approval of the Company's by-laws defining the procedure for setting up and use of the Company's funds, adoption of a resolution on the use of the Company's funds;

21) Approval of the Company's by-laws, except for those to be approved by the General Shareholders' Meeting or executive bodies of the Company, and approval of by-laws designed to meet the requirements of the regulatory legal acts of the Russian Federation and regulations of securities market trade organizers for issuers whose shares are in circulation in the securities market;

22) Setting up branches and opening representative offices of the Company, their liquidation, decision making on alteration of names and locations of branches and representative offices;

23) Decision making on participation and on termination of the Company's participation in other organizations (except for the organizations listed in Subclause 16 of Clause 10.2 of these Articles of Association);

24) Pre-approval of resolutions on the following types of transactions to be conducted by the Company:

a) Transactions the subject of which is the Company's non-current assets in the amount of more than ten (10) per cent of their balance value as of the date of making a decision on the execution of such a transaction;

b) Transactions (a few related transactions) connected with disposal of the Company's property comprising fixed assets, intangible assets and construction in progress, where so determined (including amounts) by separate resolutions of the Company's Board of Directors;

c) Transactions with shares and interests of organizations in which the Company participates, where determined so (including amounts) by the Company's Board of Directors, or in all other cases when the procedure for decision making by the Company's Board of Directors is not defined.

25) Determination of the Company's credit policy as regards issuing loans, signing credit and loan contracts, granting surety, assuming obligations on bills (issue of promissory notes and bills of exchange) and decision making on the said transactions to be conducted by the Company when the procedure for decision making thereon is not defined by the Company's credit policy; decision making in accordance with the approved credit policy;

26) Decision making on transactions to be conducted by the Company related to gratuitous transfer of the Company's property or proprietary rights to itself or to a third party, on transactions connected with the release from a property liability to itself or to a third party, on transactions related to services (work) rendered by the Company free of charge to third parties, where so determined (including amounts) by separate resolutions of the Board of Directors;

27) Approval of major transactions, where so provided by Federal Law On Joint-Stock Companies;

28) Approval of transactions provided for in Federal Law On Joint-Stock Companies;

29) Approval of the Company's registrar, terms of a contract with him/her and resolving to terminate the contract with him/her;

30) Adoption of recommendations in relation to voluntary or mandatory offer received by the Company for acquisition of the Company's shares and other equity securities convertible into the Company's shares, including assessment of the quoted price for securities purchased and possible change of their market price after purchase, assessment of the plans of the person who sent a voluntary or mandatory offer in relation to the Company, including its employees;

31) Determination of the Company's (Company representatives') position, including instructions whether to vote on agenda items, vote "for", "against", or "abstained" on draft resolutions on the following agenda items handled by the management bodies of business entities' subsidiaries, unless otherwise determined by separate resolutions of the Company's Board of Directors:

a) On subsidiary restructuring and winding up;

b) On determination of quantity, par value, and category (type) of the subsidiary's declared shares of and rights attached to these shares;

c) On the increase of subsidiary's authorized capital by raising the par value of shares or by placement of additional shares;

- d) On placement of subsidiary's securities convertible into ordinary shares;
  - e) On split and reverse split of subsidiary's shares;
  - f) On acquisition by the subsidiary of stock (shares of the authorized capital stock) of other business associations also at the time of their formation in case the value of such a transaction makes up 15 (fifteen) per cent and more of the balance sheet assets of the subsidiary, which are determined on the basis of the accounting (financial) statements for the last reporting date;
  - g) On approval of major transactions carried out by the subsidiary;
  - h) On transactions conducted by the subsidiary (including a few related transactions) connected with disposal or possible disposal of the subsidiary's property, including fixed assets, intangible assets, and construction in progress, intended for generation, transfer, dispatching, distribution of electric and heat power, where so defined (including amounts) by separate resolutions of the Company's Board of Directors;
  - i) On transactions conducted by the subsidiary on alienation, pledging, or any other encumbrance (by making a single or several interconnected transactions) of stock and shares of the subsidiary's subsidiaries, which are involved in the generation, transfer, dispatching, distributing, and selling electric and thermal power;
- 32) Determination of the Company's insurance policy;
  - 33) Determination of the Company's procurement policy, including approval of the Regulations for regulated purchase of goods, works, and services; decision making under the approved Regulations;
  - 34) Approval of the procedure for selection of appraisers and/or appraiser candidate(s) to determine the value of shares, property, and other assets of the Company, where so provided by Federal Law On Joint-Stock Companies, these Articles of Association and individual resolutions by the Company's Board of Directors;
  - 35) Review of the Company's organizational structure;
  - 36) Approval of a collective bargaining contract;
  - 37) Increase in Company's authorized capital through issuing additional shares within the scope of declared shares given the limitations stated by Federal Law On Joint-Stock Companies and the Articles of Association;
  - 38) Making a decision on applying for listing of the shares and/or equity securities, which are convertible into the shares of the Company, in cases provided by Federal Law On Joint-Stock Companies and other legal acts of the Russian Federation;
  - 39) Approval of the internal control and risk management policy in order to determine the main principles and approaches to the organization of internal control and risk management system, as well as approval of reports on the assessment of the Company's internal control and risk management system functioning;
  - 40) Approval of the internal audit policy, approval of the decisions on appointment, dismissal of a head of the Internal Audit Service, examination of the substantive restrictions of the Internal Audit Service's powers or other restrictions which may affect the internal audit;
  - 41) Recognition of the nominated director (member of the Company's Board of Directors) as independent;
  - 42) Examination of the results of self-assessment of the Board of Directors and independent assessment of the Company's Board of Directors' efficiency;
  - 43) Examination of the results of corporate governance practice assessment;
  - 44) Approval (adjustment) of the Company's non-core assets register;
  - 45) Approval of annual reports in the field of corporate social responsibility and sustainable development;
  - 46) Recommendations for the Company's executive bodies for any issues on the Company's activities;
  - 47) Other issues falling within the competence of the Board of Directors under Federal Law On Joint-Stock Companies and these Articles of Association.
- 12.2. Issues coming within the competence of the Company's Board of Directors may not be referred for resolution to the Company's Management Board and sole executive body.

### **Article 13. Election of the Company's Board of Directors**

- 13.1. The number of members of the Board of Directors is determined to be thirteen (13) persons.
- 13.2. As set forth by Federal Law On Joint-Stock Companies and these Articles of Association,

the members of the Board of Directors are elected by the annual General Shareholders' Meeting for the period up to the next annual General Shareholders' Meeting.

If the Board of Directors is elected at the Extraordinary General Shareholders' Meeting, the members of the Board of Directors are considered to be elected for a period up to the date of annual General Shareholders' Meeting.

If the annual General Shareholders' Meeting has not been conducted within time period established by Clause 10.7 of Article 10 of these Articles of Association, the authority of the Board of Directors is terminated, except for the authority for preparation, calling, and holding the annual General Shareholders' Meeting.

13.3. Only an individual can be a member of the Company's Board of Directors.

13.4. The persons elected as members of the Board of Directors can be re-elected for an unlimited number of terms.

13.5. The members of the Company's Management Board may not comprise more than one-fourth of the composition of the Company's Board of Directors.

13.6. The authority of all members of the Board of Directors can be early terminated by the decision of the General Shareholders' Meeting.

13.7. While exercising their rights and fulfilling the obligations, the members of the Board of Directors shall act in the Company's interests, exercise their rights, and fulfil their liabilities to the Company in a fair and reasonable manner.

13.8. The members of the Board of Directors bear responsibility to the Company for losses inflicted by their faulty actions (omission), unless other grounds of responsibility are determined by the laws of the Russian Federation.

At that, no responsibility shall be borne by the members of the Board of Directors who voted against the decision which lead to the Company's losses or who did not take part in voting acting in good faith.

#### **Article 14. Chairman of the Company's Board of Directors**

14.1. The Chairman of the Board of Directors is elected by the members of the Board of Directors by the majority of votes from the total number of elected members of the Board of Directors.

The Company's Board of Directors has the right to re-elect the Chairman of the Board of Directors at any time by the majority of votes from the total number of elected members of the Board of Directors.

14.2. The Chairman of the Board of Directors arranges the activity of the Board of Directors, calls meetings, presides over them, and ensures minutes keeping during meetings.

14.3. In case the Chairman of the Board of Directors is absent, its functions shall be performed by the Deputy Chairman of the Board of Directors.

#### **Article 15. Meetings of the Company's Board of Directors**

15.1. The Board of Directors shall hold a meeting as and when needed but not less than once in 2 (two) months.

The meeting of the Board of Directors shall be called by the Chairperson of the Board of Directors (or by the Deputy Chairperson of the Board of Directors where so provided by Clause 14.3 of Article 14 of the Articles of Association) on his/her own initiative, at the request of the member of the Board of Directors, Audit Commission, Auditor, Management Board, or sole executive body.

15.2. The quorum for the meeting of the Company's Board of Directors is not less than half of the elected members of the Board of Directors.

When the number of members of the Board of Directors becomes less than the quantity constituting the quorum, the Company is obliged to hold the General Shareholders' Meeting for election of a new Board of Directors. The remaining members of the Board of Directors do not have the right to make a decision on the issues within its competence.

15.3. The decisions of the Board of Directors are made by the majority of votes of the members of the Board of Directors participating in the meeting, except in cases established by the laws of the Russian Federation and these Articles of Association.

In case the transaction is subject to be approved simultaneously for several reasons (stipulated by these Articles of Association and Federal Law On Joint-Stock Companies), the procedure of its approval shall be governed by provisions of Federal Law On Joint-Stock Companies.

15.4. A decision by the Board of Directors on the approval of a major transaction is adopted

unanimously by all members of the Board of Directors. In this case, no votes of the former members of the Board of Directors are taken into account.

15.5. A decision on the approval of a transaction that is an interested party transaction is made by the Company's Board of Directors in accordance with the procedure specified in Federal Law On Joint-Stock Companies.

15.6. The decisions of the Board of Directors on the issues provided for by Subclauses 23–25, 31 of Clause 12.1 of Article 12 of these Articles of Association are made by the qualified majority of votes of the Company's Board of Directors members participating in the meeting.

15.7. When making decisions at the meeting of the Company's Board of Directors, each member of the Board of Directors has one vote. In case the votes are equally divided, the Chairperson of the Board of Directors has casting vote.

15.8. The member of the Board of Directors who was absent from the meeting of the Board of Directors has the right to state its opinion on the issues of the agenda in a written form and to submit it by the indicated meeting.

A written opinion of the member of the Board of Directors who was absent from the meeting of the Board of Directors shall be taken into account when determining a quorum and summing up the voting results on the issues of the agenda of the Board of Directors meeting.

15.9. Decision of the Board of Directors can be made by absentee vote (by poll).

In case of an absentee vote, all members of the Board of Directors shall receive materials on the issues of the agenda and a questionnaire to vote with indication of the date when the filled-in questionnaire signed by a member of the Board of Directors shall be submitted to the Company's Board of Directors.

15.10. Minutes of a meeting of the Board of Directors shall be produced not later than three (3) days after such a meeting and signed by the presiding person and the Company's Corporate Secretary, who are responsible for its correctness.

15.11. The procedure for decision making by the Board of Directors is determined by the internal document of the Company approved by the General Shareholders' Meeting.

## **Article 16. Committees of the Company's Board of Directors**

16.1. Committees of the Board of Directors are established by a decision of the Board of Directors.

16.2. Committees of the Board of Directors are established to develop issues pertaining to the competence of the Board of Directors or being considered by the Board of Directors when controlling activities of the Company's executive bodies and to develop necessary recommendations for the Board of Directors and the Company's executive bodies.

16.3. Activities regulation, establishment procedure, competence, and term of appointment of the committees of the Board of Directors shall be determined by separate resolutions of the Board of Directors.

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

17.1. Day-to-day operations of the Company are managed by the Chairperson of the Company's Management Board – General Director (sole executive body) and the Company's Management Board (collegial executive body).

17.2. The Management Board and the sole executive body are accountable to the General Shareholders' Meeting and to Board of Directors of the Company.

17.3. The rights and obligations of the sole executive body, members of the Company's Management Board on the management of day-to-day operation of the Company shall be determined by the laws of the Russian Federation, Regulation on the Company's Management Board, the approved General Shareholders' Meeting, and by the contract concluded by each of them with the Company.

17.4. Conditions of an employment contract with an individual acting as the sole executive body shall be determined by the Board of Directors or a person authorized by the Board of Directors to sign an employment contract.

An employment contract with an individual acting as the sole executive body shall be signed on behalf of the Company for five years by the Chairperson of the Board of Directors or by a person authorized by the Board of Directors.

Rights and obligations of the employer on behalf of the Company in relation to an individual

acting as the sole executive body are exercised and fulfilled by the Board of Directors or by a person authorized by the Board of Directors as stipulated by resolutions of the Board of Directors.

17.5. Contracts with a member of the Management Board shall be signed by the sole executive body. The terms of contracts concluded with a member of the Management Board shall be determined by the sole executive body.

17.6. The powers of the sole executive body and members of the Management Board are terminated on the grounds established by the laws of the Russian Federation and by the contract concluded by each of them with the Company.

17.7. Holding more than one position by an individual acting as the sole executive body and by members of the Management Board in management bodies of other organizations, as well as other paid offices in other organizations is allowed only with consent of the Board of Directors.

17.8. While exercising their rights and obligations, the sole executive body, the members of the Management Board shall act in the Company's interests, exercise their rights, and fulfill liabilities to the Company in a fair and reasonable manner.

17.9. The sole executive body, the members of the Management Board are liable to the Company for losses inflicted by their faulty acts (omission), unless the laws of the Russian Federation determine other grounds of liability.

No liability, provided by this clause, shall be borne by the members of the Management Board who voted against the decision which lead to the Company's losses or who did not take part in voting acting in good faith.

### **Article 18. Company's Management Board**

18.1. The Company's Management Board acts on the basis of the laws of the Russian Federation, the Articles of Association, and on the basis of the Regulation on the Management Board approved by the General Shareholders' Meeting that determines the time period and procedure of convening and holding the meetings, as well as the procedure for decision making.

The sole executive body shall perform duties of the Chairperson of the Management Board.

18.2. The following issues come within the competence of the Management Board:

1) Development and submission of the Company's priority areas of business and long-term implementation plans to the Board of Directors for consideration;

2) Preparation of reports on implementing resolutions passed by the General Shareholders' Meeting and by the Board of Directors;

3) Submission of reports on meeting the Company's key performance indicators and business plan to the Board of Directors for consideration;

4) Approval (adjustment) of the Company's budget;

5) Determination of the Company's (Company representatives') position, including instructions whether to vote on agenda items, vote "for," "against," or "abstained" on draft resolutions on the following agenda items handled by the management bodies of business entities' subsidiaries:

a) On approval (adjustment) of target values of the subsidiary's key performance indicators (KPI) and review of implementation reports;

b) On the subsidiary's participation in other organizations (on joining an existing organization or setting up a new one) and on acquisition, disposal, and encumbrance of shares and interests in the authorized capital of the entities, in which the subsidiary participates, and on changing a participation interest in an organization's authorized capital, except for issues pertaining to the competence of the Board of Directors;

c) On determination of the subsidiary representatives' position on agenda items for management bodies of the subsidiary's subsidiaries, concerning the conduct (approval) of transactions (a few related transactions) connected with disposal or possible disposal of the property, including fixed assets, intangible assets, and constructions in progress, intended for generation, transfer, dispatching, distribution of electricity and thermal power;

d) On determination of the subsidiary representatives' position on agenda items for management bodies of the subsidiary's subsidiaries, engaged in generation, transfer, dispatching, distribution, and sale of electricity and thermal power, concerning restructuring, liquidation, and increasing authorized capital of such subsidiaries and branches by increasing the par value of shares, placement of additional shares, or placement of securities convertible into ordinary shares;

6) Nomination by the Company of candidates for the sole executive body and other management and control bodies, as well as those for the auditor of the entities, in which the Company participates;



7) Performance of functions of general shareholders' meetings of business entities whose authorized capital is one hundred (100) per cent owned by the Company;

8) Application to the Board of Directors for recommendations in relation to taking decisions on any issue concerning the Company's activities;

9) Handling other issues related to the Company's daily management subject to resolutions by the General Shareholders' Meeting and Board of Directors, as well as issues referred by the sole executive body of the Company to the Management Board for consideration.

18.3. Members of the Management Board are elected by the Board of Directors by a proposition of the sole executive body. The number of members of the Management Board is specified by a resolution of the Board of Directors.

18.4. The Management Board is legally competent if at least half of the elected members of the Management Board participate in the meeting (in absentia).

18.5. All decisions are made by the Management Board by simple majority of votes of the Management Board members present at the meeting (that took part in the absentee voting).

In case the votes are equally divided, the Chairperson of the Management Board – General Director has the casting vote.

18.6. A member of the Management Board may not grant the voting power to any other person, including other member of the Management Board.

### **Article 19. Sole Executive Body of the Company**

19.1. The sole executive body shall handle all issues related to the Company's daily management, except for those coming within the competence of the Company's General Shareholders' Meeting, Board of Directors, and Management Board.

The sole executive body shall act on behalf of the Company without power of attorney and shall, in particular:

1) conduct transactions on behalf of the Company, issue powers of attorney, open current and other accounts for the Company;

2) dispose of the Company's assets allowing for restrictions as specified in the applicable laws and these Articles of Association;

3) hire and dismiss the Company's employees, commend, and reprimand them;

4) manage the work of the Company's Management Board and preside over its meetings;

5) submit proposals for election and termination of the powers of the Management Board' members, including for early termination of labour contracts with them, to the Board of Directors for consideration;

6) approve the Company's staffing table and official salaries;

7) ensure implementation of the Company's business plans necessary to attain the Company's objectives;

8) approve Regulations on the Company's branches and representative offices, appoint directors of the Company's branches and representative offices;

9) manage business accounting and reporting and maintain accounting (financial) statements in the Company;

10) issue orders, approve instructions and other internal documents of the Company on issues pertaining to the sole executive body's competence, and give instructions binding upon all employees of the Company;

11) deal with other issues of the Company's daily operations, except for those coming within the competence of the General Shareholders' Meeting, Board of Directors, and Management Board of the Company.

19.2. The sole executive body may apply to the Board of Directors for recommendations in relation to taking decisions on any issue concerning the Company's activities.

### **Article 20. The Company's Audit Commission and Auditor**

20.1. The General Shareholders' Meeting shall annually elect the Audit Commission to supervise the Company's financial and economic activities.

The Company's Audit Commission shall comprise five (5) people.

20.2. The General Shareholders' Meeting may resolve to early terminate the powers of all or individual members of the Audit Commission.

If the Audit Commission or its individual members are elected by the Extraordinary General Shareholders' Meeting, the Audit Commission shall be deemed to have been elected for a period until

the date of the Company's annual General Shareholders' Meeting.

20.3. The Audit Commission shall be responsible for:

1) verification of reliability of data contained in the Company's annual report, accounting balance sheet, and income statement;

2) analysis of the Company's financial standing, identification of reserves for improvement of the Company's financial standing, and drawing up recommendations for the Company's management bodies;

3) audit of the Company's financial and economic activities, including:

audit of the Company's financial, accounting, payment and account documents, and other documentation related to the financial and economic operations, for their compliance with applicable laws of the Russian Federation, Articles of Association, and internal documents of the Company

supervision of integrity and proper use of fixed assets

supervision of compliance with the established procedure for charging for indebtedness of insolvent debtors to the Company's loss

supervision of the Company's expenditures in accordance with approved transaction documents of the Company

supervision of establishment and using the reserve fund or other special funds of the Company

supervision of correct and timely accrual and distribution of dividends on the Company's shares, bond interest, and income from securities

supervision of implementation of earlier issued instructions to remedy faults and shortcomings revealed in previous audits

performance of other measures related to auditing the Company's financial and business operations

20.4. All decisions on the issues related to the competence of the Audit Commission are made by simple majority of votes of the total number of its members.

20.5. The procedure for the Audit Commission's activity is determined by the internal document of the Company approved by the General Shareholders' Meeting.

In accordance with a decision to conduct an audit (inspection), the Audit Commission has the right to involve professionals in the relevant areas of law, economics, finances, accounting, management, economic security, etc., including the specialized organizations.

20.6. The audit (inspection) of the Company's financial and business activities can also be performed at any time on the initiative of the Audit Commission, on decision of the General Shareholders' Meeting, Board of Directors, or by request of the Company's shareholders.

20.7. For the purpose of verification and approval of the Company's annual accounting (financial) statements, once a year the General Shareholders' Meeting appoints an Auditor of the Company who is not connected by property interests with the Company and its shareholders.

20.8. The Auditor's fees shall be determined by the Company's Board of Directors.

20.9. The Company's Auditor inspects the financial and business activities of the Company in accordance with the Russian Federation laws and on the basis of a contract concluded with him/her.

20.10. Following the audit results of the Company's financial and business activities, the Audit Commission, the Auditor shall present the opinion containing:

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

- Information on actual violations by the Company of the procedure of accounting and reporting established by the legislative acts of the Russian Federation and of legal acts of the Russian Federation while performing by the Company the financial and business activities

The procedure and time period for preparing the opinion on audit results of the Company's financial and business activities are defined by the legal acts of the Russian Federation and by the Company's internal documents.

## **Article 21. Bookkeeping and Accounting (Financial) Statements of the Company**

21.1. The Company is obliged to maintain accounting records and present accounting (financial) statements as stipulated by the laws of the Russian Federation and the Articles of Association.

21.2. The sole executive body of the Company is responsible for organization, condition, and authenticity of bookkeeping in the Company, for timely presentation of annual reports, accounting (financial) statements, and other financial statements to the relevant bodies, as well as of data on the Company's activities presented to the Company's shareholders, creditors, and mass media according to the laws of the Russian Federation and these Articles of Association.

21.3. Authenticity of data contained in the Company's annual report and the annual accounting (financial) statements shall be confirmed by the Audit Commission and the Company's Auditor.

21.4. The annual report, balance sheet, income statement, distribution of profits and losses of the Company are subject to a preliminary approval by the Board of Directors no later than thirty (30) days before the date of the annual General Shareholders' Meeting.

## **Article 22. Safekeeping of the Company's Documents. Provision of Information by the Company**

22.1. The Company is obliged to keep the following documents:

1) Decision on the Company establishment (the regulation on establishment); certificate of state registration of the Company;

2) The Articles of Association of the Company, amendments and supplements to the Articles of Association of the Company duly registered;

3) Documents confirming the title of the Company to the property that is on its balance sheet;

4) Internal documents of the Company approved by the management bodies of the Company;

5) Regulations on the Company's branches and representative offices;

6) Annual reports;

7) Prospectuses, issuer's quarterly reports, and other documents containing the information otherwise subject to publication or disclosure according to the federal laws;

8) Accounting documents;

9) Accounting (financial) statements;

10) Minutes of the General Shareholders' Meetings, meetings of the Company's Board of Directors, Audit Commission, and Management Board of the Company;

11) Reports of appraisers;

12) Lists of the Company's affiliated persons;

13) Lists of persons entitled to participate in the General Shareholders' Meeting, to dividend distribution and other lists drawn up by the Company so that the shareholders could exercise their rights according to Federal Law On Joint-Stock Companies;

14) Opinion of the Audit Commission, the Company's Auditor, state and municipal financial control authorities;

15) Deed of take-over, transfer acts, and other documents related to reorganization of the Company;

16) Voting bulletins and powers of attorney (copies of powers of attorney) for participation in the General Shareholders' Meeting;

17) Notices of conclusion of shareholder agreements sent to the Company and the lists of persons that concluded these agreements;

18) Court acts related with disputes arising out of the Company establishment, its management, and participation;

19) Other documents stipulated by the laws of the Russian Federation, the Articles of Association, internal documents of the Company, and resolutions of the Company's management bodies.

22.2. The Company shall keep the documents provided for by Clause 22.1 of these Articles of Association at the registered address of the Company's executive body in accordance with the procedure and during the time period specified by the Bank of Russia.

22.3. During reorganization of the Company, all the documents shall be duly transferred to an assignee.

22.4. During liquidation of the Company, permanent records of academic and historical importance shall be transferred for state storage to the federal Archive Service of the Russian Federation; personnel documents (decrees, personnel records and record cards, personal accounts, etc.) shall be transferred for storage to a corresponding archive of a constituent of the Russian Federation.

The documents shall be transferred and arranged by resources and at the expense of the Company in accordance with requirements of the archive bodies. Information on the Company shall be submitted to archive in accordance with the laws of the Russian Federation.

22.5. The Company shall provide its shareholders with access to documents provided for by Clause 22.1 of these Articles of Association.

The shareholder(s) having not less than twenty five (25) per cent of the Company's voting shares in aggregate have a right of access to the accounting documents and minutes of the Management Board meetings.

An access to the Company's court acts related with disputes arising out of the Company establishment, its management, and participation, including decisions of the court of arbitration on commencement of proceedings and acceptance of a statement of claim or application on changing the reason or subject of the previously submitted suit, decisions and judgments of arbitral tribunal in disputes related to establishment of the Company, its management and participation therein, shall be granted by the Company within three (3) days from the date a relevant demand was submitted for familiarization in the office of the Company's executive body.

22.6. Documents specified in Clause 22.1 of the Articles of Association shall be submitted by the Company within seven (7) working days from the date the relevant demand was submitted for familiarization in the office of the Company's executive body.

Upon request of persons having a right of access to the documents specified in Clause 22.1 of the Articles of Association, the Company is obliged to provide them with copies of the listed documents.

The Company's fee for presentation of these copies cannot exceed the cost of their making.

22.7. The Company shall provide the Company's shareholders and employees with an access to the information with observation of the laws on state secrets.

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

23.1. The Company can be voluntary reorganized through merger, take-over, separation, spin-off, and conversion, as well as on the basis and in a manner stipulated by the Civil Code of the Russian Federation and the federal laws.

23.2. The Company can be liquidated by a court decision or voluntarily as stipulated by the Civil Code of the Russian Federation, Federal Law On Joint-Stock Companies, and the Articles of Association.

23.3. In case of the Company reorganization or liquidation, as well as in case of termination of works containing state secret data, the Company shall provide security of these data and data carriers by means of development and implementation of secrecy mode, protection of data, and countermeasure to foreign technical intelligence, guarding, and fire safety provision.