

**APPROVED**

by the Annual General Meeting  
of Mechel Open Joint Stock Company

Minutes No. 1 of the Annual General Meeting  
dated June 09, 2011

Chairman of the Meeting

\_\_\_\_\_ (I.V.Zuzin)

Secretary of the Meeting

\_\_\_\_\_ (O.A.Yakunina)

**B Y L A W**  
**ON THE BOARD OF DIRECTORS OF**  
**MECHEL OPEN JOINT STOCK COMPANY**

**Moscow 2011**

## TABLE OF CONTENTS

1. GENERAL PROVISIONS.....	3
Article 1. Bylaw on the Board of Directors .....	3
Article 2. Terms and Definitions.....	3
Article 3. Board of Directors .....	4
2. GOALS AND OBJECTIVES OF THE BOARD OF DIRECTORS .....	4
Article 4. Goals and principles of Board of Directors .....	4
Article 5. Objectives of the Board of Directors .....	4
Article 6. Members of the Board of Directors .....	5
Article 7. Rights and Obligations of a Member of the Board of Directors.....	5
Article 8. Exercise of the Rights and Obligations of Members of the Board of Directors .....	8
Article 9. Duties of the Individual Executive Body and Other Officers and Employees of the Company to Comply with Requests of Members of the Board of Directors.....	8
3. CHAIRMAN OF THE BOARD OF DIRECTORS .....	8
Article 10. Election of a Chairman and Deputy Chairman of the Board of Directors .....	8
Article 11. Functions of the Chairman of the Board of Directors .....	8
4. SECRETARY OF THE BOARD OF DIRECTORS.....	9
Article 12. Election of a Secretary of the Board of Directors .....	9
Article 13. Duties of the Secretary of the Board of Directors.....	9
Article 14. Compensation of the Secretary of the Board of Directors.....	10
5. MEETINGS OF THE BOARD OF DIRECTORS.....	10
Article 15. Calling of Meetings of the Board of Directors .....	10
Article 16. Time and Place of a Meeting of the Board of Directors .....	10
Article 17. Notification of Members of the Board of Directors concerning the Calling and Holding of a Meeting of the Board of Directors .....	10
Article 18. Change of Time and Place of a Meeting of the Board of Directors.....	11
Article 19. Request to Call a Meeting of the Board of Directors .....	11
Article 20. Consideration of a Request to Call a Meeting of the Board of Directors.....	11
Article 21. Obligatory Calling of a Meeting of the Board of Directors.....	12
Article 22. Meetings of the Board of Directors.....	12
Article 23. Consideration of the Written Opinions of Absent Members of the Board of Directors .....	13
Article 24. Minutes of Meetings of the Board of Directors .....	13
6. REQUIREMENTS FOR RESOLUTIONS OF THE BOARD OF DIRECTORS .....	14
Article 25. Resolutions of the Board of Directors.....	14
Article 26. Entry into Force of Resolutions of the Board of Directors.....	14
7. ADOPTION OF RESOLUTIONS OF THE BOARD OF DIRECTORS BY REMOTE VOTING .....	15
Article 27. Adoption of Resolutions of the Board of Directors by Remote Voting .....	15
Article 28. Ballots.....	15
8. FAMILIARIZATION OF MEMBERS OF THE BOARD OF DIRECTORS WITH THE COMPANY'S AFFAIRS .....	16
Article 29. Procedure for Familiarizing Members of the Board of Directors with the Company's Affairs.....	16
Article 30. Provision of Information (Documents and Materials) on the Company to Members of the Board of Directors .....	16
9. CONFLICT OF INTERESTS OF MEMBERS OF THE BOARD OF DIRECTORS WITH THE INTERESTS OF THE COMPANY .....	16
Article 31. Combining the Position of Member of the Board of Directors with Positions in Other Organizations.....	16
Article 32. Disclosure of Information on Transactions Involving Members of the Board of Directors as Interested Parties.....	16
10. COMMITTEES OF THE BOARD OF DIRECTORS .....	17
Article 33. Formation of Committees of the Board of Directors .....	17
Article 34. Provision for the Operation of Committees of the Board of Directors .....	17
Article 35. Accountability of Committees of the Board of Directors .....	17
Article 36. Investments and Strategic Planning Committee .....	17
Article 37. Audit Committee .....	18
Article 38. Nominations and Compensation Committee .....	18
11. LIABILITY OF MEMBERS OF THE BOARD OF DIRECTORS .....	18
Article 39. Liability of Members of the Board of Directors .....	18
12. MANAGEMENT SUCCESSION.....	19
Article 40. Management Succession .....	19

## **1. GENERAL PROVISIONS**

### **Article 1. Bylaw on the Board of Directors**

This bylaw on the Board of Directors of Mechel Open Joint Stock Company (hereinafter the "Company") defines, in accordance with the Civil Code of the Russian Federation, the Federal Law "On Joint Stock Companies," other laws and regulations of the Russian Federation, applicable rules, regulation and law of the stock exchanges where the Company's securities are listed, and the Company's Charter, the principles guiding the activity of the Company's Board of Directors, its status, formation, and competence, the powers and liability of the members of the Board of Directors, and procedures for calling and holding meetings of the Board of Directors and formalizing its decisions.

### **Article 2. Terms and Definitions**

1. The terms and definitions used in this bylaw are applied in the meaning in which they are used in Russian Federation legislation on joint stock companies and securities, unless otherwise provided by this bylaw.

2. For purposes of this bylaw, the following terms and definitions are used:

"loyalty" — an attitude of a member of the Board of Directors toward the Company whereby the member refrains from using his (her) position in the Company in the interests of other parties;

"confidentiality" — keeping information on the Company and its operations secret from third parties;

"officers" - persons carrying out organizational/managerial or administrative/business functions at the Company and employed by the Company;

"employee" - persons employed by the Company, other than officers;

"executive director" - a member of the Board of Directors who is also an officer of the Company;

"remote voting" - a means of decision-making whereby the members of the Board of Directors are polled without their joint attendance, using ballots. "independent director" is a director who can be treated as independent after the Board of Directors affirmatively determines that the director has no material relationship with the Company and its subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company or its subsidiaries).

In addition, a director is not independent if:

a) the director is, or has been within the last three years, an employee of the Company or its subsidiaries, or has an immediate family member who is, or has been within the last three years, an executive officer, of the Company or its subsidiaries;

b) the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company or its subsidiaries where any of the listed company's present executive officers at the same time serves or served on that company's or its subsidiaries' compensation committee;

c) the director is an affiliate of any officer (manager) of the Company or of a managing organization of the Company;

d) the director is a current partner or employee of a firm that is the Company's or its subsidiaries' internal or external auditor, or the director has an immediate family member who is a current partner or employee of a firm that is the Company's or its subsidiaries' internal or external auditor;

e) the director is a current employee, or an immediate family member is a current executive officer, of a company or its subsidiaries that has made payments to, or received payments from, the Company or its subsidiaries for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's and its subsidiaries' consolidated gross revenues;

f) the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company or its subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

g) the director is a party to obligations of the Company pursuant to which the director could acquire property (or receive money) in an amount equal to or greater than 10 percent of his or her total annual income, other than compensation for participation in the Board of Directors;

h) the director is not a major counterparty of the Company (i.e., a counterparty whose total transaction volume with the Company in one year is equal to or greater than 10 percent of the book value of the Company's assets;

i) the director is a representative of the State.

An "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home. The term "officer" shall mean a company's president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice-president of the company in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the company. Officers of the company's subsidiaries shall be deemed officers of the company if they perform such policy-making functions for the company.

The status of independent director shall be determined by resolution of the Board of Directors subject to applicable legislation, the rules of the exchange on which the Company's securities are traded, the Company's Charter and internal documents, and other relevant factors.

### **Article 3. Board of Directors**

The Board of Directors is the Company's collective governance body, and exercises general management of its activities except in matters assigned by federal laws and the Company's Charter to the competence of the Company's general meeting of shareholders (hereinafter the "General Shareholders Meeting").

The Board of Directors acts in accordance with Russian Federation legislation, the Company's Charter, resolutions of the General Shareholders Meeting, this Bylaw, and other internal Company documents approved by the Board of Directors.

The Board of Directors acts in the interests of the Company and its shareholders and is accountable to the General Shareholders Meeting.

## **2. GOALS AND OBJECTIVES OF THE BOARD OF DIRECTORS**

### **Article 4. Goals and principles of Board of Directors**

1. The goals of the Board of Directors are to ensure the maximum profitability of the Company, increase its assets, protect the rights and legitimate interests of shareholders, exercise continual oversight over the Company's executive bodies, and guarantee that public information on the Company is complete, accurate, and objective.

2. To achieve these goals, the Board of Directors shall be guided by the following principles:

- decisions are to be made on the basis of reliable information on the Company's activities;
- - observing the Russian law to avoid limitation of shareholder rights to manage the Company as well as receive dividends and information about the Company;
- the interests of various groups of shareholders are to be balanced, and the decisions of the Board of Directors will be as objective as possible in the interests of all shareholders.

### **Article 5. Objectives of the Board of Directors**

To achieve its goals, the Board of Directors shall, within the limits of its competence, accomplish the following objectives:

- organize the implementation of resolutions of the General Shareholders Meeting;

- define the lines of activity of the Company and the priority lines of its development;
- uphold the exercise and protection of shareholder rights, and assist in the resolution of corporate conflicts;
- evaluate political, financial, and other risks affecting the Company's operations;
- approve the Company's plans and budgets;
- determine approaches to investments and participation in other organizations;
- evaluate the results of activities of the Company and its bodies;
- provide recommendations on the amount of dividends and the manner of their payment;
- define criteria for hiring and training management personnel;
- development systems and methods for motivating and encouraging personnel;
- provide for the disclosure of information about the Company;
- oversee and ensure the efficiency of the Company's executive bodies;
- ensure effective oversight over the Company's financial and business operations;
- ensure that the Company complies with current legislation;
- ensure compliance with corporate governance principles.

The Board of Directors shall annually evaluate its work and the work of its committees and take the results of such evaluation into account when making recommendations to the shareholders regarding membership of the Board of Directors and making recommendations to the Board of Directors regarding membership of its committees.

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

Only natural persons may be members of the Board of Directors. Both shareholders of the Company and non-shareholders may be members of the Board of Directors.

Members of the Board of Directors may not be members of the Company's Audit Committee.

Members of the Board of Directors shall be elected by the General Shareholders Meeting for a term ending at the next annual General Shareholders Meeting. If an annual General Shareholders Meeting is not held within the time established by the Company's Charter, the powers of the Board of Directors shall be terminated with the exception of powers relating to preparing for, calling, and holding the annual General Shareholders Meeting.

If a member of the Board of Directors is removed from the board, the powers of its remaining members will not be terminated, unless the number of remaining members falls below the number required to constitute a quorum.

The General Shareholders Meeting may adopt a resolution terminating the powers of members of the Board of Directors only with respect to all members of the Board of Directors.

#### **Article 7. Rights and Obligations of a Member of the Board of Directors**

Members of the Board of Directors have the right:

- to demand information (documents and materials) from officers and employees of the Company in the manner established by this bylaw, including from the Company's executive body;
- to get advice from any employee or manager of the Company as well as from an external or independent advisor of the Company;
- in exchange for performing their duties, to receive compensation and/or reimbursement of expenses associated with performance of the functions of member of the Board of Director in the circumstances and amount established by a resolution of the general meeting of shareholders of the Company;
- to inspect and obtain copies of the minutes of meetings of the Board of Directors and other collective bodies of the Company;

- to demand that their dissenting opinions on agenda items or adopted resolutions be recorded in the minutes of a meeting of the Board of Directors;
- to voluntarily resign their powers, with notice to the Company at least 45 calendar days in advance.

Members of the Board of Directors may receive remuneration and be reimbursed for expenses associated with performance of their duties as members of the Board of Directors pursuant to the Bylaw on Compensation and Reimbursement of Expenses of Members of the Board of Directors of Mechel OAO."

Members of the Board of Directors have the obligation:

- to be loyal to the Company;
- to act within the limits of their rights pursuant to the goals and objectives of the Board of Directors;
- to act reasonably, in good faith, and with due care for the affairs of the Company;
- to fulfill reasonably and in good faith the duties of member of the Board of Directors imposed on them by Russian Federation legislation and the Company's Charter and internal documents;
- to act in the interests of the Company as a whole, and not that of individual shareholders, officers, or other parties;
- to refrain from actions that would or could potentially lead to a conflict between their interests and those of the Company, and in the event that such a conflict exists or emerges, to disclose relevant information to the Board of Directors and take steps to comply with the procedure for taking actions or concluding transactions in which they have an interest;
- neither to divulge nor to use for personal interests or the interests of third parties any confidential information about the Company or insider information during the term of their contract as member of the Board of Directors and for a period of 10 years after the termination of their work at the Company. To give written notice to the Board of Directors, in particular, of their intention to complete transactions involving securities of the Company or its subsidiaries or dependent companies, and to disclose information to the Company on transactions with such securities completed by them, in the manner established for disclosing information on material facts;
- to initiate a meeting of the Board of Directors to resolve pressing matters;
- to attend the meetings of the Board of Directors, or, if unable to attend a meeting for valid reasons, to give notice of such reasons to the Company three calendar days before the meeting;
- to participate in the decisions of the Board of Directors by voting on matters on the agenda of its meetings;
- to abstain from voting in situations where they have a personal interest in the adoption of resolutions. Members of the Board of Directors shall immediately disclose to the Board of Directors both the existence of such personal interest and the basis on which it arose;
- to make reasonable decisions, and for this purpose to study all necessary information and materials, perform research, and report all information relevant to the decision, without exception, to all other members of the Board of Directors;
- when making decisions, to evaluate risks and adverse consequences;
- to report their affiliations and changes in their affiliations to the Company in a timely manner;
- to inform the Company in a timely manner about changes in their information, including changes in passport data and domicile, information on education, job position, service on boards of directors or positions with other legal entities, and on nomination to boards of directors and election/appointment to positions with other legal entities, and information on relationships with major counterparties of the Company. The aforesaid information, as well as information on the member's affiliations and changes to such information shall be disclosed in a timely manner in the form of a personal statement of the member of the Board of Directors;

- to provide the Board of Directors with information on proposed transactions in which they may be deemed interested parties;
- to participate in expert evaluations of projects and programs proposed by the Board of Directors;
- to prepare proposals on improving the Company's financial and business operations on the instructions of the Board of Directors;
- upon becoming aware of any violations of laws and regulations, the Company's Charter, or its Bylaws, rules or instructions committed by employees (including officers) of the Company, to inform the other members of the Board of Directors;
- to prepare matters within their competence and submit them to the Board of Directors for consideration;
- to attend General Shareholders Meetings and answer questions posed by participants in such meetings;
- not to transfer the voting rights of a member of the Board of Directors to any other person, including another member of the Board of Directors;
- not to accept gifts from persons with an interest in a decision of the Board of Directors, or accept any benefit (direct or indirect) offered by such persons;
- not to use their position and information received on the Company for personal interests, or permit the use of these in the interests of other parties;
- to provide the Board of Directors, the Audit Committee, and the Company's auditor with information in writing:
  - on the legal entities in which they independently or with their affiliates hold 20% or more of voting shares (interests, ownership units);
  - on the legal entities in whose governance bodies they hold positions;
  - on any known current and proposed transactions in which they may be deemed interested parties.

The above information shall be communicated to the Board of Directors, the Audit Committee, and the Company's auditor within 5 calendar days of the date when such a situation arises.

- to disclose information on holdings of Company securities and on the sale and/or purchase of Company securities.

Whether a member of the Board of Directors is deemed an interested party will be determined in accordance with article 81 of the Federal Law "On Joint Stock Companies."

Members of the Board of Directors shall comply with the requirements of the Code of Business Conduct and Ethics approved by the Board of Directors.

Independent directors shall refrain from actions that may compromise their independent status, and shall inform the Company in a timely manner about changes in their status.

Every member of the Board of Directors shall continue education in the business of the Company and the industry and markets in which it operates.

## **Article 8. Exercise of the Rights and Obligations of Members of the Board of Directors**

1. The activities of members of the Board of Directors shall be continuous and not limited to participation in the decisions of the Board of Directors.

2. For the purpose of exercising their rights and performing their duties, members of the Board of Directors may issue instructions and directives binding upon all officers of the Company, provided that they are consistent with laws and regulations and the Company's Charter and internal documents and do not exceed the competence of the Company's officers and bodies.

3. The person keeping records of the minutes of meetings of the Board of Directors shall at the request of any member of the Board of Directors provide such member with certified copies within the established time period.

### **Article 9. Duties of the Individual Executive Body and Other Officers and Employees of the Company to Comply with Requests of Members of the Board of Directors**

1. The Company's Sole Executive Body, members of the Company's Collective Executive Body and/or the Company's other officers and employees shall provide any information required by any director relating (directly or indirectly) to the Company's business, except for private information or information breaching the family secret, secrecy of correspondence, telephone conversations, postal, telegraph and personal correspondence.

2. If the Company's individual executive body and/or other officers and employees of the Company are unable to provide information requested by a member of the Board of Directors, they shall immediately provide a reasoned refusal and deliver it in writing to the member of the Board of Directors within one day.

3. Refusal to provide the above information shall be reported to the Board by the relevant director and shall be mentioned in the "Corporate Actions" section of the Company's annual report.

4. The Company's individual executive body and/or officers and employees shall at the request of a member of the Board of Directors make information available to him and allow copies of documents and materials to be made.

### **3. CHAIRMAN OF THE BOARD OF DIRECTORS**

#### **Article 10. Election of a Chairman and Deputy Chairman of the Board of Directors**

1. The members of the Board of Directors shall elect a chairman from among their number by majority vote of the total number of members of the Board of Directors.

2. The person performing the functions of the Company's individual executive body may not simultaneously be the Chairman of the Board of Directors.

3. Members of the Board of Directors may elect a deputy Chairman of the Board of Directors, who will perform the functions of chairman in his absence.

4. The Board of Directors may at any time reelect its Chairman or deputy Chairman by majority vote of the total number of members of the Board of Directors.

#### **Article 11. Functions of the Chairman of the Board of Directors**

1. The chairman of the Board of Directors shall:

- organize the work of the Board of Directors and ensure effective organization of the activities of the Board of Directors and its committees;
- cooperate and maintain contacts with the Company's other bodies and officers for purposes of receiving in a timely manner the most complete and accurate information required for the Board of Directors to make decisions and to ensure the effective cooperation of all such bodies and officers among themselves and with third parties;
- take all necessary steps to provide members of the Board of Directors with timely information required to make decision on matters on the agenda;
- call meetings of the Board of Directors and arrange for timely and due notice of such meetings to be given to the members of the Board of Directors;
- preside over meetings of the Board of Directors and ensure compliance with procedures for conducting meetings;
- ensure that the minutes of meetings of the Board of Directors are properly prepared;
- ensure that the members of the Board of Directors have the opportunity to express their views on matters under discussion, ensure a constructive and friendly atmosphere at meetings of the Board of Directors, and facilitate the consensus of its members on resolutions in the interests of the Company;
- organize the elaboration of the most effective resolutions on agenda items;
- organizing the keeping of the minutes at meetings of the Board of Directors, sign the minutes, and be responsible for their correct and timely preparation.



2. In the absence of the chairman and deputy chairman of the Board of Directors, the functions of chairman shall be performed by one of the members of the Board of Directors pursuant to a resolution of the board of directors adopted by majority vote of all members attending the meeting. Persons performing the functions of chairman of the Board of Directors in his absence may exercise any of the powers granted to the chairman of the Board of Directors.

3. The chairman of the Board of Directors may not delegate his functions to another person.

#### **4. SECRETARY OF THE BOARD OF DIRECTORS**

##### **Article 12. Election of a Secretary of the Board of Directors**

1. The secretary of the Board of Directors may be elected from among its members.

The role of secretary of the Board of Directors may also be filled by an appointed person who is not a member of the Board of Directors. The secretary will perform the duties of secretary of the Board of Directors until such time as a new secretary is appointed.

2. The person performing the functions of the Company's individual executive body may not simultaneously be the secretary of the Board of Directors.

3. The Board of Directors may at any time reelect its secretary.

4. If a corporate secretary (Company secretary) is appointed in accordance with the Company's Charter, the functions of secretary of the Board of Directors shall be performed by the corporate secretary (Company secretary).

##### **Article 13. Duties of the Secretary of the Board of Directors**

1. The secretary of the Board of Directors shall:

- keep and prepare the minutes of meetings of the Board of Directors;
- tally the results of voting on resolutions;
- keep records and store incoming documents and copies of outgoing documents of the Board of Directors;
- notify the directors of the Board meetings well in advance;
- store the minutes of meetings of the Board of Directors;
- store the resolutions of the Board of Directors adopted by poll (remote voting);
- store ballots sent to the Board of Directors by members of the Board of Directors for the adoption of decisions by poll (remote voting);
- perform other functions in accordance with this Bylaw, internal Company documents, and instructions of the chairman of the Board of Directors.

2. For the purpose of providing for the activities of the secretary of the Board of Directors, necessary funds for expenditures may be provided by the budget or cost estimate of the Company or the Board of Directors, within limits approved by the Board of Directors.

##### **Article 14. Compensation of the Secretary of the Board of Directors**

1. For performing the functions of secretary of the Board of Directors, the secretary may receive compensation for the period when he performs such duties.

The secretary of the Board of Directors will be reimbursed for expenses associated with performance of his functions.

The amounts of compensation and reimbursement to be paid to the secretary of the Board of Directors shall be established by a resolution of the Board of Directors.

## **5. MEETINGS OF THE BOARD OF DIRECTORS**

### **Article 15. Calling of Meetings of the Board of Directors**

1. Meetings of the Board of Directors shall be called by the Chairman of the Board of Directors on his own initiative or at the request of any of the persons specified in article 68.1 of the Federal Law "On Joint Stock Companies" and the Company's Charter.

2. When a decision to call a meeting of the Board of Directors is made, the following shall be specified:

- the date, time, and place of the meeting;
- the agenda of the meeting;
- the list of information and materials to be provided to the members of the Board of Directors for the meeting.

### **Article 16. Time and Place of a Meeting of the Board of Directors**

1. Meetings may not be held at a time and place that significantly hinders or precludes the attendance of a majority of the members of the Board of Directors.

2. Meetings of the Board of Directors may not be held at night (10.00 p.m. to 6.00 a.m. local time).

3. Meetings may not be held in production facilities or other premises that would prevent the Board of Directors from working normally.

### **Article 17. Notification of Members of the Board of Directors concerning the Calling and Holding of a Meeting of the Board of Directors**

1. All directors shall be notified of the Board meetings. Notice of the Board meeting shall be sent to all directors in writing or in any other way they may find convenient (including by post, telegraph, teletype, telephone, email or otherwise).

2. The notice of a meeting must specify:

- the initiator of the meeting (name of the initiator or of the body or legal entity requesting the meeting);
- the items on the agenda;
- reasons why the agenda items are included in the agenda;
- the time, date, and place of the meeting.

If a list has been prepared of information and materials to be provided to the members of the Board of Directors for the meeting, then such information and materials will be provided to all members of the Board of Directors prior to the meeting. Such information and materials will also be provided to all members of the Board of Directors attending the meeting.

### **Article 18. Change of Time and Place of a Meeting of the Board of Directors**

1. If circumstances arise that hinder or preclude a meeting of the Board of Directors from being held at the time and/or place communicated to the members of the Board of Directors, the meeting may be held with the same agenda at a different time and/or place. Such meeting must be held within 10 days of the date of the aborted meeting.

2. In the event of a change in the time and/or place of a meeting of the Board of Directors, all members of the Board of Directors shall be notified of such change by the Chairman of the Board of Directors, taking into consideration the normal time required for members of the Board of Directors to attend the meeting. A notice of such change shall be delivered to the members of the Board of Directors, in any form that guarantees receipt, to each member's specified location or address for correspondence.

3. A meeting of the Board of Directors may not be postponed more than once.

### **Article 19. Request to Call a Meeting of the Board of Directors**

1. A request to call a meeting of the Board of Directors shall be submitted to the Chairman of the Board of Directors in writing and include the following information:

- the initiator of the meeting (name of the initiator or of the body or legal entity requesting the meeting);

- the items on the agenda;
  - reasons why the agenda items are included in the agenda;
  - the address to which a reply to the request should be sent;
  - the signature of the person (or director of the body) requesting the meeting.
2. The request shall be signed by the initiator of the meeting.

To the request to hold a meeting shall be attached the documents and other materials required for the examination of agenda items.

If a request to hold a meeting is made by the Company's collective body, the request shall be signed by the members of that body who voted "for" the resolution to make the request.

3. The date of receipt of a request by the Chairman of the Board of Directors shall be deemed the date of such request.

## **Article 20. Consideration of a Request to Call a Meeting of the Board of Directors**

1. The Chairman of the Board of Directors may not refuse to call a meeting except when:

- the request to call the meeting does not conform to laws and regulations, the Company's Charter, this Bylaw, and other internal Company documents;
- the initiator does not have the right under federal law and the Company's Charter to request the calling of a meeting of the Board of Directors; or
- the agenda item(s) specified in the request are not within the competence of the Board of Directors.

2. The Chairman of the Board of Directors shall examine each submitted request and make a decision to call or not to call a meeting of the Board of Directors within 3 days of the date of the request.

3. The Chairman of the Board of Directors shall inform the initiators of a meeting of his decision, in a manner convenient for them (including via post, telegraph, teletype, telephone, electronic mail, or other means of communication), within 3 days of making the decision.

4. A meeting of the Board of Directors held at the request of persons specified in section 68.1 of the Federal Law "On Joint Stock Companies" and the Company's Charter must be held within 20 days of the date of such request.

## **Article 21. Obligatory Calling of a Meeting of the Board of Directors**

1. The chairman of the Board of Directors shall be obligated to call a meeting of the Board of Directors to decide the following matters:

a) calling of the annual General Shareholders Meeting and the adoption of the resolutions required to call and hold such meeting provided by article 54.1 of the Federal Law "On Joint Stock Companies";

b) preliminary approval of the Company's annual report pursuant to article 88.4 of the Federal Law "On Joint Stock Companies" and recommendations on the amount of dividends and the procedure for paying dividends;

c) examination of matters proposed by shareholders for inclusion in the agenda of the annual General Shareholders Meeting and nominations of candidates for the Company's bodies in the manner provided by articles 53.1 and 53.2 of the Federal Law "On Joint Stock Companies," and adoption of resolutions to include or not include matters in the agenda of the annual General Shareholders Meeting and to include or not include candidates in the list of candidates for election to the Company's bodies;

d) calling of a General Shareholders Meeting in the case provided by article 68.2 of the Federal Law "On Joint Stock Companies" and other cases provided by current legislation;

e) election of the Company's individual executive body, in the event of early termination of his powers;

f) suspension and early termination of the powers of the Company's individual executive body in the cases established by RF legislation, the Company's Charter, this Bylaw, and other internal Company documents.

## **Article 22. Meetings of the Board of Directors**

1. Meetings of the Board of Directors shall be held as necessary, but no less often than once a quarter.

Before each meeting of the Board of Directors, independent directors shall hold a consultation in the absence of Company management.

2. Rules for the holding of meetings of the Board of Directors shall be defined by the chairman of the Board of Directors.

3. Guests invited to attend a meeting of the Board of Directors may include members of the Company's executive bodies and Audit Committee, representatives of state authorities, preparers of information and materials for matters to be examined at a meeting, employees of the Company and its subsidiaries, and other persons.

4. In the adoption of resolutions by the Board of Directors, the members of the Board of Directors attending the meeting shall express their opinion on agenda items by voting.

5. In deciding matters at a meeting of the Board of Directors each member of the Board of Directors shall have one vote.

A member of the Board of Directors may not transfer his vote to any other person, including another member of the Board of Directors.

In case of a tie of votes of members of the Board of Directors when voting on a resolution, the Chairman of the Board of Directors shall have a casting vote.

## **Article 23. Consideration of the Written Opinions of Absent Members of the Board of Directors**

1. For the purposes of determining whether a quorum is present and determining the results of voting on agenda items, the written opinions of members of the Board of Directors who are absent from the meeting will be taken into consideration.

Members of the Board of Directors must submit such written opinions to the chairman of the Board of Directors prior to the meeting.

Such written opinions may be provided by the members of the Board of Directors by post, or email, or fax.

The written opinion of a member of the Board of Directors may contain his vote on all items on the agenda of the meeting or on individual items. A written opinion will be taken into consideration for the purposes of determining whether a quorum is present and determining the results of voting on agenda items only with respect to those items for which it contains the vote of the member of the Board of Directors. A written opinion will be disregarded for purposes of determining whether a quorum is present and determining voting results if the written opinion contains amendments or reservations with respect to a proposed draft resolution or if amendments are made to a draft resolution at the meeting of the Board of Directors.

2. If the information and materials provided to the members of the Board of Directors for a meeting do not include a copy of the written opinion of an absent member of the Board of Directors, the person presiding over the meeting shall read out such written opinion prior to the commencement of voting on any agenda item addressed by the written opinion.

If a member of the Board of Directors attends a meeting of the Board of Directors, any written opinion submitted by that member prior to the meeting will not be read out and will be disregarded for the purposes of determining whether a quorum is present and determining voting results.

3. Written opinions of members of the Board of Directors will be disregarded for purposes of determining whether a quorum is present and determining voting results in respect of the following matters:

- approval of the priority lines and budgets of the Company;
- resolutions to call or refuse to call an extraordinary General Shareholders Meeting;
- election and reelection of the Chairman of the Board of Directors;
- submission of proposals to reorganize or liquidate the Company to the General Shareholders Meeting for consideration.

## **Article 24. Minutes of Meetings of the Board of Directors**

1. Minutes shall be kept at meetings of the Board of Directors by the Secretary of the Board of Directors or, in his absence, by a member of the Board of Directors on the instructions of the Person presiding over the meeting.

2. The minutes of a meeting of the Board of Directors shall be prepared no later than 3 days after the meeting.

The following information shall be specified in the minutes of a meeting:

- the time, date, and place of the meeting;
- the persons who attended the meeting;
- the persons who submitted written opinions on agenda items;
- the agenda of the meeting;
- matters put to a vote, and results of voting thereon;
- adopted resolutions.

The minutes of a meeting of the Board of Directors shall be signed by the Person presiding over the meeting, who shall be liable for their proper preparation, and by the secretary of the Board of Directors.

3. If written opinions of absent members of the Board of Directors have been taken into consideration for the purposes of determining whether a quorum is present and determining the results of voting on agenda items, such opinions shall be joined to the minutes of the meeting as annexes. In the case of a meeting of the Board of Directors held by way of remote voting, the ballots completed by members of the Board of Directors shall be attached to the minutes.

4. The Company shall keep Board minutes in its principal executive office in the manner described by the Russian law.

## **6. REQUIREMENTS FOR RESOLUTIONS OF THE BOARD OF DIRECTORS**

### **Article 25. Resolutions of the Board of Directors**

1. Resolutions of the Board of Directors may be adopted by the following means:

- a) at a meeting of the Board of Directors;
- b) at a meeting of the Board of Directors at which written opinions of absent members of the Board of Directors are taken into consideration for purposes of determining whether a quorum is present and determining the results of voting on agenda items;
- c) by remote voting.

2. When the Company's Charter provides that the votes of removed members of the Board of Directors are to be disregarded in the adoption of a resolution, "removed members" shall be understood to mean:

- deceased and missing persons, and persons declared to lack legal capacity;
- persons whose powers have been terminated early by resolution of the General Shareholders Meeting;
- persons who have voluntarily resigned their powers as members of the Board of Directors and have notified the Company in writing of their resignation;
- persons whose powers as members of the Board of Directors have been terminated or suspended by decrees of law-enforcement agencies that have entered into legal force.

3. A member of the Company's Board of Directors who did not vote in relation to, or voted against, the resolution that was adopted in contradiction with the procedure set out in the Federal Law "On Joint Stock Companies", other laws and regulations of the Russian Federation, the Company's Charter, shall be entitled to appeal to a court if said resolution violated his/her rights and legitimate interests. Such a claim can be lodged to the court within One (1) month of the moment when the relevant member of the Company's Board of Directors has, or should have, become aware of the resolution adopted.

4. Any resolutions adopted by the Company's Board of Directors where they are not in line with the competence of the Company's Board of Directors, where the quorum requirements for the meetings of the Company's Board of Directors are not met (in case the presence of quorum for the relevant meeting is a mandatory requirement set out in the Federal Law "On Joint Stock Companies"), or where the required

majority of votes of the members of the Company's Board of Directors is not available, shall not be valid irrespective of whether or not any appeals have been lodged to the court with regard to this resolution of the Company's Board of Directors.

#### **Article 26. Entry into Force of Resolutions of the Board of Directors**

1. A resolution of the Board of Directors adopted at a meeting of the Board of Directors will enter into force upon the reading of the results of voting on the respective matter.

2. A resolution of the Board of Directors adopted by way of remote voting will enter into force on the date when a copy of the minutes is sent to the members of the Board of Directors, but no later than 6 days after the deadline for receipt of ballots.

### **7. ADOPTION OF RESOLUTIONS OF THE BOARD OF DIRECTORS BY REMOTE VOTING**

#### **Article 27. Adoption of Resolutions of the Board of Directors by Remote Voting**

1. A resolution of the Board of Directors may be adopted by remote voting in the manner provided by this section.

The Board of Directors may not adopt the following resolutions by remote voting:

- approval of the priority lines and budgets of the Company;
  - calling of the annual General Shareholders Meeting and the adoption of the resolutions required to call and hold such meeting provided by article 54.1 of the Federal Law "On Joint Stock Companies";
  - preliminary approval of the Company's annual report in the manner provided by article 88.4 of the Federal Law "On Joint Stock Companies";
  - election and reelection of the chairman of the Board of Directors;
  - submission of proposals to reorganize or liquidate the Company to the General Shareholders Meeting for consideration.
2. The decision to conduct remote voting will be made by the Chairman of the Board of Directors.
3. The following shall be established by the decision to conduct remote voting:
- the matters put to a vote;
  - the text and form of the ballots;
  - the list of information and materials to be provided to the members of the Board of Directors;
  - the date when the members of the Board of Directors are to be provided with ballots and other information and materials;
  - the deadline for receipt of ballots;
  - the address to which ballots are to be sent.

Ballots and other information and materials may be sent to the members of the Board of Directors by post, in person, or by electronic means, or by telegraph, teletype, telephone, or other form of communication.

#### **Article 28. Ballots**

1. Ballots must contain the following information:
  - the full trade name of the Company;
  - the deadline for receipt of ballots;
  - the address to which ballots are to be sent;
  - the wording of each matter put to a vote, the wording of resolutions on matters put to a vote, and the voting options for each, expressed as "for," "against," and "abstained";
  - an explanation of the voting procedure;
  - the instruction that the ballot must be signed by the member of the Board of Directors.
2. Deemed to have participated in remote voting are those members of the Board of Directors whose ballots are received no later than the established deadline.
3. A record shall be prepared on the basis of the results of remote voting no later than 3 days after the established deadline for receipt of voting ballots. The record shall be signed by the Chairman of the

Board of Directors, who shall be liable for the proper preparation of the record, and by the Secretary of the Board of Directors.

The resolutions adopted by the Board of Directors by remote voting and the results of remote voting shall be communicated to all members of the Board of Directors no later than 3 days after the signing of the record of remote voting results, by the delivery of copies of the record.

## **. FAMILIARIZATION OF MEMBERS OF THE BOARD OF DIRECTORS WITH THE COMPANY'S AFFAIRS**

### **Article 29. Procedure for Familiarizing Members of the Board of Directors with the Company's Affairs**

Each new member of the Board of Directors will undergo a process of familiarizing him with the Company's affairs (induction) that acquaints him with the Company's history, the work of the Board of Directors, documents (the Company's most recent annual reports, minutes of annual and extraordinary General Shareholders Meetings, minutes of meetings of the Board of Directors, and other information). This process will be conducted by the secretary of the Board of Directors on the instructions of the Chairman of the Board of Directors.

### **Article 30. Provision of Information (Documents and Materials) on the Company to Members of the Board of Directors**

Within 10 days after votes are tallied for an election of the Board of Directors, the individual executive body shall, at the request of members of the Board of Directors, provide each member of the Board of Directors with certified copies of the charter and internal Company documents governing the activities of its bodies.

If there exist unperformed resolutions of the General Shareholders Meeting, the members of the Board of Directors will also be provided with certified excerpts from the minutes of the General Shareholders Meeting containing such resolutions.

## **9. CONFLICT OF INTERESTS OF MEMBERS OF THE BOARD OF DIRECTORS WITH THE INTERESTS OF THE COMPANY**

### **Article 31. Combining the Position of Member of the Board of Directors with Positions in Other Organizations**

1. A member of the Board of Directors may not be a participant of or have an interest in the charter or reserve capital of legal entities that compete with the Company, unless otherwise provided by the Charter, or hold positions in legal entities that compete with the Company.

2. Members of the Board of Directors may simultaneously hold positions in the governance bodies of other legal entities only with the consent of the Board of Directors.

### **Article 32. Disclosure of Information on Transactions Involving Members of the Board of Directors as Interested Parties**

The Company's annual reports and statements shall include information on transactions completed by the Company with a member of the Board of Directors, his or her spouse, parents, children, full or half siblings, adoptive parents, adopted children, and/or affiliated persons, and if such persons are involved in a transaction with the Company as beneficiaries, intermediaries, or representatives in a transaction or hold 20 percent or more of the voting shares of a legal entity that is a party, beneficiary, intermediary, or representative in a transaction with the Company, or hold positions in governance bodies of a legal entity that is a party, beneficiary, intermediary, or representative in a transaction, or positions in governance bodies of the managing organization of such a legal entity.

Information on the aforesaid transactions shall include information on all participants in the transactions, the time when the transactions were completed, their execution, the price, and approval of the transaction by the Board of Directors or the General Shareholders Meeting.

## **10. COMMITTEES OF THE BOARD OF DIRECTORS**

### **Article 33. Formation of Committees of the Board of Directors**

1. For the purpose of performing its functions the Board of Directors may establish permanent and/or temporary committees. The main permanent committees of the Board of Directors shall be the investments and strategic planning committee; the audit committee; the nominations and compensation.

If necessary, other committees and subcommittees may be established by a resolution of the Board of Directors.

2. Committees shall not be authorized to act on behalf of the Board of Directors.

3. Chairmen of all committees shall be elected by the Board of Directors.

If necessary, experts with required professional knowledge may be engaged to work on a specific committee.

### **Article 34. Provision for the Operation of Committees of the Board of Directors**

1. For each committee the Board of Directors shall approve a Bylaw defining the goals and objectives of the committee, its functions, the rights and duties of the committee members, the procedure for forming the committee, decision-making requirements, and rules of accountability of the committee to the Board of Directors.

2. The Company's executive body shall ensure that members of committees of the Board of Directors have access to the Company's information (documents and materials).

3. For the purpose of providing for the operation of committees of the Board of Directors, the Company's budget or estimate may provide funding for the operation of each existing or newly created committee.

### **Article 35. Accountability of Committees of the Board of Directors**

1. Each committee shall keep the Board of Directors informed of its activities by submitting reports on the committee's activities to the Board of Directors, in the form approved by the Board of Directors.

2. Each committee shall submit an annual report to the Board of Directors concerning the achievement of the committee's objectives.

### **Article 36. Investments and Strategic Planning Committee**

1. The Investments and Strategic Planning Committee shall be responsible for preliminary knowledgeable review and analysis of, and making recommendations to the Board of Directors on, all issues relating to the Company's strategic planning and shaping of the Company's investments policy that would facilitate execution of the plans agreed..

2. The size of the Investments and Strategic Planning Committee shall be determined by the relevant committee bylaw.

### **Article 37. Audit Committee of the Board of Directors**

1. The Audit Committee of the Board of Directors shall ensure information disclosure by the Company and selection of candidates for the position of the Company's auditor for approval by its General Shareholders Meeting. The purpose of the Audit Committee of the Board of Directors is to assist the Board of Directors in monitoring: the reliability of financial reports; compliance by the Company with laws and regulations; the expertise and independence of the external auditor; and the performance of internal audit functions and independent auditor functions by the Company.

2. The size of the Audit Committee shall be determined by the relevant Committee bylaw. Only independent directors shall serve on the Audit Committee.



## **Article 38. Nominations and Compensation Committee**

1. The Nominations and Compensation Committee shall be responsible for preliminary review of, and making recommendations to the Board of Directors on, all issues relating to hiring and training of highly qualified professionals to serve as members of the Company's Board of Directors, the Company's CEO, senior executives, managers of the Company's subsidiaries and affiliates, their performance evaluation, remuneration and guidelines for the Company's HR and remuneration policy. .

2. The size of the Nominations and Compensation Committee shall be determined by the relevant committee bylaw. Only independent directors shall serve on the Nominations and Compensation Committee.

## **11. LIABILITY OF MEMBERS OF THE BOARD OF DIRECTORS**

### **Article 39. Liability of Members of the Board of Directors**

Members of the Board of Directors shall be liable to the Company for losses caused by their culpable actions or omissions.

If the Company suffers losses as a result of nonperformance or improper performance by a member of the Board of Directors of the obligations provided by RF legislation, the Company's Charter, this Bylaw, other internal Company documents, or the contract between the member of the Board of Directors and the Company, such member shall be obligated to compensate the Company for the full amount of the Company's actual damages and lost profits.

In case of improper performance of obligations by a member of the Board of Directors the Company may take steps to terminate his powers and reduce or cancel his compensation.

Members of the Board of Directors who voted against a resolution that resulted in losses to the Company or did not participate in voting will not be liable to the Company.

## **12. MANAGEMENT SUCCESSION**

### **Article 40. Management Succession**

The Board of Directors shall work on planning management succession at the Company, on the policy and principles guiding the selection of the General Director and the monitoring of job performance, and on the succession policy in case of unforeseen circumstances or the resignation of the General Director.