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**APPROVED:**

By the resolution of the Annual general shareholders meeting of PJSC “Uralkali”

Minutes of the meeting N 48 dated 10 December 2015

**CHARTER  
OF THE PUBLIC JOINT STOCK COMPANY “URALKALI”  
(New edition)**

Perm Region, Berezniki  
2015

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The Charter of the Public Joint Stock Company “Uralkali” (hereinafter the Charter) is a founding document of the Public Joint Stock Company “Uralkali” (hereinafter the Company).

The requirements of the Charter of the Company are mandatory for all managerial, control and executive bodies of the Company as well as for the shareholders of the Company.

The first edition of the Charter was ratified by the Property Management Committee of Perm Territory on 06.10.1992 and was registered by Berezniki City Administration of Perm Territory on 14.10.1992.

The current edition of the Charter has been developed in compliance with the Civil Code of the Russian Federation (Part I) dated 30.11.1994 N 51-FZ, the Federal Law “On Joint Stock Companies” of 26.12.1995 N 208-FZ (hereinafter the Federal Law “On Joint Stock Companies”) and other legal acts of the Russian Federation.

This Charter comes into effect for third parties at the moment of its registration in compliance with the procedure established under the legislation of the Russian Federation.

All amendments and changes to this Charter can be made only if a relevant resolution(s) has been adopted by the general shareholders meeting of the Company or by the Board of Directors of the Company in compliance with the procedure indicated under the Federal Law “On Joint Stock Companies” and in compliance with the procedures established hereunder. All amendments and changes to this Charter come into effect for third parties upon state registration thereof.

The provisions of this Charter are applicable only if they are not in conflict with the current law. If, due to changes in the legislation, any articles of this Charter come into conflict with the provisions of the legislation, they become invalid until the moment that the necessary changes are made these contradicting provisions are not applicable.

Should the provisions of the Charter of the Company contradict the provisions of any internal documents of the Company established by the general shareholders meeting, the provisions of the Charter of the Company shall prevail as far as third parties and the shareholders of the Company are concerned.

## **1. LEGAL STATUS OF THE COMPANY**

### **General provisions**

1.1. The Company was founded by the Property Management Committee of Perm Territory as a result of the reorganization of the state enterprise “Production association “Uralkali” and is the legal successor of the latter.

The Company is the legal successor of the Open Joint Stock Company “Avtotransportnoye enterprise” which was reorganized in the form of merger of the latter with the Company.

The Company is the legal successor of the Open Joint Stock Company “Silvinit”, Closed Joint Stock Company “SP “Kama”, Closed Joint Stock Company Investment Company “Silvinit-Resource”, Open Joint Stock Company “Kama Mining Company” reorganized in the form of merger of the indicated companies with the Company.

1.2. The Company is listed in the Unified State Register of Legal Entities under the main state registration number (MSRN) 1025901702188.

1.3. The Company is a legal entity and owns separate assets which are booked in the Company’s independent balance sheet. The Company can acquire assets on its own behalf, exercise civil rights, bear civil obligations and be a plaintiff and a defendant in a court of law.

1.4. The Company is a corporate commercial organization. The Company has public status.

1.5. The Company was created for an unlimited period of time.

1.6. The Company has the right to open bank accounts in the Russian Federation and abroad in

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compliance with the applicable procedures.

1.7. The Company has round seals. The first seal of the Company contains its full trademark name, its trademark and information pertaining to its location/address.

The list of the round seals of the Company, their description and the procedure of their usage are established by an internal document of the Company approved by the General Director of the Company.

1.8. The Company has stamps and letterheads with its name as well as its own trademark registered in compliance with the procedures established under the legislation. The Company has the right to have its own emblem and other means of visual identification.

1.9. The “golden share” rule allowing the Russian Federation, constituencies of the Russian Federation or municipalities of the Russian Federation to participate in the management of the Company does not apply.

### **Trademark name, location and address of the Company**

1.10. Trademark name of the Company:

Full:

In Russian	Публичное акционерное общество “Уралкалий”
In English	Public Joint Stock Company Uralkali

Short:

In Russian	ПАО “Уралкалий”
In English	PJSC Uralkali

1.11. Location of the Company: Berezniki, Perm Region.

Address of the Company: Russian Federation, 618426, Perm Territory, Berezniki, Pyatiletki Street, 63.

### **Mission and goals of the Company:**

1.12. The main goal of the Company is to make a profit.

1.13. The Company has the right to undertake all kinds of activities which are not prohibited by the law, including:

- 1) production of potash fertilizers and other chemical products;
- 2) mining of potash and magnesium salts, their beneficiation, processing and realization;
- 3) surveying, exploration and mining of diamonds, gold and platinum; mining of other mineral resources;
- 4) production utilizing surety materials and other production waste;
- 5) geological prospecting and exploration;
- 6) surveying works;
- 7) topographic and geodesic activities;
- 8) disposal of production waste in underground cavitations;
- 9) transportation, including inter-city and international transportation;
- 10) loading/unloading works, transportation and logistics works and services;
- 11) shipping operations utilizing river, sea, auto, air and other types of transport;
- 12) manufacturing of construction materials, constructions and products;
- 13) installation, construction and repair works;
- 14) engineering surveys;
- 15) planning and project works;
- 16) standardization, unification of measurements, certification of products and services;
- 17) production of electrical and heat power;
- 18) provision of telecommunication services;
- 19) leasing of property;

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- 20) foreign economic activity;
- 21) commercial intermediary/agency services;
- 22) investment activity;
- 23) organization of warehousing and storage;
- 24) procurement;
- 25) retail;
- 26) public catering;
- 27) processing of agricultural products;
- 28) provision of medical services;
- 29) healthcare services;
- 30) housing and utilities management;
- 31) educational activities;
- 32) organization of expos, exhibitions, trade fairs, auctions, trading sessions in the Russian Federation and abroad;
- 33) cultural and educational activity;
- 34) publishing, editorial and printing activities; publishing of newspapers and artwork, publishing of advertising and information materials and other printed products.

1.14. The Company possesses the relevant civil rights and obligations to transact all types of business activities which are not prohibited by federal laws.

1.15. The Company has the right to undertake the activities specified under the relevant federal laws only if the Company possesses the relevant permits (licenses).

1.16. The Company ensures that the information which constitutes state secret (classified information) is protected within the framework of the mission and obligations of the company and within the framework of its terms of reference. Protection of state secrets (classified information) is a core activity of the Company. The General Director of the Company is the person responsible for the organization of protection of information which constitutes state secret (classified information).

### **Structure of the Company**

1.17. The organizational structure of the Company is established under the Regulations on the Organizational Structure of the Company.

### **Branches and representative offices of the Company**

1.18. The Company may establish branches and open representative offices in the territory of the Russian Federation in compliance with the Law “On Joint Stock Companies” and other federal laws.

The Company can establish branches and open representative offices outside of the Russian Federation in compliance with the legislation of the relevant foreign state unless otherwise stipulated under the applicable international agreements of the Russian Federation.

1.19. The branches and representative offices of the Company are not independent legal entities; they may act on the basis of the regulations on the branch/representative office approved by the Board of Directors of the Company. The Company vests its branches and representative office with property which is booked both on the balance sheets of the branches/representative offices and the balance sheet of the Company.

Directors of the branches and representative offices are appointed by the General Director of the Company and act on the basis of a power of attorney issued by the General Director of the Company.

1.20. The branches and representative offices of the Company act on behalf of the Company. All responsibility and liability for the actions of the branches and representative offices of the Company is borne by the Company.

1.21. The Company has the following representative office: Moscow Representative Office of PJSC “Uralkali”.

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The Moscow Representative Office has a current bank account and an independent balance sheet which is part of the balance sheet of the Company.”

#### **Share register of the Company**

1.22. The Company ensures proper keeping and maintenance of the share register of the Company in compliance with the regulations of the Russian Federation.

1.23. The share register is in the custody of the registrar.

#### **Liability of the Company**

1.24. The Company is liable under all its obligations with its assets and property.

1.25. The Company is not liable for the obligations of its shareholders.

1.26. The shareholders of the Company are not liable for the obligations of the Company and carry the risk of losses connected to the activities of the Company only within the value of the shares belonging to them.

1.27. The state and its bodies are not liable for the obligations of the Company; the Company is not liable for the obligations of the state or its bodies.

## **2. CHARTER CAPITAL OF THE COMPANY**

#### **Size of charter capital of the Company. Placed and declared shares of the Company. Types of shares placed by the Company**

2.1. The charter capital of the Company is 1,468,007,945.5 rubles.

2.2. The charter capital of the Company is comprised of 2,936,015,891 common shares of the Company, the face value of each share being 0.5 rubles, bought by the shareholders of the Company (hereinafter the outstanding shares).

2.3. All shares of the Company are registered and are issued in non-documentary/uncertificated form.

2.4. The Company has the right to additionally place 1,729,752,095 common shares with the face value of 0.5 rubles each (hereinafter the authorized shares).

2.5. The declared common shares of the Company provide the shareholders with the same rights as the already placed common shares under this Charter.

2.6. The procedure and the conditions of share placement by the Company are established under the resolution of the Board of Directors of the Company to issue common registered uncertificated shares of the Company.

#### **Increase of the charter capital of the Company**

2.7. The charter capital of the Company may be increased through the increase of the face value of the shares or through the placement of additional shares.

2.8. The decision to increase the charter capital of the Company through the increase of the face value of the shares is passed by the general shareholders meeting of the Company.

2.9. The decision to increase the charter capital of the Company through the placement of additional shares within the limits of the number of the declared shares, is passed by the Board of Directors of the Company (with the exception of cases when, under the Federal Law “On Joint Stock Companies” this decision is to be made only by the general shareholders meeting). A unanimous vote of all the members of the Board of Directors is required for this decision; the votes of the former members of the Board of Directors are not counted.

Should the Board of Directors be unable to reach a unanimous decision on this issue, the issue may be proposed for consideration of the general shareholders meeting of the Company.

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### **Reduction of the charter capital of the Company**

2.10. The charter capital of the Company may be reduced through reduction of the face value of the shares of the Company or reduction of the total number of shares, including by way of acquisition of a part of the shares by the Company in the cases specified under the Federal Law “On Joint Stock Companies”.

2.11. The charter capital of the Company may be reduced through buyback of a part of the shares of the Company by the Company or through cancellation of a part of the shares of the Company in compliance with the decision of the general shareholders meeting of the Company.

2.12. The charter capital of the Company is reduced in compliance with the procedure established by the federal legislation of the Russian Federation.

2.13. The Company has no right to reduce its charter capital if, as a result of such reduction, the charter capital of the Company will become less than the minimum size of charter capital specified under the Federal Law “On Joint Stock Companies” as of the date of application for registration of the relevant amendments to the Charter of the Company; in cases when in compliance with the Federal Law “On Joint Stock Companies” the Company must reduce its charter capital – as of the date of state registration of the Company.

2.14. The Company is obliged to reduce its charter capital in the cases specified under the Federal Law “On Joint Stock Companies”.

## **3. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS OF THE COMPANY. PROVISION OF INFORMATION TO THE SHAREHOLDERS BY THE COMPANY**

3.1. In compliance with the Federal Law “On Joint Stock Companies” and this Charter the shareholders – owners of the common shares of the Company have the right:

3.1.1. to participate in the management of the Company, including:

- Participate in the general shareholders meeting of the Company with the right to vote on all issues pertaining to its competence;
- Make proposals to supplement the agenda of the general shareholders meeting of the Company with certain items;
- Make proposals to nominate candidates for election/appointment to various bodies of the Company;

The requirements for the form and content of proposals for the agenda of the general shareholders meeting of the Company as well as of proposals to nominate candidates to the Board of Directors and the Revision Commission of the Company, the procedure of review of such proposals and passing of resolutions with regard to such proposals by the Board of Directors of the Company are established by the Federal Law “On Joint Stock Companies” and **the Regulations on the General Shareholders Meeting of the Company**, ratified by the general shareholders meeting of the Company.

The shareholders (shareholder) who own a total of at least 2 percent of the voting shares of the Company have the right to propose that items be put on the agenda of the annual general shareholders meeting and to nominate candidates to the Board of Directors of the Company and the Revision Commission of the - the number of the nominated candidates may not exceed the number of the members of the relevant body. The indicated proposals must be received by the Company not later than 2 months after the end of the reporting year.

The requirements for the form and content of proposals to nominate candidates for the position of the General Director and the procedure of review of such proposals and passing of resolutions concerning the indicated proposals by the Board of Directors of the Company are established by the Federal Law “On Joint Stock Companies” and **the relevant internal documents of the Company** approved by the general shareholders meeting of the Company.



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- Submit requests to convene an extraordinary general shareholders meeting of the Company;

The requirements for the content and the form of a request to convene an extraordinary general shareholders meeting of the Company and the procedure of its review by the Board of Directors of the Company are established under the Federal Law “On Joint Stock Companies” and the **Regulations on the General Shareholders Meeting of the Company**, ratified by the general shareholders meeting of the Company.

3.1.2. Receive information about the operations of the Company and peruse its accounting reports and other documentation in compliance with the Federal Law “On Joint Stock Company” and this Charter;

3.1.3. Participate in the distribution of profits;

3.1.4. Receive dividends;

3.1.5. Receive part of the property (or its cash value) of the Company which remains after completion of the settlements of Company with its creditors in case of liquidation of the Company.

The shareholders of the Company have other rights specified under the Civil Code of the Russian Federation, the Federal Law “On Joint Stock Companies” and this Charter.

3.2. Each common share vests its owner with the same rights.

3.3. Voting shares are fully paid-up shares, with the exception of the shares owned by the Company.

3.4. The shareholders must:

- Comply with the requirements of this Charter and other internal documents of the Company indicated under this Charter;
- Pay for the shares upon their placement in compliance with the terms, forms and procedures established under the legislation, this Charter and the permission to place/issue shares;
- Not disclose confidential information about the Company.

The shareholders of the Company have other obligations specified under the Civil Code of the Russian Federation, the Federal Law “On Joint Stock Companies” and other regulations of the Russian Federation, the regulations and acts established by the federal executive authority for the securities market, under this Charter and the resolutions of the general shareholders meeting of the Company which pertain to its terms of reference.

3.5. The shareholders who have not paid in full for their shares upon placement of these shares are jointly and severally liable for the obligations of the Company within the unpaid portion of the shares belonging to them.

3.6. The Company is obliged to safe-keep and to provide the shareholders with access to the documents listed under Clause 1 of Article 89 of the Federal Law “On Joint Stock Companies”.

The Company provides the shareholders with access to the documents listed under Clause 1 of Article 89 of the Federal Law “On Joint Stock Companies” at the location of the Company’s sole executive body.

Only those shareholders who have at least 25 percent of the voting shares of the Company are permitted to access the accounting reports and the minutes of meetings of the Management Board of the Company.

The documents indicated under Clause 1 Article 89 of the Federal Law “On Joint Stock Companies” must be provided by the Company within seven (7) business days from the date of the shareholder’s request to peruse these documents at the location of the executive body of the Company.

At the request of the shareholder, the Company can provide the shareholder with copies of the documents listed under Clause 1, Article 89 of the Federal Law “On Joint Stock Companies” for a fee.

The fee charge by the Company for production of the indicated copies cannot exceed the cost of production of these copies. The Company provides the shareholder with an invoice not later than five (5) business days following the date of receipt of the request of the shareholder.

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#### **4. PLACEMENT OF SHARES, BONDS AND OTHER SECURITIES BY THE COMPANY. ACQUISITION OF PLACED SHARES BY THE COMPANY**

4.1. The Company has the right to place additional shares, bonds and other securities by subscription or conversion. In cases when the charter capital of the Company is increased at the cost of the property of the Company, the Company must place additional shares by distributing them amongst its shareholders.

4.2. If the Company places shares and securities which may be converted into shares by subscription, the Company has the right to conduct private subscription/offering or public subscription/offering.

4.3. The Company has the right to acquire the shares placed by the Company in compliance with the relevant resolution of the general shareholders meeting to reduce the charter capital of the Company through buyback of the placed shares of the Company in order to reduce their total number. If it is necessary to acquire the Company's placed shares for other reasons, the Company has the right to acquire these shares based on a decision of the Board of Directors of the Company.

4.4. Payment for the acquired shares placed by the Company may be in cash form; shares can be paid for with other securities and property rights which have cash value and with other assets.

4.5. The Company has no right to pass a decision to acquire its earlier placed shares in the cases specified under the Federal Law "On Joint Stock Companies".

#### **5. RESERVE FUND OF THE COMPANY**

5.1. The reserve fund of the Company is formed with the net profits of the Company.

5.2. The reserve fund of the Company is formed in the amount of fifteen (15) percent of its charter capital.

The reserve fund of the Company is formed by mandatory annual payments until the moment when it reaches the size indicated hereunder. The amount of annual payments may not be less than five (5) percent of the net profit of the Company until the moment when it reaches the size indicated hereunder.

The reserve fund of the Company is intended for covering the losses of the Company, redemption of bonds and buy-back of the shares of the Company in the event that other funds are unavailable.

The reserve fund may not be used for any other purpose.

5.3. The funds of the Company are managed by the Board of Directors of the Company.

#### **6. DIVIDENDS OF THE COMPANY**

6.1. Dividends are part of the net profit of the Company distributed amongst the shareholders of the Company proportionately to the number, category and type of shares belonging to them.

6.2. The Company has the right to announce (declare) that dividends for the placed shares will be paid based on the results of the first quarter, six months and nine months of the financial year and/or based on the results of the financial year.

The decision to pay (declare) dividends for the results of the first quarter, six months and nine months of the financial year, the amount and the procedure of payment may be adopted within a three-month period of the end of the relevant period. The decision to pay dividends based on the results of the financial year is passed upon approval of the Company's profit distribution for the financial year.

6.3. The decision to pay (declare) dividends is passed by the general shareholders meeting of the Company. The indicated decision must determine the amount of dividends on the shares of each category (type), the form of dividend payment, the procedure of dividend payment in non-cash forms, the date on which the persons entitled to dividends are determined.

The decision concerning the date of determination of the list of persons entitled to dividends are

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adopted in compliance with the relevant proposal of the Board of Directors of the Company.

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

6.4. The Company cannot adopt the decision (declare) to pay dividends or to pay dividends in the cases specified under the Federal Law “On Joint Stock Companies”.

6.5. The procedure of calculation and payment of dividends on the shares of the Company is specified under the Dividend Policy (Regulations on the Dividend Policy) of the Company approved by the Board of Directors.

## **7. STRUCTURE OF THE MANAGEMENT AND CONTROL BODIES OF THE COMPANY; RESPONSIBILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE MEMBERS OF THE MANAGEMENT BOARD OF THE COMPANY; RESPONSIBILITY OF THE GENERAL DIRECTOR OF THE COMPANY**

7.1. The Company is managed by the management bodies of the Company.

7.2. The management bodies of the Company are:

- The general shareholders meeting;
- The Board of Directors;
- The Management Board (collegial executive body);
- The General Director (sole executive body).

7.3. The Revision Commission of the Company is the body that oversees financial and economic activities of the Company.

7.4. The members of the Board of Directors of the Company, the members of the Management Board of the Company, and the General Director of the Company must act in the best interest of the Company, exercise their rights and perform their obligations reasonably and in good faith.

7.5. The members of the Board of Directors of the Company, the members of the Management Board of the Company, and the General Director of the Company are liable to the Company for the losses suffered by the Company due to their wrongful acts (non-action) in compliance with the applicable laws.

The members of the Board of Directors and the members of the Management Board of the Company who have voted against decisions that result in losses for the Company or those who have not participated in voting, are not held liable.

7.6. The Company and the shareholders of the Company, who own at least one (1) percent of the common shares of the Company, have the right to submit a lawsuit to a court of law against a member of the Board of Directors, member of the Management Board of the Company and/or the General Director of the Company for compensation of losses suffered by the Company in the cases indicated under Clause 2, Article 71 of the Federal Law “On Joint Stock Companies”.

## **8. GENERAL SHAREHOLDERS MEETING**

### **General provisions**

8.1. The general shareholders meeting of the Company is the supreme management body of the Company.

8.2. The Company must hold the general shareholders meeting annually not earlier than two (2) months and not later than six (6) months after the end of the financial year.

8.3. The shareholders meetings which are held in addition to the annual general meeting are extraordinary.

8.4. Resolutions of the general shareholders meeting of the Company may be passed (forms of the general shareholders meetings of the Company):

- In presentia (joint presence of the shareholders in order to discuss the issues on the agenda

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- and pass resolutions on the issues put to the vote);
- In absentia, by poll (without the joint presence of the shareholders).

#### **Terms of reference of the general shareholders meeting**

8.5. The following issues pertain to the terms of reference of the general shareholders meeting of the Company:

1) Making of amendments and changes to the Charter of the Company and ratification of the new editions of the Charter with the exception of the cases specified under the Federal Law “On Joint Stock Companies”;

2) Reorganization of the Company;

3) Liquidation of the Company, appointment of the liquidation committee and approval of the intermediate and final liquidation balance sheets of the Company;

4) Establishment of the size of the Board of Directors of the Company, election of its members and early termination of its powers;

5) Establishment of the number, face value, price, category (type) of the declared shares and the rights represented by these shares;

6) Increasing the charter capital of the Company by increasing the face value of the shares or by placing additional shares in the cases specified under the federal legislation and this Charter;

7) Reduction of the charter capital of the Company through reduction of the face value of the Company or buy-back of the placed shares by the Company in order to reduce their total number and through cancellation of the acquired or bought-back shares by the Company;

8) Election of the Revision Commission of the Company and early termination of its powers;

9) Appointment of the auditor of the Company;

10) Approval of annual budgets, annual accounting statements, profit and loss statements of the Company, distribution of profits including payment (declaration) of dividends, with the exception of the profits distributed as dividends based on the results of the first quarter, six months and nine months of the financial year, and the losses of the Company based on the results of the financial year;

10.1) Payment (declaration) of dividends based on the results of the first quarter, six months and nine months of the financial year;

11) Approval of the procedure of the general shareholders meeting;

12) Share split and consolidation;

13) Approval of major transactions in compliance with Article 83 of the Federal Law “On Joint Stock Companies”;

14) Approval of major transaction in compliance with Article 79 of the Federal Law “On Joint Stock Companies”;

15) Acquisition of the placed shares by the Company in compliance with the Federal Law “On Joint Stock Companies”;

16) Decision to participate in financial and industrial groups and association and other associations of commercial organizations;

17) Approval of the following internal documents: Regulations on the General Shareholders Meeting of the Company, Regulations on the Board of Directors of the Company, Regulations on the Management Board of the Company, Regulations on the Revision Commission of the Company, Regulations on Remuneration and Reimbursement of the Members of the Board of Directors of the Company;

18) Passing a decision to apply for delisting of the shares of the Company and (or) other issuable securities of the Company which may be converted into Company shares;

19) Resolution of other issues specified under the Federal Law “On Joint Stock Companies”.

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8.6. The general shareholders meeting of the Company does not have the right to review and resolve the issues which do not pertain to its terms of reference in compliance with the Federal Law “On Joint Stock Companies”.

In case of discrepancies between the provisions of the Charter and the internal documents of the Company approved by the general meeting of the shareholders, the provisions of the Charter of the Company for third parties and the shareholders of the Company shall prevail.

**Procedure of adoption of resolutions by the general shareholders meeting. Procedure of informing the shareholders of the Company of the resolutions of the general shareholders meeting.**

8.7. Resolutions of the general shareholders meeting of the Company on issues put to the vote are passed by the majority vote of the shareholders – owners of the voting shares of the Company, unless otherwise provided by the Federal Law “On Joint Stock Companies” or this Charter.

8.8. Resolutions on the issues indicated under paragraphs 2, 6, 11-18 of Clause 8.5 of this Charter are passed by the general shareholders meeting of the Company in compliance with the relevant proposal of the Board of Directors of the Company only.

8.9. Resolutions on the issues indicated under paragraphs 1-3, 5 and 15, 18 of Clause 8.5 of this Charter are passed by the general shareholders meeting by a three-fourths majority vote of the shareholders – owners of the voting shares of the Company participating in the general shareholders meeting.

8.10. The general shareholders meeting of the Company does not have the right to pass resolutions on issues that are not on the agenda of the meeting or to change the agenda of the general shareholders meeting of the Company.

8.11. The resolutions adopted by the general shareholders meeting of the Company and the results of voting may be announced at the general shareholders meeting which voted for the indicated issues and must be made known to the persons listed on the list of persons entitled to participate in the general shareholders meeting in the form of a report on the results of voting in compliance with the procedure of notification of shareholders of the results of general shareholders meetings not later than four business days after the date of completion of the general shareholders meeting or the final date for the receipt of voting ballots in cases when general shareholders meetings are organized in absentia.

If on the date of compilation of the list of persons entitled to participate in the general shareholders meeting (record date) a nominal holder is registered in the shareholder register of the company, a report on the results of voting must be mailed in electronic form (in the form of an electronic document signed with an electronic signature) to the nominal holder of the shares. The nominal holder must inform its depositors of the results of voting received by the nominal holder in compliance with this paragraph in accordance with the procedure specified by the regulations of the Russian Federation or in compliance with an agreement between the nominal holder and the relevant depositor.

**Information on convocation of the general shareholders meeting**

8.12. Announcements of convocation of the general meetings of shareholders of the Company must be made not later than thirty (30) days prior to the date of the meeting unless a longer period is specified under the laws of the Russian Federation.

If the proposed agenda of the extraordinary general shareholders meeting of the Company contains the issue of election of the Board of Directors of the Company, an announcement of convocation of the meeting must be made not later than seventy (70) days prior to the date of the meeting.

The information about the date of compilation of the list of persons entitled to participate in the general shareholders meeting is disclosed at least 7 days prior to the indicated date.

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8.13. An announcement notifying the shareholders of an upcoming meeting must be published on the website of the Company on the Internet at the following address: [www.uralkali.com](http://www.uralkali.com).

If a nominal holder of the shares is the person registered with the shareholders register of the Company the notice of meeting and the information (materials) which must be provided to the persons entitled to participate in the general meeting in preparation for the general meeting are sent to the nominal holders of the shares of the Company in electronic form (in the form of electronic/digital documents which are electronically signed/ electronic signature).

8.14. The list of information (materials) which must be provided to the shareholders in preparation for the general shareholders meeting of the Company and the procedure according to which the shareholders can peruse this information, are established by the Board of Directors of the Company in compliance with the Federal Law “On Joint Stock Companies”, other regulations of the Russian Federation and the Regulations on the General Shareholders Meeting of the Company.

8.15. The indicated information (materials) must be provided to the shareholders in preparation for the general shareholders meeting of the Company within twenty (20) days, and in cases when the issue of reorganization is put on the agenda – within thirty (30) days prior to the date of the general shareholders meeting of the Company – the information (materials) must be made available to the persons who are entitled to participate in the general shareholders meeting at the address of the executive body of the Company and other places where addresses are included in the announcement of convocation of the general shareholders meeting of the Company. The indicated information (materials) must be made available to the persons taking part in the general shareholders meeting of the Company during the meeting.

At the request of any person entitled to participate in the general shareholders meeting the Company provides this person with copies of the indicated documents.

The fee charged by the Company for production of these copies cannot exceed the cost of their production. The Company provides the shareholder requesting the copies with an invoice within two (2) business days of the date of receipt of the relevant request of the shareholder.

#### **Procedure of preparation and organization of the general shareholders meeting**

8.16. While preparing for the general shareholders meeting of the Company the Board of Directors of the Company:

##### **Determines:**

- The form of the general shareholders meeting of the Company;
- The date, place and time of the general shareholders meeting of the Company, the time of the beginning of registration of the persons taking part in the general shareholders meeting of the Company (with the exception of cases when the general shareholders meeting is held in absentia);
- The date when the voting ballots are to be sent (delivered in person) to the shareholders;
- The postal address (postal addresses) to which completed ballots must be sent;
- The deadline for receipt of completed voting ballots;
- The date of compilation of the list of persons entitled to participate in the meeting;
- The agenda of the general shareholders meeting of the Company;
- The list of information (materials) which must be provided to the shareholders in preparation for the general shareholders meeting of the Company and the procedure for its provision to the shareholders;
- The procedure of notification of the shareholders of the general meeting of the shareholders;
- The form and the wording of the voting ballot;

##### **Approves and appoints:**

- The structure and the membership of the organizational committee of the general shareholders

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meeting;

- The Chairperson of the organization committee of the general shareholders meeting and his/her deputies;
- The Presiding Chairperson and Secretary of the general shareholders meeting;
- The presidium of the general shareholders meeting;
- The speakers on issues put on the agenda;
- The wording of the announcement of the general shareholders meeting;
- Instructions for voting;
- The annual report for its further approval by the general shareholders meeting of the Company;
- Official address of the General Director to the annual general shareholders meeting of the Company;
- Information on the candidates nominated for election to the bodies of the Company and candidates for appointment as auditors of the Company presented to the general shareholders meeting of the Company;

**Recommends for further approval/ratification by the general shareholders meeting of the Company:**

- The procedure of the general shareholders meeting of the Company for its further approval by the general shareholders meeting;
- Amendments and changes to the Charter of the Company, the new edition of the Charter of the Company;
- Amendments and changes to internal documents of the Company approved by the general shareholders meeting as well as the new editions of these internal documents of the Company;
- Distribution of profits;
- Size and procedure of dividend payment;
- Auditor of the Company;
- Other draft resolutions in compliance with the Federal Law “On Joint Stock Companies” and this Charter.

The agenda of the annual general shareholders meeting of the Company must include the issue of election of the Board of Directors of the Company, the Revision Commission of the Company, approval of the auditor of the Company and other issues indicated under the paragraph 10, Clause 8.5 of this Charter.

8.17. The procedure of the general shareholders meeting of the Company is proposed by the Board of Directors of the Company and is approved by the general shareholders meeting of the Company at the beginning of each meeting in compliance with the procedure indicated under Clause 8.7 of this Charter.

8.18. For voting at the general shareholders meeting on the issues put on the agenda voting ballots only are utilized.

The Company sends voting ballots to its shareholders and receives completed voting ballots from the shareholders in compliance with the provisions of the Federal Law “On Joint Stock Companies” and the relevant resolution of the Board of Directors of the Company.

Voting ballots are sent to the shareholders of the Company by registered mail or are delivered to the shareholders in person, in which case shareholders must sign for receipt of the voting ballot.

8.19. Only one voting option will be counted while counting the votes. The voting ballots which are completed incorrectly with regard to this rule will be considered invalid and the votes contained in them will not be counted.

In cases when voting ballots contain several voting items, the fact that the above rule is not observed with regard to one or several voting items does not lead to invalidation of the entire voting ballot.

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8.20. Based on the results of voting, the tabulation commission prepares a protocol on the results of voting which is signed by the members of the tabulation commission. The protocol on the results of voting is prepared not later than three (3) business days after the closing of the general shareholders meeting or the deadline for receipt of completed voting ballots in cases when the general shareholders meeting is held in absentia.

When the protocol on the results of voting at the general shareholders meeting of the Company is prepared and signed, the voting ballots are placed under seal by the tabulation commission and are transferred to the archive of the Company for keeping.

8.21. The protocol on the results of voting is attached to the minutes of the meeting of the general shareholders meeting of the Company.

8.22. Minutes of the general shareholders meeting must be prepared not later than three (3) business days after the closing of the general shareholders meeting in two copies. Both copies are signed by the presiding chairperson and the secretary of the general shareholders meeting of the Company.

8.23. The tabulation commission verifies the authority of the persons participating in the general shareholders meeting and registers them; the tabulation commission determines whether the general shareholders meeting has a quorum and answers the questions of the shareholders (their representatives) concerning their rights to vote on items put on the agenda; explains the procedure of voting on the matters put on the agenda; ensures that the established procedure of voting and the rights of the shareholders are observed and respected; counts the votes and prepares the results of voting; prepares a protocol on the results of voting and transfers completed voting ballots to the archive of the Company.

8.24. The functions of the tabulation commission of the Company are performed by the registrar of the Company.

The fact that a resolution has been passed by the general shareholders meeting and the composition of the shareholders who were present when the resolution was passed are confirmed by the person keeping the shareholder register of the Company and performing the functions of the tabulation commission.

8.25. Other issues concerning the procedure of preparation and organization of the general shareholders meeting of the Company are covered by the Federal Law “On Joint Stock Companies” and the **Regulations on the General Shareholders Meeting of the Company**

## **9. BOARD OF DIRECTORS OF THE COMPANY**

### **General provisions**

9.1. The Board of Directors of the Company is responsible for the general management of the Company with the exception of issues which pertain to the terms of reference of the general shareholders meeting of the Company in compliance with the Federal Law “On Joint Stock Companies”.

9.2. The Board of Directors of the Company is elected by the general shareholders meeting of the Company.

The members of the Board of Directors of the Company receive remuneration for their service and are reimbursed for their expenses incurred in connection with their obligations as the members of the Board of Directors. The amount and the procedure of payment of such remuneration and reimbursement of expenses are specified under the **Regulations on Remuneration and Reimbursement of the Members of the Board of Directors of the Company approved** by the general shareholders meeting of the Company.



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### **Terms of reference of the Board of Directors**

9.3. The following issues pertain to the terms of reference of the Board of Directors of the Company:

- 1) Approval of the strategy and principles of development of the Company, approval of strategic plans of the Company, assessment of their effectiveness, review of reports pertaining to the indicated matters;
- 2) Establishment of priority areas of business of the Company;
- 3) Approval/amendment of the annual consolidated budget of the Company and a report on budget performance;
- 4) Utilization of the reserve fund and other funds of the Company;
- 5) Convocation of annual and extraordinary meetings of the shareholders of the Company with the exception of the cases listed under Clause 8, Article 55 of the Federal Law “On Joint Stock Companies”;
- 6) Establishment of agendas of general shareholders meetings;
- 7) Establishment of record dates (dates of compilation of the lists of persons entitled to participate in the general meeting) for the general shareholders meeting and other issues concerning preparation for general shareholders meeting which pertain to the terms of reference of the Board of Directors of the Company in compliance with the provisions of Chapter VII of the Federal Law “On Joint Stock Companies” and this Charter;
- 8) Preliminary approval of annual reports of the Company;
- 9) Recommendations for the general shareholders meeting of the Company regarding the amount of remuneration and reimbursement of the members of the Revision Commission of the Company;
- 10) Recommendations for general shareholders meeting of the Company regarding the procedure of profit and loss distribution based on the results of the financial year; recommendation for the general shareholders meeting of the Company regarding distribution of profits as dividends based on the results of the first quarter, six months and nine months of the financial year;
- 11) Recommendations for the general shareholders meeting of the Company regarding the size of dividends on the shares of the Company and the procedure of their payment;
- 12) Election of the Chairperson of the Board of Directors of the Company and his/her deputies;
- 13) Establishment of the size and appointment of the members of the Management Board of the Company;
- 14) Appointment of the General Director of the Company and early termination of his/her appointment. Approval of the terms and conditions and amendments to the contract with the General Director of the Company, approval of the terms of termination of the contract with the General Director; designation of a person authorized to sign the contract and/or other documents pertaining to amendment or termination of the contract with the General Director on behalf of the Company;
- 15) Establishment of the goals and priority areas of work for the General Director of the Company and oversight of the General Director’s performance; exercising other powers of the employer in relations with the General Director of the Company. The rights and obligations of the employer in relation to the General Director of the Company are exercised by the Chairperson of the Board of Directors or by a person so authorized by the Board of Directors of the Company;
- 16) Approval of appointments of officers in charge of the functional subdivisions of the Company who are directly subordinate to the General Director in compliance with the organizational structure of the Company;
- 17) Increasing the charter capital of the Company through increasing the face value of the shares or through placement of additional shares. The number of additional shares may not exceed the number of declared shares in compliance with the provisions of Clause 2.9 of this Charter;

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- 18) Placement of bonds and other issuable securities by the Company except shares;
- 19) Decision to issue securities, approval of the securities prospectus, report on the results of the issuance of securities and approval of amendments and changes thereto;
- 20) Acquisition of the shares placed by the Company and other securities in the cases specified under the Federal Law “On Joint Stock Companies”;
- 21) Approval of the report on the results of acquisition of the shares acquired in compliance with Clause 1, Article 72 of the Federal Law “On Joint Stock Companies”;
- 22) Decision to transfer the shares placed by the Company and owned by the Company;
- 23) Establishment and liquidation of branches; establishment and liquidation of representative offices of the Company; approval of regulations on branches and representative offices and amendments thereto;
- 24) Approval of major transactions in cases specified under Chapter X of the Federal Law “On Joint Stock Companies”;
- 25) Approval of transactions specified under Chapter XI of the Federal Law “On Joint Stock Companies”;
- 26) Permitting the General Director of the Company and members of the Management Board of the Company to serve on the management and control bodies of other organizations and to enter into other forms of gainful employment while working in the Company;
- 27) Establishment of Board Committees and regulation of the scope of Board Committees including:
  - a) Establishment and dissolution of Board Committees;
  - b) Approval of regulations on Board Committees, regulation of Board Committees;
  - c) Establishment of the size of Board Committees and election of their members;
  - d) Election of Committee Chairpersons;
  - e) Premature termination of the powers of Committee Members;
  - f) Review of recommendations prepared by Board Committees;
  - g) Approval of annual activity plans of the Board Committees;
  - h) Review of the reports of the Board Committees;
  - i) Assessment of the performance of the Board Committees;
- 28) Amendments to the Charter of the Company due the fact that the charter capital of the Company has been increased as a result of decisions to increase the charter capital of the Company by placing additional shares; amendments and changes due to liquidation of branches, opening and liquidation of representative offices of the Company;
- 29) Determination of the price (cash value) of the property (services) or the procedure of price establishment, the price of placement and buy-back of securities in cases specified under the Federal Law “On Joint Stock Companies”;
- 30) Establishment of the amount of remuneration paid to the auditor;
- 31) Appointment of the registrar of the Company and establishment of the terms and conditions of agreements with the registrar of the Company and termination of agreements with the registrar of the Company;
- 32) Approval of internal documents of the Company: Regulations on the Dividend Policy of the Company; Regulations on the Information Policy, Corporate Governance Code of the Company, Regulations on the Corporate Secretary of the Company and other internal documents which define the policy of the Company and its business activity and which must be approved by the Board of Directors in compliance with the current legislation and/or this Charter;
- 33) Appointment of the Secretary of the Board of Directors of the Company, approval of the terms of conclusion, amendment or termination of agreements with the Secretary of the Board of Directors, termination of the powers of the Secretary;

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34) Approval of consolidated financial statements and/or information prepared in compliance with the International Financial Reporting Standards;

35) Approval of the Annual Report of the Company in the English language prepared in connection with floating of the Company's global depository receipts on the London Stock Exchange in compliance with the applicable requirements;

36) Identification of the key risks connected with the business of the Company and establishment of the system of risk management in the Company;

37) Appointment of the Corporate Secretary of the Company; approval of the terms and conditions of the contract with the Corporate Secretary, amendments to the contract and terms of termination of the contract with the Corporate Secretary, termination of the powers of the Secretary;

38) Application for listing of the shares of the Company and (or) other issuable securities which may be converted into shares;

39) Approval of the organizational structure of the Company as regards establishment and abolishment of the production divisions of the Company – mines;

Adoption of decisions on establishment and abolishment of functional divisions of the Company provided that the head of the relevant division is directly subordinate to the General Director of the Company;

40) Approval and amendments of a long-term investment model of the Company, review of the annual report concerning compliance with the approved model;

41) Approval of investment projects of the Company whose budget equals or exceeds the ruble equivalent of 80 mln US dollars or whose average annual budget exceeds the ruble equivalent of 16 mln US dollars.

42) Review of quarterly and annual reports of the General Directors of the Company concerning the performance of the Company;

43) Approval of the performance chart of the General Director of the Company;

44) Approval/ amendment of the long-term incentive program for the senior management of the Company;

45) Approval of the annual work plan of the Board of Directors and approval of the annual performance reports of the Board of Directors;

46) Decisions concerning the participation of the Company in commercial organizations provided that in the result of such decisions the participation share of the Company in the charter (authorized) capital of a commercial organization will be 20% (twenty percent) and more voting shares or stakes (contributions) in the charter (authorized) capital of the commercial organization;

47) Decisions to increase the Company's participation share in the charter (authorized) capital of commercial organization through acquisition of voting shares and stakes (contributions) in the charter (authorized) capital of commercial organizations if in the result of such increase the participation share of the Company in the charter (authorized) capital of such organizations will be 20% (twenty percent) and more of the voting share or stakes (contributions) in the charter (authorized) capital;

48) Decisions to reduce the participation share of the Company in the charter (authorized) capital of commercial organizations provided that prior to the indicated decision the share of the Company in the charter (authorized) capital of the relevant commercial organization was 20% (twenty percent) and more of the voting shares or stakes (contributions) in the charter (authorized) capital of the relevant commercial organization;

49) Decisions to terminate the participation of the Company in the charter (authorized) capital of commercial organizations provided that prior to such decision the participation share of the Company in the charter (authorized) capital of the relevant commercial organization was 20% (twenty percent) and more of the voting shares or stakes (contributions) in the charter (authorized) capital of the commercial organization;

50) Review of the program to acquire common shares and global depository receipts of the

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Company;

51) Other matters specified under the Federal Law “On Joint Stock Companies” and this Charter.

9.4. The issues that pertain to the terms of reference of the Board of Directors of the Company cannot be handed over to the executive bodies of the Company.

#### **Election of the Board of Directors of the Company**

9.5. Members of the Board of Directors are elected by the general shareholders meeting of the Company for a period until to the next annual general shareholders meeting of the Company.

9.6. The Board of Directors of the Company has nine (9) members.

9.7. The number of members of the Management Board of the Company serving on the Board of Directors of the Company may not exceed one quarter of the total number of the members of the Board of Directors of the Company.

The persons elected to the Board of Directors of the Company may be re-elected to the Board for an unlimited number of times.

9.8. The members of the Board of Directors are elected by cumulative voting. The number of votes belonging to each shareholder is multiplied by the number of persons who are to be elected to the Board of Directors of the Company; the shareholders have the right to give all their votes in support of one candidate or distribute their votes among several candidates.

Those candidates who receive the most votes are considered elected to the Board of Directors of the Company.

9.9. The general shareholders meeting may only decide to terminate the powers of the entire Board of Directors of the Company and not of one member.

#### **Requirements to the members of the Board of Directors of the Company**

9.10. Members of the Board of Directors may or may not be shareholders of the Company. Only individuals (not entities) can be members of the Board of Directors of the Company.

9.11. No person disqualified under the current legislation may be elected to the Board of Director of the Company.

#### **Chairperson of the Board of Directors of the Company**

9.12. The Chairperson of the Board of Directors of the Company and his/her deputies are elected from among the members of the Board of Directors of the Company by the majority vote of the members of the Board of Directors of the Company. The votes of the deceased members of the Board of Directors of the Company are not counted. The Chairperson of the Board of Directors of the Company can have two deputies.

The General Director of the Company cannot simultaneously be the Chairperson of the Board of Directors of the Company.

9.13. The Board of Directors of the Company has the right to re-elect its Chairperson and his/her deputies at any time by the majority of the total number of the members of the Board of Directors of the Company; the votes of the deceased members of the Board of Directors of the Company are not counted.

9.14. The Chairperson of the Board of Directors of the Company organizes the work of the Board of Directors, summons the meetings of the Board of Directors, chairs the meetings of the Board of Directors, organizes the keeping of minutes of Board meetings and exercises other authority in compliance with the **Regulations on the Board of Directors of the Company**.

9.15. In the absence of the Chairperson of the Board of Directors be absent, his/her functions are performed by one of his/her deputies in compliance with the decision of the Board of Directors of the Company adopted by the majority of the members of the Board of Directors present at the meeting; In the absence of both the Chairperson and his/her deputies the functions of the Chairperson are

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performed by one of the members of the Board of Directors of the Company elected by the majority of the members of the Board of Directors present at the meeting of the Board of Directors of the Company.

#### **Meetings of the Board of Directors of the Company**

9.16. Board meetings are called by the Chairperson of the Board of Directors at his/her discretion or upon request of another Board member, the Revision Commission of the Company, the auditor of the Company, the Management Board of the Company or the General Director of the Company. After the Board of Directors of the Company has been elected by an annual or extraordinary general shareholders meeting, the first meeting of the newly elected Board of Directors is called by the General Director of the Company not later than five (5) business days of the date of compilation of the results of voting and execution of the minutes of the general shareholders meeting or (in cases when the passed resolutions and results of voting were announced at the general shareholders meeting) of the date of the announcement of the indicated resolutions and voting results. If the General Director does not call the first meeting of the Board of Directors within the indicated time periods, the meeting may be called by any member of the Board of Directors. The first meeting of the Board of Directors is convened, among other things, in order to elect a Chairperson of the Board of Directors, Secretary of the Board of Directors and to resolve any other issues pertaining to the terms of reference of the Board of Directors.

9.17. A notice of meeting of the Board of Directors is sent to all members of the Board of Directors not later than three (3) business days before the date of the meeting of the Board of Directors unless earlier notification is required by the legislation of the Russian Federation.

9.18. Five (5) members of the Board of Directors constitute a quorum for the meeting of the Board of Directors of the Company.

Written opinions of the members of the Board of Directors who are absent at the meeting are considered while determining the presence of a quorum and the results of voting on the issues put to the vote.

9.19. All decisions of the Board of Directors of the Company are passed by the majority vote of the members of the Board of Directors of the Company who are taking part in the meeting and/or have supplied the Board of Directors with their written opinions, unless otherwise provided by the Federal Law "On Joint Stock Companies" and this Charter.

9.20. Decisions of the Board of Directors of the Company may be passed "in absentia" (by poll). Voting ballots are used for absentee voting.

The meetings held by absentee voting are considered legally qualified (have quorum), if at voting deadline five (5) or more members of the Board of Directors have supplied the Secretary of the Board of Directors with their completed and signed voting ballots before the start of the meeting of the Board of Directors of the Company.

The decisions of the meetings of the Board of Directors in absentia are considered adopted if the majority of the members of the Board of Directors who have sent their ballots to the Board of Directors of the Company voted in favor of this decision, unless otherwise provided by the Federal Law "On Joint Stock Companies" and this Charter.

9.21. For the purpose of voting at the meetings of the Board of Directors of the Company, each member of the Board of Directors of the Company has one vote.

The right to vote may not be transferred to any other party (including to another member of the Board of Directors) by any member of the Board of Directors of the Company.

Should there be a tie in votes the casting vote belongs to the Chairperson of the Board of Directors of the Company.

9.22. The procedure of convocation and organization of the meetings of the Board of Directors of the Company and the procedure of passing resolutions by absentee voting is specified under the

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**Regulations on the Board of Directors of the Company** approved by the general shareholders meeting of the Company.

## **10. EXECUTIVE BODIES OF THE COMPANY**

### **General provisions**

10.1. The Management Board of the Company and the General Director of the Company administer its day-to-day operations.

Executive bodies of the Company are subordinate to and report to the Board of Directors of the Company and the general shareholders meeting of the Company.

10.2. The General Director of the Company is also the Chairperson of the Management Board of the Company.

10.3. The rights and obligations of the members of the Management Board and of the General Director with regard to the administration of the day-to-day operations of the Company are established under the Federal Law "On Joint Stock Companies" and other regulations of the Russian Federation and are specified under the relevant contracts between the indicated persons the Company. These contracts are signed by the Chairperson of the Board of the Company on behalf of the Company or by another person so authorized by the Board of Directors of the Company.

10.4. The General Director of the Company and the members of the Management Board of the Company can hold posts in other organizations during the term of their appointment in the Company with permission of the Board of Directors of the Company.

10.5. At any time, the Board of Directors of the Company may terminate the powers of the General Director and members of the Management Board of the Company early.

10.6. The Management Board of the Company and the General Director of the Company have no right to pass decisions on any issues which pertain to the terms of reference of the Board of Directors of the Company.

The Management Board of the Company and the General Director of the Company ensure implementation of the resolutions of the general shareholders meeting of the Company and the Board of Directors of the Company.

### **Management Board of the Company**

10.7. The Management Board of the Company is established by the Board of Directors of the Company which determines the size and the personal composition of the Management Board of the Company.

The members of the Management Board are appointed for the same period as the Board of Directors that has appointed them. The Board of Directors must receive a written consent to be appointed to the Management Board from each of the members of the Management Board.

The Board of Directors of the Company can at any moment change the size and the personal composition of the Management Board of the Company.

10.8. Members of the Management Board of the Company may or may not be shareholders of the Company. Only individuals (not entities) may be members of the Management Board of the Company.

No person disqualified under the current legislation may be a member of the Management Board of the Company.

10.9. The following issues pertain to the terms of reference of the Management Board of the Company:

- 1) Establishment of short-term objectives of the Company;
- 2) Preliminary approval of the budget of the Company and its submission to the Board of Directors of the Company for review;

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3) Decisions to order the making of Company seals and stamps;  
4) Approval of the terms and conditions of the collective agreement on behalf of the Company;  
5) Oversight of the budget performance in the Company;  
6) Appointment of the Secretary of the Management Board; establishment of the amount and procedure of his/her remuneration;

7) Decisions to participate/increase the participation share of the Company in commercial organizations if as a result of such decision the participation share of the Company in the charter (authorized) capital of the relevant commercial organization is less than 20% (twenty percent) of the voting shares or stakes (contributions) in the charter (authorized) capital of such commercial organization;

8) Decisions to reduce the share of the Company in the charter (authorized) capital of commercial organizations and to terminate the participation of the Company in the charter (authorized) capital of commercial organizations if prior to such decision to participation share of the Company in the charter (authorized) capital of the relevant commercial organization was less than 20% (twenty percent) of the voting shares or stakes (contributions) in the charter (authorized) capital of the relevant commercial organization;

9) Nomination of Company representatives as candidates for election/appointment to the management and control bodies of organizations in which the Company is a shareholder (participant);

10) Nomination of Company representatives as candidates for election/appointment to the management and control bodies of non-commercial organizations in which the Company is a participant;

11) Resolution of other issues put to the Management Board by the General Director of the Company;

10.10. The Management Board passes resolutions at its meetings.

Minutes of the meeting are kept at the meetings of the Management Board.

Meetings of the Management Board of the Company are called by the Chairperson of the Management Board of the Company at his/her own discretion or at the request of any member of the Board of Directors of the Company and/or any member of the Management Board of the Company.

10.11. Meetings of the Management Board are legally qualified (have quorum) if half (or more) of the members of the Management Board are present at the meeting.

10.12. Decisions are passed by the majority vote of the members of the Management Board participating in the meeting.

10.13. All meetings of the Management Board of the Company are held in presentia (joint presence of the members).

10.14. For the purpose of voting at the meetings of the Management Board, each member of the Board has one vote.

The right to vote may not be transferred to any other party (including to another member of the Management Board) by any member of the Management Board.

Should there be a tie in votes the Chairperson of the Management Board has a casting vote.

10.15. The procedure of convocation of the meetings of the Management Board of the Company and the procedure of adoption of decisions by the Management Board of the Company are established under this Charter and **the Regulations on the Management Board of the Company**, ratified by the general shareholders meeting of the Company.

### **General Director**

10.16. The General Director of the Company is appointed by the Board of Directors of the Company for a period of time set under his/her employment contract, but not exceeding five (5) years.

10.17. The General Director of the Company must have a university degree.

No person disqualified under the current legislation may be appointed General Director of the

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Company.

10.18. The General Director of the Company acts on behalf of the Company without a power of attorney and represents the interests of the Company in all organizations and in all relationships with individuals in the Russian Federation and abroad.

10.19. The General Director:

1) Enters into transactions on behalf of the Company. The transactions which are subject to approval by the general shareholders meeting of the Company or by the Board of Directors of the Company in compliance with the Federal Law "On Joint Stock Companies" are concluded by the General Director upon receipt of such approval;

2) Oversees the day-to-day management of the Company with the exception of the matters pertaining to the terms of reference of the General shareholders meeting, the Board of Directors and the Management Board of the Company;

3) Opens bank account in credit institutions in Russian rubles and foreign currency; opens bank accounts and other accounts of the Company in compliance with the restrictions imposed by the laws of the Russian Federation;

4) Approves the organizational structure of the Company where it concerns establishment and abolishment of the divisions not indicated in p.39 Clause 9.3 of this Charter;

5) Establishes the staffing chart and the head count;

6) Issues orders and gives instructions which are mandatory for all employees of the Company;

7) Concludes the collective agreement with the employees of the Company on behalf of the Company in compliance with the terms and conditions established by the Management Board of the Company;

8) Concludes employment agreements/contracts with the employees of the Company, uses incentives in the relationships with employees and takes disciplinary action against them;

9) Appoints branch managers and heads of representative offices;

10) Issues powers of attorney;

11) Approves internal documents of the Company with the exception of the documents which pertain to the area of competence of the general meeting of the shareholders, the Board of Directors and the Management Board of the Company in compliance with this Charter and the Federal Law "On Joint Stock Companies";

12) Resolves other issues which do not pertain to exclusive competence of the general shareholders meeting, the Board of Directors or of the Management Board in compliance with this Charter;

13) Is responsible and must organize work and create such conditions in the Company that would enable the Company to protect the information which constitutes state secret.

10.20. The General Director adopts decisions within his/her competence at his/her sole discretion.

The resolutions/decision of the general shareholders meeting of the Company, the Board of Directors of the Company and the Management Board of the Company within their competence are mandatory for the General Director of the Company.

## **11. REVISION COMMISSION OF THE COMPANY**

### **General provisions**

11.1. The Revision Commission of the Company oversees the financial and economic activity of the Company.

11.2. The Revision Commission has five (5) members and is elected by the general shareholders meeting of the Company for a period until the next annual general shareholders meeting of the Company.

In cases when the number of members of the Revision Commission of the Company is less than three people, the Board of Directors of the Company is obliged to call for an extraordinary general



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shareholders meeting of the Company in order to elect the Revision Commission. The remaining members of the Revision Commission continue their service until election of the new Revision Commission.

11.3. The shares belonging to the members of the Board of Directors, the General Director and the members of the Management Board of the Company may not participate in the election of the Revision Commission of the Company.

11.4. The authority of individual members of the Revision Commission or of the entire Revision Commission of the Company may be terminated in compliance with the procedure and due to reasons specified under the **Regulations on the Revision Commission of the Company**.

#### **Terms of reference of the Revision Commission of the Company**

11.5. The following issues pertain to the terms of reference of the Revision Commission of the Company:

- 1) Confirmation of accuracy of information contained in the annual reports of the Company, annual and periodic accounting reports, reports for state authorities responsible for statistics and other state authorities;
- 2) Verification of the use of profits of the Company in compliance with the resolutions of the general shareholders meeting of the Company on profit distribution;
- 3) Verification of accuracy of calculations and timely payment of dividends on the shares of the Company and calculation and payment of interest on bonds;
- 4) Inspection of timeliness and accuracy of settlements under agreements and obligations of the Company;
- 5) Analysis of the causes and consequences of budget deviations in the Company

11.6. The Revision Commission analyzes (revises) the financial and economic activity of the Company based on the results of the year and based on the decision of the Revision Commission of the Company at any time, or based on the decision of the general shareholders meeting of the Company, the Board of Directors of the Company and/or based on the request/demand of the shareholders of the Company who hold more than ten (10) percent of the voting shares of the Company.

11.7. Following the request of the Revision Commission of the Company, the persons holding posts in the management bodies of the Company as well as the officers and employees of the Company must provide the Revision Commission with documents concerning the financial and economic activities of the Company.

The indicated documents must be provided to the Revision Commission within five (5) business days following the receipt of a written request.

11.8. The Revision Commission of the Company has the right to call an extraordinary general shareholders meeting of the Company in compliance with the provisions of Article 55 of the Federal Law "On Joint Stock Companies".

The Revision Commission of the Company has the right to call a meeting of the Board of Directors of the Company.

11.9. During the period of their service the members of the Revision Commission of the Company are paid remuneration and are reimbursed for their expenses incurred in connection with their service on the Revision Commission. The amount and the procedure of payment of the indicated remuneration is specified under the **Regulations on the Revision Commission of the Company** approved by the general shareholders meeting of the Company.

11.10. The Revision Commission of the Company is regulated by the **Regulations on the Revision Commission of the Company** approved by the general shareholders meeting of the Company.

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### **Requirements to the members of the Revision Commission of the Company**

11.11. Members of the Revision Committee may or may not be shareholders of the Company. Members of the Revision Commission may not simultaneously be members of the Board of Directors of the Company, the General Director of the Company and the Management Board of the Company. Only individuals (not entities) can be members of the Revision Commission of the Company.

11.12. As a rule, the members of the Revision Commission must have a degree in economics, a law degree and/or at least two years experience of work in control and revision bodies.

### **Procedure of adoption of decisions by the Revision Commission of the Company**

11.13. The Revision Commission adopts decisions at its meetings.

Minutes of the meeting of the Revision Commission must be kept.

The meetings of the Revision Commission are called by its Chairperson.

Any member of the Revision Commission has the right to call a meeting of the Revision Commission in case he/she discovers irregularities which require immediate action by the Revision Commission.

11.14. Meetings of the Revision Commission must be held at least once every three months.

11.15. Meetings of the Revision Commission are legally qualified (have quorum) if at least three (3) members of the Revision Commission are present at the meeting.

In cases when the number of the members of the Revision Commission is less than three (3) people, and until the date of election of a new Revision Commission by the general shareholders meeting of the Company, the meetings of the Revision Commission have quorum and are legally qualified if all remaining members of the Revision Commission are present at the meeting.

11.16. All meetings of the Revision Commission of the Company are held in presentia (joint presence of the members).

11.17. The members of the Revision Commission elect a Chairperson of the Revision Commission from amongst themselves. The Chairperson of the Revision Commission is elected by the majority vote of the members of the Revision Commission present at the meeting.

The Revision Commission may re-elect its Chairperson at any time by the majority vote of the members of the Revision Commission present at the meeting.

11.18. The Chairperson of the Revision Commission calls and holds the meetings of the Commission, organizes the current work of the Revision Commission, represents the Revision Commission at the general shareholders meeting of the Company and the meetings of the Board of Directors of the Company, signs documents on behalf of the Revision Commission, including its reports and conclusions, organizes the keeping of the minutes of the meeting of the Revision Commission, ensures that the reports and conclusions of the Revision Commission reach its intended recipients.

11.19. Each member of the Revision Commission has one vote. The decisions/resolutions of the Revision Commission are adopted by the simple majority vote of the members of the Committee present at the meeting.

If there is a tie in votes, the Chairperson of the Revision Commission has the casting vote. If any member of the Revision Commission does not agree with the decision of the Commission, they have the right to have their opinion put on record in the minutes of the meeting of the Revision Commission and inform the general shareholders meeting of the Company and/or the Board of Directors of the Company of their disagreement.

## **12. AUDITOR OF THE COMPANY**

12.1. The auditor of the Company inspects the financial and economic activity of the Company in compliance with the regulations of the Russian Federation and according to the terms and conditions

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specified under the relevant agreement between the Company and its auditor.

12.2. The auditor of the Company is approved by the general shareholders meeting of the Company. The amount of the auditor's remuneration is determined by the Board of Directors of the Company.

12.3. Based on the results of the inspection of the financial and economic activity of the Company in the reporting period, the auditor of the Company prepares a conclusion (audit report) which is to be presented to the annual general shareholders meeting of the Company during the process of approval of the annual report of the Company for the relevant reporting period.

### **13. ACCOUNTING AND REPORTING OF THE COMPANY**

13.1. The financial year in the Company starts on 01 January and ends on 31 December of the calendar year.

13.2. The Company is obliged to maintain accounting records and submit accounting (financial) reports in compliance with the requirements of the Federal Law "On Joint Stock Companies", the Federal Law "On Accounting Records" and other regulations of the Russian Federation.

13.3. In compliance with the Federal Law "On Joint Stock Companies", this Charter and other regulations of the Russian Federation, the General Director of the Company is responsible for organization, status and reliability of the accounting (financial) records and reports of the Company to the relevant authorities, and timely provision of information about the Company to its shareholders, creditors and the mass media.

13.4. Reliability and accuracy of information contained in the annual report of the Company and the annual accounting reports of the company must be verified by the Revision Commission of the Company and an independent auditor of the Company who does not have any material interest in the Company and does not share any material interests with the shareholders of the Company. Such verification must be in the form of a conclusion/opinion which must be presented to the annual general shareholders meeting of the Company.

The Company publishes the documents indicated in this clause after their accuracy and reliability has been confirmed by the auditor of the Company.

The annual report of the Company is subject to preliminary approval by the Board of Directors of the Company not later than thirty (30) days before the date of the annual general shareholders meeting of the Company.

### **14. REORGANIZATION AND LIQUIDATION OF THE COMPANY**

14.1. The Company may be reorganized in cases and in compliance with the form and procedure specified in the Civil Code of the Russian Federation, the Federal Law "On Joint Stock Companies" and other federal laws.

14.2. The Company is considered reorganized, except cases of merger, from the moment of state registration of the newly created legal entities.

If the Company is reorganized in the form of merger with other companies, the Company is considered reorganized from the moment when a record of termination of all activities of the transferring companies is made in the unified state register of legal entities.

14.3. The Company may be liquidated:

- voluntarily, in compliance with the Civil Code of the Russian Federation, the Federal Law "On Joint Stock Companies" and the requirements of this Charter;
- in compliance with a court ruling in cases specified under the Civil Code of the Russian Federation.

Liquidation of the Company leads to termination of the Company without the transfer of its rights and obligations to any third parties – legal successors.

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14.4. Liquidation of the Company is considered complete and the Company is considered to have been liquidated when the relevant record is made in the unified state register of legal entities by the responsible state authority.

14.5. In cases when the functions or the form of ownership of the Company is changed, or the Company is liquidated (dissolved), or the Company ceases to work with classified information (state secret), the Company must take measures to ensure that the indicated information and the carriers of such information are protected.