

APPROVED BY
resolution of the General Meeting of Shareholders
of Public Joint-Stock Company PhosAgro
of _____ 2016
(minutes of the Extraordinary General Meeting of Shareholders
w/o No. of _____ 2016)

REGULATIONS
on the Board of Directors
of Public Joint-Stock Company PhosAgro
(revised version)

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1. GENERAL PROVISIONS

1.1. These Regulations on the Board of Directors (the “Regulations”) of Public Joint-Stock Company PhosAgro (the “Company”) have been drafted in accordance with the applicable laws of the Russian Federation, the Company’s Charter and by-laws, with due regard to requirements set by securities market operators and recommendations of the Corporate Governance Code (approved by the Bank of Russia’s board of directors on 21 March 2014), and in line with the best corporate governance practices, and shall govern the rules of procedure of the Board of Directors of the Company (the “Board of Directors”).

1.2. The Board of Directors shall act in the interests of the Company and its shareholders and report to the General Meeting of the shareholders of the Company (the “General Meeting of Shareholders”).

1.3. Any amendments to these Regulations (including approval of a revised version of the Regulations) shall be introduced by the General Meeting of Shareholders.

2. GOALS, OBJECTIVES AND SCOPE OF AUTHORITY OF THE BOARD OF DIRECTORS

2.1. The goals of the Board of Directors shall be ensuring sustainable and successful development of the Company, long-term increase of the Company’s assets, protection of rights and lawful interests of the shareholders and providing complete, accurate and objective public information about the Company.

2.2. The Board of Directors shall be responsible for the strategic management of the Company, general approach and key principles of the Company’s risk management and internal control framework, supervising the activities of the Company’s executive bodies, and for other key functions.

2.3. In furthering these goals, the Board of Directors shall perform the following tasks and functions within the scope of its authority:

- defining the Company's general long-term strategic priorities, evaluating and approving key performance indicators and the Company’s primary business goals, evaluating and approving the strategy and business plans for the Company’s core activities;
- appointing robust executive bodies of the Company and effectively controlling their activities;
- deciding on the Company’s long-term targets and development programmes in line with regulations on industrial, technological and environmental safety;
- defining approaches to and principles of the Company’s risk management and internal control framework;
- assessing performance of the Company and its bodies;
- formulating the Company’s policy on remuneration and/or reimbursement of expenses (compensation) for the Company’s Directors, members of executive bodies and other key managers;
- playing the key role in preventing, identifying and resolving internal conflicts between the Company’s bodies, shareholders and employees, which includes providing effective support to the Company’s shareholders should their rights be violated;
- supervising appropriate organisation and successful implementation of the Company’s disclosure procedures and ensuring access to the disclosed information for the shareholders;
- monitoring the Company’s corporate governance practices.

2.4. The scope of authority of the Board of Directors of the Company shall be determined by the Federal Law *On Joint-Stock Companies* (the “Law On Joint-Stock Companies”) and the Charter of the Company.

3. MEMBERS OF THE BOARD OF DIRECTORS

3.1. Only an individual may be elected as a Director. A Director does not have to be a shareholder of the Company.

3.2. Directors are elected by the General Meeting of Shareholders as prescribed by the Law *On Joint-Stock Companies* and the Company's Charter for a term until the next Annual General Meeting of Shareholders. If the Annual General Meeting of Shareholders is not held in due time as prescribed in clause 1, article 47 of the Law *On Joint-Stock Companies*, the powers and authorities of the Board of Directors shall terminate, other than the authority to arrange, convene and hold Annual General Meetings of Shareholders.

3.3. Persons elected as Directors may be re-elected an unlimited number of times.

3.4. The Company seeks to ensure that:

- the Board of Directors has a well-balanced composition, including in terms of qualification, experience, knowledge and business qualities of Directors, and enjoys the trust of shareholders;
- the size of the Board of Directors enables the Board to operate most efficiently, including by way of establishing the Board of Directors' committees, and makes it possible for material minority shareholders of the Company to have a candidate they are voting for elected to the Board of Directors;
- the Board of Directors has a sufficient number of independent directors understood to mean persons sufficiently independent to have their own point of view and make objective judgements independent of the executive bodies, separate groups of shareholders or other stakeholders of the Company along with being sufficiently professional and experienced.

3.5. An independent director (candidate to serve as an independent director) is a person unrelated to:

- the Company;
- a material shareholder of the Company;
- a material counterparty of the Company;
- a competitor of the Company;
- the government (Russian Federation, constituent entity of the Russian Federation) or a municipality.

3.5.1. A material shareholder of the Company is understood to mean a person who is entitled, directly or indirectly (through controlled entities), either individually or jointly with other persons connected with such material shareholder on the basis of a trust management agreement and/or simple partnership agreement and/or contract of delegation and/or shareholder agreement and/or any other agreement providing for the exercise of rights certified by shares (interest) of the Company, to dispose of five (5) and more percent of votes attaching to the voting shares that comprise the authorised capital of the Company.

A group of entities, of which the material shareholder is a part, is understood to mean legal entities controlled by the material shareholder of the Company and/or legal entities controlled by the person controlling the material shareholder (including the material shareholder and/or persons controlling the material shareholder). The notion of a group of entities, of which the material shareholder is a part, shall not apply to such material shareholders as the Russian Federation, its constituent entity or municipality.

3.5.2. A material counterparty of the Company is understood to mean a person that is a party to an agreement (agreements) with the Company providing for obligations, either current or discharged over the last year, comprising two (2) or more percent of the carrying value of the consolidated assets of the Company or this person as of the reporting date preceding the date when counterparty materiality was assessed, or two (2) or more percent of the consolidated revenue (income) of the Company or this person for a full calendar year preceding the date when counterparty materiality

was assessed. If the counterparty does not have consolidated financial statements, its accounting statements shall be used instead.

3.5.3. Parties related to an individual shall mean: a spouse, parents, children, adoptive parents, adopted children, full/half siblings, grandparents and other persons cohabitating and sharing household with the said individual.

3.5.4. A person shall be recognised related to the Company if such person and/or their related persons:

1) are or for the last three (3) years have been members of the executive bodies or employees of the Company, an entity controlled by the Company and/or a management company of the Company;

2) are members of the board of directors of a legal entity controlling the Company or an entity controlled by such legal entity or a management company of such entity;

3) received remuneration and/or other financial benefits from the Company and/or its controlled entities during any of the last three (3) years in the amount exceeding half of the annual base (fixed) remuneration paid to a Director. Actual income received from the Company and/or its controlled entities during any of the last three (3) years, shall be compared to the base (fixed) remuneration paid to independent directors under the remuneration policy for the Board of Directors, as at the date of assessing their independence. Should there be no such policy or should it be unavailable, the base (fixed) remuneration actually approved for such directors following the last Annual General Meeting of Shareholders shall be used as a benchmark to assess the Director's expected base (fixed) remuneration. Financial benefits shall exclude payments and/or compensations the said persons received as remuneration and/or reimbursement of the expenses incurred by them while discharging the duties of Directors of the Company's and/or its controlled entity's board of directors, including those related to insuring their liability as Directors, as well as income or other payments received by the said persons with respect to the Company's and/or its controlled entity's securities;

4) are holders of or beneficiaries for the Company's shares comprising more than one (1) percent of the authorised capital or the total number of the voting shares of the Company or the shares, the market value of which is more than twenty (20) times higher than the fixed annual remuneration of a Director. A beneficiary for the Company's shares is understood to mean an individual who, by virtue of having interest in the Company, receives economic benefit based in contract or otherwise from holding shares (interest) and/or disposing of the votes attached to the shares (interest) that comprise the authorised capital of the Company;

5) are members of executive bodies and/or employees of a legal entity whose remuneration is determined (reviewed) by the remuneration committee of the respective legal entity's board of directors (in case the member of executive bodies and/or the Company's employee is a member of the said entity's remuneration committee);

6) are rendering advisory services to the Company, the person controlling the Company or legal entities controlled by the Company, or are members of the executive bodies of companies rendering such services to the Company or the said legal entities or employees of such companies directly involved in rendering such services;

7) are rendering or for the last three (3) years have rendered appraisal, tax advice, audit or accounting services to the Company or legal entities controlled by the Company, or for the last three (3) years have been members of the management and/or executive bodies of companies rendering such services to the said legal entities or of the Company's rating agency or employees of such companies or the rating agency directly involved in rendering such services to the Company.

Besides, a person shall be recognised related to the Company if such person served as a Director for more than seven (7) years in aggregate. Such length of service shall include membership in the board of directors of a legal entity that was subsequently reorganised, with the director elected to serve on the board of directors of the successor company. However, for the purpose of evaluating independence of a candidate (elected Director), such candidate (elected Director) who served as a

Director for a period of seven (7) to twelve (12) years in aggregate may be recognised unrelated to the Company if the Board of Directors so decides.

3.5.5. A person shall be recognised related to the Company's material shareholder if such person and/or its related persons:

1) are employees and/or members of the executive bodies of the material shareholder of the Company (legal entity, which is part of the group of companies, of which the material shareholder is a part).

2) received remuneration and/or other financial benefits from the material shareholder of the Company (legal entity, which is part of the group of companies, of which the material shareholder of the Company is a part) during any of the last three (3) years in the amount exceeding half of the annual base (fixed) remuneration paid to a Director. Financial benefits shall exclude payments and/or compensations the said persons received as remuneration and/or reimbursement of the expenses incurred by them while discharging the duties of Directors (members of the Board of Director's committee) of the Company's material shareholder (legal entity, which is part of the group of companies, of which the material shareholder of the Company is a part), including those related to insuring their liability as Directors, as well as income or other payments received by the said persons with respect to securities of the Company's material shareholder (legal entity, which is part of the group of companies, of which the material shareholder of the Company is a part);

3) are members of the board of directors in more than two (2) legal entities controlled by the Company's material shareholder or a person controlling the Company's material shareholder.

3.5.6. A person shall be recognised related to the Company's material counterparty or competitor if such person and/or its related persons:

1) are employees and/or members of the management and/or executive bodies of the material counterparty or competitor of the Company, as well as legal entities controlling the material counterparty or competitor of the Company or entities controlled by the material counterparty or competitor of the Company;

2) are holders of or beneficiaries for the shares (interest) of the Company's material counterparty or competitor comprising more than five (5) percent of the authorised capital or the total number of the voting shares.

3.5.7. A person shall be recognised related to the government or municipality if such person:

1) is or for one (1) year prior to election to the Board of Directors have been a government or municipal official, a person holding public office or an employee of the Bank of Russia;

2) represents the Russian Federation, its constituent entity or municipality in the Board of Director (in cases when a decision was made with respect to the Company to exercise a special right to participate in its management (golden share));

3) is obliged to vote on one or several matters within the terms of reference of the Board of Directors under the directive of the Russian Federation, its constituent entity or municipality;

4) is or for one (1) year prior to election to the Board of Directors have been an employee, member of the executive body of an entity controlled by the Russian Federation, its constituent entity or municipality; employee of a government or municipal unitary enterprise or establishment (other than employees of a government or municipal educational or research organisation who are engaged in teaching or research activities and are not persons appointed (approved) to the office of a sole executive body or another office in the government and municipal educational or research organisation by a decision or with the consent of government authorities (local government authorities)), if such person is nominated to be elected to the Board of Directors (when the Russian Federation, its constituent entity or municipality controls more than twenty (20) percent of the authorised capital or voting shares of the Company).

3.6. The Board of Directors (the Remuneration and Human Resources Committee of the Board of Directors) shall evaluate the independence of the candidates nominated to be elected to the Board of

Directors and issue an opinion on their independence. It shall also regularly analyse their compliance with the independence criteria and ensure immediate disclosure of any identified circumstances compromising such independence. The independence of candidates nominated to be elected to the Board of Directors shall be evaluated on the basis of, *inter alia*, information provided by such candidates. For the purpose of such evaluation, substance shall take precedence over form.

3.7. The Directors shall not be members of the Company's Review Committee (Review Officer).

4. RIGHTS, DUTIES AND LIABILITY OF DIRECTORS

4.1. A Director shall have the right to:

- request and promptly receive all the information (including confidential information) required to perform their job duties, including information on legal entities controlled by the Company, and information not directly related to the agenda items or the scope of the Board of Directors' competence. All Directors shall have an equal right to access the information and documents of the Company and its controlled entities. Newly elected Directors shall be provided with the sufficient information about the Company and the work of the Board of Directors in the shortest possible time;
- make written proposals on the Board of Directors' work schedule and agenda of the Board of Directors' meetings;
- initiate meetings of the Board of Directors;
- review minutes of meetings of the Board of Directors, other collegial bodies of the Company and committees of the Board of Directors and receive copies thereof;
- subject to the approval of the Chair of the Board of Directors, seek professional advice on matters related to the competence of the Board of Directors at the expense of the Company;
- freely access the premises of the Company and its subsidiaries to communicate with the management and personnel;
- receive remuneration for performing their duties and/or be reimbursed for the expenses incurred in relation to their duties as Directors as and when provided by the resolution of the General Meeting of Shareholders;
- require that the Company creates the conditions necessary to perform the Director's duties;
- require that their dissenting opinion on the agenda items and/or decisions to be adopted are recorded in the minutes of the Board of Directors' meeting;
- attend the General Meeting of Shareholders;
- challenge in court a resolution adopted by the Board of Directors in breach of the Law *On Joint-Stock Companies*, other Russian laws and regulations and the Company's Charter if such resolution violates their rights and legal interests;
- exercise other rights under the Company's Charter and applicable laws of the Russian Federation.

4.2 A Director shall:

- act in the interests of the Company and its shareholders in a bona fide and reasonable manner, being sufficiently informed, in good faith and with due diligence, use its best efforts to be actively involved in the Board of Directors' operations and seek to ensure sustainable and successful development of the Company. To act in a bona fide and reasonable manner, the Director shall make decisions on the basis of all available information, in the absence of any conflict of interest, with a view to ensuring equal treatment of the Company's shareholders and in line with the standard business risk;
- notify the Board of Directors of intention to hold a position in another company's governing body and of election (appointment) to a position in another company's governing body immediately after being elected (appointed);
- respond to requests relating to the Company's disclosure obligations pursuant to the applicable laws of the Russian Federation and requirements set by securities market operators;

- initiate the meetings of the Board of Directors on urgent matters;
- take part in the Board of Directors' decision-making process by voting on the agenda items;
- inform the Company of their interest in legal entities where they own at least twenty (20) per cent of voting shares (stakes, units) and positions held in governing bodies of other legal entities;
- notify the Company of any contemplated transactions in which they could be deemed interested;
- notify the Board of Directors in writing of any intention to enter into a transaction involving the Company's securities;
- disclose any information on the Company's securities owned by such a Director and on sale and/or purchase of the Company's securities;
- notify the Board of Directors in advance in case of inability to participate in a meeting of the Board of Directors specifying the reasons for it;
- not disclose confidential information provided by the Company;
- not use or transfer to other persons any information on the Company's operations available to them that may have a material effect on the Company and its business reputation;
- refrain from actions that will or may result in a conflict of interest between such a Director and the Company, including refraining from participating in governing bodies and/or purchasing shares (interests) in the authorised capital of legal entities which are the Company's competitors;
- not accept gifts from interested parties or otherwise benefit from them, directly or indirectly (except for symbolic gifts falling within common courtesy standards or souvenir gifts received at official events), and ensure that their related persons do the same;
- in the event of any potential conflict of interest, including any interest in a transaction to be entered by the Company, notify the Board of Directors to this effect and always put the Company's interests before their own;
- notify the Board of Directors of any existing or potential conflict of interest between such a Director and the Company and of the grounds for such conflict of interest, by contacting the Chair of the Board of Directors or the Corporate Secretary of the Company. In any case, such notification shall be made prior to the discussion of the respective item at the meeting of the Board of Directors or its committee in which the Director having an interest conflicting with that of the Company takes part;
- abstain from voting on items on which the Director may have an interest conflicting with that of the Company;
- notify other Directors of any violations of the Company's Charter and by-laws committed by the Company's employees (officers) such Director becomes aware of;
- comply with the resolutions of the General Meeting of Shareholders and the Board of Directors.

In addition, each independent Director shall refrain from any actions which may compromise their independence. If, following the election of the independent Director to the Board of Directors, the circumstances compromising their independence arise, such Director shall notify the Board of Directors thereof.

4.3. The activities of a Director shall be carried out on a continuous basis and not be limited to taking part in the decision-making by the Board of Directors.

4.4. The Directors shall be liable to the Company for any losses caused by their wilful misconduct (omissions), unless other grounds for liability are set forth in the laws of the Russian Federation.

The Directors shall be liable to the Company or the Company's shareholders for any losses caused by their wilful misconduct (omissions) in violation of the procedure for the acquisition of the Company's shares as provided by Chapter XI.1 of the Law *On Joint-Stock Companies*.

The Directors who vote against the decisions that later cause losses to the Company or the Company's shareholder or are absent from the voting shall be released from the liability for such losses.

4.5. The Company or the Company's shareholder (shareholders) holding collectively at least one (1) per cent of the Company's outstanding ordinary shares shall have the right to bring a lawsuit against the Director seeking damages caused to the Company in the case stipulated by Para. 1, Clause 4.4 of these Regulations.

The Company or the Company's shareholder shall have the right to bring a lawsuit against the Director seeking damages caused to them in the case stipulated by Para. 2, Clause 4.4 of these Regulations.

4.6. To determine the grounds and the extent of the Directors' liability, the common business practice and other relevant circumstances shall be taken into consideration.

4.7. To establish a liability framework for the Company's Directors, the Company will seek to keep and store verbatim records of the Board's meetings or ensure the use of other recording techniques to keep record of all the Directors' opinions on the agenda items, apart from the minutes of meetings of the Board of Directors. The Directors' dissenting opinions shall be attached to the minutes of meetings of the Board of Directors and be an integral part thereof.

4.8. The Company shall have the right to insure the Directors' liability at its own expense to indemnify the Company or third parties against potential losses caused by the Directors' wilful misconduct (omissions).

5. CHAIR OF THE BOARD OF DIRECTORS

5.1. The Chair of the Board of Directors shall be elected from among the Directors by a majority vote of all the Directors, unless otherwise provided by the Company's Charter.

The Board of Directors may at any time re-elect the Chair of the Board of Directors by a majority vote of all the Directors, unless otherwise provided by the Company's Charter.

5.2. The Chair of the Board of Directors shall coordinate the Board's activities, chair its meetings, approve their agenda and make arrangements to keep minutes of the meetings of the Board of Directors; chair the General Meeting of Shareholders; represent the Board of Directors in relationships with the Company's executive bodies, shareholders and third parties; arrange for the annual assessment of the Board's performance and oversee the implementation of proposals to improve the Board's performance.

5.3. If the Chair is absent from the Board meeting, the meeting shall be chaired by Deputy Chair or (as may be resolved by the Board) by another Director.

5.4. The Chair of the Board of Directors shall be responsible for:

- arranging effective operations of the Board of Directors and its interaction with the Company's other bodies;
- ensuring productive atmosphere at the Board's meetings, free discussion of agenda items and control over the implementation of resolutions adopted by the Board of Directors;
- ensuring efficient operations of the Board's committees, including the nomination of candidates to the Board's committees from among the Directors based on their professional background and personal qualities and the Directors' recommendations.

5.5. The Chair of the Board of Directors shall be responsible for the development of the Board's work plan, control over the implementation of the Board's resolutions, definition of the agenda for the Board's meetings and elaboration of the best decisions on agenda items.

5.6. The Chair of the Board of Directors shall take all necessary steps to ensure that Directors are provided with the information required for decision-making on agenda items in a timely manner and shall take the initiative in drafting resolutions on such agenda items.

5.7. The Chair of the Board of Directors shall maintain close working relationships with the Company's other bodies and officers with a view to obtaining timely, full and accurate information required for decision-making by the Board of Directors.

5.8. The Company's shareholders shall have the opportunity to put questions to the Chair of the Board of Directors on the matters within the Board's scope of authority, and raise their opinions (feedback) on such matters to the Chair of the Board of Directors by contacting the Corporate Secretary of the Company at their e-mail address.

6. SECRETARY OF THE BOARD OF DIRECTORS

6.1. The Secretary of the Board of Directors shall be appointed by resolution of the Board of Directors. The Company's Corporate Secretary, officer or another individual may be appointed as the Corporate Secretary of the Board of Directors. The Board of Directors may at any time terminate the powers of the Secretary of the Board of Directors and appoint a new Secretary.

6.2. The Secretary of the Board of Directors shall:

- draft notices of the upcoming Board's meetings to Directors;
- prepare a set of materials (information, data) pertaining to agenda items and required to be provided to Directors in the course of preparation for the meetings of the Board of Directors;
- send ballots to the Directors for passing resolutions at the Board's meeting by absentee voting;
- oversee proper arrangements at the venue of the meeting of the Board of Directors, including availability of relevant communications and associated equipment;
- at the request of the Chair of the Board of Directors, keep a verbatim record of the Board's meetings and/or ensure the use of other recording techniques to keep record of all the Directors' opinions on agenda items;
- sum up the results of voting on resolutions of the Board of Directors adopted by absentee voting;
- draft meeting and absentee voting minutes of the Board of Directors;
- keep meeting minutes of the Board of Directors;
- prepare copies of the meeting and absentee voting minutes of the Board of Directors and make extracts from such minutes;
- assist the Chair of the Board of Directors and other Directors in obtaining additional information (documents, data) as necessary;
- perform the assignments of the Chair of Board of Directors relevant to the support of the Board's operations.

7. COMMITTEES OF THE BOARD OF DIRECTORS

7.1. The Committees of the Board of Directors (the "Committees") shall be set up to conduct preliminary review of the most important matters of the Company's operations and make recommendations to the Board of Directors on the matters within its scope of authority with a view to ensuring effective performance of the Board of Directors.

The Committees are not bodies of the Company, and the Company shall assume no civil rights and obligations through the Committees.

7.2. The size and composition of the Committees shall be determined by the Board of Directors. The Board of Directors shall approve the regulations on the Committees.

7.3. The Company has the following Committees of the Board of Directors in place:

- Audit Committee;
- Remuneration and HR Committee;
- Strategy Committee;
- Environment, Health and Safety Committee;

- Risk Management Committee.

Based on the scale of operations and risk levels, the Board of Directors may resolve to change the composition, names and/or functions of the existing Committees and set up new Committees.

7.4. In addition to the standing Committees, the Board of Directors may also establish temporary Committees to address specific matters.

7.5. The Committee chairs shall play a key role in managing the activities of the respective Committee and ensure an unbiased approach to the development of recommendations for the Board of Directors. It is therefore the ambition of the Company to have the Committees chaired by independent Directors.

7.6. A Director may sit on no more than three (3) Committees.

7.7. The Committees may from time to time engage experts and advisers with the required professional background, expertise and skills.

7.8. Reports on the Committee performance shall be submitted to the Board of Directors at least once a year.

8. REMUNERATION OF THE DIRECTORS AND REIMBURSEMENT OF EXPENSES RELATED TO THE DISCHARGE OF THEIR DUTIES

8.1. The General Meeting of Shareholders may resolve that the Directors during their term of office be entitled to remuneration and/or reimbursement of expenses incurred when performing their duties as members of the Board of Directors.

8.2. Performance of the Board of Directors and its members should be assessed on a regular basis, at least once a year.

8.3. The assessment of the Board's performance may be carried out by the Board of Directors itself (self-assessment) or by an independent third party (consultant).

9. MEETING OF THE BOARD OF DIRECTORS

9.1. The Board of Directors' activities shall be subject to planning. The meetings of the Board of Directors shall be held in accordance with the work plan approved by the Board (usually at least once every two (2) months) and also as necessary with due regard to the Company's size and current objectives. The Board's work plan should list the matters scheduled for discussion at the upcoming meetings.

9.2. Directors shall have an opportunity to preview the work plan, Board meeting schedule, and the Committees' and/or independent directors' opinions on agenda items.

9.3. Meetings attended by the Directors and the respective preparations shall ensure effective operation of the Board of Directors.

9.4. The Board may hold meetings both in person and in absentia. The format shall be determined with due regard to the importance of items on the agenda.

The most important corporate matters shall be normally resolved at meetings held in person (including through a telephone conference or a conference call). The list of such matters shall be laid out in clause 13.16 of the Company's Charter. In addition to the persons (bodies) listed in clause 13.16 of the Company's Charter, shareholder(s) controlling, in aggregate, at least two (2) per cent of the Company's voting shares shall have the right to call for a Board meeting.

9.5. Written opinions submitted by Directors absent from a Board meeting held in person shall be counted in determining the quorum and outcome of the vote on agenda items. Written opinions of the Directors absent from the meeting may be submitted to the Company by registered mail, e-mail, telegram, teletype or telefax no later than the day preceding the day of the Board meeting.

9.6. A decision to hold a meeting (absentee voting) of the Board of Directors shall be made by the Board's Chair in accordance with the work plan of the Board of Directors and the proposals of persons (bodies) indicated in clause 13.12 of the Company's Charter. The decision shall contain:

- venue, date, and time of the Board meeting (in case of absentee voting – the final date for submitting completed voting ballots pertaining to the agenda);
- agenda of the meeting;
- names of persons responsible for preparing agenda items;
- deadlines for providing materials to the Directors required to prepare for the meeting (absentee voting).

9.7. The person (body) requesting a meeting of the Board of Directors or proposing to include an additional item on the agenda of the upcoming meeting of the Board of Directors shall send a written request (proposal) to the Chair of the Board of Directors or through the Corporate Secretary of the Company to the Board's Chair. The request (proposal) shall be signed by the initiator of the meeting (putting the item on the agenda) and shall include information sufficient for their identification, as well as the wordings of items on the agenda and of the resolutions of the Board of Directors, along with the grounds for considering these items.

The materials for the agenda items to be provided to the Directors pursuant to clause 10.3 of these Regulations, shall be attached to the request (proposal).

9.8. The Chair of the Board of Directors shall consider the request (proposal) within three days from the date of its receipt.

9.9. The Chair of the Board of Directors shall have the right to refuse to hold the meeting or to include an additional item on the agenda of the meeting in either of the following events:

- the item is not within the scope of authority of the Board of Directors and/or does not comply with the *Law On Joint-Stock Companies* or other laws and regulations of the Russian Federation;
- the person who filed the request (proposal) is not entitled to do it;
- the request (proposal) does not meet the requirements stipulated by clause 9.7 hereof.

A reasoned refusal to hold the meeting (to include an item on the agenda) shall be sent to the initiator of the request (proposal) within three days from the date of the respective resolution.

9.10. If necessary, the Board of Directors may adjourn its meeting for not more than three (3) calendar days. Within this period the meeting may be continued with the same agenda.

9.11. Following the General Meeting electing the Directors, the Board shall promptly hold its first meeting to elect a Chair of the Board, set up Committees and elect Committee chairs.

9.12. In case the meeting of the Board of Directors was convened in breach of the timing and procedure indicated herein, but (i) the meeting is attended by all the members of the Board of Directors and all the Directors agree to consider the items on the agenda and/or the Directors who were absent at the meeting have provided their written opinion or (ii) all the Directors have sent duly completed voting ballots within the term indicated in the notice of an absent vote on a resolution (resolutions) by the Board of Directors, such meeting (adopted resolution) shall be deemed quorate.

10. PREPARATION OF THE MEETING OF THE BOARD OF DIRECTORS

10.1. A notice of the upcoming meeting of the Board of Directors (plus voting ballots in case of absentee voting) shall be sent (handed) to the Directors no later than seven (7) calendar days before the date of the meeting (absentee voting) of the Board of Directors. The notice shall contain materials on the agenda items that include:

- the Board's draft resolutions on each agenda item;
- presentation materials or an explanatory note containing the rationale behind the proposed resolution;
- draft documents submitted for consideration (approval) of the Board of Directors;

- draft transactions submitted for consideration (approval) of the Board of Directors and/or material terms of such transactions (parties and beneficiaries; scope; price that, if required by the *Law On Joint-Stock Companies*, must among other things be based on the independent appraiser's valuation report; time frame for discharging obligations, and other information on the transaction date (if the transaction has been made by that time)), as well as business case for such transactions;
 - other materials required and sufficient for the Directors to adopt a reasonable resolution.
- 10.2. The persons invited to the meeting of the Board of Directors shall be determined by the Chair of the Board of Directors.
- 10.3. In case the Board of Directors makes resolutions through absentee voting, the date of voting shall be determined based on the final date for receiving Directors' completed voting ballots. A voting ballot sent to the Directors shall include:
- name of the Director;
 - date of absentee voting (final date for receiving ballots);
 - wording of each agenda item;
 - resolution wording for each issue put to vote;
 - voting options for each item formulated as "for", "against" or "abstain";
 - information on how to complete the ballot;
 - address for submitting (sending) the ballot to the Company;
 - place for signature of a Director.
- 10.4. The Chair of the Board of Directors shall convene the meeting of the Board of Directors for considering the following issues:
- convocation of the Annual General Meeting of Shareholders and resolutions to convene or hold any such meeting,
 - preliminary approval of the Company's annual report;
 - consideration of shareholders' proposals to include items in the agenda of the Annual General Meeting of Shareholders and nominate candidates to the Company's bodies;
 - holding an extraordinary General Meeting of Shareholders to elect a new Board of Directors in the case provided in clause 2 of article 68 of the *Law On Joint-Stock Companies*;
 - convocation of an Extraordinary General Meeting of Shareholders at the request of persons (bodies) indicated in clause 12.15 of the Company's Charter and resolutions to convene or hold any such meeting.

11. RESOLUTIONS OF THE BOARD OF DIRECTORS

- 11.1. A meeting of the Board of Directors is deemed duly constituted (quorate) if at least one half of the elected members of the Board participate.
- 11.2. For the purpose of voting at a meeting of the Board of Directors, including absentee voting, every Director shall have one vote. In case of a tie vote at a meeting of the Board Directors, the Chair of the Board of Directors has a casting vote.
- 11.3. Board resolutions shall be adopted by a majority vote of the Directors participating in the Board meeting (absentee voting), provided that the *Law On Joint-Stock Companies* or the Company's Charter do not require a larger number of votes for the respective resolutions to be adopted.
- 11.4. The written opinion of the absent member of the Board of Directors shall be read at the meeting of the Board of Directors before the vote.
- 11.5. The results of meetings (absentee voting) of the Board of Directors shall be documented in the form of minutes. The procedure and timing for drafting (preparing) minutes of meetings (absentee voting) of the Board of Directors shall be determined by the Company's Charter.

11.6. The resolution of the Board of Directors adopted at the Board meeting shall be effective from the moment of announcing the voting results on the item, unless otherwise indicated in the resolution. A resolution of the Board of Directors adopted through absentee voting shall be effective once the minutes of the results of the Directors' absentee voting are completed.

11.7. Copies of the minutes of the meetings of the Board of Directors and relevant extracts shall be certified by the Chair of the Board of Directors, their deputy, or the Company's Corporate Secretary.

11.8. The Secretary of the Board of Directors shall send the copies of the minutes of the meeting of the Board of Directors to all the Directors and the Company's CEO. The extracts from these minutes shall be sent by the Secretary of the Board of Directors to all persons indicated in the respective resolutions of the Board of Directors as responsible parties.

11.9. The Company shall disclose information about the meetings of the Board of Directors in accordance with the applicable laws and the requirements set by securities market operators.

12. FINAL PROVISIONS

12.1. The requirements of these Regulations have been adopted in addition to the Charter and shall be obligatory for the Company, Directors, other officials and employees of the Company.

12.2. In case these Regulations and the Charter do not include certain provisions regulating various matters of the Board's activities, such matters shall be regulated in accordance with the applicable laws, the resolutions of the General Meeting of Shareholders and the Board of Directors, as well as by-laws of the Company.

12.3. These Regulations shall be effective from the date of their approval by the resolution of the General Meeting of Shareholders.

12.4. Should the provisions of these Regulations conflict with any amendments that may be made to the laws of the Russian Federation or the Company's Charter, such provisions shall become void and the Directors shall act in accordance with the relevant laws and with the Company's Charter until the respective amendments are made hereto.

12.5. In case any provisions of these Regulations become void, it shall not affect the validity of any other provisions hereof.