

APPROVED  
by the Resolution of the Annual General  
Meeting of Shareholders of PJSC ALROSA  
Minutes No. 40 of \_\_.\_\_.2019

**Articles of Association**  
**Public Joint Stock Company ALROSA**  
**New Version**

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## **Article 1. GENERAL PROVISIONS**

1.1. Public Joint Stock Company ALROSA, hereinafter referred to as the Company, was incorporated by the resolution of founding members (Minutes No. 1 dated July 25, 1992).

The previous full firm names of the Company are as follows:

- *Joint-Stock Company “Almazy Rossii-Sakha” (Joint-Stock Company of closed type).*
- *Joint-Stock Company “Almazy Rossii-Sakha” (Closed Joint-Stock Company).*
- *Joint-Stock Company “ALROSA” (Closed Joint-Stock Company).*
- *Open Joint Stock Company ALROSA.*

1.2. The Company is a public joint stock company and acts on the grounds of these Articles of Association, laws and other normative legal acts of the Russian Federation and the Republic of Sakha (Yakutia).

1.3. The duration of the Company shall be unlimited.

## **Article 2. FIRM-NAME AND LOCATION OF THE COMPANY**

2.1. The firm-name of the Company:

2.1.1. The full firm-name of the Company:

in Russian — Акционерная компания «АЛРОСА» (публичное акционерное общество);

in Yakut – “АЛРОСА” акционерная компания (аһаҕас акционернай уопастыба);

in English – Public Joint Stock Company ALROSA.

2.1.2. The short firm-name:

in Russian – АК “АЛРОСА” (ПАО);

in Yakut – “АЛРОСА” АК (ААҮО);

in English – PJSC ALROSA.

2.2. Location of the Company: Russian Federation, Republic of Sakha (Yakutia), Mirny, ul. Lenina, 6.

Mailing address of the Company: Republic of Sakha (Yakutia), Mirny, ul. Lenina, 6.

## **Article 3. OBJECTS AND ACTIVITIES OF THE COMPANY**

3.1. The Company is a commercial entity; its main object shall be gaining profits and provision of interests of the Shareholders.

3.2. To attain its main object, the Company performs the following activities:

3.2.1. To exploit diamond deposits, including diamond production, processing and sales of diamonds (both rough and polished), as well as manufacture and distribution of any products of natural diamonds (both for industrial and consumers use);

3.2.2. To develop fields of other minerals, mine and process iron and other metal ores by open and underground mining, distribution (sale) of minerals, beneficiated ores and metals;

3.2.3. To operate useful minerals and other natural deposits in a reasonable, efficient and wasteless manner, preserve and restore the natural environment in the territories, whereto the Company’s activities relates;

3.2.4. To contribute to the social development of the territories, whereto the Company’s activities relates;

3.2.5. To carry out investment operations to expand and improve mining production, processing and sales of diamonds and products thereof;

3.2.6. To carry out scientific research, geological exploration, design and construction operations, accumulate, process and propagate relevant information for any interested legal entities and individuals, provide services related to engineering, process implementation, advertising and information, consulting, intermediation and marketing on any issues within the range of the Company’s interests;

3.2.7. To provide information services for the public: establish and operate mass media, including preparation and publishing of newspapers, information bulletins, related radio programs, organization of television studios activities, retransmission of satellite television programs;

3.2.8. To participate in establishing oil refineries for oil processing and product sales, gas production and transportation;

3.2.9. To carry out transportation, forwarding and other activities relating to transportation by trucks, railway, sea, river or air, including international transportation by owned or contracted means;

3.2.10. Operation on financial markets;

3.2.11. Participation in pension funds, insurance and banking activities;

3.2.12. Provision of medical services, including sanatorium treatment, tourism and hotel business;

3.2.13. To carry out educational activities, including workers professional training and retraining, whatsoever personnel development and supporting education, employees' pre-qualification training in professions and duties, regulated by state supervisory bodies arrangement of secondary, higher and postgraduate professional education for the Company's needs both in Russia and abroad;

3.2.14. To carry out topographic, geodesic and mapping activities;

3.2.15. To carry out all types of construction activities;

3.2.16. To carry out security and investigation activities to ensure security of the Company, its subsidiaries and related enterprises in accordance with the current Federal Law;

3.2.17. To organize protection of state secret;

3.2.18. To carry out any other activities not prohibited by the Law.

3.3. The Company participates in foreign economic activities in all sectors of its activity, independently performs export and import operations in accordance with the applicable law.

3.4. The Company performs any activities that are subject to licensing under the applicable law, only upon duly obtaining of the relevant license (licenses) by the Company.

#### **Article 4. LEGAL STATUS**

4.1. The Company shall be a legal entity completely economically independent and may, in its name, acquire and exercise any property and personal non-property rights, bear responsibility, act as a claimant and defendant in courts, own separate property recorded on its independent balance sheet.

4.2. The Company may duly open bank accounts in the territory of the Russian Federation and abroad.

The Company shall have a circular seal bearing its full firm-name in Russian and its location. The Company may have stamps and blanks bearing its name, own emblem, as well as duly registered trademark and other means of visual identification.

#### **Article 5. BRANCHES AND REPRESENTATIVE OFFICES**

5.1. The Company may create on the territory of the Russian Federation and abroad any branches, representative offices or other separate subdivisions observing the requirements of the applicable legislation of the Russian Federation, as well as the legislation of the state of a branch and (or) representative office location, unless otherwise is stipulated in a Treaty of the Russian Federation. Such branches and representative offices shall act on behalf of the Company that shall bear responsibility for their activities.

5.2. Branches, representative offices and other separated subdivisions shall not be legal entities, shall be assigned property by the Company, and shall act in accordance with the Regulations thereon. Any property of branches and representative offices shall be accounted on its separate balance sheet and the balance sheet of the Company.

5.3. The heads of the branches and representative offices shall be appointed by the Chief Executive Officer – Chairman of the Executive Committee of the Company and shall act with the authority of duly issued Powers of Attorney.

#### **Article 6. AUTHORIZED CAPITAL**

##### **6.1. Amount of the Authorized Capital.**

6.1.1. The Authorized Capital of the Company shall amount to 3,682,482,815 (Three billion six hundred and eighty-two million four hundred and eighty-two thousand eight hundred fifteen) roubles divided into 7,364,965,630 (Seven billion three hundred and sixty-four million nine hundred and sixty-five thousand six hundred and thirty) ordinary registered shares of 50 (fifty) kopecks par value each.

6.1.2. The Authorized Capital of the Company shall be composed of par values of the Company shares purchased and paid by the shareholders.

##### **6.2. Authorized Shares**

6.2.1. The Company shall be entitled to place, additionally to outstanding shares, ordinary registered uncertified shares of 2,062,155,810 (Two billion sixty-two million one hundred and fifty-five thousand eight hundred and ten) pieces of nominal value 50 (fifty) kopecks each.

6.2.2. Such authorized shares shall have the same rights as the outstanding shares of the respective class (type) as provided by these Articles of Association.

### **6.3. Increasing of the Authorized Capital**

The Authorized Capital may be increased by increasing of the par value of all the outstanding shares or by placing of additional shares.

### **6.4. Decreasing of the Authorized Capital**

6.4.1. The Authorized Capital may be decreased by:

- decreasing of the par value of all the outstanding shares of the Company;
- acquisition and redemption of any part of outstanding shares of the Company.

6.4.2. Decreasing of the Authorized Capital of the Company may be made also by redemption of the outstanding shares in the following cases:

- if any shares transferred to the disposal of the Company by the reason of failing by a buyer to perform his obligations to purchase the same remain unrealized within a year after the date of their transfer to the Company;

- if any shares repurchased by the Company remain unrealized within one year after repurchase thereof;
- if the shares were repurchased by the Company when taking decision on its reorganization.

6.4.3. Where, on the expiration of the second or each subsequent reporting year the value of the net assets of the Company appears to be less than its Authorized Capital, the Supervisory Board of the Company when preparing to the annual general meeting of shareholders shall include information on the net assets of the Company into the annual report of the Company.

6.4.4. Where, the value of the net assets of the Company remains less than its Authorized Capital on the expiration of the reporting year following the second or each subsequent reporting year on the expiration of which the net value of the net assets of the Company has appeared to be less than its Authorized Capital, including in case as provided by clause 6.4.5. hereof, the Company shall, not later than six months after the expiration of the relevant reporting year, take one of the following decisions:

- to decrease the Authorized Capital of the Company to the amount not exceeding the amount of its net assets;

- to liquidate the Company.

6.4.5. If the value of the net assets of the Company appears to be less than its Authorized Capital by more than 25 percent upon the expiration of three, six, nine or twelve months of the reporting year following the second or each subsequent reporting year, upon the expiration of which the net value of the net assets of the Company has appeared to be less than its Authorized Capital, the Company shall be required to publish two times once a month in a press media designed to publish information on state registration of legal entities an advertisement of the decreasing of the value of the net assets of the Company.

6.4.6. The Company is not entitled to decrease its Authorized Capital if such decrease causes the value of the Authorized Capital to become less than the minimal amount of the Authorized Capital of the Company as fixed in the applicable law as of the date of submitting the documents for state registration of the relevant amendments in these Articles of Association; and if, in accordance with the current legislation, the Company is obliged to decrease its Authorized Capital - as of the date of state registration of the Company.

6.4.7. Within 3 business days after the date of passing a resolution on decreasing of its Authorized Capital, the Company shall notify of such resolution an authority performing state registration of legal entities, and two times once a month, shall publish in a press media designed to publish information on state registration of legal entities an advertisement of decreasing its Authorized Capital.

## **Article 7. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS**

7.1. The Shareholders shall bear no responsibility for obligations of the Company and shall bear the risk of losses connected with activities of the Company within the value of the shares they hold.

7.2. Shareholders who have paid up their shares not in full shall bear joint and several liability for obligations of the Company within the unpaid part of the value of the shares they hold.

7.3. Any Shareholder shall be obliged to:

7.3.1. pay up shares within the term and in the order as stipulated in the Civil Code of the Russian Federation, the Federal Law On Joint Stock Companies, these Articles of Association and a contract for acquiring the same;

7.3.2. comply with the requirements of these Articles of Association and perform the resolutions of the managerial bodies of the Company;

7.3.3. keep in secret any information connected with activities of the Company becoming known to them in the course of exercising the rights and performing the obligations as Shareholders of the Company and included into the commercial secret of the Company;

7.3.4. perform any other obligations as stipulated by these Articles of Association, legislation as well as resolutions of the competent bodies of the Company.

7.4. Any shareholder shall be entitled to:

7.4.1. vote at General Meeting of Shareholders;

7.4.2. familiarize themselves with these Articles of Association;

7.4.3. receive a net profit share (dividends) subject to distribution among the Shareholders in the order as stipulated in these Articles of Association;

7.4.4. receive a part of the value of assets of the Company (liquidation value), remained after the liquidation of the Company, in proportion to the number of the shares he holds;

7.4.5. transfer all or any part of the rights granted by a share of the relevant class (type) to its representative (representatives) under a power of attorney;

7.4.6. file an action with the court for protection of Shareholder's rights;

7.4.7. demand the Company to buy out all or a part of shares he holds in the order and cases as provided by the Federal Law On Joint Stock Companies and these Articles of Association;

7.4.8. exercise any other rights as stipulated in these Articles of Association, the legislation as well as resolutions of the competent bodies of the Company.

## **Article 8. SHARES IN THE COMPANY**

8.1. All the Company's shares shall be ordinary, registered non-documentary shares and shall have the same par value.

8.2. Any share shall grant to any shareholder - the owner thereof - the same scope of rights. Any share in the Company grants no voting rights prior to its full payment.

## **Article 9. PLACEMENT OF SHARES AND OTHER ISSUED SECURITIES**

9.1. Procedure and methods of placing the shares and other issued securities.

9.1.1. The Company shall place its shares in the following cases:

9.1.1.1. when issuing additional shares in the order and under the terms and conditions as stipulated in the current legislation;

9.1.1.2. when converting into shares issued securities convertible into shares;

9.1.1.3. in any other cases provided by the effective legislation of the Russian Federation.

9.1.2. The Company is entitled to effect public subscription for any issued by it shares subject to the Federal Law On Joint Stock Companies and other legal acts of the Russian Federation. The Company may effect closed subscription for any issued by it shares to the extent it is permitted by these Articles and legal acts of the Russian Federation.

9.1.3. Additional shares may be placed by the Company only within the limits of the number of the authorized shares as fixed in these Articles of Association.

A resolution on increasing of the Authorized Capital of the Company by placing additional shares may be passed by a General Meeting of Shareholders simultaneously with a resolution on entering into the Articles of Association of the provisions on the authorized shares required for passing of such resolution under the applicable law, or on changing of the provision on the authorized shares.

9.2. Payment of additional shares and other issuance securities at their placing.

Additional shares and other issuance securities of the Company placed by subscription shall be placed upon their full payment.

9.2.2. Payment of additional shares and other issuance securities in the Company may be effected by money, securities, other things or property rights or other rights appraisable in money in accordance with resolution on issuance thereof and issue prospectus.

## **Article 10. DIVIDENDS**

10.1. Dividends shall be paid out of profits of the Company after tax payment (net profits of the Company). Dividends shall be a part of the net profit of the Company distributable among the Shareholders proportionally to the number of shares they hold.

10.2. The Company may, according to the results of the first quarter, half a year, nine months of a reporting year and (or) the results of the reporting year, pass resolutions (declare) on payment of dividends on the allocated shares. A resolution on payment (declaring) of dividends according to the results of the first quarter, half a year and nine months of the reporting year may be passed within three months upon expiration of the relevant period by an extraordinary General Meeting of Shareholders. A resolution on payment of dividends according to the results of the reporting year shall be passed by annual General Meeting of Shareholders.

10.3. The Company shall be obliged to pay dividends declared on shares. The Dividends shall be paid as usual by money. Any dividend may also be paid up by shares, other types of securities, assets, transfer of property or other rights having monetary appraisal.

10.4. A resolution on payment (declaration) of dividends shall be passed by the General Meeting of Shareholders of the Company. The said resolution will define the rate of the dividends, the form of their payment, the order of payment of the dividends in non-monetary form, the date on which the persons having the right to receive the dividends are defined. Thereat the resolution regarding the date on which the persons entitled to receive dividends are defined is taken according to recommendations of the Supervisory Board of the Company.

The date on which in accordance with the resolution on payment (declaration) of the dividends are defined the persons entitled to their receipt, may not be established earlier than 10 days from the date of taking the resolution on payment of the dividends and not later than 20 days from the date of taking such resolution.

The rate of the dividends may not be more than the rate of the dividends recommended by the Supervisory Board of the Company.

10.5. No dividend shall be accrued and paid on any shares other than outstanding shares acquired by the Company by resolution of the Supervisory Board, repurchased by the Company and transferred to its disposal by the reason of non-performance by the buyer of obligations to acquire the same.

10.6. The Company may not pass resolution on payment (declaring) of dividends on shares in cases provided by the Federal Law on Joint Stock Companies.

10.7. Payment of dividends shall be performed:

- to nominal holder and being professional member of the securities market the trust manager, which are registered with the register of the shareholders of the Company – not later than 10 business days from the date on which there are defined persons having the right to receive the dividends,

- to other persons registered with the register of the shareholders — not later than 25 business days from the date on which are defined persons having the right to receipt of the dividends.

The shorter term of payment of the dividends may be defined by the resolution on payment (declaration) of the dividends.

## **Article 11. GENERAL MEETING OF SHAREHOLDERS**

The General Meeting of Shareholders shall be the superior managerial body of the Company.

### **11.1. The scope of competence of the General Meeting of Shareholders.**

The following matters shall be referred to the competence of the General Meeting of Shareholders:

#### **11.1.1. Resolutions on the following matters shall be passed by 3/4 majority of votes of Shareholders – holders of voting shares participating in the General Meeting of Shareholders:**

(1) entering amendments into the Articles of Association of the Company or approval of the new version thereof, excluding the cases stipulated by clauses 2-5 of article 12 of 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 interim and final liquidation balance sheets;

(4) fixing the number, par value, class (category) of the authorized shares and rights attached thereto;

(5) increasing of the Authorized Capital of the Company by placement of additional shares if such placement is performed by:

(a) placement of additional shares through closed subscription;

(b) placement through public subscription of ordinary shares of the Company constituting more than 25% (twenty-five percent) of earlier allocated ordinary shares of the Company;

(6) placement through public subscription of issuance securities convertible into ordinary shares, which can be converted into the ordinary shares constituting 25% (twenty-five percent) of earlier allocated ordinary shares;

(7) passing resolutions on authorization or subsequent approval of large-scale transactions (including large-scale interested party transactions which are related-party transactions but not subject to approval as related-party transactions according to the legislation) in cases stipulated by Cl. 3 Art. 79 of the Federal Law On Joint Stock Companies;

(8) file the application about delisting of shares and (or) emission securities converted to shares.

**11.1.2. Resolutions on the following matters shall be passed by a simple majority of votes of the Shareholders – holders of voting shares attending the meeting:**

(1) election of Members of the Supervisory Board;

(2) early termination of the powers of Members of the Supervisory Board;

(3) election of Members of the Auditing Committee;

(4) early termination of the powers of Members of the Auditing Committee;

(5) approval of the external Auditor of the Company;

(6) approval of the Company's annual report;

(7) approval of the Company's annual accounting (financial) statements;

(8) distribution of profit (including payment (declaration) of dividends save for the payment (declaration) of dividends following the results of the first quarter, half year and nine months of a reporting year) and loss of the Company following the results of a reporting year;

(9) payment (declaration) of dividends following the results of the first quarter, half year and nine months of a reporting year;

(10) determination the procedure of the General Meeting of the Company;

(11) splitting and consolidation of shares;

(12) increasing the Authorized Capital of the Company:

(a) by increasing the par value of shares;

(b) by placement of additional shares only among the Shareholders of the Company in case of increasing of the Authorized Capital of the Company out of the Company's assets;

(c) by placement through public subscription of ordinary shares of the Company constituting at most 25% (twenty-five percent) of earlier allocated ordinary shares of the Company;

(13) placement by way of open subscription of issuance securities convertible into ordinary shares, which can be converted into the ordinary shares constituting at most 25% (twenty- five percent) of earlier allocated ordinary shares;

(14) decreasing the Authorized Capital of the Company by acquisition of a part of the shares for the purpose of decreasing of their total number, as well as by redemption of the shares acquired or repurchased by the Company;

(15) passing resolutions on authorization or subsequent approval of large-scale transactions in cases stipulated by Cl. 2 Art. 79 of the Federal Law On Joint Stock Companies;

(16) participation in financial-industrial groups, associations and other unions of profitmaking entities;

(17) passing resolutions on consenting to or subsequent approval of related-party transactions in cases stipulated by Article 83 of the Federal Law on Joint Stock Companies (the resolution shall be passed by a majority of votes held by all uninterested shareholders – holders of voting shares participating in the meeting). When adopting such a resolution, the General Meeting of Shareholders is deemed to be duly constituted regardless of a number of uninterested shareholders holding voting shares that attend the meeting;

(18) auditing of financial and economic activities of the Company by the Auditing Committee;

(19) approval of internal documents regulating the activities of the Company's bodies, as well as internal documents on remuneration and compensation to members of the Supervisory Board and Auditing Committee, including:

(a) Regulations on the General Meeting of Shareholders;

(b) Regulations on the Supervisory Board;

(c) Regulations on the Auditing Committee;

(d) Regulations on the Executive Committee;

(e) Regulations on remuneration to members of the Supervisory Board;

(f) Regulations on remuneration and compensations to members of the Auditing Committee;

(g) Code of Corporate Governance.

(20) fixing the amount of remuneration and(or) compensation for any losses to the members of the Supervisory Board of the Company connected with performance by them of the duties of members of the Supervisory Board of the Company during the period of their duties; fixing the amount of such remuneration and compensation, approval of internal documents on remuneration and compensation for any losses connected with performance of

the duties of members of the Supervisory Board of the Company by the persons being the members of the Supervisory Board;

(21) paying out remuneration and(or) compensation for any losses to the members of the Auditing Committee of the Company connected with performance by them of their duties during the period of performance by them of their duties; fixing the amount of such remuneration and compensation;

(22) fixing the amount of such compensation at the expense of the Company to any persons and bodies initiating an extraordinary General Meeting of Shareholders, for any losses connected with preparing and holding of such meeting;

(23) any other matters referred to the competence of the General Meeting of Shareholders by the Federal Law On Joint Stock Companies.

## **11.2. Resolutions of the General Meeting of Shareholders**

11.2.1. The General Meeting of Shareholders may neither pass resolutions on issues not included into the agenda of the Meeting nor change the agenda.

11.2.2. Any resolution of the General Meeting of Shareholders on any matter put to vote shall be passed by majority of votes (as provided in clause 11.1. hereof) of the Shareholders participating at the General Meeting of Shareholders – holders of shares with voting rights on this matter; and on matters of authorization or subsequent approval of related-party transactions – by majority of votes of Shareholders not interested in such transactions – holders of voting shares participating in voting.

The General Meeting of Shareholders shall be duly constituted (shall have the quorum) should the Shareholders who hold in aggregate more than half of the votes of placed voting shares of the Company participate in it.

Participants of the General Meeting shall be shareholders registered for participation including those registered via the website address in the information and telecommunication network Internet specified in a message on holding the General Meeting of Shareholders; and shareholders whose voting ballots are received or electronic form of ballots is completed on the website address in the information and telecommunication network Internet specified in such a message, no later than two days before the General Meeting of Shareholders.

Participants of the General Meeting of shareholders held in the form of absentee voting shall be shareholders whose voting ballots are received or electronic form of ballots is completed on the website address in the information and telecommunication network Internet specified in a message on holding the General Meeting of Shareholders before the ballot receipt deadline.

Participants of the General Meeting of shareholders shall be also shareholders who, in accordance with the rules of the legislation of the Russian Federation on securities, instructed the persons taking account of their rights to shares to vote, should the messages containing their will be received no later than two days before the date of the General Meeting of Shareholders or before the ballot receipt deadline in case of holding the General Meeting of Shareholders in the form of absentee voting.

11.2.3. Resolutions on the following matters shall be passed by the General Meeting of Shareholders only upon proposal of the Supervisory Board:

(1) reorganization and liquidation of the Company, appointment of the liquidation committee and approval of the interim and final liquidation balance sheets;

(2) increasing of the Authorized Capital of the Company by increasing par value of shares;

(3) increasing of the Authorized Capital of the Company by placement of additional shares;

(4) placement of issuance securities convertible into ordinary shares of the Company;

(5) splitting and consolidation of shares;

(6) passing resolutions on authorization or subsequent approval of related-party transactions in cases stipulated by the Federal Law On Joint Stock Companies;

(7) passing resolutions on authorization or subsequent approval of large-scale transactions stipulated by the Federal Law On Joint Stock Companies;

(8) participation in financial-industrial groups, associations and other unions of profitmaking entities;

(9) approval of internal documents regulating the activities of the Company's bodies (Regulations on the General Meeting of Shareholders, Regulations on the Supervisory Board, Regulations on the Auditing Committee, Regulations on the Executive Committee; Code of Corporate Governance);

(10) in other cases as provided by the laws of the Russian Federation.

11.2.4. Resolutions passed by a General Meeting of Shareholders shall be binding on all the Shareholders either present or not at the Meeting;

11.2.5. The resolution on the matter specified in sub-clause 8 of clause 11.1.1. of these Articles of Association shall come into force provided that the total number of shares in relation to which the claims are raised regarding the buying out does not exceed the number of shares that may be bought out by the Company with the account of the restriction stipulated by clause 5 of article 75 of the Federal Law On Joint Stock Companies.

### **11.3. Annual and Extraordinary General Meetings of Shareholders**

#### **11.3.1. Annual General Meetings of Shareholders**

11.3.1.1. The Company shall annually, no later than in six months after the expiration of the fiscal year, hold an annual General Meeting of Shareholders. The annual General Meeting of Shareholders shall annually pass resolutions on the following matters:

- (a) election of Members of the Supervisory Board;
- (b) election of the Auditing Committee of the Company;
- (c) approval of the external Auditor of the Company;
- (d) approval of annual report, annual accounting (financial) statements, as well as distributions of profits (including payment (declaration) of dividends save for the payment (declaration) of dividends following the results of the first quarter, half year and nine months of a reporting year) and loss of the Company following the results of a reporting year.

Any other matters may be included into the agenda of the annual General Meeting of Shareholders in the order and within the term fixed by the Federal Law On Joint Stock Companies and these Articles of Association.

11.3.1.2. Shareholders (Shareholder) jointly holding at least two percent of voting shares of the Company, may put any questions into the agenda of annual General Meeting of Shareholder and propose candidates to the Supervisory Board, the Auditing Committee and Counting Commission of the Company, provided the number of candidates may not exceed the number of members of the relevant body.

Such proposals shall be presented to the Company not later than 75 days after expiration of the reporting year.

The proposals must be signed by Shareholders (Shareholder) or their representatives. The signature of the representative of any legal entity acting without power of attorney in accordance with its articles of association shall be sealed with the seal of such legal entity. Should the proposal be signed by the representative of the legal entity acting on its behalf by virtue of the power of attorney, such power of attorney shall be attached to the proposal (duly certified copy of the power of attorney). Shareholders (Shareholder) not registered in the shareholder register shall have the right to submit proposals to the agenda of the General Meeting of Shareholders and proposals for the nomination of candidates also by giving appropriate instructions to the person taking account of their rights to shares. Such instructions are given in accordance with the rules of the legislation of the Russian Federation on securities.

11.3.1.3. A proposal to enter any items into the agenda of annual General Meeting of Shareholders:

- (a) shall contain wording of each item proposed; the name of Shareholders (Shareholder) making such proposals, the number and category (type) of the shares they hold;
- (b) may contain the wording of resolution on each proposed matter.

11.3.1.4. Any proposal of candidates shall specify:

- (a) the name of each proposed candidate;
- (b) the name of a body where such candidate is proposed to be elected;
- (c) the name of proposing Shareholders (Shareholder), the number of shares they hold;
- (d) other information as provided by the Regulations on the General Meeting of Shareholders.

11.3.1.5. The Supervisory Board of the Company shall consider any proposals arrived and shall pass a resolution on entering thereof into the agenda of the General Meeting of Shareholders or on refusal to do so (on entering into the list of candidates for voting on election into the Supervisory Board / Auditing Committee and Counting Commission of the Company or refusal thereon) within 5 days after the latest date fixed for making proposals by these Articles of Association.

The Supervisory Board may pass the resolution on refusal in the following cases:

- (a) the term of making proposal as fixed in these Articles of Association is not observed;
- (b) the proposal specifies incomplete details and (or) any documents as specified in these Articles of Association are not attached to the proposal;
- (c) at the date of proposal, the Shareholders making proposal do not hold the number of voting shares required to do so;
- (d) initiators of the proposal are the persons not registered in the register of Shareholders and (or) having no relevant powers to represent the Shareholders;
- (e) the matter proposed to the agenda is not in the competence of the annual General Meeting of Shareholders under the applicable law or these Articles of Association;
- (f) the matter proposed to the agenda does not meet the requirements of the Federal Law On Joint Stock Companies and other legal acts of the Russian Federation;
- (g) the candidates specified in proposal do not meet the requirements of the Federal Law On Joint Stock Companies and these Articles of Association to such candidate;

(h) the procedure of making proposals into the agenda of an annual General Meeting of Shareholders and proposals of the candidates to the managerial and control bodies of the Company as fixed by the Federal Law on Joint Stock Companies is not observed.

11.3.1.6. A reasoned resolution of the Supervisory Board to refuse to put any proposed items on the agenda of the annual General Meeting of Shareholders shall be forwarded to the Shareholder (Shareholders) making such proposal within 3 days after passing of such resolution.

11.3.1.7. Besides the items proposed for inclusion into the agenda of the General Meeting of Shareholders by the Shareholders of the Company and candidates proposed by the Shareholders to form a relevant body, the Supervisory Board of the Company may include any items into the agenda of the General Meeting of Shareholders and/or include any candidates with the list of candidates for voting at the election to a relevant body of the Company at its own discretion. The number of candidates proposed by the Supervisory Board shall not exceed the number of members of a relevant body.

11.3.1.8. A reasoned resolution of the Supervisory Board to refuse to include any candidate into the list for voting on election to the Supervisory Board, Auditing Committee and Counting Commission of the Company shall be forwarded to the Shareholder (Shareholders) making such proposal within 3 days after passing of such resolution.

### **11.3.2. Extraordinary General Meeting of Shareholders**

11.3.2.1. Any General Meeting of Shareholders that is not annual shall be an extraordinary one.

11.3.2.2. Any extraordinary General Meeting of Shareholders shall be held by the resolution of the Supervisory Board:

(a) on its own initiative;

(b) at request of the Auditing Committee of the Company (a resolution to forward to the Supervisory Board a request for convening an extraordinary General Meeting of Shareholders shall be passed by simple majority of votes of the Members of the Auditing Committee present at the meeting, and shall be signed by the Members of the Auditing Committee who voted for its adoption);

(c) at request of the external Auditor of the Company;

(d) at the request of a Shareholder (Shareholders) holding jointly at least 10 percent of voting shares in the Company as of the date of making such request (such request shall contain the names of the Shareholders (Shareholder) requiring calling of such meeting, and specify the number of the shares they hold; the request shall be signed by the Shareholders or their proxies with the relevant powers of attorneys attached; the signature of the representative of the legal entity acting without power of attorney in accordance with its articles of association shall be certified by the seal of such legal entity; where the request is signed by a representative of legal entity acting on its behalf by virtue of a power of attorney, such power of attorney shall be attached to the request).

11.3.2.3. The requests on convening of extraordinary General Meeting of Shareholders set forth in clause 11.3.2.2. (b, c, d) above (hereinafter - "requests"):

- shall contain the matters to be included into the agenda of the Meeting;

- may contain the wordings of the resolutions on each proposed matter, as well as proposals on nominations of the candidates and the form of the General Meeting.

11.3.2.4. Within 5 days from the date of submitting the request, the Supervisory Board shall pass resolution on convening an extraordinary General Meeting of Shareholders (in such event the General Meeting of Shareholders must be held within 40 days after the date of submitting the request) or on refusal to convene the same. If the proposed agenda for the extraordinary General Meeting of Shareholders comprises the item with election of the members of the Supervisory Board, such extraordinary General Meeting of Shareholders must be held within 75 days from the date of submitting the request.

A resolution of the Supervisory Board to refuse convening an extraordinary General Meeting of Shareholders may be passed in the following cases, namely if:

(a) the procedure of filing a request on convening of an extraordinary General Meeting of Shareholders of the Company is not observed as fixed in article 55 of the Federal Law On Joint Stock Companies;

(b) the Shareholders (Shareholder) who request convening of an extraordinary General Meeting of Shareholders of the Company are not the holders of at least 10 percent of voting shares in the Company;

(c) neither of the matters to be included into the agenda of an extraordinary General Meeting of Shareholders of the Company is referred to its competence and (or) meets the requirements of the Federal Law and other legal acts of the Russian Federation.

A resolution of the Supervisory Board of the Company on convening an extraordinary General Meeting of Shareholders or a reasoned refusal to convene the same shall be send to the persons requesting to convene the same within three days from the date of passing such resolution. If the request to hold an extraordinary General Meeting of Shareholders was received by the Company from persons who are not registered in the register of shareholders and who instructed the person taking account of their rights to shares, the said resolution of the

Company Supervisory Board shall be sent to such persons not later than three days from the day of its adoption in accordance with the rules of the legislation of the Russian Federation on securities for the provision of information and materials to persons exercising rights in securities.

#### **11.4. Proceedings at General Meeting of Shareholders**

##### **11.4.1. Forms of General Meeting of Shareholders**

11.4.1.1. Any resolution of the General Meeting of Shareholders may be passed without holding (joint presence of Shareholders for consideration of items on agenda and passing resolutions on the matters put to vote) by means of absentee vote.

11.4.1.2. General Meeting of Shareholders may not be held in the form of absentee vote if the agenda thereof includes the matters of:

- (a) election of the Supervisory Board;
- (b) election of the Auditing Committee;
- (c) approval of external Auditor;
- (d) approval of annual report, annual accounting (financial) statements.

11.4.1.3. The form of General Meeting of Shareholders shall be determined by the initiators of convening thereof, except where the form of General Meeting of Shareholders is fixed by the Federal Law On Joint Stock Companies.

The Supervisory Board may not change the form of an extraordinary General Meeting of Shareholders fixed in the request of initiators of convening thereof.

##### **11.4.2. Content of Resolution on Convening a General Meeting of Shareholders.**

11.4.2.1. A resolution of the Supervisory Board initiating calling an extraordinary General Meeting of Shareholders shall approve the items subject to entering into the agenda; the form of the meeting; the candidates to be included into the list of candidates for voting in elections into the relevant body of the Company, in case the agenda of the extraordinary General Meeting of Shareholders includes an item on election to the said bodies.

11.4.2.2. In the course of preparing a General Meeting of Shareholders, the Supervisory Board of the Company shall fix:

- (a) the form of the General Meeting of Shareholders (actual meeting or absentee voting);
- (b) the date, place, time of the General Meeting of Shareholders and mailing address for sending completed voting ballots, as well as the website address in the information and telecommunication network Internet, where electronic form of ballots may be filled in; or in the event of the General Meeting of Shareholders in the form of absentee voting - voting ballots receipt deadline and mailing address for sending completed ballots, as well as the website address in the information and telecommunication network Internet, where electronic form of ballots may be filled in;
- (c) the date of determining (fixing) the persons entitled to participate in General Meeting of Shareholders;
- (d) the agenda of General Meeting of Shareholders;
- (e) the procedure of notifying the Shareholders about the General Meeting of Shareholders;
- (f) the list of information (materials) presented to the Shareholders in the course of preparing and holding the General Meeting of Shareholders and the procedure of presenting thereof;
- (g) the form and wording of the voting ballot in case of voting by ballots, as well as the wording of decisions on the agenda of the General Meeting of Shareholders, which should be sent electronically (in the form of electronic documents) to nominal holders of shares registered in the register of shareholders;
- (h) the closing date for accepting proposals of shareholders on nominating candidates for election to the Supervisory Board, if the agenda for the extraordinary General Meeting of Shareholders comprises the item with election of the members of the Supervisory Board;

11.4.2.3. In case of including into the agenda of any items voting on which may, in accordance with the Federal Law On Joint Stock Companies entail the Shareholders' right to require the repurchase of shares they hold by the Company, the Supervisory Board shall fix the price for the shares to be repurchased, as well as the procedure and terms of such repurchase.

##### **11.4.3. Drawing up of the List of Persons Entitled to Participate in a General Meeting of Shareholders.**

11.4.3.1. The list of persons entitled to participate in a General Meeting of Shareholders shall be made in accordance with the rules of the legislation of the Russian Federation on securities to draw up the list of persons exercising their rights in securities.

11.4.3.2. The date of determining (fixing) the persons entitled to participate in the General Meeting of Shareholders may not be fixed earlier than 10 days from the date of passing the resolution on holding the General Meeting of Shareholders and later than 25 days prior to the date of the General Meeting of Shareholders, and in case stipulated in clause 2 of article 53 of the Federal Law On Joint Stock Companies – 55 days prior to the date of the General Meeting of Shareholders.

In case of a General Meeting of Shareholders where the agenda includes the matter of reorganization of the Company, the date of determining (fixing) the persons entitled to participate in such meeting cannot be more than 35 days prior to the date of the General Meeting of Shareholders.

11.4.3.3. The list of persons entitled to participate in a General Meeting of Shareholders, except for the information on the will of such persons, shall be presented by the Company for reviewing at request of the persons included into such list and holding at least 1 (one) percent of votes. In such event, the data that allow identifying physical persons included into such list, except for the surname, name and patronymic, shall be presented only upon consent of such persons.

11.4.3.4. Any amendments into the list of persons entitled to participate in a General Meeting of Shareholders may be entered only in case of restoring of violated rights of any persons not included into the said list as of the date of its drawing up, or correction of errors occurred at its drawing up.

11.4.3.5. Information about the date of drawing the list of persons having right to participation in the General Meeting of Shareholders shall be disclosed not less than 7 days prior to such date.

#### **11.4.4. Notifying of the Shareholders of a General Meeting of Shareholders.**

11.4.4.1. Notice of the General Meeting of Shareholders shall be published in the Shareholders and Investors/Information for the Shareholders section of the Company's website ([www.alrosa.ru](http://www.alrosa.ru)) at least 30 days before the date of the General Meeting of Shareholders unless a longer period is provided by the laws of the Russian Federation.

Notice of the Extraordinary General Meeting of Shareholders shall be published at least 50 days before the date thereof in the case provided by Paragraph 2 of Article 53 of the Federal Law On Joint Stock Companies..

In case if nominal holder of shares is a person registered with the register of shareholders of the Company the notification about holding the General Meeting of Shareholders, as well as information (materials) subject to provision to persons entitled to participate in a General Meeting of Shareholders at preparation to holding of the General Meeting of Shareholders shall be sent in accordance with the rules of the legislation of the Russian Federation on securities for the provision of information and materials to persons exercising rights in securities.

11.4.4.2. A date of informing the shareholders about the general meeting shall be determined by the date of notice publication in the manner provided by Clause 11.4.4.1 hereof.

11.4.4.3. By resolution of the Supervisory Board, besides the obligatory information as stipulated in these Articles of Association, the text of the advertisement on convening the General Meeting of Shareholders may include any other additional information.

11.4.4.4. Any materials presented to the Shareholders in the course of preparing to the General Meeting of Shareholders shall not be sent to the Shareholders. A Shareholder may review such materials at the addresses as specified in a notice of General Meeting of Shareholders.

11.4.4.5. The materials that shall be presented for reviewing to the Shareholders during the preparation to a General Meeting of Shareholders shall include:

- annual report of the Company, annual accounting (financial) statements and audit opinion thereabout;
- opinion of the Auditing Committee following the results of annual audit of the Company's annual report and annual accounting (financial) statements;
- details of candidates to the Supervisory Board, the Auditing Committee and the Counting Commission including information sufficient to make an opinion about the personal and professional qualities of candidates to the Supervisory Board and other bodies including information about their experience, biography and compliance with the specified requirements if such are established by the applicable laws;
- details of proposed auditors which are sufficient to make an opinion about their professional qualities and independence including the name of a self-regulating organization of auditors, to which a candidate belongs, a description of procedures used when selecting auditors to provide for their independence and objectiveness, information about the proposed remuneration of auditors to be paid for the services connected and not connected with audit (including information about compensatory payments and other expenses connected with auditor engagement), and other material terms of agreements with auditors;
- draft resolutions of the General Meeting of Shareholders;
- position of the Supervisory Board in terms of the agenda of the General Meeting and special opinions of the Supervisory Board members on each item on the agenda;
- report on interested-party transactions made by the Company during the reporting year;
- substantiation of a proposed distribution of net profit and assessment of its compliance with the dividend policy adopted, including for the payment of dividends and for the Company's own needs, with explanations and economic substantiation of a need for allocating a certain part of net profit to own needs;
- when making decisions to amend the Articles of Association and/or internal documents, draft amendments to be introduced into the Company's Articles of Association and internal documents and/or redrafted Articles of Association and internal documents, comparative tables of amendments introduced to the

current version, substantiation of a need for such decisions and explanation of potential effects thereof on the Company and its Shareholders should they be adopted;

- when making decisions to increase the Company's authorized capital by issuing additional shares to be paid by property, information about the results of appraisal of market value of property contributed in terms of payment for the shares issued additionally by the Company, as well as the property and/or shares, if such an appraisal was made by an appraiser, or other information which enables a shareholder to make an opinion about the actual value of the property and any changes thereof;
- when making decisions to increase or reduce the authorized capital, information about a consent to or subsequent approval of major transactions and interested-party transactions, substantiation of a need for such decisions and explanations of potential effects thereof on the Company and its Shareholders;
- when making decisions to consent to or subsequently approve major transactions, opinions of the Supervisory Board on a major transaction;
- when making decisions to consent to or subsequently approve an interested-party transaction, a list of persons that are recognized interested in the transaction with indication of grounds upon which such persons are recognized interested;
- when considering a matter of delegating the powers of the sole executive body to a management organization or a manager, details of such a management organization (including details of its affiliation with persons that control the Company) or a manager;
- details of corporate actions which resulted in a degradation of dividend rights of the shareholders and/or dilution of their shares, as well as information about court decisions which establish the facts of using other income generation methods by the shareholders at the cost of the Company save for dividends and liquid value;
- details of shareholder's agreements concluded within a year before the date of the General Meeting of Shareholders provided by Article 32.1 of the Federal Law On Joint Stock Companies;
- other information (materials) provided by these Articles of Association.

At least 30 days before the date of the General Meeting of Shareholders, unless a longer period is provided by the applicable laws, the materials hereunder shall be made available to persons entitled to attend the General Meeting of Shareholders for reviewing in the premises of the Company's executive body or in other places the addresses of which are specified in the notice of the General Meeting of Shareholders.

The above materials shall be made available to persons attending the General Meeting of Shareholders during the course thereof.

Upon the request of a person entitled to attend the General Meeting of Shareholders, the Company shall provide it with copies of the above documents. A charge for the provision of such copies may not exceed the cost of their making.

The information (materials) for the meeting of shareholders shall be published on the Company's website..

11.4.4.6. The notice of General Meeting shall contain:

- (a) full firm-name and location of the Company;
- (b) the names of initiators of convening of General Meeting of Shareholders, its type (annual or extraordinary) and form of holding (joint presence or absentee voting);
- (c) the date of determining (fixing) the persons entitled to participate in General Meeting of Shareholders;
- (d) address (addresses) for reviewing and obtaining copies of the materials presented to the Shareholders in the course of preparing and holding the General Meeting of Shareholders;
- (e) the date, place and time of commencing the registration of the participants of the meeting;
- (f) information on the documents that must be presented for admission to the premises where the meeting will be held, reminder of the necessity for the participants of the meeting to have an identifying document, and for a representative of a Shareholder – a certified power of attorney.
- (g) categories (types) of shares the holders of which are entitled to vote on all or some items on the agenda of the General Meeting of Shareholders;
- (h) website address in the information and telecommunication network Internet, where electronic form of ballots may be filled in.

11.4.4.7. In case a General Meeting of Shareholders is being held in the form of joint presence, the notice shall also contain the date, place and time the Meeting (including information about the premises where the meeting will be held).

11.4.4.8. In case of including into the agenda of any items, voting of which may result, under the Federal Law On Joint Stock Companies, in creation of the Shareholders' right to require the repurchase by the Company of the shares, such notice shall also specify: the existence of a Shareholders' right to require the repurchase by the Company of the shares they hold; the price of shares to be repurchased; the procedure and the term of repurchase. Thereat the Shareholder is provided with the form of written request of repurchase by the Company of the shares held by it.

11.4.4.9. In case a General Meeting of Shareholders is being held in the form of an absentee voting, the notice shall also contain the following information:

- deadline for accepting of the voting ballots by the Company;
- addresses for acceptance of the voting ballots (mailing addresses and addresses of the places of ballot acceptance);
- the procedure of notification of the Shareholders of the resolutions passed and the results of voting.

11.5. The procedure of convening, preparing, presenting the results of General Meeting of Shareholders to the extent not regulated by the Federal Law On Joint Stock Companies, other legal acts of the Russian Federation and these Articles of Association, shall be stipulated in the Regulations on General Meeting of Shareholders.

## **Article 12. SUPERVISORY BOARD OF THE COMPANY**

The Supervisory Board shall perform general management of the Company, excluding the matters referred to the competence of the General Meeting of Shareholders by the law and these Articles of Association.

### **12.1. The scope of competence of the Supervisory Board**

The following matters shall be referred to the competence of the Supervisory Board:

#### **12.1.1. Resolutions on the following matters shall be passed by the majority of votes of the Supervisory Board Members participating in the meeting (unless other majority is provided by the Federal Law On Joint Stock Companies) –**

1) convening of an annual and extraordinary General Meetings of Shareholders of the Company except for any cases as stipulated in clause 8, article 55 of the Federal Law On Joint Stock Companies;

2) approving of the agenda of General Meeting of Shareholders of the Company;

3) fixing the date of drawing up the list of persons entitled to participate in a General Meeting of Shareholders and other matters within the competence of the Supervisory Board in accordance with provisions of these Articles of Association connected with preparing and holding a General Meeting of Shareholders, including proposal to the General Meeting of Shareholders for resolving of any matters stipulated by the law and these Articles of Association;

4) placing additional shares to which placed privileged shares of a definite type are converted, converted to ordinary shares or privileged shares of other types, if such placement is not connected with the increase of the authorized capital, as well as placement of bonds and other issuance securities by the Company except for the shares;

5) fixing the price (monetary appraisal) of assets, price of placing and procedure of determining the price and price of repurchase of issued securities in cases provided by the Federal Law On Joint Stock Companies;

6) acquisition of placed shares, bonds and other securities of the Company, as stipulated in the Federal Law On Joint Stock Companies;

7) forming of executive bodies of the Company, fixing the term of powers of the sole executive body (the Chief Executive Officer – Chairman of the Executive Committee) and those of the members of the plural executive body (the Executive Committee), early termination thereof; fixing the amount of remuneration and compensation to the Chief Executive Officer – Chairman of the Executive Committee and the Members of the Executive Committee of the Company; giving consent to the Chief Executive Officer – Chairman of the Executive Committee or the Members of the Executive Committee for holding simultaneously any posts in the governing bodies of any other entities (except for the representation of the Company's interest in the governing bodies of legal entities with participating interest of the Company in their authorized capital, which may be made without the consent of the Supervisory Board of the Company);

8) fixing the remuneration of the external Auditor;

9) recommendations on the amount of remuneration and compensation payable to the Members of the Auditing Committee;

10) applying of the reserve and other funds of the Company;

11) approving of internal documents of the Company except for the internal documents to be approved by the General Meeting of Shareholders under the Federal Law On Joint Stock Companies and these Articles of Association, as well as other internal documents of the Company subject to approval by the executive bodies of the Company according hereto, including but not limited;

a) the document regulating the procedure and terms of purchase activities;

b) the document regulating the procedure and terms of making transactions not for value;

c) the document regulating the information policy of the Company;

- d) the document regulating the use of information about the Company's activities, securities and transactions therewith, which information is not publicly available and the disclosure thereof may materially affect the market value of the Company's securities;
- e) the document fixing the form, structure and content of the annual report of the Company;
- f) the document regulating the cooperation of the Company with the companies where the Company has participating interest;
- g) the document regulating the policy of the Company in relation to obtaining and granting of loans, credits, guarantees;
- h) the document regulating the policy in the field of risks management and internal control;
- i) the Regulations on the Corporate Secretary of the Company;
- j) the policy in the field of internal audit (Regulations on internal audit), defining the objectives and goals of internal audit function;
- k) the policy regarding remuneration and (or) compensation of costs (compensation) of key managing employees of the Company.
- 12) creation of branches and opening of representative offices of the Company, liquidation thereof;
- 13) approving of a registrar of the Company and the terms and conditions of a contract with him, as well as termination thereof;
- 14) passing resolutions on participation of the Company in any other entities and termination thereof (including change of the amount of participating interest) (except for the entities specified in sub-clause 18 of clause 1 of article 48 of the Federal Law On Joint Stock Companies), as well as taking decisions on contributing into the property of other entities (limited liability companies), on entering into the agreements of simple partnership (joint cooperation agreements);
- 15) approving of the reports on results of issuance (additional issuance) of the Company's securities;
- 16) approving of the form of request by the Shareholders to repurchase their shares by the Company and the forms of a notice of the Shareholders of sale of the shares to the Company;
- 17) preliminary approving of the annual report of the Company;
- 18) election and termination of authorities of the corporate secretary, commission to the Chief Executive Officer – Chairman of the Executive Committee of the Company about appointment on the post of the corporate secretary elected by the Supervisory Board and about dismissal from the occupied post of the corporate secretary of the Company, the resolution on termination of authorities was taken by the Supervisory Board; appraisal of the work of the corporate secretary and approval of reports on its work; taking resolution on payment of additional remuneration to the corporate secretary;
- 19) determination of the list of persons (offices) related to the category of key managing persons (the sole executive body and the members of collective executive body of the Company, as well as the employees who occupy significant positions in the structure of the executive managing board of the Company and have direct influence on the effectiveness of financial and economical activity of the Company in general);
- 20) approval of:
  - a) the budget of the Company for the next financial year;
  - c) the list of controlled legal entities (the term "controlled entity" is given within the meaning of article 2 of the Federal Law On Securities Market) and related companies, resolution on position of the Company (representatives of the Company) on the items on agenda of the General Meetings of Shareholders (Members) and meetings of the boards of directors (supervisory boards) which shall be passed by the Supervisory Board;
  - d) approximate form of labour contract with the Chief Executive Officer – Chairman of Executive Committee and Members of the Executive Committee of the Company;
- 21) consideration of the executive bodies reports on the Company's activities, on fulfillment of the resolutions of the General Meeting of Shareholders and the Supervisory Board;
- 22) electing and terminating the authorities of a head of a structural subdivision in charge of internal audit, instructing the Chief Executive Officer – Chairman of the Executive Committee of the Company to appoint a head of a structural subdivision in charge of internal audit elected by the Supervisory Board and to dismiss a head of a structural subdivision in charge of internal audit a decision on the termination of authorities whereof was made by the Supervisory Board; approving the work plans of a structural subdivision in charge of internal audit and reviewing its work reports;
- 23) determining the principles and approaches to the organization of internal audit, internal control and risk management in the Company;
- 24) assessing the Company's financial and non-financial risks including operating, social, ethical, environmental and other non-financial risks, and establishing the acceptable degrees of risk; efficiency evaluation of the internal control and risk management system;
- 25) proposals aimed at improving the practice of corporate governance (based on the results of evaluating the corporate governance practice), and proposals for amending the Article of Association and internal

documents of the Company, as well as proposals for appropriate personnel decisions for the executive bodies of the Company;

26) alienation by the Company of treasury and quasi-treasury shares;

27) resolving of any other questions as stipulated in the Federal Law On Joint Stock Companies.

**12.1.2. Resolutions on the following matters shall be passed by 3/4 majority of votes of the Supervisory Board Members participating in the meeting (unless any other majority is provided for by the Federal Law On Joint Stock Companies) –**

1) election of the Chairman of the Supervisory Board;

2) forming the Supervisory Board committees, approving internal documents which determine their competence and work procedure, as well as internal documents on remunerations and/or compensation of expenses connected with performance of duties by a committee member to persons that are not members of the Supervisory Board; determining the number of members of the Supervisory Board committees; appointing a chairperson and members of a committee and terminating their appointment;

3) recommendations to executive bodies of the Company on any matters of the Company's activity.

**12.1.3. Resolutions on the following matters shall be passed by other majority of votes of the Supervisory Board Members**

1) election of the First Deputy Chairman of the Supervisory Board and the Deputy Chairman of the Supervisory Board – by the majority of votes of the Supervisory Board Members;

2) authorization or subsequent approval of transactions stipulated in Chapter XI of the Federal Law On Joint Stock Companies – a resolution shall be passed by the majority of votes of the Supervisory Board according to Cl. 3 Art. 83 of the Federal Law On Joint Stock Companies (provided a Member of the Supervisory Board or its affiliated person who is an official of a contracting party possessing managerial authority but formally not included in executive bodies of the Company's contracting party, is considered related party in the Company's transactions with a contracting party);

3) authorization or subsequent approval of large-scale transactions (including major related-party transactions which are not subject to approval as a related-party transaction according to the legislation) in cases stipulated in Chapter X of the Federal Law On Joint Stock Companies – a resolution shall be passed unanimously by all the Members of the Supervisory Board;

4) approval of the Shareholders' proposals to the General Meeting of Shareholders on the matters listed in clause 11.2.3. hereof including the matters of increasing the Authorized Capital of the Company by increasing the shares par value or by placing additional shares – by 3/4 majority of votes of the Company's Supervisory Board Members.

**12.1.4. Resolutions on the following matters shall be passed by majority vote of the total number of Supervisory Board Members:**

1) determination of business priorities of the Company, including approval of a development strategy (long-term program) of the group and a business plan of the Company, attraction of long-term investments;

2) approval of dividend policy;

3) approval of recommendations on size of dividends on shares, procedure for their payment, procedure for dividend payment in non-monetary form, as well as setting the date as of which persons entitled to dividends shall be determined;

4) determination of a price and approval (or sub-sequent approval) of the following material transactions of the Company:

a) acquisition and sale of the Company's shares held on the balance sheet of the Company;

b) transactions with price (value) more than 10% of the book value of the Company's assets (except for diamond sale transactions);

c) obtaining or granting credits, pledges, guarantees which result or may result in the liabilities of the Company in the amount exceeding 5% of the book value of the Company's assets according to the accounting data as on the date of such transaction;

d) agreements with the territorial entities of the Russian Federation and municipal entities that entail or may entail expenses or other liabilities of the Company in the amount exceeding 1% of the book value of assets;

e) The Company's donations (including charity, contributions, grants), including membership dues (other expenses), connected with the Company's participation in non-commercial organizations,

exceeding the costs of the Company on these items of expenses stipulated by the Company's budget approved by the Supervisory Board for a relevant period.

5) approval of resolutions on listing of the Company's shares and (or) equity securities of the Company convertible into its shares; submitting to the General Meeting of Shareholders of the Company issues related to the delisting of the Company's shares and (or) securities of the Company convertible into its shares;

6) approval of recommendations regarding the voluntary or mandatory proposal received by the Company;

7) consideration of significant business issues and determination of the position of the Company (representatives of the Company) on the following agenda items of general meetings of shareholders (participants) and meetings of boards of directors (supervisory boards) of the Company's controlled and related companies (hereinafter – "CRC") included in the list approved by the Supervisory Board, in particular instruction to vote or not to vote on agenda items, to vote "for", "against" or "abstain" on draft resolutions on:

a) reorganization of CRC;  
b) liquidation of CRC;  
c) fixing the number, par value, category (class) of the authorized shares of CRC and rights attached to such shares;

d) increasing of the authorized capital of CRC by increasing of par value of the shares or by placement of additional shares;

e) placement of CRC securities convertible into ordinary shares;

f) approval of large-scale deals to be made by CRC;

g) election of the sole executive body of CRC and determining the main terms of the contract with it;

h) transactions in the amount (balance, market or cadastral price) of more than 2% of the assets of the Company's IFRS balance sheet, which are not carried out in the ordinary course of business;

i) any transactions with the shares of the Company or CRC (including encumbrances);

j) in case if CRC owns the Company's shares – submission of proposals to the agenda of the Meeting of Shareholders of the Company and the Company's Supervisory Board, voting with the Company's shares at a Meeting of the Company's Shareholders;

k) listing of shares and (or) equity securities convertible into shares;

8) determination of the Company's position at consideration by the managing bodies of subsidiary of controlled commercial companies of the Company of matters regarding acquisition thereby of stock (shares in the authorized capital) of other commercial companies, as well as at their establishment, in case if a price of such transaction comprises 15 or more percent of the balance value of assets of subsidiary or controlled commercial company, defined according to the data of its accounting (financial) statements as of the last reporting date.

No matters referred to the competence of the Supervisory Board may be delegated for resolving to the executive bodies of the Company.

## **12.2. Election of the Supervisory Board**

12.2.1. The Supervisory Board of the Company shall be elected in the number of 15 members.

12.2.2. Members of the Supervisory Board shall be elected by the General Meeting of Shareholders according to the procedure stipulated herein for the term till the next annual General Meeting of Shareholders. Where any annual General Meeting of Shareholders is not held within the term fixed in the Federal Law On Joint Stock Companies, the powers of the Supervisory Board shall be terminated, excluding the powers to prepare, convene and hold the annual General Meeting of Shareholders.

12.2.3. Elections of the Members of the Supervisory Board of the Company shall be performed by cumulative voting.

12.2.4. The candidates that collect the largest number of votes shall be deemed elected into the Supervisory Board of the Company.

12.2.5. Any persons elected into the Supervisory Board of the Company may be reelected unlimited number of times.

## **12.3. Chairman of the Supervisory Board**

12.3.1. Functioning of the Supervisory Board of the Company shall be arranged by its Chairman or, on his instructions, the First Deputy Chairman and Deputy Chairman of the Supervisory Board of the Company.

12.3.2. The Chairman of the Supervisory Board, First Deputy and Deputy Chairman of the Supervisory Board shall be elected by the Members of the Supervisory Board from their number.

12.3.3. The Chairman of the Supervisory Board shall preside at the meetings of the Supervisory Board, shall cause taking minutes at the meetings, shall preside at the General Meetings of Shareholders.

In case of absence of the Chairman of the Supervisory Board, his functions shall be performed by any of Deputy Chairmen.

12.3.4. Meetings (absentee voting) of the Supervisory Board may be convened by the Chairperson of the Supervisory Board on its own initiative, at the request of a member of the Supervisory Board, the Company's executive bodies, the Auditing Committee, an officer in charge of organization and conduction of internal audit (head of a structural subdivision in charge of organization and conduction of internal audit), the Auditor, a shareholder (shareholders) holding in aggregate at least 2 percent of the Company's shares.

#### **12.4. Passing Resolutions by the Supervisory Board**

12.4.1. At least half of the elected Members of the Supervisory Board shall constitute quorum for the meeting of the Supervisory Board of the Company, unless otherwise provided hereby.

12.4.2. Resolutions at a meeting of the Supervisory Board of the Company shall be passed in accordance with clause 12.1 hereof unless other majority is provided for by the Federal Law On Joint Stock Companies.

12.4.3. While passing the resolutions at the meetings of the Supervisory Board, each Member of the Supervisory Board shall have one vote. In case of equality of votes in a voting, the vote of the Chairman of the Supervisory Board shall be casting.

12.4.4. No transfer of the voting right by a Member of the Supervisory Board to any other person, including to any other Member of the Supervisory Board, shall be allowed.

12.4.5.

Any Member of the Supervisory Board necessarily absent at a meeting of the Supervisory Board may submit to the Corporate Secretary its written opinion on the matters included into the agenda of the Supervisory Board by the date of the meeting.

12.4.6. Resolutions of the Supervisory Board may be passed by absentee voting.

12.4.7. In case when any transaction must be approved by the Supervisory Board on several grounds simultaneously (established by these Articles of Association and Chapter X or Chapter XI of the Federal Law On Joint Stock Companies), the procedure of approval thereof shall be regulated by provisions of the Federal Law On Joint Stock Companies.

#### **12.5. Arrangement of the Supervisory Board Work**

12.5.1. The Supervisory Board may form committees for preliminary consideration of matters which fall within its competence. The competence and work procedure of a committee shall be determined by the Company's internal document to be approved by the Supervisory Board.

The Supervisory Board shall form an Auditing Committee for preliminary consideration of matters connected with control of financial and business activities of the Company including the determination of whether the Company's auditor is independent and has no conflicts of interests and appraisal of quality of audit of the Company's accounting (financial) statements.

12.5.2. The procedure of convening, proceeding at the meetings and passing resolutions by the Supervisory Board (including such procedure in case of the absentee vote) to the extent not regulated by the Federal Law On Joint Stock Companies, other legal regulatory acts of the Russian Federation and these Articles of Association, shall be regulated by the Regulations on the Supervisory Board.

### **Article 13. EXECUTIVE BODIES OF THE COMPANY**

Current activities of the Company shall be managed by the Chief Executive Officer – Chairman of the Executive Committee (the sole executive body) and the Executive Committee (the plural executive body).

The executive bodies of the Company (the Chief Executive Officer – Chairman of the Executive Committee and Executive Committee) shall be competent to resolve any questions regarding management of the current activities of the Company, except for the matters referred to the competence of the General Meeting of Shareholders and the Supervisory Board.

The executive bodies of the Company shall cause performing of resolutions of the General Meeting of Shareholders and the Supervisory Board of the Company.

The executive bodies of the Company shall be accountable to the General Meeting of Shareholders and the Supervisory Board.

### **13.1. Chief Executive Officer – Chairman of the Executive Committee of the Company**

13.1.1. The Chairman of the Executive Committee shall be the sole executive body of the Company.

13.1.2. The rights and obligations of the Chief Executive Officer – Chairman of the Executive Committee of the Company shall be determined in the Federal Law On Joint Stock Companies, other legal acts of the Russian Federation, these Articles of Association, and the contract which on behalf of the Company shall be signed by the Chairman of the Supervisory Board, or any person authorized by the Supervisory Board of the Company.

13.1.3. The Chief Executive Officer – Chairman of the Executive Committee of the Company shall act on behalf of the Company without power of attorney, and shall:

- (1) have the right of first signature onto the financial documents;
- (2) represent interests of the Company both in Russia and abroad;
- (3) issue orders (in particular, shall approve the accounting policy, issue the orders on organization of the document circulation in the Company and its structural subdivisions), directions and instructions binding on all the employees of the Company, approve the manning-table, conclude labour contracts with the employees of the Company (including labor contracts with heads of branches, representative offices and other separate subdivisions), apply measures of motivation and impose penalties on them, approve the organizational structure and issue organizational and administrative documents of the Company in the field of economic activities, labor and personnel matters (including any regulations on subdivisions and employee manuals);
- (4) manage activities of the Executive Committee, preside at its meetings;
- (5) recommend to the Supervisory Board for approving the personal membership of the Executive Committee;
- (6) make transactions on behalf of the Company, dispose of the monetary resources and assets of the Company except for any cases stipulated by the Federal Law On Joint Stock Companies and these Articles of Association;
- (7) issue powers of attorneys on behalf of the Company;
- (8) arrange accounting and reporting of the Company;
- (9) take measures to reveal and collect any losses caused to the Company;
- (10) perform other duties necessary for achievement of the Company's objectives and provision of its normal operation in accordance with applicable laws and these Articles of Association, except for the duties attached to other managerial bodies of the Company by these Articles of Association and other bodies of the Company.

13.1.4. The term of powers of the Chief Executive Officer – Chairman of the Executive Committee shall be defined by the decision of the Supervisory Board and a contract concluded with him but shall not exceed 5 (five) years. The termination of powers of the Supervisory Board shall not cause the termination of powers of the Chief Executive Officer – Chairman of the Executive Committee.

### **13.2. The Executive Committee of the Company**

13.2.1. The Company's Executive Committee shall act on the basis of the Articles of Association and the Regulations on the Executive Committee which set out the timelines and procedure for convening and conducting of its meetings as well as the quorum and the decision making procedure. The rights and obligations of members of the Company's Executive Committee are determined by the Federal Law On Joint Stock Companies, other legal acts of the Russian Federation and agreement concluded by each of them with the Company. The agreement shall be signed by the Chairperson of the Supervisory Board or a person authorized by the Supervisory Board on behalf of the Company.

13.2.2. The scope of competence of the Executive Committee shall include:

- 1) passing resolutions on any questions proposed by the Chief Executive Officer – Chairman of the Executive Committee of the Company for consideration regarding current management of the Company's activities;
- 2) preparing and submitting the annual report, the accounting (financial) statements, recommendations on the distribution of profits (including the payment (declaration) of dividends) and loss of the Company to the Supervisory Board and the General Meeting of Shareholders;
- 3) determination of the general principles of foreign economic activities of the Company;
- 4) organization of the development and approving of the personnel policy, the Regulations on ranks and awards of the Company;
- 5) determination of guidelines for the purposes, strategy, policy and programs of the Company, including the analysis and summarization of the results of the work of the Company's subdivisions for the realization thereof;
- 6) providing the fulfillment of the resolutions of General Meeting of Shareholders and the Supervisory Board;
- 7) preparation of the financial statements of the Company, the reports on performance by the Executive Committee of the resolutions of General Meeting of Shareholders and the Supervisory Board of the Company;
- 8) organization of preparation and approval of the business plan of the Company and report on the performance thereof;

- 9) organization of preparation and approval of the investment program of the Company;
- 10) consideration of the reports of any Deputy Chief Executive Officer – Chairman of the Executive Committee, heads of any structural subdivisions of the Company on the performance of any approved plans or programs;
- 11) approval of list of information being a commercial secret of the Company;
- 12) approval of any changes, amendments or adjustments to the annual budget of the Company and forthwith notification of the Supervisory Board of the resolution passed;
- 13) approves and amends the list of permanent collegial bodies of the Company;
- 14) any other matters referred to the competence of the Executive Committee by these Articles of Association.

The Executive Committee of the Company shall be also entitled to take resolutions on other matters of management of the current activity of the Company upon direction of the Supervisory Board or the Chief Executive Officer – Chairman of the Executive Committee of the Company, except for the resolutions on the matters referred to the competence of the General Meeting of Shareholders, the Supervisory Board of the Company.

13.2.3. Under instruction of the Chief Executive Officer – Chairman of the Executive Committee, the Executive Committee shall prepare draft resolutions on any questions proposed for consideration by the Supervisory Board.

13.2.4. The Executive Committee shall be formed in the number to be fixed by the Supervisory Board. Members of the Executive Committee shall be approved by the Supervisory Board upon proposal of the Chief Executive Officer – Chairman of the Executive Committee of the Company. The term of powers of each Member of the Executive Committee shall be fixed by a contract concluded with him and shall be limited by the term of powers of the Executive Committee approved by the Supervisory Board. The termination of powers of the Supervisory Board shall not cause the termination of powers of the Executive Committee and certain Executive Committee Members.

#### **Article 14. RESPONSIBILITY OF MEMBERS OF THE SUPERVISORY BOARD, THE CHIEF EXECUTIVE OFFICER – CHAIRMAN OF THE EXECUTIVE COMMITTEE AND MEMBERS OF THE EXECUTIVE COMMITTEE OF THE COMPANY**

14.1. While exercising their rights and obligations, Members of the Supervisory Board, the Chief Executive Officer – Chairman of the Executive Committee and the Members of the Executive Committee shall act for the benefit of the Company, shall exercise their rights and obligations in respect of the Company fairly and reasonably.

14.2. Members of the Supervisory Board of the Company, the Chief Executive Officer – Chairman of the Executive Committee and the Members of the Executive Committee shall bear responsibility to the Company for any losses caused to the Company through their faulty acts (omissions), unless other grounds and scope of responsibility are fixed by federal laws.

Provided those Members of the Supervisory Board and the Executive Committee who voted against the resolution that caused losses to the Company or did not participate in voting shall bear no responsibility.

Members of the Supervisory Board of the Company, the Chief Executive Officer – Chairman of the Executive Committee and the Members of the Executive Committee shall bear responsibility to the Company and the Shareholders for any losses caused through their faulty acts (omissions), violating the procedure of acquisition of the Company's shares stipulated by Chapter XI.1 of the Federal Law On Joint Stock Companies.

14.3. In determination of grounds and the scope of responsibility of the Members of the Supervisory Board, the Chief Executive Officer – Chairman of the Executive Committee and Members of the Executive Committee, it is necessary to take in consideration ordinary terms of business intercourse and other circumstances essential for the case.

14.4. In case, in accordance with the provisions of this article of the Articles of Association, more than one person bear responsibility, their responsibility to the Company shall be several and joint.

#### **Article 15. AUDITING COMMITTEE OF THE COMPANY**

15.1. The Auditing Committee shall perform control over financial and economic activities of the Company. The procedure of the Auditing Committee's functioning shall be fixed in the Regulations on the Auditing Committee approved by General Meeting of Shareholders.

15.2. The Auditing Committee shall be elected at General Meeting of Shareholders, in the number of 5 persons.

No shares held by the Members of the Supervisory Board, the Executive Committee and the Chief Executive Officer – Chairman of the Executive Committee of the Company may participate in voting on election of the Members of the Auditing Committee.

The term of powers of the Auditing Committee shall be calculated beginning from its election at the annual General Meeting of Shareholders and up to the date of its election (reelection) at the next annual General Meeting of Shareholders.

15.3. Powers of certain Members or the whole Auditing Committee may be early terminated by the resolution of General Meeting of Shareholders.

In case the number of Members of the Auditing Committee becomes less than a half of the number fixed in these Articles of Association, the Supervisory Board shall convene an extraordinary General Meeting of Shareholders for election of a new membership of the Auditing Committee. The rest Members of Auditing Committee shall perform their functions until the election of the new membership of the Auditing Committee at an extraordinary General Meeting of Shareholders.

In case of early termination of powers of the Auditing Committee, the powers of the new membership of the Auditing Committee shall be valid until the time of election (reelection) of the Auditing Committee at an annual General Meeting of Shareholders.

15.4. A Shareholder and any other person proposed by a Shareholder may be a Member of the Auditing Committee. Members of the Auditing Committee of the Company may not be the Members of the Supervisory Board, the Executive Committee, the Liquidating Committee and the Chief Executive Officer – Chairman of the Executive Committee at the same time, as well as be Members of the Counting Commission.

15.5. Audit of financial and economic activities of the Company shall be performed based on the results of activities of the Company during a year.

Audit of financial and economic activities of the Company shall be performed also at any time: on the initiative of the Auditing Committee of the Company; by the resolution of the General Meeting of Shareholders; by the resolution of the Supervisory Board of the Company; on request of a Shareholder (Shareholders) of the Company holding jointly at least 10 percent of voting shares in the Company as of the date of requesting.

15.6. On request of the Auditing Committee, any persons occupying offices in the managerial bodies of the Company shall represent the documents on financial and economic activities of the Company.

15.7. The Auditing Committee of the Company may require convening of the extraordinary General Meeting of Shareholders in the order stipulated in these Articles of Association.

15.8. The reliability of any data contained in an annual report of the Company, annual accounting (financial) reports, shall be confirmed by the Auditing Committee of the Company.

15.9. On the results of auditing of the financial and economic activities of the Company, the Auditing Committee shall draw up a Report containing confirmation of reliability of the data in the accounts and other financial documents of the Company; information on the facts of non-observance of the order of accounting and submitting financial statements as established by the legal acts of the Russian Federation, as well as violation of any legal acts of the Russian Federation in the course of conducting its business activities.

## **Article 16. CORPORATE SECRETARY**

16.1. Corporate Secretary is an official of the Company, is accountable in its activity to the Supervisory Board of the Company, is appointed and is dismissed from the post by the Chief Executive Officer – Chairman of the Executive Committee of the Company by the resolution of the Supervisory Board.

16.2. Main functions of the Corporate Secretary are:

- a) participation in improvement of the system and practice of corporate management;
- b) participation in arrangement of preparation and conduct of General Meetings of Shareholders;
- c) provision of operation of the Supervisory Board and committees of the Supervisory Board;
- d) participation in realization of the Company's policy regarding disclosure of information as well as provision of keeping corporate documents of the Company;
- e) provision of interaction of the Company with the shareholders and participation in prevention of corporate conflicts;

- f) provision of realization of procedures stipulated by the legislation and internal documents of the Company, providing realization of rights and legal interests of the Shareholders and control over their execution;
- g) provision of interaction of the Company with the bodies of regulation, organizers of trade, registrar, other professional participants of the securities market, in the frames of authorities assigned to the corporate secretary;
- h) immediate informing of the Supervisory Board about all revealed breaches of the legislation, as well as the regulations of internal documents of the Company, observance of which is referred to the functions of the secretary of the company.

#### **Article 17. REGISTER OF SHAREHOLDERS**

17.1. The Company shall entrust to maintain and keep the register of Shareholders to a special Registrar in the order stipulated in the applicable legislation of the Russian Federation.

The register of Shareholders of the Company shall contain data regarding each registered person (a Shareholder or a nominee holder of shares), the number and category (class) of the shares recorded in the name of each registered person, other information as stipulated by the legal acts of the Russian Federation.

17.2. The Company shall not be released from the liability to maintain and keep the register of the Shareholders of the Company.

The Company and the Registrar shall bear joint liability for any losses caused to any Shareholder if its share is lost or such Shareholder cannot exercise his (its) rights certified in such share by the reason of improper observance of the order of maintaining and drawing up the Company's register, unless it is proved that proper observance was impossible by the reason of force majeure or the actions (omissions) of the Shareholder claiming compensation for losses including when the Shareholder did not take any reasonable measures to minimize such losses.

17.3. A person registered in the register of Shareholders of the Company shall timely inform the holder of the register of Shareholders of the Company of any change in its details. In case such person fails to represent the information of any change in its details, the Company and the specialized registrar shall bear no responsibility for the losses incurred by this reason.

#### **Article 18. AFFILIATED PERSONS OF THE COMPANY**

18.1. Any person shall be recognized affiliated in accordance with the requirements of the legislation of the Russian Federation.

18.2. Affiliated persons of the Company shall notify the Company in writing of any shares in the Company they hold specifying their number and category (class) within 10 days after the date of acquisition of such shares.

18.3. In case any property damage occurs to the Company by the reason of nonrepresentation or undue representation by an affiliated person of the above information, such affiliated person shall bear responsibility in the amount of the damage caused.

18.4. The Company shall record its affiliated persons and shall submit the relevant reports thereon in accordance with the legislation of the Russian Federation.

#### **Article 19. ACCOUNTING AND REPORTING. FUNDS OF THE COMPANY**

19.1. Any profit (income) remained in the Company after payment of taxes and other payments and dues to the budget and off-budget funds shall be at Company's disposal and shall be applied at its discretion.

To secure the liabilities of the Company, its manufacturing and social development at the expense of profits (income) remained after payment of taxes, dues and other charges, the Company shall form the relevant special purpose funds.

19.2. The Company shall form a reserve fund in the amount of at least 5 percent of the Authorized Capital of the Company.

The reserve fund of the Company shall be formed by obligatory annual deductions.

The amount of annual deductions may not be less than 5 percent of the net profit up to achieving of the amount fixed in these Articles of Association.

The reserve fund of the Company is designated to cover its losses and to redeem bonds of the Company and repurchase shares in the Company in case of absence of other resources.

The reserve fund may not be applied for any other purposes.

19.3. The fiscal year of the Company shall be from January 1 till December 31.

## **Article 20. EXTERNAL AUDITOR OF THE COMPANY**

20.1. An external Auditor of the Company (either an individual or an auditing firm) shall audit the Company's business activities in accordance with the legislation of the Russian Federation under a contract made with him (it).

20.2. General Meeting of Shareholders shall approve the external Auditor of the Company on the basis of an open competition for choosing the auditor.

20.3. Based on the results of audit of business activities of the Company, the external Auditor of the Company shall draw up a report containing the following: confirmation of reliability of the data contained in the accounts and other fiscal documents of the Company; information on the facts of violation of the accounting procedure established by the legal acts of the Russian Federation and the procedure of submitting the financial statements, as well as any legal acts of the Russian Federation in the course of conducting business.

20.4. The audit of the Company's activities shall be performed by the Auditor of the Company at any time on the request of Shareholders jointly holding at least 10 percent of voting shares in the Company as of the date of such request.

Shareholders initiating the audit shall forward to the Supervisory Board a written request. Such request shall contain:

- clearly stated reasons for such request;
- full name (name) of Shareholders;
- information on the shares they hold (number, category, class);
- personal numbers of the Shareholders in the Register.

The request shall be signed by the Shareholder or his attorney. Where the request is signed by an attorney, the relevant power of attorney should be attached thereto.

Where the request is initiated by shareholder – legal entity, the signature of a representative of such legal entity acting with the authority of the Articles of Association (Regulations) without power of attorney, shall be certified by the seal of such legal entity. Where the request is signed by a representative of the legal entity acting on its behalf under a power of attorney, the said power of attorney should be attached to such request.

A request of the initiators of audit shall be forwarded by a registered letter to the address of the Company with acknowledgement of receipt or filed to the Corporate Secretary.

The date of filing the request shall be fixed as the date of acknowledgement of receipt or the date of direct delivery to the Corporate Secretary.

20.5. Within 10 days after the date of the request, the Supervisory Board shall pass a resolution on performing audit of the Company's business and the amount of remuneration payable to the external Auditor or shall state a reasoned refusal to perform an audit.

The Supervisory Board may refuse to perform audit of the Company's business in the following cases:

- requesting Shareholders hold less number of voting shares than it is stipulated therein as of the time of request;
- the request is initiated by the persons not registered in the register of Shareholders and (or) having no representation powers granted by relevant Shareholders;
- the request contains incomplete data;
- Shareholders initiating the audit fail to pay its cost.

20.6. Where, within 10 days the Supervisory Board fails to pass resolution to perform audit and the remuneration payable to the external Auditor, or fails to send a reasoned refusal to perform audit by a registered letter, the initiators of the audit may require convening of an extraordinary meeting of the Supervisory Board.

An extraordinary meeting of the Supervisory Board shall pass resolution on performing the audit of Company's activities within the term consented with the external Auditor of the Company, and shall fix the remuneration payable thereto. The relevant resolution of the Supervisory Board regarding the date of audit shall be sent by a registered letter at the address of the initiators of the audit.

20.7. A report of the external Auditor of the Company shall be approved at a meeting of the Supervisory Board following the audit and shall be sent by a registered letter at the address of initiators of the audit.

20.8. Initiators of the audit may at any time prior to passing resolution by the Supervisory Board on performing the audit of activities of the Company, revoke its request by a written notice given to the Supervisory Board.

## **Article 21. INFORMATION ABOUT THE COMPANY**

21.1. The Company shall provide shareholders with access to the following documents at their request:

1) Company's foundation agreement, resolution on forming of the Company, Articles of Association of the Company, as well as duly registered amendments and supplements entered into the Articles of Association;

2) document confirming the state registration of the Company;

3) resolution on the issue (additional issue) of securities, changes in the resolution on the issue (additional issue) of securities, report on results of the issue (additional issue) of securities, notification of results of the issue (additional issue) of securities;

4) internal documents of the Company approved by the General Meeting of Shareholders which regulate the activity of the Company's bodies;

5) regulations on branches and representative offices of the Company;

6) annual reports;

7) annual accounting (financial) statements and auditor's conclusion on it;

8) formed in accordance with the requirements of the Federal Law On Joint Stock Companies, appraisers' reports in case of shares redemption by the Company at the request of a shareholder;

9) documents received by the Company in accordance with the chapter XI.1 of the Federal Law On Joint Stock Companies;

10) minutes of general meetings of shareholders;

11) lists of affiliated persons of the Company;

12) conclusion of the Auditing Committee of the Company;

13) issue prospectus, quarterly reports of the issuer and other documents containing information subject to publishing or other disclosure in accordance with the Federal Law On Joint Stock Companies and other federal laws;

14) notices to the Company of shareholders' agreements and lists of persons who entered into such agreement;

15) judicial acts related to disputes connected with the foundation of the Company, its management and participation therein, as well as judicial acts on such disputes, including determination of initiation by an arbitral tribunal of proceedings in case and adoption of a statement of claim or an application to change the grounds or subject matter of previous claimed action.

21.2.

At the request of a shareholder (shareholders) holding at least 1 percent of voting shares in the Company, the Company shall ensure access to the following information and documents:

1) information regarding transactions (unilateral transactions) that are, in accordance with the Federal Law On Joint Stock Companies, major transactions and (or) related party transactions, including type, subject, content and size of such transactions, date of their execution and deadline for fulfillment of obligations thereon, information on adoption of a decision on obtaining consent for commission or on subsequent approval of such transactions;

2) minutes of meetings of the Supervisory Board of the Company;

3) reports of appraisers on valuation of property for which the Company made transactions which, in accordance with the Federal Law On Joint Stock Companies, are major transactions and (or) related party transactions.

Request of a shareholder (shareholders), holding at least 25 percent of voting shares of the Company, for provision of documents and information, stipulated by the current clause, shall specify a business purpose with which documents are requested.

21.3. The Company shall provide at the request of a shareholder (shareholders), holding at least 25 percent of voting shares of the Company, access to minutes of meetings of the Executive Committee and accounting documents.

21.4. Access to documents shall be provided based on the written request, which shall be forwarded by a shareholder to the Company by registered letter at the address of the Company or filed to the Corporate Secretary.

The request for providing a shareholder with the documents for reviewing shall contain:

- for an individual – surname, name, patronymic;
- for a legal entity – name and location;
- the number and category (class) of the shares in the Company held by such shareholder;
- details of identifying documents.

In case if the rights to the shares of a shareholder requesting for the documents are accounted on a depo account, a statement from depo account issued not earlier than three (3) business days prior to the date of the request shall be attached to such request.

21.5. Documents provided for in clause 22.1 of these Articles of Association shall be presented by the Company within seven business days after filing the relevant request for reviewing them at the premises of the executive body of the Company. The Company shall, on request of the persons entitled to access the documents, provide them with the copies of the said documents. The cost charged by the Company for the copies may not exceed the cost of making the same.

The time for the performance of the obligation to provide documents containing confidential information is reckoned not earlier than from date of signing of a non-disclosure agreement (confidentiality agreement) between the Company and a shareholder who filed request for access to documents. The terms of the non-disclosure agreement (confidentiality agreements) may be determined by the Company in a record form or in another standard form and must be the same for all shareholders of the Company. The Company publishes on its website in the information and telecommunication network Internet the terms of this agreement. In case of a group call of shareholders, this agreement shall be signed by each of them, and in case of granting access to documents to a representative of a shareholder by proxy, either by a shareholder itself or by his/her representative.

## **Article 22. DOCUMENTS OF THE COMPANY**

22.1. The Company shall keep the documents stipulated by the Federal Law On Joint Stock Companies, these Articles of Association, internal documents of the Company, resolutions of the General Meeting of Shareholders, the Supervisory Board, executive bodies of the Company, as well as documents stipulated by the regulatory legal acts of the Russian Federation.

22.2. The Company shall keep the documents stipulated by Clause 22.1 of these Articles of Association at the location of the executive body in the manner and within the time limits established by the Bank of Russia.

## **Article 23. REORGANIZATION AND LIQUIDATION OF THE COMPANY**

23.1. The Company may be voluntary reorganized by the resolution of General Meeting of Shareholders. Any other grounds and the procedure of reorganization of the Company are determined in the Civil Code of the Russian Federation (hereinafter – the “CC RF”) and the federal laws.

23.2. The Company may be liquidated voluntarily according to procedure stipulated by CC RF subject to the requirements of the Federal Law On Joint Stock Companies and these Articles of Association.

23.3. The Company may be liquidated by court decision on the grounds stipulated by CC RF.

## **Article 24. FINAL PROVISIONS**

24.1. If in result of changing of the effective law or legal regulative acts some provisions of these Articles of Association come into conflict with provisions of the law, such provisions shall become invalid and provisions of the law shall be applied.

24.2. Such conflicting with the law provisions shall not affect the validity of other provisions of these Articles of Association. The Company shall take all necessary measures in order to bring these Articles of Association in compliance with the provisions of the legislation.