

APPROVED
by the Annual General Meeting of
Shareholders of
PAO "TMK"
on June 21, 2018
(Minutes No. w/o No. dated 25 June, 2018)

**REGULATION OF BOARD OF DIRECTORS
of PAO "TMK"**

(new edition)

Moscow
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1. GENERAL

- 1.1. This Regulation on Board of Directors (hereinafter referred to as the Regulation) of PAO “TMK” (hereinafter referred to as the Company) was established in accordance with the Civil Code of the Russian Federation, the Federal Law on Joint Stock Companies, other regulations of the Russian Federation, the applicable rules, regulations and legislation of those stock exchanges on which the Company's securities circulate, the Code of Corporate Governance approved by the Board of Directors of the Bank of Russia, and the Company's Articles of association; it defines the principles of the Board of Directors, its status, the establishment procedure, the competence of the Board of Directors, the powers and responsibilities of the members of the Board of Directors, the procedure of convening and holding the Board of Directors and the execution of its decisions.
- 1.2. The Board of Directors is a collegial governing body of the Company, which exercises general management of its activities, except for the settlement of issues belonging to the competence of the General Meeting of Shareholders of the Company as determined by federal laws and the Company's Articles of association.
- 1.3. The Board of Directors shall carry out its activities in accordance with the laws of the Russian Federation, the Company's Articles of association, the decisions of the General Meeting of Shareholders, this Regulation and other internal documents of the Company approved by the Board of Directors.
- 1.4. The Board of Directors shall act in the interests of the Company and its shareholders and shall be accountable to the General Meeting of Shareholders.

2. TERMS AND DEFINITIONS

- 2.1. Terms and definitions used in this Regulation shall be applied in the sense in which they are used in the legislation of the Russian Federation on Joint Stock Companies and Securities, unless otherwise provided by this Regulation.
- 2.2. For the purposes of this Regulation, the following terms and definitions are used:

“*Executive Director*” is a member of the Board of Directors who is an Official of the Company;

“*Independent Director*” is a member of the Board of Directors who has sufficient independence to form his/her own position and is able to make objective and conscientious judgments that are independent of the influence of the executive bodies of the Company, certain groups of the shareholders or other interested parties, and also possesses a sufficient degree of professionalism and experience.

For the purposes of this provision, the independent directors are members of the Board of Directors who meet the independence criteria established by the current Listing Rules of the PJSC Moscow Stock Exchange.

In some cases of an exceptional nature, in the circumstances referred in the Corporate Governance Code, while assessing, the Board of Directors may recognize a candidate as an independent one (a Board member), despite him/her having formal criteria of association with the Company, a significant shareholder of the Company, a significant counterparty or competitor of the Company if such association does not affect the ability of the individual to make independent, objective and fair judgments.

An independent director shall refrain from committing acts, as a result of which he/she can cease to be independent. If upon the election of the Independent Director to the Board of Directors the circumstances arise, as a result of which he/she ceases to be independent, such member of the Board of Directors shall immediately notify the Board of Directors of these circumstances. The Board of Directors shall ensure the disclosure of information about the loss of his/her status of the Independent Director by a member of the Board of Directors. If necessary, the Board of Directors may convene an extraordinary General Meeting of Shareholders to elect a new Board of Directors.

The Committee on appointments and remunerations of the Board of Directors of the Company shall assess the compliance of the candidates to the Board of Directors of the Company with the above independence criteria.

“Non-executive Director” is a member of the Board of Directors who is not the Company's Official;

“Official” is a person who performs organizational, administrative or economic functions in the Company and who in labor relations with the Company.

“Corporate Governance Code” is the Corporate Governance Cod, approved by the Board of Directors of the Bank of Russia on March 21, 2014.

3. OBJECTIVES, ACTIVITIES AND TASKS OF THE BOARD OF DIRECTORS

3.1. The objectives of the Board of Directors shall be to ensure conditions to achieve maximum profits and increase in value of the Company's assets, protection of rights and legitimate interests of the shareholders, ensuring completeness, reliability and objectivity of public information about the Company.

3.2. To implement the objectives, the Board of Directors shall be guided by the following principles:

- making decisions based on reliable information on the Company's activities;
- exclusion of restrictions on the rights of shareholders to participate in the management of the affairs of the Company, as well as to receive dividends and information about the Company;

- achievement of the balance of interests of various groups of shareholders and adoption by the Board of Directors of the most objective decisions in the interests of all shareholders of the Company.

3.3. To implement the objectives, the Board of Directors, within its competence, shall fulfil the following tasks:

- executing the decisions of the General Meeting of Shareholders;
- determining the main strategic guidelines of activity of the Company in the long term, the key indicators of the Company's activities; ensuring the implementation and protection of shareholders' rights, facilitating the resolution of corporate conflicts;
- assessing the political, financial and other risks affecting the Company's operations;
- approving the plans and budgets of the Company;
- determining the principles of investment and participation in other organizations;
- assessment of the performance of the Company and its management bodies;
- giving recommendations on the amount of dividends and the procedure for their payment;
- determining the criteria for the formation of management personnel;
- determining the Company's policy on remuneration of members of the Board of Directors, executive bodies and other key employees of the Company;
- developing systems and methods for motivating and promoting the personnel;
- providing disclosure of information about the Company;
- ensuring effective activity of executive bodies of the Company and supervising their activity;
- determining the principles and approaches to the organization of risk management and internal control of the Company;
- ensuring effective control over the financial and economic activities of the Company;
- ensuring compliance by the Company with the current legislation;

- ensuring compliance with the principles of corporate governance; and
- based on the results of consultations with the Committee on appointments and remunerations, informing the shareholders of the Company whether the nominated candidates for the Board of Directors are the Independent Directors.

3.4. Any unrecoverable ambiguity in the rules enshrined in legislative and other acts shall be interpreted by the Board of Directors in defense of the rights and legitimate interests of the shareholders.

4. MEMBERS OF THE BOARD OF DIRECTORS

4.1. Only individuals can be members of the Board of Directors. A member of the Board of Directors may not be a shareholder of the Company.

4.2. The members of the Board of Directors cannot be members of the Audit Commission of the Company.

4.3. The members of the Board of Directors are elected by the General Meeting of Shareholders for the period until the next annual General Meeting of Shareholders. If the annual General Meeting of Shareholders was not held within the time limits established by the Company's Articles of association, the powers of the Board of Directors shall be terminated, except for the authority to prepare, convene and hold the annual General Meeting of Shareholders.

4.4. In the event that a member of the Board of Directors withdraws, the powers of the remaining members of the Board of Directors shall not be terminated, except when the number of members of the Board of Directors becomes less than the required quorum.

4.5. By the decision of the General Meeting of Shareholders, the powers of all members of the Board of Directors of the Company may be terminated ahead of schedule.

4.6. The ability of a member of the Board of Directors to effectively carry out its activities is assessed every time the possibility of appointing a new term is considered. The Committee on appointments and remunerations reviews these issues on an annual basis in connection with the assessment by the Board of Directors of the results of its activities.

4.7. The number of members of the Board of Directors is eleven. At least four members of the Board of Directors shall be Independent Directors in accordance with the definition given in this Regulation.

5. RIGHTS AND OBLIGATIONS OF THE MEMBER OF THE BOARD OF DIRECTORS, PROCEDURE OF THEIR IMPLEMENTATION

5.1. A member of the Board of Directors shall have the right to:

- receive any information regarding the Company, as well as with respect to its subsidiaries and legal entities, directly or indirectly controlled by the Company through the Secretary of the Board of Directors in case he/she believes that this information is necessary for him/her to perform his/her functions as a member of the Board of Directors of the Company. The Company's officials, including the General Director of the Company, are required to provide the Secretary of the Board of Directors with the information requested by him/her or to provide a written reasoned explanation within five working days, specifying the reason for the impossibility of providing information within the specified time; the Secretary of the Board of Directors shall transmit the specified information to the member of the Board of Directors who requested this information within three working days;
- require the inclusion in the minutes of the meeting of the Board of Directors of its special opinion on the agenda issues and decisions taken;
- initiate the convocation of a meeting of the Board of Directors to resolve urgent issues;
- request the consent of the Board of Directors or the General Meeting be obtained for a transaction in which he/she has an interest;
- get acquainted with the minutes of the meetings of the Board of Directors and other collegial governing bodies of the Company and receive their copies;
- voluntarily resign, having previously notified the Company in writing in no less than 45 calendar days, while the powers of the said member of the Board of Directors are considered to have been terminated since the election of a new Board of Directors at an extraordinary General meeting of shareholders; and
- receive remuneration and compensation of expenses related to the performance of the powers of a member of the Board of Directors of the Company.

5.2.A member of the Board of Directors shall:

- act within his/her authority in accordance with the objectives and principles of the Board of Directors;
- act reasonably and in good faith with respect to the Company in general, and not in the interests of individual shareholders, officials and other persons; not to disclose or use confidential information about the Company and insider information in private interests or in the interests of third parties during the term of office of a member of the Board of Directors and for ten years after the completion of work in the Company;

- participate in the adoption of resolutions of the Board of Directors by voting on the agenda of its meetings or by providing written opinions in the absence of a meeting of the Board of Directors or in the course of absentee voting; to abstain from voting on issues in respect of which he/she has a conflict of interests;
- devote a significant part of his/her time and make efforts to study the activities of the Company and the information provided; assess the risks and possible adverse effects in decision-making; make informed decisions after getting acquainted with all necessary information and materials;
- timely inform the Company of his/her affiliation and changes in the grounds for the occurrence of affiliation;
- refrain from actions that will or potentially lead to a conflict between his/her interests and the interests of the Company, and in the event of such a conflict, timely disclose relevant information to the Company; notify the Board of Directors of the ownership of the Company's securities, as well as the share of his/her participation in the authorized capital of the Company and/or its subsidiaries (dependent companies), the intention to make transactions with the securities of the Company or its subsidiaries (dependent companies), and disclose to the Company information about his/her transactions with such securities; to inform the Board of Directors on alleged transactions in the performance of which he/she may be deemed to be interested; moreover, this member of the Board of Directors shall immediately disclose to the Board of Directors the fact of such interest and the reasons of its occurrence;
- inform the Board of Directors of other significant liabilities that may affect his/her work as a member of the Board of Directors and notify the Board of Directors of any subsequent changes in such obligations;
- notify the Company about:
 - the legal entities in which they hold independently voting shares;
 - the legal entities in respect of which they, their spouses, parents, children, siblings and half-siblings, adopters and adopted and (or) their controlled organizations are controlling persons or have the right to give mandatory instructions;
 - the legal entities in whose governing bodies they, their spouses, parents, children, siblings and half-siblings, adopters and adopted and (or) their subordinated persons hold positions;
 - the transactions known that are being committed or potentially committed, in which they can be recognized as interested parties and persons;

- their intention to join the governing bodies of other organizations (in addition to the Company's controlled and dependent organizations), as well as the fact of such election (appointment).
- their personal data, which the Company is obliged to disclose in accordance with the legislation of the Russian Federation, and their modification.

5.3. The interest of a member of the Board of Directors shall be determined in accordance with Article 81 of the Federal Law “On Joint Stock Companies”.

5.4. The Independent Directors shall refrain from committing actions, as a result of which they may cease to be independent and promptly inform the Company if their status changes.

5.5. The activity of a member of the Board of Directors shall be continuous and shall not be limited to participation in the adoption of decisions by the Board of Directors.

5.6. A person who maintains the account of the decisions and minutes of meetings of the Board of Directors shall be obliged, at the request of a member of the Board of Directors, to provide him/her with the copies of these documents certified by the Secretary of the Board of Directors within five working days.

6. CHAIRMAN OF THE BOARD OF DIRECTORS

6.1. The Chairman of the Board of Directors shall be elected by the members of the Board of Directors from among them by a majority vote of the members of the Board of Directors participating in the voting.

6.2. A person exercising the functions of the sole executive body of the Company cannot simultaneously be the Chairman of the Board of Directors.

6.3. In the absence of the Chairman of the Board of Directors, all of his/her functions (including the right to sign documents) shall be exercised by one of the members of the Board of Directors by decision of the Board of Directors, which is adopted by a majority of votes of the members of the Board of Directors participating in voting.

6.4. The Board of Directors shall have the right at any time to re-elect the Chairman of the Board of Directors by a majority vote of the members of the Board of Directors participating in the voting.

6.5. The Chairman of the Board of Directors shall:

- organize the work of the Board of Directors, facilitate the most effective implementation of the functions assigned to the Board of Directors;

- ensure the effective organization of the activities of the Board of Directors, in general, and its committees, in particular;
- interact and maintain contacts with other management bodies and officials of the Company in order to obtain as timely and complete information as possible for the Board of Directors to take decisions and ensure effective interaction between these bodies and officials among themselves and with third parties;
- take all necessary measures for the timely provision of members of the Board of Directors with the information necessary for making decisions on the agenda issues;
- convene meetings of the Board of Directors, organize timely and proper notification of members of the Board of Directors on the convocation of meetings of the Board of Directors;
- establish the agenda of meetings of the Board of Directors and ensure timely notification of the agenda to all members of the Board of Directors;
- preside at meetings of the Board of Directors of the Company, ensure compliance with the procedure for holding meetings of the Board of Directors;
- provide an opportunity for the members of the Board of Directors to express their views on the issues under discussion, ensure a constructive and friendly atmosphere at the meetings of the Board of Directors, and also facilitate the search for an agreed decision by the members of the Board of Directors in the interests of the Company;
- in cases where the nature of the issue under discussion or the nature of the conflict of interest requires it, the Chairman of the Board of Directors suggests that a member of the Board of Directors having a corresponding conflict of interest not be present when discussing such an issue at a meeting of the Board of Directors of the Company;
- organize the development of the most effective decisions on the agenda issues;
- organize the maintenance of the minutes of the meetings of the Board of Directors, signs them, be responsible for the correctness and timeliness of the drafting of the minutes, ensures that the shareholders and other interested parties are informed and/or provided with the copies of the minutes (extracts from the minutes) at their request and in accordance with their powers.

6.6. The Chairman of the Board of Directors shall not have the right to delegate the performance of his/her functions to another person.

7. SECRETARY OF THE BOARD OF DIRECTORS (CORPORATE SECRETARY)

7.1. The functions of the Secretary of the Board of Directors shall be exercised by the Corporate Secretary of the Company. The Secretary of the Board of Directors shall be elected by a majority of votes of the members of the Board of Directors participating in the voting.

7.2. The Secretary of the Board of Directors shall be elected from among individuals who are not members of the Board of Directors.

7.3. A person exercising the functions of the sole executive body of the Company cannot simultaneously be the Secretary of the Board of Directors.

7.4. The Secretary of the Board of Directors shall be accountable to the Board of Directors. The Board of Directors shall be entitled at any time to relieve the Secretary of the Board of Directors of the responsibilities and elect a new Secretary of the Board of Directors.

7.5. In the absence of the Secretary of the Board of Directors, the performance of his/her duties shall be vested in another person by a resolution passed by a majority of votes of the members of the Board of Directors participating in the meeting.

7.6. The Secretary of the Board of Directors shall have the right to:

- demand from the Company's Officials information and documents necessary for the preparation of materials on the agenda issues of the Board of Directors meetings and necessary to respond to the requests of the members of the Board of Directors;
- receive remuneration for their work and compensation of expenses related to the execution of functions of the Secretary of the Board of Directors.

7.7. The Secretary of the Board of Directors shall:

- assist the Chairman of the Board of Directors in the performance of his/her functions;
- maintain and prepare minutes of meetings and absentee voting of the Board of Directors;
- summarize the results of voting on decisions;
- maintain records and store incoming documentation and copies of outgoing documentation of the Board of Directors;

- inform the members of the Board of Directors of holding meetings (absentee voting) of the Board of Directors within the time limits established by this Regulation;
- send to the members of the Board of Directors the materials necessary for the consideration of issues on the agenda of meetings (absentee voting) of the Board of Directors, in the manner and within the time limits established by this Regulation;
- draw up and sign extracts from minutes of meetings and absentee voting of the Board of Directors;
- ensure the interaction of the Company with regulatory authorities, trade organizers, registrars, other professional participants of the securities market within the scope of their authority;
- promptly inform the Board of Directors of all violations of legislation and provisions of the Company's internal documents, the observance of which relates to the functions of the Secretary of the Board;
- keep minutes of meetings of the Board of Directors;
- keep decisions of the Board of Directors taken by absentee voting;
- keep questionnaires for voting sent to the Board of Directors by members of the Board of Directors for taking decisions by the Board of Directors by absentee voting;
- perform other functions in accordance with this Regulation, internal documents of the Company and instructions of the Chairman of the Board of Directors.

7.8. The Secretary of the Board of Directors shall have the rights and obligations in accordance with the Regulations on the Corporate Secretary of the Company.

7.9. Information on the Corporate Secretary of the Company shall be disclosed on the Company's website on the Internet, as well as in the annual report of the Company in the scope provided for disclosure of information regarding members of the Board of Directors and executive bodies of the Company.

8. MEETING OF THE BOARD OF DIRECTORS

Meetings of the Board of Directors

8.1. The meetings of the Board of Directors shall be held regularly in accordance with the work plan approved at the meeting of the Board of Directors, but at least once a quarter. If necessary, the Board of Directors considers issues not included in the work plan. The

information on the number of meetings of the Board of Directors and its committees held during the past year, indicating the form of the meeting and information on the presence of members of the Board of Directors at these meetings shall be disclosed in the Company's annual report.

8.2. The meeting of the Board of Directors on issues related to the preparation and holding of the Annual General Meeting of Shareholders shall be held not later than one month after the occurrence of the term for submission of the annual accounting (financial) statements established by the laws of the Russian Federation for the purpose of approval of an annual report, an annual balance sheet, including a report on financial results of the Company, the recommendations to the General meeting as for distribution of profits and losses based on the results of the reporting year and the report of the Company's auditor.

8.3. At least once a year, the Board of Directors discusses the following issues at one or more meetings:

- efficiency of the Board of Directors;
- cooperation and mutual relations between the Board of Directors and the executive bodies of the Company;
- evaluation of the activities of the Company's governing bodies, as well as the work of their members;
- policy of remuneration and compensation to the General Director and the key Officials of the Company;
- strategic directions of the Company's economic activity and related risks;
- corporate governance and the results of activities in the field of internal control, reflected in the reports of the Company's management;
- recommendations regarding the report of the Company's auditor and remuneration of the Company's auditor.

8.4. The procedure for holding meetings of the Board of Directors in the part not provided for by this Regulation shall be determined by the Chairman of the Board of Directors.

Convocation of meetings of the Board of Directors

8.5. The meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors at his/her own initiative or at the request of other persons specified in clause 1 of Article 68 of the Federal Law "On Joint Stock Companies" and the Articles of association of the Company.

8.6. In the event that the Chairman of the Board of Directors is unable to convene a meeting of the Board of Directors due to objective reasons, including illness, being on a business trip, this meeting of the Board of Directors shall be convened by the Secretary of the Board of Directors at the request of the persons specified in clause 1 of Article 68 of the Federal Law “On Joint Stock Companies” and the Articles of association of the Company.

8.7. The requirement to convene a meeting of the Board of Directors shall contain the following information:

- name of the person initiating the convocation, or name of the body or legal entity that presented such a demand;
- form of decision-making (at a meeting or by absentee voting);
- date of the meeting or, in case of absentee voting, the last day of receiving written opinions of the members of the Board of Directors on the agenda issues;
- agenda of the meeting (absentee voting);
- list of information (materials) provided to the members of the Board of Directors for the meeting.

Furthermore, the demand to convene a meeting of the Board of Directors may contain the following information:

- time and place of the meeting (in case of a meeting);
- draft decisions on the agenda;
- other information at the discretion of the initiator of the meeting.

8.8. The decision to convene a meeting of the Board of Directors shall contain the following:

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

Consideration of the demand to convene a meeting of the Board of Directors

8.9. The Chairman of the Board of Directors shall have no right to refuse to convene a meeting (holding an absentee vote), except for the cases when:

- a demand to convene a meeting (holding an absentee vote) does not comply with the Company's Articles of association or this Regulation;
- an initiator of calling a meeting (holding an absentee ballot) is not entitled to make such a demand.

8.10. The Chairman of the Board of Directors shall be obliged to review the demand and decide whether to convene a meeting of the Board of Directors or to refuse it within five working days from the date of receipt of the request.

The Chairman of the Board of Directors shall be obliged to notify the initiators of the meeting about the decision taken within five working days from the date of its adoption in a convenient manner (including by post, telegraph, teleprinter, telephone, electronic or other communication means).

8.11. In the event that the Chairman of the Board of Directors satisfies a demand to convene a meeting (holding an absent vote) of the Board of Directors, the Chairman of the Board of Directors shall have the right to change the form of the decision-making by the Board of Directors, the date of the meeting, the time and place of the meeting and to supplement the agenda of the meeting (absentee voting). At the same time, the date for holding such a meeting of the Board of Directors cannot be postponed by more than 5 (five) days ahead compared to the date of the meeting specified in the demand to convene a meeting of the Board of Directors, but in view of the fact that in accordance with paragraphs 8.9 and 8.10 of this Regulation the periods specified in these clauses are prolonged for the time necessary for consideration of the demand to convene a meeting of the Board of Directors and for giving the initiator a notice of a decision to convene a meeting of the Board of Directors or to refuse thereof.

8.12. At the meetings of the Board of Directors, the issues not specified in the notice on convocation of a meeting of the Board of Directors cannot be considered, except for cases when such a decision is unanimously adopted by all elected members of the Board of Directors, and the votes of the withdrawn members of the Board of Directors are not taken into account.

Convening of a meeting of the Board of Directors according to the appropriate procedure

8.13. The Chairman of the Board of Directors shall convene a meeting of the Board of Directors to resolve the following issues:

- convocation of the annual General Meeting of Shareholders and adoption of decisions necessary for its convening and holding, provided for by Clause 1 of Article 54 of the Federal Law “On Joint Stock Companies”;

- approval of the annual report of the Company, the annual balance sheet, including a report on the financial results of the Company, provision of recommendations to the General Meeting on the distribution of profits and losses of the Company based on the results of the reporting year and the report of the Company's auditor;
- consideration of proposals of the shareholders to include issues in the agenda of the Annual General Meeting of Shareholders and nominate candidates to the Company bodies in the order stipulated by the Articles of association and the adoption of decisions on the inclusion of issues on the agenda of the Annual General Meeting of Shareholders, as well as candidates for inclusion in the list of candidates for the voting on elections to the Company's bodies;
- convocation of the General Meeting of Shareholders in the case provided for by paragraph 2 of Article 68, paragraph 1 of Article 83 of the Federal Law “On Joint Stock Companies”, and other cases provided for by the legislation of the Russian Federation;
- election of the sole executive body of the Company in case of early termination of his/her powers; early termination of the powers of the sole executive body of the Company, in the cases established by the legislation of the Russian Federation, the Company's Articles of association, this Regulation and other internal documents of the Company;
- transfer of powers of the sole executive body of the Company under a contract with a commercial organization (managing organization) or an individual entrepreneur (manager), approval of the terms of the conclusion with the managing organization (manager), and early termination of the powers of the managing organization (manager).

Notification of the members of the Board of Directors on convening and holding meetings of the Board of Directors

- 8.14. The notice of convocation of the meeting of the Board of Directors shall be signed by the Chairman of the Board of Directors and sent to each member of the Board of Directors together with the necessary materials in a period not less than 14 (fourteen) calendar days prior to the date of the meeting.
- 8.15. If, in accordance with the legislation of the Russian Federation, the meeting of the Board of Directors shall be held in a shorter time, the term for sending the notice along with the necessary materials shall be shortened. The term may also be shortened in case of emergency resolution of any issues.
- 8.16. The term for sending the notification specified in clause 8.14 of this Regulation cannot be shortened if the agenda includes issues related to the Company's budget (including its approval, adjustment or performance results).

- 8.17. The first meeting of the newly elected Board of Directors after the General Meeting of Shareholders shall be held immediately after the end of the General Meeting of Shareholders if a majority of the elected members of the Board of Directors are present at that meeting. Otherwise, the first meeting of the newly elected Board of Directors after the General Meeting of Shareholders shall be convened by the General Director of the Company within five (5) business days from the date of the General Meeting of Shareholders at which the members of the Board of Directors were elected.
- 8.18. If within the period specified in Clause 8.17 of this Regulation, the General Director, for whatever reasons, does not convene a meeting of the Board of Directors, the convocation of the first meeting of the Board of Directors shall be carried out by any member of the Board of Directors. The agenda of such a meeting includes the issue of election of the Chairman of the Board of Directors and the Secretary of the Board of Directors. The initiator of the first meeting of the newly elected Board of Directors shall send a written notification to all members of the Board of Directors on holding the first meeting of the Board of Directors proposing to participate in the meeting on the election of the Chairman of the Board of Directors and the Secretary of the Board of Directors.
- 8.19. The notice of the meeting shall be sent to the members of the Board of Directors in writing or in another manner convenient for them (including by post, telegraph, teleprinter, telephone, electronic or other communication means).
- 8.20. The notice of the meeting shall specify the address where members of the Board of Directors can send their written opinions.
- 8.21. A member of the Board of Directors who received a notification specified in clause 8.19 of this Regulation shall notify the Secretary of the Board of Directors no later than seven calendar days prior to the date of the meeting of the Board of Directors on whether he/she will participate in the meeting of the Board of Directors.

Change of the place and time of the meeting of the Board of Directors

- 8.22. In the event of circumstances that make it impossible or difficult to hold a meeting of the Board of Directors in the place or at time notified to the members of the Board of Directors, the meeting on the scheduled agenda may be held elsewhere or at another time.
- 8.23. Any change in the place or time of a meeting of the Board of Directors shall be notified to all members of the Board of Directors in advance so that they have sufficient time to arrive at the meeting. Notification of these changes shall be sent to the members of the Board of Directors in any form that guarantees receipt of notification by a member of the Board of Directors at the address of the seat of the member of the Board of Directors and (or) at the address of receipt of correspondence.

Voting at meetings of the Board of Directors

- 8.24. When taking decisions by the Board of Directors, the members of the Board of Directors present at the meeting shall express their opinion on the issues of the agenda by voting.
- 8.25. When resolving issues at a meeting of the Board of Directors, each member of the Board of Directors shall have one vote.
- 8.26. Transfer of voting rights by a member of the Board of Directors to another person, including another member of the Board of Directors, shall not be allowed.
- 8.27. When the votes are divided equally, the Chairman of the Board of Directors shall have a decisive vote.
- 8.28. The meeting of the Board of Directors can be held only if there is a quorum. A quorum sufficient to hold a meeting of the Board of Directors shall be the presence of at least six elected members of the Board of Directors at the meeting. The quorum shall be determined by the Chairman of the Board Directors before the meeting. In the absence of a quorum, the meeting of the Board of Directors shall not be opened.

Holding meetings of the Board of Directors through a conference call or videoconference

- 8.29. The meetings of the Board of Directors, in exceptional cases, may be held by telephone conference or video conference between the Board of Directors members, some or all of which are located in different places, provided that each of the participants of the conference can communicate with all other participants.
- 8.30. The place of the meeting of the Board of Directors held through such a telephone conference shall be the place where the majority of the members of the Board of Directors are located. If the Board of Directors meeting is held by conference call or video conference, within one day after the end of the meeting **each member of the Board of Directors** shall submit the completed questionnaire with the results of voting to the Chairman of the Board, or the person presiding at the meeting, in accordance with clause 6.3 of this Regulation by fax number indicated in the notice of the meeting of the Board of Directors.
- 8.31. The decision of the Board of Directors in this case shall be taken by voting with questionnaires, while the quorum and the results of voting at the meeting of the Board of Directors shall be determined on the basis of the questionnaires received.

Accounting for the written opinion of a member of the Board of Directors who is absent from the meeting

- 8.32. If a member of the Board of Directors cannot attend the meeting personally and also in the event of holding a meeting by absentee voting, a member of the Board of Directors shall have the right to express his/her opinion on the agenda issues in writing to the Chairman of the Board of Directors or to the person presiding over the meeting in

accordance with clause 6.3 of this Regulation, written opinion or other written evidence of will (fax, telegram, etc.).

8.33. In the event that the written opinion of a member of the Board of Directors contains information on his/her voting on all or several issues on the agenda, it is taken into account when determining the quorum and the results of voting.

8.34. Written opinion must be submitted by a member of the Board of Directors before the meeting of the Board of Directors or, in case of holding a meeting in the form of absentee voting, not later than the last day of receipt of questionnaires of members of the Board of Directors.

8.35. The Chairman of the meeting of the Board of Directors shall disclose the written opinion of a member of the Board of Directors absent at a meeting of the Board of Directors before the voting on the issue on the agenda on which this opinion is submitted.

8.36. In the case of absentee voting, on the basis of the content of the questionnaires received from the members of the Board of Directors or other written evidence of the will of the Board of Directors (fax, telegram, etc.) the Secretary of the Board shall issue absentee voting minutes within three days following the last day of receipt of the questionnaires of the members of the Board of Directors.

8.37. If the obtained questionnaire contains a proposal for a draft decision, substantially different from the one proposed for voting originally, the Secretary of the Board shall introduce this opinion to the other members of the Board of Directors, suggesting to report their opinion thereof by voting in writing or in any other convenient for them in a way (including by post, telegraph, teleprinter, telephone, electronic or other communication means) before registration of the minutes.

8.38. The written opinion of a member of the Board of Directors shall not be taken into account when determining the quorum and voting results on the following issues:

- approval of priority activities and budget of the Company;
- decision to convene or refuse to convene an extraordinary General Meeting of Shareholders;
- election and re-election of the Chairman of the Board of Directors; and
- submission to the General Meeting of Shareholders proposals on the reorganization or liquidation of the Company.

Minutes of meetings of the Board of Directors

8.39. The minutes of meetings of the Board of Directors shall be maintained by the Secretary of the Board of Directors (Corporate Secretary of the Company), and, in case

of his (or her) absence, by one of the members of the Board of Directors by order of the Chairman of the meeting.

8.40. The minutes of the meeting (absentee voting) of the Board of Directors shall be drawn up no later than three days after its holding (following the last day of receipt of the questionnaires in the case of absentee voting).

8.41. The minutes of the meeting shall specify:

- place, date and time of its holding or, in case of absentee voting, the place of drawing up the minutes and the last day of receipt of the questionnaires of the members of the Board of Directors;
- persons present at the meeting (in case of a meeting);
- persons who submitted a written opinion or questionnaires on the agenda;
- agenda of the meeting;
- issues put to vote, and the results of voting thereof; and
- decisions taken.

8.42. Minutes of the meeting of the Board of Directors shall be signed by the Chairman of the meeting and by the Secretary of the Board of Directors.

8.43. In case of absent voting, the minutes of the meeting of the Board of Directors shall be signed by the Chairman of the Board of Directors and the Secretary of the Board of Directors (Corporate Secretary of the Company).

8.44. In case of taking into account when determining the existence of a quorum and the results of voting on the agenda items of questionnaires and written opinions received from members of the Board of Directors, such questionnaires and written opinions shall be attached as annexes to the minutes. In the event that a meeting of the Board of Directors is held by absentee voting, questionnaires filled with members of the Board of Directors shall be attached to the minutes.

8.45. The Company shall keep minutes of meetings of the Board of Directors, ballots, written opinions, questionnaires and notices received from members of the Board of Directors at the location of its executive body, in the manner and within the time limits established by the federal executive body for the securities market. If such terms are not established, then the Company shall keep the minutes of meetings of the Board of Directors, ballots, written opinions, questionnaires and notices received from the members of the Board of Directors on a permanent basis.

8.46. The Company shall provide the members of the Board of Directors, the Audit Commission, the Company's auditor, and, in accordance with the procedure established by the current legislation, the shareholders of the Company with the access to the minutes of meetings of the Board of Directors, ballots, written opinions, questionnaires and notices received from the members of the Board of Directors.

Decisions of the Board of Directors

8.47. Decisions of the Board of Directors shall be taken as follows:

- at the meeting of the Board of Directors, including in exceptional cases through a telephone/video conference;
- at the meeting of the Board of Directors, on which written opinions and questionnaires of the absent members of the Board of Directors are taken into account when determining the quorum and voting results;
- by special vote.

8.48. In cases when the Articles of association of the Company provides that the votes of the withdrawn members of the Board of Directors are not taken into account when making a decision, the following members of the Board of Directors are considered to be withdrawn ones:

- dead and persons recognized as incompetent;
- persons who voluntarily resigned to be the members of the Board of Directors and notified the Company in writing thereof;
- persons whose powers in the office of the members of the Board of Directors are terminated or suspended by a court decision that entered into legal force.

8.49. The decision to hold an absentee vote shall be taken by the Chairman of the Board of Directors.

8.50. The decisions taken by the Board of Directors by absentee voting and the results of absentee voting shall be communicated to all members of the Board of Directors within a period not later than seven calendar days from the moment of signing the minutes on the results of absentee voting by sending copies of the minutes to them.

8.51. In case of absentee voting, the Secretary of the Board of Directors provide the questionnaires to the members of the Board of Directors as well as a notice of absentee voting signed by the Chairman of the Board of Directors.

8.52. The completed questionnaire shall be sent to the Secretary of the Board of Directors (Corporate Secretary) in the manner indicated in the Notice (questionnaire) before the time and date specified in the Notice (questionnaire), followed by the transfer

of the original filled out questionnaire to the Secretary of the Board of Directors (Corporate Secretary) of the Company.

The questionnaires contain the following items:

- (1) an indication of the decision of the Board of Directors, the Chairman of the Board of Directors or the item of the work plan of the Board of Directors in accordance with which this meeting is held in absentia, and if the meeting is held at the initiative of other persons and bodies – an indication of the initiators of the meeting;
- (2) wording of the issue (agenda);
- (3) wording of the draft decision on each of the issues on the agenda;
- (4) basic positions of voting ("for", "against", "abstained");
- (5) an indication of the need to fill in only one of the basic voting positions for each issue;
- (6) description of the method of filling the corresponding voting item (underline, cross out, outline, etc.);
- (7) an indication of the need to sign a questionnaire by a member of the Board of Directors;
- (8) an indication of the period during which it is necessary to send a completed questionnaire;
- (9) an indication of the communication channels through which the completed questionnaire is sent;
- (10) heading "Minority opinion" (in the case of filling the position "against" or "abstain", and if a member of the Board of Directors does not consider it possible to determine his/her position).

The processing of the questionnaires received from the members of the Board of Directors shall be performed by the Secretary of the Board of Directors in accordance with the instruction of the Chairman of the Board of Directors.

9. CONFLICTS OF INTERESTS OF MEMBERS OF THE BOARD OF DIRECTORS AND THE INTERESTS OF THE COMPANY

9.1. A member of the Board of Directors shall have no right to participate or have a stake in the authorized (share) capital of legal entities competing with the Company, unless otherwise provided by the Company's Articles of association, as well as hold positions in legal entities competing with the Company.

9.2.A member of the Board of Directors shall notify the Board of Directors of the fact of combining posts in the governing bodies of other legal entities.

9.3.The structure of the annual reports of the Company shall include information on transactions executed by the Company with a member of the Board of Directors, with his (her) close relatives and (or) under their control persons, and, if such persons involved in the transaction with the Company as the beneficiary, intermediary or representative in the transaction or were the controlling person of a legal entity that is a party, beneficiary, intermediary or representative in a transaction with the Company, or hold positions in the governing bodies of a legal entity, being a party, beneficiary, intermediary or representative in the transaction, as well as positions in the governing bodies of the managing organization of that legal entity.

9.4.Information on the above transactions shall include information about all parties to the transaction, the time of the transaction, its signing, the price and approval of the transaction by the Board of Directors or the General Meeting of Shareholders.

10. REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

10.1. The Committee on appointments and remunerations shall be responsible for providing recommendations to the Board of Directors in the form and amount of remuneration of members of the Board of Directors. In the performance of this duty, the Committee on appointments and remunerations shall be guided by the following objectives:

- remuneration shall be fair compensation to the members of the Board of Directors for the work required by the Company;
- when determining the amount of remuneration, the interests of the members of the Board of Directors shall be correlated with the long-term interests of the shareholders; and
- the structure of remuneration shall be simple, transparent and accessible to the shareholders.

10.2. The decision on the amount of remuneration of a member of the Board of Directors shall be made by the General Meeting of Shareholders on the basis of a recommendation of the Board of Directors adopted by a simple majority of votes of the members of the Board of Directors participating in the voting. A member of the Board of Directors, whose remuneration is decided, does not participate in the voting.

10.3. The Committee on appointments and remunerations annually reviews the amount of remuneration of the members of the Board of Directors.

- 10.4. The Executive Directors shall not be entitled to receive any remuneration from the Company for their services as the members of the Board of Directors.
- 10.5. The personal remuneration payable to each Director who is not an Executive is an annual fixed base fee.
- 10.6. In addition to the remuneration specified in paragraph 10.5 above, the Director who is not an Executive who acts as Chairman of the Board of Directors and/or Chairman of any committee of the Board of Directors may, pursuant to a resolution of the General Meeting of Shareholders adopted on the recommendation of the Board of Directors of the Company, receive additional annual remuneration for the services rendered.
- 10.7. The members of the Board of Directors shall be entitled to receive compensation for expenses related to the performance of duties of a member of the Board of Directors. The amount of compensation shall be established by the decision of the General Meeting of Shareholders on the basis of the recommendation of the Board of Directors adopted in accordance with the procedure established in paragraph 10.2 of this Regulation.
- 10.8. The Company represented by the General Director and the Management Board shall provide for the necessary financing and organizational and technical support for the activities of the Board of Directors.

11. COMMITTEES OF THE BOARD OF DIRECTORS

- 11.1. To increase the efficiency of its activities and for preliminary consideration of certain issues that require more in-depth study, the Board of Directors establishes committees of the Board of Directors. The decisions of the committees of the Board of Directors are recommendatory for the Board of Directors. The committees of the Board of Directors are not bodies of the Company, the Company does not assume civil rights and obligations through the committees.
- 11.2. The standing committees of the Board of Directors of the Company, for consideration of the most important issues of the Company's activities, are:
- the Audit Committee;
 - the Committee on appointments and remunerations;
 - the Committee for Strategic Development.
- 11.3. Each committee shall have its own position, which sets out the main purpose and responsibilities of the committee, as well as qualification requirements for committee members, the procedure for appointing and dismissing members of the committee, the structure and functions of the committee, and the procedure for providing reports to the Board of Directors.

- 11.4. The members of the Audit Committee and the Committee on appointments and remunerations may only be the Independent Directors, and if this is not possible due to objective reasons – only of the Independent Directors and the Directors who are not Executives.
- 11.5. The members of the committees, as well as chairmen of committees are appointed by the Board of Directors by a simple majority of votes of the members of the Board of Directors participating in voting, upon the recommendation of the Committee on appointments and remunerations and after consulting with the candidates.
- 11.6. Rotation of chairmen and committee members shall be carried out on the recommendation of the Committee on appointments and remunerations.
- 11.7. The chairman of each committee, in agreement with the members of the committee, determines the frequency and duration of the committee's meetings.
- 11.8. The chairman of each committee, in agreement with the respective heads and members of the committees, prepares the agendas for the meetings of the committee. The agenda of each meeting of the committee is sent to all members of the Board of Directors in advance. Each Independent Director as well as the Chairman of the Board of Directors shall have the right to attend any meeting of any committee, regardless of whether he/she is a member of this committee, except when the meeting of the Committee on appointments and remunerations deals with his/her remuneration, compensation and evaluation of activities.
- 11.9. A member of one committee under the Board of Directors may be elected a member of another committee with the following exceptions:
- 11.9.1. A member of the Board of Directors may simultaneously be a member of no more than two committees;
- 11.9.2. The Chairman of the Audit Committee cannot be a member of other committees;
- 11.9.3. A member of the Board of Directors cannot simultaneously be a chairman of two committees.
- 11.10. Each committee is obliged to notify the Board of Directors of its activities by submitting to the Board of Directors reports on the activities of the committee in a form approved by the Board of Directors, at least once a quarter.
- 11.11. Each committee is required to submit to the Board of Directors an annual report on the implementation of tasks performed by the relevant committee. The annual reports of the committees, with the exception of confidential information, shall be included in the materials to be provided to the persons entitled to participate in the general meeting of shareholders in preparation for the general meeting of shareholders of the Company.

- 11.12. The Board of Directors may, as necessary, create additional committees.
- 11.13. If necessary, the experts and consultants with the necessary professional knowledge to work in a particular committee may be involved in the work of the committees.
- 11.14. To ensure the activities of the committees, the Company's cost estimate (budget) may provide for the financing of the activities of each existing or newly created committee.

12. PROCEDURE FOR THE APPROVAL OF THIS REGULATION AND AMENDMENTS AND ADDITIONS THERETO

- 12.1. This Regulation is approved by the General Meeting of Shareholders by a majority of votes of the shareholders holding voting shares of the Company participating in the General Meeting of Shareholders.
- 12.2. This Regulation may be supplemented and amended by the General Meeting of Shareholders by a majority of votes of the shareholders holding voting shares participating in the General Meeting of Shareholders.
- 12.3. If, as a result of a change in the legislation of the Russian Federation or the Articles of association of the Company, certain provisions of this Regulation conflict with these changes, these norms become invalid and, before amending this Regulation, the members of the Board of Directors shall be guided by the current legislation of the Russian Federation and the Company's Articles of association.